

FINANCIAL MANAGEMENT IN SELECTED ELEMENTARY AND SECONDARY  
SCHOOLS OF THE SALINA CATHOLIC DIOCESE

by

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## CHAPTER I

### INTRODUCTION

#### "Parochial Plight, Catholic Schools Seek More Funds, Teachers as Enrollment Soars"<sup>1</sup>

The message conveyed by above headline that appeared on the front page of the Wall Street Journal poses problems that touch not only the hearts of Catholics but the pocketbooks of all Americans. "It is certain to create further controversy in the sensitive area of government aid to church schools. In addition, any sizeable overflow from crowded parochial schools would place a great strain on public schools."<sup>2</sup> This latter possibility raises at least two questions with financial implications. Should parochial schools be eligible to receive public funds? Are the goals and ideals of parochial schools compatible with the cost of their attainment?

Any responsible discussion of education generally, and these questions specifically, implies that reliable knowledge of the financial situation exists. Although adequate financial information may exist concerning the public schools, there is a general lack of such information concerning the parochial schools.

The American Institute of Certified Public Accountants stated that taxpayers interested in their local problems should know the answers to the following questions:

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<sup>1</sup>The Wall Street Journal, Vol. XXXIV, No. 79, Tuesday, October 20, 1964.

<sup>2</sup>Ibid.

"What is the present cost per pupil, and how does it compare with last year's?"

"What has been the (cost) trend for several years?"

"How does your district's cost per pupil compare with that of comparable districts in your state?"<sup>3</sup>

These are but three of many questions with which a responsible taxpayer should be concerned. But the parochial school patron is confronted with an additional burden. As a taxpayer he should be concerned with public school problems as well as the problems of his parochial school system. How is the parishioner to compare or evaluate the public and parochial school systems and their related costs? The writer believes that the parishioner cannot evaluate his parochial school costs, nor compare them with public school costs because financial information regarding parochial systems is either inadequate or unavailable.

The problems of public aid to parochial schools, school consolidations, and foundation finance plans are important and pressing. These problems may never be solved under the existing situation where parochial school management has not provided itself with adequate information to evaluate the extent or nature of its own problems.

The foregoing statement is unjustly critical of some parochial schools; but the following statement by Monsignor Frederick G. Hochwalt, Executive Secretary of the National Catholic Educational Association, indicates that many Catholic elementary and secondary schools do lack adequate financial information:

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<sup>3</sup> American Institute of Certified Public Accountants, New York. Public School Costs. An accounting primer for school board members and taxpayers. pp. 9-10.

As Catholic administrators and educators look toward financial planning, they find themselves hampered by a lack of reliable information, facts and figures. On the elementary and secondary levels, cost accounting procedures are so diverse as to make an accurate estimate of the cost of a Catholic education an impossibility.<sup>4</sup>

Others addressing themselves to the subject have echoed Monsignor Hochwalt's statement. In pinpointing reasons for the poor response to a thesis questionnaire sent to 515 schools, Bonnicke said:

By far the greatest reason is the simple fact that many high school principals do not know how much is spent, because certain or all items of expense are controlled by the diocese, the pastor, the Father's Club, the Mother's Club, the Board of Education, or some other organization with no reference to the principal of the school.<sup>5</sup>

In his doctoral dissertation, Owens stated:

. . . one of the gravest problems facing Catholic education today, namely that of support, cannot be solved unless there is a tremendous amount of precise information at hand regarding the finances of Catholic schools throughout the country.<sup>6</sup>

The lack of adequate financial information regarding Catholic school systems is a management problem. But Catholic school administrators appear to have developed an anti-management bias. Frommelt wrote,

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<sup>4</sup>Brother Leo V. Ryan, C.S.V., An Accounting Manual for Catholic Elementary and Secondary Schools, National Catholic Educational Association. Washington, D. C., 1963. p. v.

<sup>5</sup>Francis J. Bonnicke, A Cost Analysis of the Current Expenditures of Catholic Secondary Schools, Master's Dissertation, Catholic University of America, 1951, p. 1.

<sup>6</sup>Rev. Joseph Patrick Owens, D. J., The Determination of Per Pupil Costs in Roman Catholic Schools, Doctoral Dissertation, Fordham University, New York, 1954. p. 7.

In the world of business, so-called good management is its own end; it is synonymous with profits and making of money on invested capital, at least as currently understood. In the ecclesiastical field, however, good management is merely a means to an end.<sup>7</sup>

Although Frommelt's comments were written in 1936, the logic of his argument and his attitude toward management were and still are inadequate. Good management is a means to an end in both business and ecclesiastics. That profits are the end in one case and the salvation of mankind in the other does not alter the function of financial management. Management in the profit-seeking organization attempts to maximize profit by creating the greatest positive divergence between income and expense. Management in the ecclesiastic world should attempt to equate income and expense at the lowest possible level consistent with the overall objectives. Inasmuch as the resources available to the ecclesiastic organization are seldom sufficient to permit complete fulfillment of overall objectives, the goal of financial management in business and ecclesiastics should be the same--maximization of revenue and minimization of expense.

An anti-business or anti-management bias on the part of churchmen is still visible in this recent statement by Bishop F. W. Freking. The bishop, addressing the September, 1964, Seven Dolors Parish School Board meeting said, "You cannot run a Catholic school like a business and record depreciation. Business does this and other things just for tax purposes."

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<sup>7</sup>H. A. Frommelt, Church Property and Its Management, The Bruce Publishing Company, Milwaukee, 1936, p. 13.

Ecclesiastic management is characterized and influenced by factors not often encountered in business settings, e.g., the existence of a strong religious discipline, and the fervent desire to provide religious education. Nonetheless, these factors do not alter the functions of financial management. The fact that little or no attention is given to a specific function does not mean that the function does not exist. It merely indicates that its relative importance is slight or that it is being neglected. This paper is based on the premise that the financial management of Catholic schools is not a function to be taken lightly, and that the inadequacy of financial information is in itself evidence that the function deserves more serious consideration.

#### Objectives

The objectives of this paper are: 1) to analyze the financial management practices of selected elementary and secondary schools of the Salina Catholic Diocese; 2) to draw general conclusions regarding the condition of financial management in those schools of the Diocese which were studied and relate these conclusions to nation-wide experience; and 3) to suggest methods to improve financial management in the schools examined. The central thesis of this paper is that the elementary and secondary schools of the Salina Catholic Diocese may suffer from a lack of financial information. The insufficiency of financial information results from the assignment of financial responsibility to persons untrained and inexperienced in business management. The centralized structure of the Catholic Church has tended to stifle recognition and correction of this shortcoming.

## Plan of Analysis

To achieve the first objective, parochial schools in five Kansas cities were selected for study. The cities selected were Salina, Manhattan, Abilene, Beloit and Hays. Although size was a factor, choice was based primarily on the management situations represented. Salina and Hays had the only two inter-parish schools in the diocese, and advance information indicated that their financial management represented the highest degree of sophistication in the diocese. Abilene was selected because preliminary investigation indicated the school was typical of those in parishes operating only a grade school. Another factor in the selection of Abilene was that the parish priest also serves as Diocesan Superintendent of Schools. General diocesan information was thus obtained as well as information specifically related to Abilene. Beloit was selected for study on the basis of information which indicated that it was somewhat typical of parishes operating both grade and high schools. The writer's involvement in the financial affairs of the Manhattan school, which included the establishment and initiation of an accounting system, was instrumental in selection of this thesis topic, and accounts for the inclusion of the school in the study. Participation in the school's affairs proffered valuable admissions and insights which otherwise would probably not have been obtained.

The second objective was the target of a two-pronged attack. The review of literature section includes studies dealing with the general condition of financial management in Catholic schools across the United States. These studies were reviewed to determine if the conditions

found in the schools of the Salina Diocese were similar to and resulted from the same causes as those in general evidence across the nation. In all discussions with school officials, a point was made of obtaining the benefit of their experience and knowledge as it related to other schools in which they had served. These discussions served as a cross-check to observations contained in the literature.

#### Definition of Terms

The following definitions are presented to assist the reader who may be unfamiliar with special terms employed in Church literature:

Diocese - a geographical area under the jurisdiction of a bishop.

Chancery - the office of the Bishop.

Ordinary - a title sometimes used for the Bishop to emphasize his original jurisdiction.

Parish - a geographical subdivision of a diocese under the jurisdiction of a priest.

Parochial Schools - in Church parlance, parochial refers to anything pertaining to a parish. "Parochial Schools," as used throughout this paper, refers to Church schools as distinguished from public schools and, unless otherwise indicated, specifically to Catholic Church schools below the college level.

Diocesan School - a school serving and operated by a diocese.

Central School - a school having its funds and administration under diocesan control but which does not serve the entire diocese.

Parish School - a school which is operated by a single parish and which normally, but not necessarily, serves only that parish.

Inter-parish School - a school operated by and serving two or more parishes.

Private Schools - schools which are operated by religious communities, i.e., orders of priests, sisters and brothers separate from parish control.

### The Salina Diocese Defined

The Official Catholic Directory describes the geographical area of the Salina Diocese as follows:

Bounded on the west by Colorado, on the north by Nebraska, on the east by east lines of Washington, Riley, Geary, Dickinson counties, and on the south by the south lines of Dickinson, Saline, Ellsworth, Russell, Ellis, Trego, Gove, Logan and Wallace counties, in the State of Kansas.<sup>8</sup>

This area is mapped in Fig. 1.

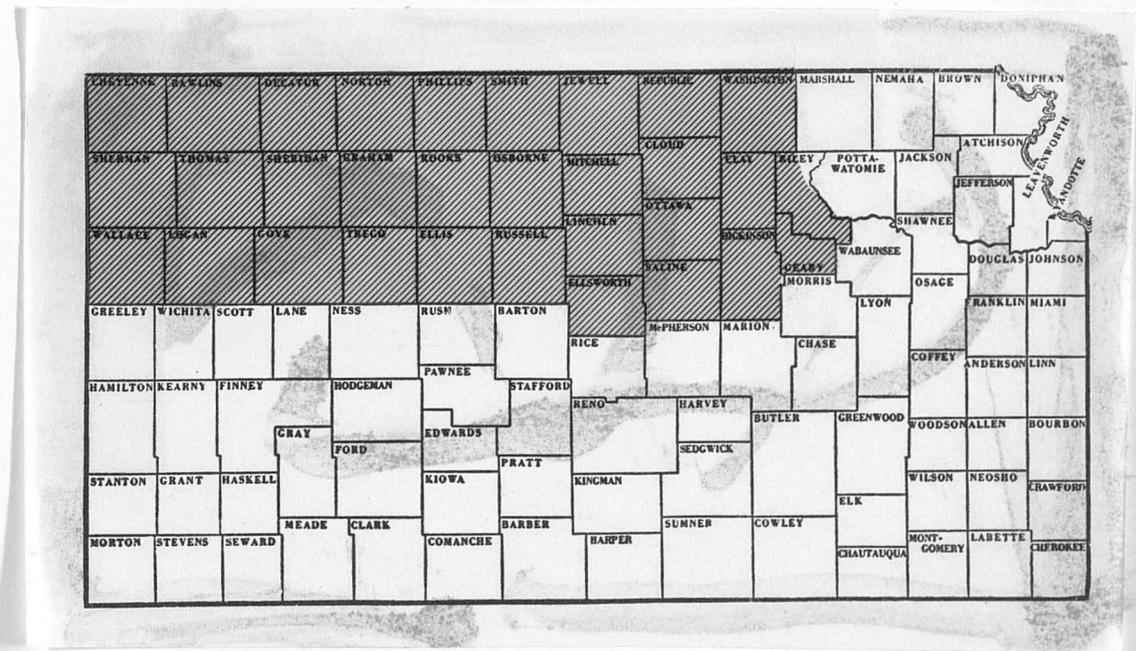


Figure 1. The Salina Diocese

<sup>8</sup>Official Catholic Directory, P. J. Kennedy and Sons, New York, 1964, p. 720.

There are 20 parochial grade schools and 8 parochial high schools located in the Diocese.<sup>9</sup> The numbers in Table 1 correspond to the location of these schools in Figure 2.

Table 1. Location and enrollment of Catholic Elementary and Secondary Schools of the Salina Catholic Diocese.

No.	:	City or Town	1964 Enrollment	
			: High School	: Grade School
1	:	Abilene	none	253
2	:	Atwood	none	168
3	:	Aurora	37	none
4	:	Beloit	89	299
5	:	Cawker City	none	90
6	:	Clyde	none	105
7	:	Colby	none	117
8	:	Collyer	none	58
9	:	Concordia	126	141
10	:	Ellis	none	354
11	:	Gorham	none	85
12	:	Hanover	none	145
13	:	Hays	304	196*
14	:	Herington	none	74
15	:	Herndon	none	102
16	:	Junction City	186	482
17	:	Manhattan	188	504
18	:	Oakley	none	190
19	:	Plainville	none	248
20	:	Salina	335	1,119**
21	:	Tipton	68	98
Total enrollment			1,333	4,828

\*Does not include Military School

\*\*Includes Junior High School enrollment

<sup>9</sup>Ibid.

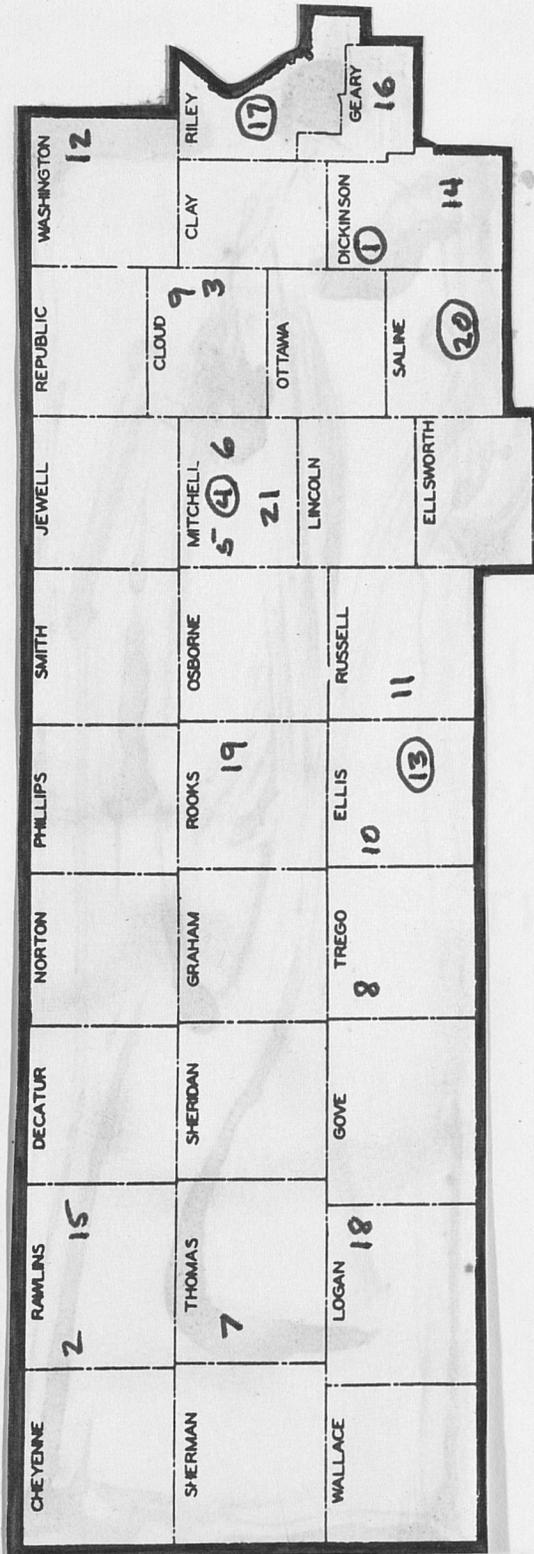


Figure 2. Location of Catholic Elementary and Secondary Schools in the Salina Diocese. (Numbers refer to those of Table 1. Circled numbers indicate the schools included in this study.)

In addition to the 6,161 students enrolled in parochial schools, the Directory indicates that there were 2,882 Catholic students in public high schools and 7,725 Catholic students in public grade schools.<sup>10</sup> Approximately 36% of the Catholic children were enrolled in parochial schools. There are a total of 102 parishes in the Diocese. The diocesan boundaries contain a total population of 342,855 of which 59,387 are Catholic.<sup>11</sup>

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<sup>10</sup>Ibid., pp. 720-723.

<sup>11</sup>Ibid., p. 723.

## CHAPTER II

### REVIEW OF LITERATURE

Although relatively little has been written on the management of Catholic schools, an extensive literature is available concerning administration of public schools. While much of the information contained in the literature on public school administration is not applicable to a study of the parochial schools, portions of two public school administration books are discussed here in order to point up areas of compatibility or adaptability of practices between public and parochial schools.

Since comparable levels of organization are possible in public and parochial schools, the examination of public school organization presented in Practices and Trends in School Administration<sup>12</sup> was of interest and value. Stoops and Rafferty quote two other authors to indicate that there is no single pattern of organization in public schools. The following quotation is credited to Douglas and Creider:

One of the greatest obstacles to the attainment of good schools is the pattern of administrative organization in which local school districts are the dominant feature.<sup>13</sup>

An opposing view on organization is given by Hagman:

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<sup>12</sup> Emery Stoops and M. L. Rafferty, Jr., Practices and Trends in School Administration, Ginn and Company, 1961.

<sup>13</sup> H. R. Douglas and C. Creider, American Public Education, Ronald Piers Company, New York, 1948, p. 159.

No large centralized system could be as adaptable to individual communities or so quickly responsive to movements toward educational improvement as is the small, semiautonomous school district.<sup>14</sup>

Both centralized and semiautonomous school districts exist in parochial schools. On the one hand, parochial schools of the Salina Diocese are centralized in the sense that all are under the academic supervision of one Superintendent. At the same time, the parish schools are semiautonomous since, with only two exceptions, they are under the financial supervision of the parish priests who in turn are accountable to the Bishop. Depending on the Bishop's desires, the pattern of organization could move in either direction--greater or less centralization.

Stoops and Rafferty accept the following list of requirements, proposed by the Council of State Governments, as minimal for a public school district:

1. Contains at least one well-defined community or a number of inter-related communities.
2. Has the pupils and the resources to offer a comprehensive program of education from the kindergarten through the high school, and to make provision for post-high school and adult education at reasonable unit costs.
3. Is able to procure capable educational leadership.
4. Is able to maintain a competent, well-balanced staff of teachers, supervisors, and specialists.
5. Can finance its school program without unduly burdensome taxes.
6. Locates its schools with due regard to:

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<sup>14</sup>H. L. Hagman, Administration of American Public Schools, McGraw-Hill Book Company, Inc., New York, 1951, p. 81.

- a. bringing together enough children in each age group to make instruction possible at reasonable costs, while
- b. placing schools in neighborhood or community centers, and
- c. holding the time spent on transportation to a maximum of one hour each way for high school children and less for younger children.

7. Is of such size and so organized that all the people of the district can exercise a voice in

- a. choosing the school board,
- b. developing programs for all age groups, and
- c. other places of planning and policy making.<sup>15</sup>

With the possible exception of item 7, these criteria appear equally applicable to both public and private schools. Catholic school patrons are not always given a voice in parochial school affairs.

Given equal populations, the criteria just outlined would produce different size school districts for public and private schools. This is true because while provision of a public school may not be unduly burdensome to the taxpayer, the addition of a parochial school atop a public school system may pose financial strain to the Catholic. Even though parochial schools can be financed at a lower level than public schools of the same size because of the contributed services of religious personnel, no specific enrollment can be proffered as optimal or even minimal for parochial schools because all parishes are not equally blessed with the availability of religious personnel.

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<sup>15</sup>The Council of State Governments. The Forty-Eight State School Systems. Chicago, 1949, pp. 51-52.

Financing the Public Schools by Johns and Morphet<sup>16</sup> also contains a section on organization. The chapter titled "Studying School Finance Outline" should be beneficial to Catholics concerned with determining the minimal or optimal size for effective organization of their particular school.

The section in Financing the Public Schools that deals with school foundation finance programs offers the following characteristics of a satisfactory foundation program plan:

The plan of financial support for schools in each should be designed to insure a foundation program providing essential, reasonably adequate and well-rounded educational opportunities for all who should benefit from public education.

Provision should be made for a bonafide state-local partnership plan for financing this program of educational opportunity.

Each school district (or county) should be expected and required to make the same minimum local effort toward financing the foundation program.

The state should provide for each district on an objective basis, the difference between the funds available from the required uniform minimum tax effort and the cost of the foundation program.

The plan for financing the foundation program should assure reasonable equity for all taxpayers.

The educational and financial provision for the foundation program should encourage sound and efficient organization, administration, and operation of local school districts and schools.

The foundation program plan should provide maximum opportunity and encouragement for the development and exercise of local leadership and responsibility in education.

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Roe L. Johns and Edgar L. Morphet. Financing the Public Schools, Prentice Hall, Inc., Englewood Cliffs, N. J., 1960.

The citizens of each local school system should be authorized to provide and finance such educational opportunities beyond the foundation program as they desire.

The foundation program plan should be developed by representative citizens who have a genuine interest in and concern about public education.

The program and procedures should emphasize continuous evaluation and sound long-range planning.<sup>17</sup>

While foundation programs are generally identified with public schools, the principle need not be inapplicable to parochial schools of the Salina Diocese. Ryan stated:

The possibility of achieving . . . equality of education opportunity for students enrolled in Catholic elementary and secondary schools provides the real challenge to school financing.

An understanding of the real problem confronting Catholic education today demands an acceptance of the principle of educational equalization and an understanding of the centralization of financing to accomplish this goal.

Although the idea of diocesan aid is still new, it is not completely without recognition. Each new awakening, each new proposal brings a closer realization of a program of equalization within the Catholic Educational System.<sup>18</sup>

Foundation programs generally apply only to the financing of current operations, and do not spread the cost of capital outlays beyond individual school districts.

The provision of school sites, buildings, and equipment has been considered a local responsibility until comparatively recent years. In fact, the tradition of local responsibility for financing capital outlay is still strongly entrenched in many states. Many people believe that if the state assists in financing the current costs of operating schools, districts

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<sup>17</sup>Ibid., p. 262.

<sup>18</sup>Brother Leo V. Ryan, "Equalization and Central Financing," Catholic School Journal, January, 1965, 64-1.

should be expected to provide their own buildings. However, studies in many parts of the country show that there are serious building shortages and inadequacies and that many school systems cannot provide suitable facilities from local resources.<sup>19</sup>

Not all districts are left entirely helpless on plant and equipment acquisition problems.

Several states, through their permanent school funds or some other fund or combination of funds, have authorized loans to school districts for capital outlay at a prescribed rate of interest. Such a procedure not only helps to insure a sound investment and source of income for the state fund but it makes it possible for all districts to sell their bonds at a reasonable rate of interest.<sup>20</sup>

While the material just quoted was written with public schools in mind, it is of general applicability to parochial schools and serves to point up areas of broad interest and major importance. Because details of administration, whether public or parochial, are largely dependent on particular situations, it would not serve the purpose of this thesis to delve further into the intricacies of public school administration.

In an effort to obtain information on literature directly related to the subject, letters were written to the American Institute of Certified Public Accountants, which maintains a library on specialized subjects related to accounting, and to the National Catholic Educational Association. Both letters produced the same result--only a copy of An Accounting Manual for Catholic Elementary and Secondary Schools, (hereafter

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<sup>19</sup>Johns and Morphet, op. cit., p. 303.

<sup>20</sup>Ibid., p. 309.

referred to as the Manual).<sup>21</sup> The source and manner of acquisition emphasizes the paucity of literature on administration of parochial schools. While there is similarity in administration of public and parochial schools, it would seem that since parochial schools have not generally adapted the methods employed by public schools, there would have developed a body of literature dealing specifically with administration of parochial schools. This has not been the case. The bibliography of the Manual revealed no major works relevant to this paper other than those cited hereafter. The Review of Educational Research, which devotes an issue every three years to organization, administration and finance, revealed no research on the subject since 1954 other than the Manual. The only periodical devoting regular attention to parochial school management was the Catholic School Journal. It contains a section on school management in every other monthly issue.

The following excerpts from the Manual serve to illustrate its content:

. . .this manual is an adaptation of the second volume in the Handbook Series published by the U. S. Office of Education under the title Financial Accounting for Local and State School Systems. Its variations from the original are to take care of the special needs of Catholic schools. Certain chapters in the Handbook have been omitted as not applicable to Catholic schools. A statement of general norms for determining per-pupil expenditures has been included; comments are offered on the subject or prorating expenditures; and the rather extensive listing of items traditionally used in educational administration has been retained, with criteria for distinguishing between supplies and equipment.

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<sup>21</sup>Ryan, An Accounting Manual for Catholic Elementary and Secondary Schools, op. cit.

Several additional features have been included in this manual to enhance its value for Catholic schools. The sample accounting forms and model financial reports are new materials prepared especially for this manual.

Together the materials contained in this manual form the basis for uniform system of accounting. An important factor to remember in studying this manual is the matter of flexibility. Not every account listed or described in the manual is of use or necessary in every situation.

To verify the accuracy and adaptability of this manual to the widest use in Catholic elementary and secondary schools, it was subjected to detailed analysis and searching study by twenty-five administrators during a five-day workshop sponsored by Marquette University.

In offering this manual to administrators in Catholic elementary and secondary schools, it is presented as the best possible basis for achieving a uniform system of accounting which will be both accurate and meaningful.<sup>22</sup>

The Manual contains a detailed chart of accounts, illustrated journals and ledgers, and brief explanatory remarks concerning basic accounting. Ryan recommends " . . . the use of a modified cash basis of accounting. The receipts are to be kept on a cash basis, and the expenditures are to be kept on the accrual basis."<sup>23</sup>

The Manual, though adopted as a uniform system, has not attained the desired distribution. Of the five schools visited in the Salina Diocese, only one had adopted the system. The others were not familiar with the Manual. The Diocesan Superintendent was also unfamiliar with it. It is strange that this condition exists, since the work-shop at which the Manual was subjected to "detailed analysis" was attended by "representatives . . . who had both supervisory and/or operational

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<sup>22</sup>Ibid., pp. 10-11.

<sup>23</sup>Ibid., p. 14.

responsibility for school accounting . . ." <sup>24</sup> A situation in which a system is universally adopted but not universally employed is indicative of an organizational impasse.

In an effort to fix the location of responsibility for financial affairs, including accounting, the writer pursued other references revealed in the Manual.

The bibliography in the Manual revealed unpublished dissertations written primarily by religious educators at various Catholic universities. Five of these were written between 1945 and 1951. The latest was written in 1954.

Three of these dissertations attempted to accomplish on a more limited basis the same purpose that Ryan achieved in the Manual. McClearly directed his efforts toward private parochial schools in An Accounting System for High Schools Owned and Operated by a Religious Community.<sup>25</sup> Rothweiler, in A Manual of Budgetary and Financial Procedures for Catholic High Schools,<sup>26</sup> and Gannon in A Plan of Business Administration for Catholic Secondary Schools<sup>27</sup> presented detailed accounting plans for parochial high schools other than private. Rothweiler sent

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<sup>24</sup>Ibid., p. 11.

<sup>25</sup>Rev. Dumas Leon McClearly, C.S.V., An Accounting System for High Schools Owned and Operated by a Religious Community, Catholic University of America, January, 1945.

<sup>26</sup>Brother Basil Rothweiler, F.S.C., B.S.S., A Manual of Budgetary and Financial Procedures for Catholic High Schools, St. Louis, University, June, 1947.

<sup>27</sup>Rev. Rowland Edgar Gannon, A Plan of Business Administration for Catholic Secondary Schools, St. Louis University, August, 1950.

questionnaires to 190 Catholic school administrators to determine the degree of financial development, and then presented a rather detailed manual of procedures. The detail contained in the manual, however, appears inconsistent with the varied situations disclosed by the survey. For example, a rather detailed budget procedure was outlined although his survey indicated that 56% of the schools surveyed did not operate on a budget basis. Of those that did operate on a budget basis, responsibility for budget preparation was not clearly defined. The detailed budget procedures would be of value to those schools which did not budget only if they were capable of adopting the procedures. Similarly, the double entry accounting system could not be used by administrators unfamiliar with bookkeeping procedures. As will be pointed out later, a considerable number of administrators are not familiar with double entry bookkeeping, and furthermore, do not avail themselves of the services of people who are.

Gannon commented,

It might be suggested that it is impossible to provide a single business plan for all types of Catholic secondary schools, Diocesan, Parochial and Private. However, the author is of the opinion that . . . a plan of business administration for one Catholic school can be used essentially unchanged except for minor elements by any Catholic school of the same level.<sup>28</sup>

If one assumes that "of the level" refers among other things to accounting skills, then Gannon's opinion is probably correct. However, there is considerable variance in the degree of accounting ability

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<sup>28</sup>Ibid., p. 20.

as disclosed by Ryan in A National Study of Business Management in Central Catholic High Schools.<sup>29</sup>

None of the three studies just discussed present any perspective on the place of financial management in Church organization.

A Cost Analysis of the Current Expenditures of Catholic Secondary Schools<sup>30</sup> by Bonnike was an attempt to identify and categorize the operational expenses of forty-six parochial schools. The variations in school size, quality of education, and other factors coupled with a failure to adopt a uniform system of accounting by the forty-six schools made doubtful the usefulness of his conclusions.

In none of the Catholic school studies mentioned was the topic "financial resource acquisition" given more than casual treatment. The only exclusive study in this area was a dissertation written by Bernardin titled Revenue Procurement in Catholic Schools.<sup>31</sup> The study sheds considerable light on an area that should be of prime concern to Catholic educators, viz., revenue procurement.

Table 2, from Bernardin's study, disclosed the sources of revenue for 183 parish elementary schools and 54 parish secondary schools.

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<sup>29</sup>Brother Leo V. Ryan, A National Study of Business Management in Central Catholic High Schools, St. Louis University, 1958.

<sup>30</sup>Bonnike, op. cit.

<sup>31</sup>Joseph Louis Bernardin, Revenue Procurement in Catholic Schools, Catholic University of America, June, 1951.

Table 2. Source of revenue in schools surveyed by Bernardin.<sup>32</sup>

Source of Revenue	Percentage of Schools Responding	
	Elementary	Secondary
General Parish Funds exclusively	38	20
Tuition exclusively	16	30
Special school collections exclusively	1	--
Combination of sources	45	50

The study revealed that where there was a combination of sources of revenue, the combination was "General Parish Funds and Tuition" in 52% and 59% for the elementary and secondary schools, respectively.

The next most significant combination was "Tuition and Other Sources" with 13% and 19% for the elementary and secondary schools, respectively.

Bernardin indicated that of the "Other Sources," school plays ranked first as a source and card parties second. "Most of the items listed as parties, raffles, bazaars, etc. are not under the immediate sponsorship of the school personnel, but rather under the sponsorship of some group within the parish."<sup>33</sup>

Funds were obtained from a combination of sources in 79% of the Diocesan Secondary Schools. The most frequent combination (33%) reported was "Tuition Collected in School by the Principal and Other

<sup>32</sup>Ibid., p. 18.

<sup>33</sup>Ibid., p. 23.

Sources." The following combinations of sources were reported with equal frequency (13%):

Tuition collected in school by the principal and tuition for each child paid out of the General Parish Funds to the Central Office.

Tuition collected in school by the principal and assessment on each parish based on the total income of the parish forwarded to the central office.

As in the parish schools, plays and card parties were reported most frequently as the "other source" of income.<sup>34</sup>

Of interest is the fact that while 19% of parish secondary schools had to resort to "other sources" of revenue, only 2% listed this as a preferred source of income. Bernardin's quotation from a responding principal in his study is of interest.

I believe that there should be some method whereby the parishes of a diocese could be taxed for education. The money thus obtained could then be given to the various schools, depending on their student population. This would relieve our people to some extent because then the wealthier parishes would be helping out more, people with smaller families would be aiding the large families, etc. Then, a small amount of tuition could be asked in addition, of all students. I do not favor an entirely free system of education, unless perhaps a diocese were so wealthy that it could carry the burden of parish taxing. Even then I think people would appreciate their education more if they had to pay something, no matter how small, for a monthly tuition. With such a system we could cut out all these other over-burdening, unfair, unhealthy, and bothersome parties and drives which disturb a school and cause much criticism of the Church in general for it's always looking for money. We need money to run our institutions, it is true, but we could avoid that constant drive spirit which can take hold of any institution.<sup>35</sup>

Bernardin's own views are given in this statement:

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<sup>34</sup>Ibid., pp. 26-29.

<sup>35</sup>Ibid., p. 37.

It is the investigator's opinion that a modification of the general purpose or unrestricted equalization fund could be satisfactorily adapted for the Catholic schools. There is undoubtedly an analogy between the state and the local school district, on the one hand, and the diocese and the parish, on the other. Such a program would certainly be within the spirit of ecclesiastical legislation. It would merely be another aspect of the application of the law obliging all Catholics to support education. That parishes differ in financial ability is undeniable. Often the parishes with the lower incomes have a larger number of students to educate. Using the general purpose equalization fund as it is found in the public school system as the general pattern, some plan should be worked out whereby all parishes whose incomes were above a certain specified amount be taxed for educational purposes. This amount, of course, would have to be experimentally determined in each diocese. The money thus obtained would go to a central diocesan finance office which would then disburse the money to the poorer parishes according to their needs.<sup>36</sup>

The writer is in accord with the general sentiment expressed by Bernardin. This solution cannot be developed, however, without more and better financial information than is presently available.

The most comprehensive study of Catholic school management is A National Study of Business Management in Central Catholic Schools by Brother Leo Vincent Ryan.<sup>37</sup> Of his dissertation, Ryan wrote:

This dissertation is not primarily a study in school finance. The questionnaire employed in the study does consider the source of school revenues and the methods of financing Catholic secondary schools. The study also considers budgeting, financial accounting and financial reporting. These phases of financial management constitute only one division, however, of this dissertation. This study focuses attention on the business management of the central Catholic high school. School business administration is a much broader concept.<sup>38</sup>

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<sup>36</sup>Ibid., p. 43.

<sup>37</sup>Ryan, op. cit.

<sup>38</sup>Ibid., p. 20.

Perhaps of greater significance than "school finances" to my thesis are Ryan's disclosures on who the business managers are, what they do, how they are educated and other aspects of parochial school management that are not discussed in any of the previous citations. Ryan's findings apply only to "Central Catholic High Schools," of which there are only two in the Salina Diocese. Central High Schools tend to be better organized and managed than parish schools, as this thesis will subsequently disclose.

Ryan presented the following summary remarks on "The Relationship of Business Management in Central Catholic High Schools to Existing Patterns of Administrative Organization, Structure and Practice."

A. Review of Findings

(1) Status of the School Business Manager. The principal personally performs the school business function in 58 per cent of the central schools. The business duties are performed by another staff member in 29 per cent of the schools.

(2) Ultimate Responsibility for Business Management. Principals and business managers in 41 per cent of the schools are responsible for the conduct of school administration to the bishops only; 33 per cent of the administrators are ultimately responsible to a Board of Pastors and Laymen. Administration in 9 per cent of the schools owe responsibility to a number of other groups ranging from the Catholic High School Assn. to the Motherhouse of the religious community in charge of the school.

(3) Organization Charts. Organization charts showing the flow of authority and responsibility have been developed by administrators in 31 per cent of the central schools.

(4) Duties of the School Business Manager. Fifty per cent of the administrators performing business functions reported that their duties were specified for them. Most policies in school business management were specified at the local level, although 29 per cent of the administrators reported their duties were based on diocesan policies.

(5) Lay Advisory Committees. Lay Advisory Committees have been organized in 16 per cent of the central schools. Board members are usually selected by pastors. Even in the twenty-two schools with Lay Advisory Committees, only 60 per cent of the administrators consult their committee members individually on school problems.<sup>39</sup>

Table 3, presented in Ryan's study, gives a better indication of who the "business managers" are. Of 136 responding "business managers," only five indicated that their undergraduate degree major was in "business and economics." Of the respondents without degrees in business, 60 had had no courses in business administration, 40 had had some, and 31 did not answer the question.<sup>40</sup>

Table 3. Title of the person performing school business functions in 136 Central Catholic High Schools.<sup>41</sup>

Title	Number	Per Cent
Principal	79	58
Treasurer	15	11
Superintendent	11	8
Business Manager	5	4
Procurator	5	4
Others	17	12
No Answer	<u>4</u>	<u>3</u>
	136	100

<sup>39</sup> Ibid., pp. 748-749.

<sup>40</sup> Ibid., p. 172.

<sup>41</sup> Ibid., p. 127.

To whom are these "business managers" accountable? Persons tend to be responsible to those to whom they submit reports. Table 4 indicates that few business managers are responsible to their parishioners.

Table 4. Administrative designations of persons to whom business managers in participating schools submit financial reports.<sup>42</sup>

Administrative Designation	:	Number of Mentions
Board of Pastors or Board of Pastors and Laymen		34
Bishop		87
Pastor		46
Superintendent of Schools		15
Others:		
Provincial Treasurer or Mother General	8	
Parishioners	5	
Chancellor or Chancery Office	4	
Principal or Director	3	
Faculty	<u>2</u>	22
No answer		<u>6</u>
		<u>208</u>

Ryan stated:

Only ten administrators (7 per cent) indicated that they gave wide circulation to their annual report and only five more administrators (10 per cent) indicated that they utilize the annual report to some degree in creating a favorable attitude among the alumni, benefactors and friends of the school. The questionnaires reveal that the public is rarely informed about the financial status of the central schools in this study.<sup>43</sup>

<sup>42</sup>Ibid., p. 351.

<sup>43</sup>Ibid., p. 350.

With specific regard to organization for financial affairs, Ryan said,

The organizational complexity of many schools . . . will be increasingly apparent as this report develops. There are many levels of administrative leadership in the 136 central Catholic schools included in this report,--Boards, Supervisors, Principals, Directors, and Superiors. As one of the respondents mentioned in answer to the question: 'Who performs the business functions?' Four of us do.<sup>44</sup>

Ryan summarized a chapter on accounting as follows:

The replies to questions about school accounting practices revealed a great variety of information. The majority of business managers (108 to 79%) have complete responsibility for the accounting function. Forty-four principals and business managers (32 per cent) reported that they generally made journal entries and maintained ledgers personally devoting approximately 20% of their time to these details. Eighty-five administrators (62 per cent) reported that they generally had clerical assistance to handle accounting duties. Clerical assistance was usually rendered by a secretary or a bookkeeper who devoted, on the average, approximately one-half (48 per cent) of her time performing accounting assignments.

The services of an accountant were used in only forty-two schools (31 per cent), with this assistance rendered regularly in twenty-five cases.

The majority of central schools (53 per cent) maintain their school accounts on a cash basis. The accrual or modified accrual bases have been adopted by 12 per cent and 13 per cent of the participating schools, respectively. The majority of schools have a double entry system (56 per cent) and use loose-leaf accounting books (66 per cent).<sup>45</sup>

Another desirable aspect of accounting was shown to be somewhat lacking. Ryan asked, "Are financial statements governing funds of parent groups incorporated into your annual report?" Fifteen per cent of the schools answered "yes", 68 per cent answered "no" and 17 per cent

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<sup>44</sup>Ibid., pp. 140-142.

<sup>45</sup>Ibid., pp. 368-369.

did not respond.<sup>46</sup>

Forty-six per cent of Ryan's schools stated they were audited, however it was noted that 18 per cent of the 46 per cent were "self" audited.<sup>47</sup>

One glaring omission in the above citations was that after noting the relative lack of literature on parochial schools, reviewing the literature concerning public schools, and acknowledging the similarity to public schools, the authors proceeded as though management of parochial schools was completely dissimilar from that of public schools without explaining why. True, they cite some differences such as sources of revenues and contributed services of the religious, but the one very real difference which they overlooked was administrative organization. Excepting Ryan's dissertation, only an occasional reference to a principal, a pastor, or others as a source of information appears to give any clue as to the assignment of responsible functions. It appears that these writers, for the most part priests and brothers, have assumed away the most important aspect of the problem, and the key to its solution.

Although the references cited on public schools disclose variations in public school organization, the organization of public school systems can generally be summarized as follows. The basic organizational unit is the school system. A school system may be composed of one or more schools or districts. The policy making body of a school system is

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<sup>46</sup>Ibid., p. 367.

<sup>47</sup>Ibid., p. 359.

normally the Board of Education, the members of which may be elected or appointed. The chief executive of a school system is commonly called the Superintendent of Schools. The Superintendent is normally charged with the educational and financial administration of the schools under his direction, and is selected for the position because of his expertise in these matters. Each school in the system is assigned a principal to administer the educational or academic matters. Administration of financial affairs, viz., budget supervision, accounting purchasing, and resource acquisition, is usually performed by a staff under the direction of the Superintendent. The size of the staff varies with the size of the school system, but the personnel are normally trained to fulfill their particular functions just as the principals are trained to fulfill theirs. The financial manager is legally bound to account accurately and adequately for public funds, and is audited for compliance. In many cases the principle of equality of educational opportunity has been accepted and state equalization or foundation finance plans have been initiated.

A similar summary cannot be presented for Catholic school organization. Ryan's comments concerning the complexity of Catholic central school organization are in some respects also applicable to parish schools. Although parish school organization is not complex in the sense of layered and multi-stage relationships, the organization is complex in the sense that normally it is not clearly defined. Funds may be collected and expended for school purposes by several persons or groups without coordinated action or integrated reporting. An organizational structure which is simple in concept can become confused

and complex in its execution.

Although a uniform system of accounting has been adopted for the nation's Catholic schools, the system has not been universally initiated. At the time of Ryan's dissertation, only about 56 per cent of the central schools studied by him maintained even a double entry system.

A primary reason for this accounting deficiency is the lack of business training by the school business managers. Only five of 136 school business managers had degrees in business or economics, and 60 had had no business courses at all.

Few of the schools studied by Ryan issued financial reports to their parishioners. Parishioners were mentioned only five in 208 times as persons receiving financial statements. Only about 16 per cent of the schools studied operated with "Lay Advisory Committees," and they were consulted on school problems by only about 60 per cent of the administrators.

While some schools are financed exclusively by tuition collections and others are financed exclusively by general parish collections, about half of the schools studied by Bernardin relied on a combination of the two sources. About 15 per cent of the schools relied on a combination of "Tuition and Other Sources" in which school plays and card parties ranked first and second as the "Other Source."

Although availability of a religious education for all Catholics is accepted as a goal of the Church, few Dioceses have adopted any sort of equalization plan as a method for its attainment.

## CHAPTER III

### ORGANIZATION AND STATUTES

In order to understand the financial administration of Catholic schools, some understanding of church organization and statutes is mandatory. With regard to the organization of the Church, the Encyclopedia Americana says:

Supreme jurisdiction resides in the Pope; the bishops are the rulers of dioceses, which are subdivided into parishes or missions under a parish priest or rector.<sup>48</sup>

Although it lacks detail, the above definition contains the elements germane to financial administration. The United States of America is represented before the Vatican not as a unit but by individual Diocese. The 98 Dioceses of the United States, though administratively independent, are coordinated in their policies to some extent by Plenary Councils. Plenary Councils are meetings attended by all the Bishops at which their policies are coordinated. Various organizations serve the 98 Dioceses in an advisory capacity. One such organization is the National Catholic Educational Association. Although its works are significant in regard to school administration, the NCEA is without authority. An example of its activity and lack of authority is the approval of the previously mentioned Accounting Manual for Catholic Elementary and Secondary Schools without power to force its adoption by schools.

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<sup>48</sup> "Catholic Church," Encyclopedia Americana, 1957 ed. Vol. 6, p. 68.

The essential elements of Catholic line-organization are: the Vatican, whose rulings are expressed in the form of Canon law; the Plenary Councils, whose authoritative writings are termed Conciliar law; and Dioceses, whose regulations are termed Statutes or Synods.

Since Canon and Conciliar law are predominately concerned with religious matters, the writer relied upon members of the priesthood to interpret and extract items from these two laws that concerned school administration. Analysis of diocesan statutes and parish directives was undertaken by the writer personally.

Bernardin discussed in detail the three forms of ecclesiastical legislation in his dissertation.<sup>49</sup> Canon law, he concluded, requires the creation of Catholic schools and provides for acceptance of public support wherever possible. Where such support is not possible, the Church cannot shirk its duty but must find other means of providing Catholic education while at the same time bringing to bear all possible pressure to obtain public support.

While the duty of providing Catholic education is firmly established by Canon law, the methodology is left to Conciliar law in the United States. The Third Plenary Council of Baltimore held in 1884 reaffirmed this duty by decreeing " . . . that Catholic schools be established where they did not already exist in order that a holy Christian education might be made available for all youths."<sup>50</sup> With regard to the financing of these schools the Council said:

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<sup>49</sup>Bernardin, op. cit., passim.

<sup>50</sup>Ibid., p. 10.

The duty of running schools is not a duty superimposed upon the pastor or merely a matter of zeal, but a duty and an office imposed upon the pastor by the Church and to be carried out by him religiously, but not without the help of the laity. Not only must the erroneous idea which some laymen have that the care of the schools devolves on those people whose children actually use the schools be eradicated, but also they must be convinced by sound arguments that the blessings of the Catholic school redound to the good of the whole community.<sup>51</sup>

This establishes that general support from all parishioners should be the principle means of financing the Catholic school, but does not rule out the possibility of obtaining additional support in the form of tuition from parents having children in the schools. The "help of the laity" is discussed further on page 77.

The Council discussed an additional source of income as follows:

All indeed whether they are parents, or other heads of families, or youths with their own resources, should be prepared to join societies in which they might help, in any way whatsoever, the schools and make them, if not altogether, at least partly free schools.<sup>52</sup>

These provisions of Canon and Conciliar law are reflected in greater detail in the First Synod of the Diocese of Salina, 1962.<sup>53</sup> General statements concerning schools and their financial administrations are quoted below:

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<sup>51</sup> Ibid., p. 11.

<sup>52</sup> Ibid., pp. 11-12.

<sup>53</sup> Bishop F. W. Freking, First Synod of the Diocese of Salina, 1962, Salina, Kansas, 1962.

## Title 1

## 1

The statutes of this first synod constitute the particular law of the Diocese of Salina: and bind the clergy, religious and laity of this jurisdiction.

## 2

This synodal legislation supplements and presupposes the legal prescriptions that are contained in the common law of the Church as set forth in the Code of Canon Law and other documents of the Holy See and in those decrees of Plenary Councils which still remain in force.

## 8

The Bishop of Salina is the sole legislator in this Synod, and he alone is empowered to give an authentic interpretation to the statutes.

## 43

The Dean shall examine annually and at the prescribed time the parish registers and financial accounts which shall be presented to him by the pastors and administrators of parishes (cf. Statute No. 54).

## 54

Each pastor shall provide and keep up to date the following parochial records and approved books:

- n. 9 The Financial Record Book, properly balanced each month and kept according to the instructions of the Ordinary.
- n. 11 The Book of Minutes, recording the important decisions of the pastor in consultation with the church committee, and including a current inventory of parish properties.

It is specifically required that every parish, including mission churches without a resident pastor, maintain its own set of parochial books entirely separate from any other parish.

All parochial registers and records must be preserved in a safe place.

55

Copies or excerpts from official parish records are to be given promptly to anyone who has a right to request them. Such records are to be given over the signature of the pastor or assistant priest and the seal of the parish.

58

It is the right and duty of the pastor to appoint and supervise the services of all lay parish employees.

60

The duties of the pastoral office remain the personal obligation of the pastor, insofar as he is able to fulfill them. If an assistant is assigned to the parish, the pastor is not thereby excused from these responsibilities, but he may and should share them with the assistant.

77

Obedience to spiritual authority and to the Church and all her teachings, whether in faith or morals, must be cultivated by the faithful if they are to be true followers of Christ Whose life was a model of obedience. The prompt willingness to be ruled and governed by the authority of the Holy See and the local Ordinary is the test of perfect conformity with the mind of the Church. In all things, parochial, spiritual or temporal, the parishioners are subject to the jurisdiction of the pastor, unless in a particular case they are exempt.

80

The faithful, both young and old, are to be loyal and just in contributing according to their means to the support of the Church. They are to be reminded that financial support of the Church and of works of religion applies to the needs of the parish, of the Diocese and of the Universal Church. The practice of setting aside a definite amount in both the family and the personal budget for the material needs and charitable works of the Church is strongly recommended. The support of the Church should never be dependent upon bazaars, raffles, and the like. These diversions should be mainly for recreational and social purposes.

Donations from the faithful to parish societies or groups, for use in the parish, or funds raised by a society or group in the name of the parish, are to be considered as parish property and may not be spent without the approval of the pastor. At the

end of each year, surplus funds of parish societies are to be assigned to the general parish fund unless they have been accumulated for a specific purpose with the approval of the pastor.

## 218

While it is the primary responsibility of the parents to provide for both the secular and religious education of their children, the Church also has the right and duty to insure that children receive proper religious education and training. For the fulfillment of this responsibility Catholic schools are established. Consequently, Catholic parents have a grave obligation to send their children to Catholic schools whenever such are available. Catholic education should be pursued on the elementary, high school, college and university level whenever it is at all possible. Pastors must frequently instruct parents concerning this responsibility.

## 219

Whenever possible each parish shall build and maintain an elementary parochial school together with a residence for the sisters.

Catholic high schools should also be built and maintained by parishes whenever this is possible. Where local conditions make it desirable, in the judgment of the Ordinary, parishes should join together to organize a central or interparochial high school to provide a Catholic secondary education for the students of the area. Priests shall instruct the laity in the fact that the high school years are critical and decisive for the religious and moral development of Catholic youth.

The erection and maintenance of a parochial school is the financial obligation of the parish, and its support shall devolve upon all parishioners. Children of the parish have the right to attend their proper parish school. In no case shall a child be deprived of a Catholic education in the proper parish or interparochial school because the parents are unable to give financial support.

## 220

The system of Catholic education in this jurisdiction shall be directed by the Diocesan Department of Education, which, in the name of the Ordinary, shall determine general school policies, in accordance with Canons 1372-1383 of the Code of Canon law. The Diocesan Superintendent of Schools is the official executive of this Department.

The pastor of a parochial school and the administrator of an interparochial school shall have full charge of the school under the general direction of the Ordinary and the Diocesan Department of Education.

The pastor, by reason of his office, is the administrative head of the parish school. He may delegate the details of supervision to the assistant priest.

## 221

Pastors and priests charged with the supervision of Catholic schools may not engage a religious teaching community [a sisterhood] nor may they dismiss one already engaged, without the previous consent of the Ordinary. Nor should a religious community teaching in a parochial or diocesan school withdraw from its assignment without consulting the Ordinary.

## 222

Parish and interparochial schools are subject to the supervision of the Diocesan Department of Education in all fundamental regulations contained in the official "Diocesan Handbook of Policies and Practices."

## 223

All administrators and teachers in parochial schools shall comply with the directives of the Offices of County and State Superintendents of Public Instruction in those matters in which the civil law is applicable. Co-operation likewise shall be given to the civil authorities in matters of health and general welfare. School buildings and classroom equipment should conform to accepted standards.

## 224

Every parochial or interparochial school should have an organization or association to provide for the co-operation of parents and teachers in the development of the school program. It is recommended that the program of the Home and School Association of the National Catholic Welfare Conference should be used in these organizations.

## 225

The superiors of religious communities are urged to present to the Ordinary, to the Diocesan Superintendent of Schools and to the pastor or administrator of the parochial or interparochial schools concerned, a list of the number and qualifications of the

Religious who will teach in the elementary and secondary schools of the Diocese well in advance of the opening of the school term, so that provisions can be made for the hiring of the necessary lay teachers.

242

Without the permission of the Ordinary, no one entrusted with the administration of diocesan or parochial property may incur an indebtedness against that property in excess of \$500.00.

Negotiations for making loans or the financing of parish debts shall be transacted solely through the Chancery. Where a parish debt exists, there must be set up a schedule for systematic payment of that debt, which must be adhered to faithfully.

243

No one may extensively alter, demolish, alienate or add to any diocesan or parochial property entrusted to his care without the permission of the Ordinary if the alteration, demolition, alienation or addition amounts to more than \$500.00

244

In the construction of all new parochial buildings and all major improvements, the procedure outlined in the Appendix [to the Diocesan statutes] shall be observed.

245

All legal matters affecting parochial or diocesan property or administration thereof shall be referred to the Chancery.

246

All deeds, abstracts of title, insurance policies, and all other legal instruments relating to any parochial or diocesan property, or property used by a parish or subdivision thereof, shall be filed and kept at the Chancery.

A summary description of parish real estate should be included in the inventory of parish properties.

247

All church buildings without exception, together with their furnishings, must be adequately insured with reputable and reliable companies against loss by fire, hail, lightning, cyclones, storms, tornadoes, theft or vandalism, etc. The

insurance should be equal to at least 80 per cent of its value. If co-insurance is carried, property should be insured for at least 80 per cent of the present replacement value. However, before adopting this type of insurance, pastors should be fully acquainted with its conditions and requirements.

Parish properties are also to be covered by public liability insurance.

In case of loss, pastors should co-operate with insurance adjustors in settling claims. Damages shall be repaired to prevent additional loss.

Parish school buses and any private buses or automobiles for which the pastor or the parish could incur legal liability shall be insured with personal and property liability insurance sufficient to comply with the requirements of the civil law.

To be sure that insurance coverage is adequate and to provide legal support for claims in the event of loss, pastors and those in charge of diocesan institutions should maintain an inventory of all buildings and contents covered by the insurance policies. This inventory should be filed with the insurance policies.

248

A book of minutes shall be kept to record all proceedings of the meetings of established church committees in the Diocese. This record shall be kept current at all times.

249

Financial books showing all receipts and expenditures shall be maintained for each parish and institution in the Diocese, according to the recommendations of the Diocesan Commission for Parish Financial Records and Property Titles.

250

Checks pertaining to diocesan business should not be made payable to any individual. All checks sent to the Chancery should be made payable to "Catholic Diocese of Salina." Checks sent to other diocesan offices should be made payable to that department of diocesan administration. A memorandum indicating the purpose of the fund should always accompany each check.

Title II  
Parish Administration

251

The faithful have a strict obligation in conscience to provide regular and sufficient financial support that enables the pastor to carry on parochial administration including operation and expansion.

252

Every parish shall have a Church Committee of at least four, and not more than six members, to be recommended by the pastor and appointed annually by the Ordinary. Committeemen may be reappointed, but at least two members of the Committee should be changed each year.

253

Parish funds shall be promptly and carefully preserved in a reputable bank under the title of the parish with the pastor or administrator as authorized to sign checks.

If any priest deposits personal monies of whatever kind in a parish account for any reason whatsoever, such monies shall thereby be considered parish funds.

Parish bills for current operation shall be paid monthly and shall be paid by check signed by the pastor or administrator.

The cancelled checks shall be preserved for a period of five years, as specified by the civil-law statute of limitations, as proof that payment has been made.

The parish checkbook shall show on each stub the date, amount, payee and the purpose of the payment. These shall also be preserved for five years.

Pastors are warned against signing a parish check without stating on the check the name of the person to whom it is payable and the amount to be paid. [This is presumably a prohibition against writing checks in blank and is not a contradiction of Section 250.]

254

All surplus parish funds and all securities shall be deposited and invested with the Charity & Religion Fund of the Diocese for the promotion and development of diocesan and parish projects. A Demand Note, duly executed by the Ordinary, will be given to the parish as security.

255

Each year, before February 1, pastors shall submit to the Chancery a financial statement of the parish funds for the previous year on the forms provided by that office; a copy shall be retained in the parish archives.

This financial statement shall also be published and presented to the parishioners. A copy of this published report shall accompany the parish report submitted to the Chancery.

A copy of this financial report shall also be transcribed in the parish account book and signed by the pastor, Church Committee and the Dean each year before the report is transmitted to the Chancery.

257

Each parish or institution shall provide for the support of the priest, or priests, assigned to it by the Ordinary, as determined by these statutes and by the directives of the Ordinary. This support shall include:

- n. 1 the monthly payment of a salary, including Social Security benefits in accordance with government regulations;
- n. 2 a suitable rectory, together with the necessary and customary furnishings;
- n. 3 household expenses, including salary for domestic help;
- n. 4 Blue Cross and Blue Shield or similar insurance benefits;
- n. 5 allowance for automobile expenses;
- n. 6 an annual retreat fee.

In view of these compensations, no collections may be taken up in a parish for the priest or priests assigned to it without the express approval of the Ordinary. Individual voluntary offerings to the clergy are not forbidden.

258

The salary schedule for the priests of this Diocese is as follows:

- n. 1 Pastor's salary . . . . . \$1,200.00 per year
- n. 2 Assistant's salary . . . . . 720.00 per year
- n. 3 Administrator's salary (According to seniority status, to be determined in each case by the Ordinary)
- n. 4 Chaplain's salary . . . . . 900.00 per year  
(or to be determined by the Ordinary in special cases)

259

An allowance of \$10.00 per month is to be given to every priest from the parish treasury, or from the institution to which he is assigned, for the use of his automobile in the performance of necessary duties. When a mission parish is attached to another parish or when a parish covers a large territory, an additional allowance may be given with the approval of the Ordinary.

265

The minimum salary for sisters employed by the parishes of the Diocese is as follows:

- n. 1 Teaching Sisters . . . . \$800.00 per year. (No distinction is to be made between grade and high school teachers.)

266

Every parish having a parochial school is obliged to provide a suitable convent building for the sisters, with the customary furnishings.

The parish shall also provide light, heat, water, and such janitor service as may be available for other parish buildings.

When the sisters provide their own convent and such utilities as mentioned, it is left to the Ordinary, the interested pastor, and the religious community to agree upon a reasonable allowance approximating the saving to the parish and the additional cost to the community.

267

Pastors are bound to pay all employees of the parish a living wage within the meaning of the Encyclical Letter, "Quadregesimo Anno," of Pope Pius XI.

Pastors are also authorized to pay for workmen's compensation insurance and social security taxes for those permanently employed by the parish.

268

The pastor or administrator who is transferred to another assignment shall forward to the Chancery a financial report of his administration for the current year to the day of relinquishing the office.

Certain of these rules need amplification. The annual examination of parish registers and accounts stipulated in Statute 43 is not an audit in any business sense. The examination is merely a review of the Financial Statement by religious personnel in the Chancery to assure that it is prepared in the form required by the Bishop.

The Financial Record Book required in Statutes 54, n. 9, and 249, and the Financial Statement required in 255 are related. Although the Financial Record Book can take any form, it normally contains a listing of checks and deposits in the categories required to prepare the Financial Statement. Exhibit B is a typical Financial Statement prepared in accordance with Diocesan instructions.

Statutes 220 and 222 refer to the Diocesan Department of Education and the Diocesan Superintendent of Schools. Monsignor Brown, Superintendent of Schools for the Salina Diocese, is charged with the educational responsibility of the Diocese in addition to his regular duties as Pastor of St. Andrew's Church in Abilene. He is writing The Diocesan Handbook of Policies and Practices. Excerpts from the draft section

entitled "Administration" explain the position and duties of the Superintendent.

The Diocesan Superintendent of Schools is the official executive of this Department (Diocesan Department of Education). The Bishop appoints the Superintendent who represents the Most Reverend Bishop in the Administration and Supervision of all schools in the Diocese.

The first and most important function of the Diocesan Superintendent of Schools is to put into operation the approved educational policies and programs of the Bishop. He is therefore the chief executive officer of the school system. Within limits placed by the Bishop, he has the authority to administer, to supervise and to evaluate the formal educational program of the Diocese. The Diocesan Superintendent of Schools represents the Bishop in all contacts made with local, state, or federal officials regarding the Catholic schools.

All contacts concerning official matters affecting the status of the schools that **are** made with civil authorities are made through the Diocesan Superintendent of Schools. He is directly responsible to the Bishop for the observance by the Personnel under his direction of state laws governing accreditation, curriculum, teacher certification, school plants, safety and health requirements . . .

Monsignor Brown pointed out that the schools of the Diocese that are recognized by State authorities are represented collectively to State authorities through his office.

Statutes 242 and 254 are concerned with the borrowing and investing of excess funds. Until recent years, the parishes were permitted to invest and borrow any amount locally. Statute 242 now limits borrowing to \$500 locally. Practically, though, all borrowing must be accomplished through the Charity and Religion Fund of the Diocese. Loans are made to the parishes for approved purposes at the rate of four per cent.

Some excess funds do find their way to the Charity and Religion Fund. The Chancery pays three per cent interest on these investments, a rate which dissatisfies those parishes having excess funds to invest.

Although detailed investigation of the operation of the fund was not undertaken, casual comments indicated that the Chancery has borrowed from commercial sources amounts in excess of parish investments.

The organizational framework in which the Catholic schools of the Salina Diocese operate seem well defined. All ecclesiastical legislation cite the obligation to provide a Catholic education where possible. While the Bishop is responsible for the religious education of children in the Diocese, he has delegated his responsibility for academic and financial administration. The Diocesan Superintendent of Schools has been assigned the duty of maintaining the quality of education within the financial limits of the schools, but has no control over the finances. The parish pastors are charged by the Bishop with the financial administration of their individual schools.

The Diocesan statutes specifically authorize the delegation of supervisory details to assistant pastors. The statutes also state, "It is the right and duty of the pastor to appoint and supervise the services of all lay parish employees." This has generally been construed to apply to housekeepers, custodians and teachers. The mandatory appointment of a church committee appears to be recognition of lay opinions and abilities. However, committee members are recommended by the pastor and appointed by the Bishop rather than by the parishioners, and the committee is without authority. That lay opinions and abilities are beginning to play a more important role is evidenced by the following quotation:

The tradition of local control at the parish level, restricted as it is to the parish priest and to the school principal, with the parent serving only to supply money and children, is outdated . . . No longer will the school be merely an extension of the convent or rectory, with the parents being consulted only on very minor policy decisions, or assisting only in the role of spectator. The involvement of the total Catholic community is already in evidence in many parishes, chiefly in the form of home and school associations and, in some more experienced, more sophisticated parishes, parish school boards. Although mentioned as early as the Third Plenary Council in Baltimore, the archdiocesan, diocesan and parish boards have not made their appearance on the educational scene until now. They are the newest development in the very recent history of Catholic education. Parish boards now exist in 34 dioceses . . . These boards are destined to grow, representing as they do a challenge to lay leadership.<sup>54</sup>

The parishes are permitted great latitude in their methods of finance. Generally, the schools of a parish are to be financed not only by those who use them but by all parishioners. Tuition collections are authorized but not encouraged. Acquisition of revenue from other sources such as bazaars and socials is discouraged. Acceptance of public financial support to the extent that it is available is mandatory. Where public support is not available, Catholic administrators are to actively pursue it.

Although the Bishop has specified the form of the annual financial statement, the parishes are generally free to account for their funds in any manner. There are specific rules against commingling parish and personal funds in bank accounts, setting mandatory insurance coverage, and other rules providing elements of financial control essential to the identification and preservation of school assets. Chapter IV is devoted to an examination of the manner in which specific schools in the Salina Diocese operate within this framework.

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<sup>54</sup>Margaret Mealey, "Laymen and Catholic Schools: New Threat," Northwestern Kansas Register, Vol. VII, No. 45, August 20, 1965.

## CHAPTER IV

### FINANCIAL MANAGEMENT IN SELECTED SCHOOLS

The writer's work with financial matters in the Catholic schools in Manhattan and discussions with the Diocesan Superintendent of Schools indicated that certain financial management practices were prevalent in all but the interparish schools of the Diocese. Rather than obtain data through questionnaires, the writer felt that financial practices could be best identified and more adequately evaluated by detailed analysis of selected schools via personal visitation. The studies by Ryan and others previously cited took the questionnaire approach; and while their reports illustrate many of the same points presented in this paper, their observations lack the candor that is possible through specific case presentations gleaned from personal visits.

The information obtained from interviews with administrative personnel in three schools is presented in the subsequent sections. Two schools, Beloit and Manhattan, illustrate the general condition of financial management in the Salina Diocese, as described by the Diocesan Superintendent of Schools. Manhattan, however, was in a state of transition, and in this study the old financial management methods can be seen, along with an attempt at improvement. The Salina school represents a more advanced state of financial management than other schools of the Diocese and illustrates finance principles which might be applicable on a Diocesan basis.

## Beloit

Beloit is a town of approximately 3,800 population, situated in northcentral Kansas about 68 miles from the Diocesan headquarters in Salina. In 1964, the Catholic population was approximately 1,000, or about one-fourth of the total population. The only parish in Beloit, St. John's, operates both a grade school and a high school. The high school enrollment of 89 in 1964 was sixth largest of the eight parochial schools in the Diocese. The grade school had an enrollment of 209 students in 1964, placing it fourth in size of 21 grade schools in the Diocese.<sup>55</sup>

The grade school is a two-story stone building constructed in 1914 and free of debt. The high school is a modern building, predominately of concrete block construction that was built in 1951 and financed almost entirely by funds bequeathed to the parish for that purpose by a wealthy parishioner. The remaining cost of the high school was financed by long-term debt that has since been liquidated.

The school staff of St. John's Parish consists of the Pastor - Monsignor Fraser, the assistant Pastor - Father Hoover, eight teaching Sisters of St. Joseph, and six lay teachers. (Lay teacher is used throughout this thesis to mean qualified teachers who are not members of a Catholic religious order.)

As in all parishes of the Diocese, the Pastor is the final authority on all matters related to the schools; and as in most, he controls all

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<sup>55</sup>Official Catholic Directory, op. cit., p. 720.

financial responsibilities and duties. Monsignor Fraser sees the financial duties of his position as primarily to pay the salaries of the teachers and "other items of expense which come addressed to the parish." Other duties regarding financial management are left up to the teaching personnel and whomever will assume them. For instance, all teaching supplies, chalk, paper, and other instructional devices are furnished by the Home and School Association, a lay group. Projectors and other visual aids equipment are furnished by various parish organizations, such as the Knights of Columbus. Although Monsignor Fraser stated that a board, composed of the school staff and the parish trustees, would be consulted in the event of major curriculum changes, there is no formal school board or similar organization to assist in or assume major overall responsibility for school operations.

The Assistant Pastor, although not assigned any financial functions, has undertaken some projects which are of financial significance to the parish. Because of the relatively large Catholic population in Beloit, a "shared-time" arrangement was initiated by Father Hoover with the public high school. For example, Father Hoover donated his services as a Latin teacher to the public school. The public school in turn accepted, without compensation, the home economics class from St. Johns. Future plans include the teaching of advanced Latin to public school students in the Catholic school.

Another program of financial significance that resulted largely from Father Hoover's efforts involved utilization of the facilities and personnel of the North Central Kansas Area Vocational Technical School for accredited courses which otherwise would not have been available

to the Catholic students. Father Hoover worked to establish the Area School at Beloit, and after its establishment sought successfully to have certain courses given high school accreditation.

Because of the fee structure, there is no cost to St. John's students who attend certain classes in the Area School. The provisions concerning cost of attendance are included as Appendix A. Courses in which the parochial students participate regularly are: Auto Mechanics, Heavy Equipment Operation, Radio and TV Repair, Bookkeeping, Office Practice, Typing and Shorthand.

St. John's, by utilizing commercial courses available at the Area School, eliminated its own regular commercial courses which resulted in substantial savings. Other courses of the Area School, such as Heavy Equipment Operation, have allowed an expansion of the St. John curriculum in areas involving heavy fixed costs without directly increasing costs of the school.

Revenue procurement is not clearly defined. The financial statement for 1964 indicates the following Receipts and Expenditures of the school:

#### RECEIPTS

Tuition	\$1,200.00
Home and School Collection	528.50
Retreat	88.00
Total School Receipts	<u>\$1,816.50</u>

#### EXPENDITURES

Salaries	\$31,667.70
Ordinary Repairs	1,043.46
Home and School Collection	528.50
	<u>\$33,239.66*</u>

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\* Extracted from Appendix B.

A complete copy of this financial statement is included as Appendix B. That one or more items of income have been omitted from the financial statement is apparent from the imbalance of receipts and expenditures. Monsignor Fraser stated that the income item omitted is the general parish support. The amount would presumably be the difference between total receipts and expenditures, but due to the method of financial operations described previously and the accounting described below, the exact difference would still be inaccurate. Numerous school expense items are omitted entirely, i.e., prorated salaries, shared-costs, and costs incurred by various parish organizations on behalf of the school. The high school tuition is collected at the rate of \$20 per student. There is no tuition for the grade school. The parish does not tithe. It has never been necessary to borrow to finance school operations.

Monsignor Fraser in addition to his financial duties has retained personal control of accounting, even to the point of counting and depositing envelope collections. This he does for both the general parish and the schools, and there is little separation of expenses for the two. He feels that adequate information is available under the present system. Thus, no effort has been made to initiate a double entry bookkeeping system, nor to separate the checking accounts for the general parish and the schools.

As for the future, Monsignor Fraser anticipates enrollment in the high school will increase nearly 67 per cent in the next three years--from 89 to over 150 students. This would require additional classroom space. Asked whether he would eliminate grades as some parochial schools have done or borrow for expansion, Monsignor Fraser replied emphatically that

the parish would incur long-term debt before dropping classes or grades.

#### Salina

Salina was selected for study primarily because of its size and interparish relationship. Sacred Heart is the largest high school in the Diocese, with an enrollment in 1964 of 335.<sup>56</sup> It is one of only two interparish high schools in the Diocese.

Salina is the See, or headquarters, of the Diocese. The city grew from a population of about 30,000 in 1954 to 50,000 in 1964. The city is composed of three parishes: Sacred Heart, St. Mary's and Our Lady of Guadalupe. Sacred Heart and St. Mary's parishes each operate a grade school on an individual parish basis. The three parishes jointly finance the operation of Sacred Heart High School and Sacred Heart Junior High School. Although the Junior and Senior highs are financed in the same manner and are subject to the same jurisdictional body, they are physically and administratively separate. To avoid duplication, only the high school will be discussed.

The title to all real and personal property of the high school is vested in the Bishop of Salina as trustee for the parishes. A Council of Administration is composed of the Directors of the senior and junior high schools, the pastors of the parish, the Chaplain of Schilling Air Base and parishioners selected by their pastors.

The Council is charged with the following responsibilities regarding finance:

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<sup>56</sup>Ibid.

I. The Council of Administration as a whole shall act as a committee on Finance, whose duty in financial matters and those concerning temporalities of the school shall be to establish a solvent financial policy, to ensure a maximum of educational development and growth, in accordance with the following rules and regulations:

As to its Capital Indebtedness:

- a. The capital indebtedness of Sacred Heart High School is an obligation of the parishes of the City of Salina, which will liquidate such indebtedness through assessments or in any other way found expedient by the Bishop of the Diocese in consultation with the members of the Council of Administration.
- b. As to its extraordinary expenditures, the approval of the Council of Administration shall be required.
  1. For any extraordinary expenditures proposed by the Director in excess of \$200.00;
  2. For any and all loans made by the school.

As to its Ordinary or Current Expenses:

- a. The Council of Administration shall advise and assist the Director to:
  1. Set up a norm of financial administration so that the operating costs of the school be met from ordinary revenue.
  2. To see to it that extra-curricular activities shall be self-supporting and shall not be a charge on the ordinary income of the school.
- b. The Council shall:
  1. Examine and accept carefully the quarterly financial report of the Director.
  2. Approve at the August meeting the annual budget for the coming year.
- c. The parishes shall pay to the Director of Sacred Heart High School on the first day of each month, one-twelfth (1/12) of their annual share of the budget that has been adopted by the Council of Administration and approved by the Bishop.<sup>57</sup>

These responsibilities are specifically outlined in a Statement on Norms and Policies of the Council of Administration (Appendix C).

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<sup>57</sup>Sacred Heart High School, "Norms and Policies of the Council of Administration (Revised)," Salina, Kansas, n.d.

Another financial function is recognized and provided for in the statement by the establishment of a standing Committee of Audit. The duty of this committee is to make an annual study of the financial records of the school.

The Director of Sacred Heart High School, presently Father Weber, is appointed by the Bishop. His duties may be discerned from a reading of the financial responsibilities of the Council. Father Weber's duties are also specifically described in the Statement on Norms and Policies. Those duties pertaining directly to financial management are as follows:

- a. He shall meet with the various department heads to ascertain their needs and recommendations.
- b. He shall be responsible for the business management of the institution; its buildings and grounds, equipment and supplies.
- c. He shall:
  1. Keep all the accounts of the school.
  2. Receive all monies due the school.
  3. Deposit these funds in an approved bank.
  4. Make all disbursements.
  5. He shall give a financial report to the Council at each quarterly meeting.
  6. He shall submit a carefully planned budget at the first meeting of the Council of Administration each year and shall report the anticipated expenditures of money and needed revenues for the year.<sup>58</sup>

The Budget Reports (Appendix D and E), the Reconciliation of the 1963-64 Budget (Appendix F) and the Proposed Budget 1964-65 (Appendix G) each attest that these are not idle statements of policy.

Revenue requirements are assessed the three parishes on a formula basis. The formula is essentially an expression of obligation based

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<sup>58</sup>Ibid.

on benefit derived and ability to pay.

"Benefit derived" is expressed as the mean percentage of the various components of population in the three parishes. The components of population are:

1. Souls--this represents the total number of Catholics in the parish.
2. Baptisms--this injects an element of growth into the formula.
3. Elementary population--this and the following component recognize the fact that mere size of the parish does not necessarily determine benefit from the school.
4. Junior High population--since this is a high school the absence of high school population in the formula is interesting. Although no reason was offered for the omission, it is assumed that it results from a combination of factors which are reflected in the other components.
5. Envelopes--this could be considered as a component of ability to pay. However, because it is included in determining the mean population percentage, it is more an expression of the number of "bread-winners" in the population, which again tends to mitigate size.

Although "ability to pay" is to some extent included in the benefit expression, even if negatively, it is given specific expression by the assignment of equal weight to the percentage of total plant value of the three parishes, and the percentage of their total ordinary income.

"Plant value" is defined as insurance value plus savings minus debt.

"Ordinary income" is regular gross income of the parishes, excluding tuition and special collections. One might argue with the weight

assigned each component, but the recognition of financial position and income producing ability appear reasonable. One might interject the element of net income rather than gross, but this would not alter the final ratio substantially.

Appendix H indicates the manner and result of the formula computation for 1964.

Tuition, although shown in the budget reports, is not charged as such by the high school. Tuition is merely an arbitrary assignment of a portion of the parish assessments to the tuition category for "report purposes." As a service to the parishes, the high school sends "tuition" notices to parishioners of the three parishes and in this manner assists the parishes in collecting amounts specifically for school support. The parishes use this means to impress upon their parishioners their obligation for school support; but it is not tuition in a real sense since school support paid by the parishes is solely on the basis of the assessments already described. The rate of "tuition" is set at \$5 per week for 52 weeks per student. However, this rate could be changed by any of the parishes if they wished to alter their ratio of tuition and general parish support, and would not affect their assessment for school support.

Another means of support which does not appear in the statement is collection of fees for supplies in various laboratory courses, such as home economics and woodworking.

Activity accounts, e.g., accounts for activities sponsored but not supported by the school, are maintained separate from the school account.

Any unexpended balances of such accounts upon completion of the activity for which the funds were entered become the property of the school.

For this reason, the activity accounts are maintained by the school.

Father Weber is assisted in his financial duties by a secretary-bookkeeper. An efficient bookkeeping system, set up by a local CPA firm, involves journalizing receipts and disbursements in columnar form. A representative of this firm posts the entries and prepares the payroll tax returns and statements quarterly. The chart of accounts used is that recommended by Ryan.<sup>59</sup> No further accounting refinements, such as accrual of income and expense or recognition of depreciation, have been introduced.

The long-term debt on the high school is an obligation of the three parishes involved, and therefore is not reflected in the accounts of the school. The equity of the three parishes in the school is likewise not shown. The liability for the long-term debt was assigned to the parishes on bases similar to that used in financing current operations. Any future long-term indebtedness would presumably be assigned on a similar basis. All borrowing is from the central Diocesan fund.

At the date of this writing, the future of Salina, and consequently Sacred Heart High School, was somewhat questionable due to the expected withdrawal of a sizeable Catholic segment of the population employed at the Schilling Air Force Base. However, the vacated class rooms at both the public and parochial schools will open opportunities for "shared-time" arrangements with the public school system. The State

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<sup>59</sup>Ryan, An Accounting Manual for Catholic Elementary and Secondary Schools, op. cit.

Board of Vocational Education established a Regional Vocational Technical School at Salina. This arrangement may present opportunities for financial benefit similar to those enjoyed by St. John's in Beloit. Father Hoover is aware of these opportunities.

#### Manhattan

Seven Dolors Parish is one of two located in Manhattan, Kansas. Seven Dolors owns and operates the Seven Dolors Grade School and Luckey High School. The enrollment of the grade school was 504 and the high school was 188 in 1964.<sup>60</sup> The grade school was the second largest and the high school was third largest in the Diocese.

The grade school and the high school are both housed in new, modern structures. The high school is staffed by seven Sisters of St. Joseph and four lay teachers. The grade school is staffed by eight Sisters of the same order and by six lay teachers. Two priests spend some time in each of the schools in educational or counseling capacities.

In May of 1964, the writer was asked to review the accounting records of the Parish and to make recommendations concerning the establishment of appropriate accounting records to establish the costs of operating the schools.

Following a Parish reorganization, a Parish Board of Education was established to perform the following duties:

1. Meet quarterly and at such special times as the Chairman may deem necessary. Certain decisions and actions may be made, when necessary, by an Executive Committee composed of the

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<sup>60</sup>Official Catholic Directory, op. cit., p. 721.

Superintendent of Schools, the Chairman of the Board of Education and the Secretary of the Board of Education.

2. Submit annual budgets of the schools for approval of the Church Committee by May 1, 1964, for the 1964-65 school year. In subsequent years submit annual budgets by March 1 preceding the school year.

3. Advise in **the** employment of lay teachers; including such things as qualifications, salaries, promotions, fringe benefits, etc.

4. Advise on Curriculum Planning.

5. Advise on general operation of the schools, including policies on solicitation drives, student activities, etc.

6. Make recommendations to the Parish Committee on tuitions.

7. Advise Pastor on waiver of tuitions.<sup>61</sup>

These duties are not unusual for a Board of Education. Yet competent as the Board was, it could not begin to perform them because of a lack of financial information. The only financial data available was the Bishop's required Diocesan Financial Report for the calendar year 1963. However, this report did not show all the costs of operating the schools, nor did it provide any breakdown of expenses between the grade school and the high school. Since it was necessary to present a budget and recommend a tuition rate almost immediately, a rapid overhaul of the accounting system appeared desirable.

A meeting was held in May, 1964, with the Assistant Pastor, Father Aschenbrenner, charged with the bookkeeping duty; the person filling the newly established position of Parish Treasurer; two other individuals with accounting backgrounds; and the writer. The meeting disclosed a

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<sup>61</sup>Seven Dolors Catholic Church. "Statement of Organization and Policies," Manhattan, Kansas, n.d.

situation worse than expected. The accounting system consisted of only one checkbook for both the church and the schools, with no separate checking accounts to cover expenses of their particular school functions. Because all Sisters were away for the summer, the number of their accounts, balances and source of funds were unknown. Since a tithing system had been initiated as a part of the reorganization (to replace a plethora of fund drives), and since the school was to be operated entirely on a tuition and general parish support basis, information from the Sisters' accounts seemed essential for any accurate budget estimates.

It was agreed by all present at the meeting that a double entry system should be set up for the parish, and that separate accounting systems should be maintained for the general parish and the school. Although the group rejected a proposal for an accrual system, they did settle on what at the time appeared to be a reasonably sufficient chart of accounts. A fiscal year based on the school year ending August 31 replaced the calendar fiscal year.

These recommendations were accepted in early June; but the required information for the ensuing school year had not been obtained. To obtain this information the writer established the accounts. The writer, with the aid of Father Aschenbrenner, analyzed every disbursement and deposit for the period January 1, 1964, to June 10, 1964, in order to set up and post the books for the general parish and to identify school expenditures. In order to complete a year's transactions for the school, Father Aschenbrenner analyzed all disbursements and deposits for the period September 1, 1963, through December 31, 1963. The combined

information for the two periods provided sufficient information for the preparation of a school budget even though it did not incorporate the information on the various accounts maintained by the Sisters. It was later determined that these accounts accounted for about a \$10,000 underestimation of expenses in the budget (approximately 10 per cent of the total budget).

In late August, 1964, just prior to the beginning of the school year, the Board of Education announced a tuition rate of \$100 per family for children of parishioners attending either the grade school or the high school. A rate of \$125 per family was set for children living outside the parish. The difference in rates was justified by the fact that in the proposed budget, tuition accounted for only about one-third of total revenue and general parish support accounted for the other two-thirds. As the families outside the parish using the schools contributed nothing to the general parish support, a tuition rate of \$300 would not have been unfair.

As the Ogden, Kansas, parishioners had never been furnished a reliable statement on school costs, they felt that the difference in tuition rates was gross discrimination. About half of the families announced that their children would attend public schools in the future. The Bishop, hearing of this, and being duly concerned about the religious education of all Catholic children, called a meeting of the Seven Dolors Board of Education and representatives of the Ogden parish. The writer attended this meeting to defend the budget, although this was not necessary. After some admonitions to both sides, the tuition for Ogden parishioners was left at \$125 per family. Only about half of the Ogden

students returned to Seven Dolors, however. It was at this meeting that the Bishop expounded his accounting philosophy mentioned in Chapter I, page 4.

Having cleared these hurdles it was still necessary to sell the system to the Sisters and lay teachers prior to commencing the school year. At a meeting of the fifteen sisters and one lay teacher, Father Aschenbrenner explained briefly the reorganization of the general parish finances and left the explanation of the school accounting system and consolidation of funds to the writer. Needless to say, the news that they were to part with their "petty" cash funds was not met with great enthusiasm by the nuns. After explaining that they would benefit from having the necessary funds allotted from general revenue rather than having to raise it by whatever means they could muster previously, they agreed to the system. Their agreement was obtained through a Hobson's choice. Later, in reviewing transactions of the school account, the writer noted that although the miscellaneous bank account balances were transferred to the regular school account, each account was reduced by a substantial amount (approximately one year's requirements) prior to the transfer.

To relieve the religious personnel for duties more suited to their training, a "financial secretary" was employed for the following purpose outlined in the Statement of Organization and Policies:

. . . whose duties shall be assisting the Pastor with the periodical collection of Parish revenues; the telling and accounting services pertinent to such collections of revenues; and the preparation of reports to individual parishioners regarding their tithe and other contributions. The financial

secretary shall report to the Church Committee monthly regarding the status of Parish contributions. It is desirable that a person be hired to assist in this responsibility.<sup>62</sup>

Due to limited funds it was necessary to fill this position with a person with less than the desired experience, hoping that with proper guidance he might develop expertise as a school business manager. At present the duties of the financial secretary consist of making disbursements, bookkeeping and preparation of monthly statements, quarterly tax returns, and other duties requested by the teaching staff. These duties have been performed under close supervision of those responsible for setting up the system but with increasing independence.

Another position provided for in the Statement of Organization and Policies is that of Parish Treasurer. The person selected to fill this position unfortunately did not have an accounting background. The duties of the position as described in the Statement of Organization and Policies are as follows:

. . . shall be fulfilling the Church Committee's responsibilities in assisting the Pastor with matters of bonding, accounting, budgeting and preparation of financial reports. The Parish Treasurer shall be responsible for reporting the financial status of the Parish to the Church Committee monthly and to the entire Parish at least annually.<sup>63</sup>

A balance of \$45,000 remained due at the date of writing on the long-term debt incurred to build the grade school. This debt was considered an obligation of the general parish and was to be paid from the

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<sup>62</sup>Ibid.

<sup>63</sup>Ibid.

tithes received. The original debt on the grade school was incurred at various times due to piecemeal construction. It had been reduced to about the above balance through special building fund collections. With the initiation of tithing in the parish, all special fund drives were to be eliminated. This change of policy in obtaining funds forces an interesting problem.

Faced with an increasing enrollment, the school must face the prospect of eventual expansion. At present, tithes barely cover parish expenses and the relatively low rate of current debt retirement. Since a great deal of effort is expended in collecting tithes, the prospects of raising additional funds for expansion or replacement appear poor. The parish, as a result of emphasis on tithing, has experienced a sizeable increase in funds available for operation for the schools. The budgeted expenses of the schools, however, have increased by about the same amount. Because special fund drives are precluded by parish policy, and would be of dubious value since the parishioners are already giving generously, it seems that some means of providing for the future needs from current tithes should be initiated. One such method would be to invest funds for future use for asset replacements or expansion. Depreciation accounting might help emphasize this need.

A major problem of the parish, which has a negative bearing on school finance, is that it was burdened with more than its share of the cost of the Kansas State University Catholic Student Center simply because the University is located in Manhattan. However, children of University students are accorded the same tuition rates as those of Ogden residents for enrollment in the Seven Dolores schools.

Statements for the school are included as Appendices I and J. The accounts used are not those recommended by Ryan.<sup>64</sup> At the time they were established, Ryan's system was unknown to those responsible for the Seven Dolers system. Adaptation of his system is, however, under consideration. Some concepts advanced by Ryan were adopted independently. Activity accounts are maintained separate and apart from the regular school accounts, even though unexpended balances are transferred to the school account. Joint expenses are allocated between the general parish, the grade school and the high school. One obvious refinement required is the exclusion of both accounts--textbook revenue (the portion of miscellaneous revenue not identified) and textbooks. These are not school expenses, but instead merely represent purchase of books through the school by the students. This peculiarity was not recognized until the bulk of the transactions for the school year had been concluded. Direct purchase of texts is anticipated for the future, so the accounts have not been adjusted.

Interscholastic athletics are financed by a "booster club" and gate receipts. The only athletic expense that is considered an expense of the school is the salary of the coach.

School equipment is still purchased from and shown as an expenditure of the general parish rather than the school.

Seven Dolers is fortunate in many respects. Monsignor Merchant has recognized the need to delegate some duties. It is also fortunate in having capable parishioners to assume those duties.

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<sup>64</sup>Ryan, op. cit.

### Summary of the Case Studies

The three cities discussed represent various stages of financial management development. This paper does not purport to present evidence that any of the conditions described in the three preceding sections are prevalent throughout the diocesan schools. The Diocesan Superintendent of Schools indicated, however, that the financial management situation at Beloit is not typical of the schools of the Diocese. Ryan's nationwide study of central schools reveals a norm for those schools not far different from the situation at Beloit.

Accounting, as understood in business, is practically nonexistent. The purpose of accounting is to provide information to aid management in its duties. Neither Monsignor Brown at Abilene nor Monsignor Fraser at Beloit knew the annual cost of educating a Catholic student in his school. Administrators might argue on the necessity of sophisticated accounting systems, but the inability to provide per pupil costs for the schools under their direct supervision indicates a serious need for improvement.

The retention by the parish priest of major financial duties as well as responsibilities, as evidenced at Beloit, appears to be another financial management practice prevalent in the Salina Diocese. Although counting and depositing of collections by the pastor at Beloit were delegated duties at Manhattan and Abilene, other clerical tasks such as writing checks, preparation of payrolls, and tax returns were not generally delegated. Delegation of functions to subordinates is a desirable management practice where duties are too time-consuming or

technical for efficient performance by the person assuming primary responsibility. This is presumably the reason the Bishop has delegated the academic and financial management duties and commensurate responsibilities to the Superintendent of Schools and parish priests, respectively. Some financial duties not delegated by the parish priests are assumed by others. In Beloit, for instance, major responsibility for provision of school furniture and fixtures has fallen upon the Home and School Association. In Manhattan, prior to the "reorganization," Sisters obtained and expended funds for their school projects without notifying the pastor. The performance of duties by persons other than the pastor is not necessarily undesirable, but when the financial consequences are unknown to management, the essential element of control is lost. If vertical delegation is desirable at the parish level it should be of integrated functions, i.e., accounting for all school activities and programs; purchase of all equipment and supplies; procurement of all revenue; and coordination of all academic programs. In Salina such delegation has occurred from religious personnel to lay personnel because of the demands placed on limited religious personnel and the interparish relationship. Manhattan is illustrative of a parish where the need to delegate duties has only recently been recognized.

It is difficult to criticize or praise other financial management practices with the scant information available. Cost comparison cannot be made with public schools of the same area, with parochial schools of other dioceses, or even between schools of the Salina Diocese, because of the lack of information.

Some notable financial accomplishments were cited in the three schools discussed. In Beloit these accomplishments resulted from cooperative efforts with public schools. Another significant example of cooperation with public schools is Hays. Its grade school is owned by the Catholic community, leased to the public school system, but staffed almost entirely by nuns. The lease, effective only from 9:00 A.M. to 4:00 P.M., permits the use of the school for religious purposes at other times.

It is doubtful that the schools, as they have been established, could be operated more economically. The contributed services of religious personnel account for great savings. The growing scarcity of religious personnel and forced use of lay teachers threatens to partially eliminate these savings and coincidentally reduce the appeal of the Catholic schools to parishioners. This appears to be a problem of major concern. The reluctance to hire lay personnel for other specialized functions also results in apparent savings. Religious personnel tend to be frugal in their operation of the schools. An example of this is the duplication of financial statements for one school on odd size scratch paper.

Minor economies and savings are admirable if they by their nature do not preclude recognition of major opportunities for economies. It may be that consolidated Catholic schools could take better advantage of the available religious personnel and obviate the relatively high cost of lay teachers. Relatively heavy fixed costs associated with small schools might possibly be reduced by consolidation, without a

corresponding increase in operating costs. One example which may illustrate the feasibility of this suggestion is that of Aurora, which operates a Catholic High School with only 37 pupils. Concordia, within 20 miles of Aurora, operates a Catholic High School with 135 students.

Adequate financial reporting in the schools of the Diocese would indicate areas which should be of major concern and would assist in the solution of financial problems.

## CHAPTER V

### RECOMMENDATIONS

The goal of the Catholic schools is to provide a Catholic education for all Catholic children. The goal of school financial managers should be to minimize the cost of and to provide sufficient funds for accomplishment of the overall objective.

The Catholic Register indicates that 6,167 of 18,217 children under Catholic instruction in the Salina Diocese received their general education in parochial schools--about one-third. Considering the lack of public financial support, the percentage is significant. Yet it is far short of the goal of one hundred per cent. The goal is admirable, but unrealistic, because of the financial limitations. If better financial information were available and utilized properly it might be possible to suggest methods for increasing enrollment in the parochial schools.

Parishioners confronted with the financial facts concerning provision of religious education might react as certain Ogden parishioners did--withdraw their children from the parochial school. Others might take a more constructive approach and consider cost reduction methods. In either event, the decision would be that of the parishioners rather than the church officials.

The lack of adequate financial information is the most glaring weakness in the financial management of the schools. Other weaknesses either stem from or are undetectable because of it. The centralized structure of the Catholic Church has not been as conducive to the disclosure of information as a more decentralized organization might be.

A decentralized organization would not necessarily produce more useful information but involvement in financial management of the persons responsible for financial support, the parishioners, would help to elicit the information necessary for protection of their interest.

The thought expressed by Statute 77 of the First Synod of the Diocese of Salina lies at the crux of the problem:

Obedience to spiritual authority and to the Church and all her teachings, whether in faith or morals, must be cultivated by the faithful if they are to be true followers of Christ, whose life was a model of obedience. The prompt willingness to be ruled and governed by the authority of the Holy See and the local Ordinary is the test of perfect conformity with the mind of the Church. In all things, parochial, spiritual or temporal, the parishioners are subject to the jurisdiction of the pastor, unless in a particular case they are exempt.<sup>65</sup>

It is small wonder that Catholic laymen do not criticize or take a greater role in parochial affairs. It may be more than coincidental that the parishioners (and the priest) who have taken the most active role in parochial school management in Manhattan are predominantly converts to the faith. There is no reason that management in a centralized organization should be less efficient than in a decentralized organization. At the operating level, however, the centralized structure of the Church has discouraged the contribution of management skills by parishioners, while at the same time failing to develop such skills in its functionaries.

Various methods could be suggested to rectify the inadequacy of financial information. These methods fall into three general categories

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<sup>65</sup>F. W. Freking, op. cit.

relative to the organizational structure of the Church. The first category would move toward decentralization of Church authority, and would probably be unacceptable for that reason. This would include methods such as assignment of major duties and responsibilities to laymen or lay groups without accountability to Church officials.

A second category would include methods harmonious with Church organization, such as the plan used in Manhattan involving lay advisory groups. Also included would be requirement of accounting courses for seminarians, promulgation of detailed accounting systems and instructions, and employment of trained accountants at the parish level.

A third category would centralize accounting services, and appears more acceptable than the above methods. To provide a uniform system of accounting, insure its adoption, and reduce clerical costs, a compulsory management service could be instituted for all schools of the Diocese. This service would not necessarily be restricted to accounting. Quarterly payroll tax returns could be prepared. Savings could possibly result from quantity buying. Bank accounts and source documents could be maintained at the parish level with only the essential account coding documents submitted for processing. A more comprehensive service could include the submission of source documents such as invoices and vouchers and from these the preparation of checks either on a central depository or local account. A service of this type would probably result in savings in excess of its direct costs.

Methods of physical operation in the central service could vary from a simple longhand system to sophisticated data processing. Monsignor

Lester, of the Fort-Wayne-South Bend Diocese, discusses the latter method, which is used in his Diocese:

The actual payment, writing of checks, etc., will not be done by the diocesan office, but on a contracted basis with a banking institution which has computer facilities. Investigation has shown the cost to be very reasonable. It should provide a real service for the pastor.<sup>66</sup>

The chart of accounts recommended by Ryan and already in use in the two largest schools of the Diocese would be a logical choice for a uniform system. The system, if established, should insist that all funds regardless of the source be included. The continuation of the practice in the Beloit and other schools where various parish organizations finance major segments of the school operations without inclusion of the costs in the financial statements would defeat the purpose of such a system. Another major requirement of the system should be that parish expenses allocable to the schools be included in the costs on a rational basis.

A centralized accounting or management service could either usurp or merely enhance the responsibility of the parish priest for financial management. While to usurp the priests' authority over school financial management would destroy the existing pattern of management, to do so would not be contradictory to Church law, and might work to the overall advantage of the Diocese.

Although lack of financial information is the most apparent weakness, a problem of perhaps greater importance is the matter of equity

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<sup>66</sup> Msgr. William J. Lester, "How A Diocesan Board Upgrades Teachers," Catholic School Journal, Sept., 1964, 65:7, p. 77.

in finance methods, and of equality of religious educational opportunity throughout the Diocese. The interparish relationship at Manhattan involving the provision of education for children of three parishes is one example. Children of Seven Dolores (Manhattan proper), St. Isidore's (Kansas State University), and St. Patrick's (Ogden) parishes share equal educational opportunity. One school, Seven Dolores, is available to all, but the greatest share of operating expenses are borne by the Seven Dolores parishioners.

The interparish relationship at Salina presents an interesting contrast to that at Manhattan. Here three parishes jointly operate and finance a school on a basis carefully selected as equitable in principle. There is very little real difference in the situations at Manhattan and Salina other than the size and proximity of the parishes involved. Yet the moral obligation to provide a Catholic education, which redounds equally to all Catholics, does not result in a commensurate financial obligation.

The solution to the problems of equity are not simple. It is doubtful that the Bishop could resolve them with the scant financial information available, yet he is charged with that responsibility by Canon law. The following quotation from Johns and Morphet concerns the public schools, but the thought expressed could apply equally to parochial schools:

There should probably be many more cooperative comprehensive studies in state and local systems during the next few years than have been made in the past. Finance and special phase studies will still be important but will not meet all needs in many situations.

. . . since the schools of the country belong to the people, the citizens of a community or state must have some understanding of the financial problems and needs of the school if they are to support a plan which will assure adequate financing. This seems to imply that laymen should be involved in many studies of school finance. In fact laymen have demonstrated again and again that they have many valuable contributions to make to such studies. Since educators have at hand much information which would not be readily available to laymen, it seems evident that they should also be involved.<sup>67</sup>

Margaret Mealey said:

The tradition of local control at the parish level, restricted as it is to the parish priest and to the school principal, with the parent serving only to supply money and children, is outdated.<sup>68</sup>

The initiation of a cooperative comprehensive study of the financial management of the parochial schools in the Salina Diocese would be most timely.

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<sup>67</sup> Roe L. Johns and Edgar L. Morphet, Financing the Public School, Prentice Hall, Englewood Cliffs, N.J., 1960, p. 46.

<sup>68</sup> Margaret Mealey, loc. cit.

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APPENDICES

## APPENDIX A

(NORTH CENTRAL KANSAS AREA VOCATIONAL TECHNICAL SCHOOL)

## COST

The cost of attending the school will vary depending on whether or not the student comes from a participating district. A participating district is one that levies two mills on their tax structure for partial support of the area school. Consequently students in the non-participating districts have to pay full tuition. Also in the districts that have taxed themselves for this partial support, there will be some difference in tuition according to age category.

The following is the tuition schedule. Some of the areas may have special fees for textbooks, manuals, safety equipment, etc.

<u>Age Level</u>	<u>Part. District</u>	<u>Non-Participating District</u>	
		Three Hours	Six Hours
Under 19 years	None	\$300.00	\$500.00
19 to 22 years	\$ 25.00	300.00	500.00
22 years and over	100.00	300.00	500.00

If a student is not over eighteen years of age, he may petition the county superintendent of schools to pay the tuition; and if the student meets the minimum qualifications, the county commissioners will make arrangements to pay the school for the full amount of tuition.

APPENDIX B

ST. JOHN'S PARISH OF BELOIT FINANCIAL STATEMENT - 1964

RECEIPTS

ORDINARY:  
Envelopes \$34,579.21  
 Plate Collection 5,670.29  
 Fuel & Insurance 3,768.00  
 Guild & Festival 11,287.00  
 40 Hrs. Collection 248.50  
 Candles, Vot. Lights 535.00  
 Lenten Offerings 299.00  
 TOTAL ORDINARY RECEIPTS ----- \$56,387.00

EXPENDITURES

ORDINARY:  
Priests' Salaries \$1,920.00  
 Clergy-Extra Services 319.00  
 Organist & Choir 777.00  
 Sanctuary & Sacristy 1,763.34  
 Clergy Board 1,500.00  
 Fuel & Lights 3,650.63  
 Water & Telephone 687.58  
 Taxes 4,790.18  
 Ordinary Repairs 470.16  
 Printing & Stationery 78.11  
 Insurance 1,919.13  
 Housekeeper Salary 975.00  
 Transportation & Retreat 180.00  
 Blue Cross & Shield 276.00  
 Incidentals 425.17  
 TOTAL ORDINARY EXPENSES ----- \$19,731.30

EXTRAORDINARY:

Interest \$ 500.00  
 Donations 319.10  
 Farm 696.18  
 Other Sources 62.00  
 TOTAL EXTRAORDINARY RECEIPTS ----- \$1,577.28

EXTRAORDINARY:

Interest \$ 121.50  
 Remodeling & Repairs 658.87  
 TOTAL EXTRAORDINARY EXPENSES ----- \$ 780.37

SCHOOL:

Tuition \$ 1,200.00  
 Home & School Collection 528.50  
 Retreat 88.00  
 TOTAL SCHOOL RECEIPTS ----- \$ 1,816.50

SCHOOL:

Salaries \$31,667.70  
 Ordinary Repairs 1,043.46  
 Home & School Collection 528.50  
 TOTAL SCHOOL EXPENSES ----- \$33,239.66

APPENDIX B (continued)

<u>DIOCESAN COLLECTIONS:</u>		<u>DIOCESAN COLLECTIONS:</u>	
Negro & Indian Missions	\$ 205.00	Negro & Indian Missions	\$ 206.00
Bishops' Relief Fund	511.50	Bishops' Relief Fund	558.50
Holy Land	65.50	Holy Land	65.50
Seminary	800.00	Seminary	847.00
Holy Father	403.00	Holy Father	403.00
Mission Coop Plan	215.50	Mission Coop Plan	215.50
Mission Sunday	635.50	Mission Sunday	635.50
Register	633.00	Register	699.00
Catholic University	65.00	Catholic University	75.00
Catholic Charities	477.50	Catholic Charities	477.50
Children's Mite Boxes	141.00	N.C.C.M. Dues	75.00
<u>TOTAL DIOCESAN COLLECTIONS-----</u>	<u>\$ 4,152.50</u>	<u>TOTAL DIOCESAN COLLECTIONS-----</u>	<u>\$ 4,257.50</u>

<u>DIOCESAN ASSESSMENTS:</u>		<u>DIOCESAN ASSESSMENTS:</u>	
<u>Infirm Priests' Fund</u>	\$ 250.00	<u>Infirm Priests' Fund</u>	\$ 25.00
		Catholic Student Center	900.00
		Cathedraticum	800.00
<u>TOTAL DIOCESAN ASSESSMENTS-----</u>	<u>\$ 250.00</u>	<u>TOTAL DIOCESAN ASSESSMENTS-----</u>	<u>\$ 1,950.00</u>
<u>TOTAL REVENUE</u>	<u>\$64,183.28</u>	<u>TOTAL EXPENDITURES</u>	<u>\$59,958.83</u>
<u>BALANCE FROM 1963</u>	<u>40,687.30</u>	<u>BALANCE ON HAND</u>	<u>44,911.75</u>
<u>GRAND TOTAL</u>	<u>\$104,870.58</u>	<u>GRAND TOTAL</u>	<u>\$104,870.58</u>

APPENDIX C  
(REVISED)

NORMS AND POLICIES  
of the

C O U N C I L O F A D M I N I S T R A T I O N

of  
SACRED HEART HIGH SCHOOL  
AND  
SACRED HEART JUNIOR HIGH SCHOOL

SALINA, KANSAS

I General Statements

1. Sacred Heart High School, Salina, Kansas, is a Catholic educational institution existing under the jurisdiction of the Bishop of the Diocese.
2. Sacred Heart High School is the result of a united effort of all the parishes of the City of Salina to provide a Catholic education to Catholic boys and girls of the City of Salina.
3. The title of all real and personal property of Sacred Heart High School is vested in the Bishop of Salina as General Trustee to administer such property as a trust for the aforesaid parishes without injury or prejudice to its other holdints.

II Organization

1. The Council of Administration shall consist of the Directors of both schools, who shall be appointed by the Bishop, the pastors of the several parishes in the city of Salina, the Chaplain of Schilling Air Base, and lay members from each parish to be named by the pastors and the Chaplain.
2. Parishes with more than 500 families shall have three members on the Council. Other parishes and the Base Chapel parish shall have two lay members on the Council. Term of office shall be the same number of years as there are men on the Council from that parish and shall begin with the budget meeting each year.
3. The Chairman of the Council of Administration shall be one of the pastors of the City of Salina and shall be elected by secret ballot each year at the September meeting. Both old and newly-appointed members may vote. A plurality of the votes suffices for election.
4. The vice-chairman shall be elected in the same manner from the lay members of the Council on the same ballot.

5. The Director, as administrative head of Sacred Heart High School, shall serve ex officio as Executive Secretary of the Council of Administration.
6. The Council of Administration may be augmented by additional members at any time by appointment of the Bishop.
7. All acts of the Council of Administration are subject to the approval of the Bishop to whom a report of each meeting shall be submitted by the Secretary.

### III Meetings of the Council

1. Meetings of the Council shall be held four times annually at the school or at any other convenient place designated by the Chairman:
2. Meetings of the Council of Administration shall be called by the Chairman through the Executive Secretary, notification of which shall be given personally or by mail to each member;
3. The Bishop, or Chairman, may call a meeting of the Council of Administration at any other time;
4. The rules of parliamentary practice contained in Roberts' Rules of Order shall govern the proceedings of this Council in all cases to which they are applicable and in which they do not conflict with these Norms and Policies:
5. A majority of the whole number of the Council members shall constitute a Quorum for the transaction of business, but a smaller number may adjourn:
6. At all meetings the following order shall ordinarily be observed:
  1. Prayer
  2. Calling the Roll
  3. Approval of Minutes
  4. Unfinished business
  5. Communications and petitions
  6. Reports of committees
  7. Report of Director
  8. Approval of reports
  9. New business
  10. Adjournment
  11. Prayer

## IV Responsibilities and Duties

## A. Responsibilities as to Finance:

The Council of Administration as a whole shall act as a committee on Finance, whose duty in financial matters and those concerning temporalities of the school shall be to establish a solvent financial policy, to ensure a maximum of educational development and growth, in accordance with the following rules and regulations:

## 1. As to its Capital Indebtedness:

The Capital Indebtedness of Sacred Heart High School is an obligation of the parishes of the City of Salina, which will liquidate such indebtedness through assessments or in any other way found expedient by the Bishop of the Diocese in consultation with the members of the Council of Administration.

## 2. As to its Extraordinary Expenditures:

The approval of the Council of Administration shall be required:

- a. For any extraordinary expenditures proposed by the Director in excess of \$200.00;
- b. For any and all loans made by the school.

## 3. As to its ordinary or current expenses:

## a. The Council of Administration shall advise and assist the Director to:

1. Set up a norm of financial administration so that the operating costs of the school be met from the ordinary revenues;
2. To see to it that extra-curricular activities shall be self-supporting and shall not be a charge on the ordinary income of the school.

## b. The Council shall:

1. Examine and accept carefully the quarterly financial report of the Director;
2. Approve at the August meeting the annual budget for the coming school year;

- c. The Parishes shall pay to the Director of Sacred Heart High School on the first day of each month, one twelfth (1/12) of their annual share of the budget that has been adopted by the Council of Administration and approved by the Bishop.
- B. Responsibilities as to Academic Matters:
1. To discuss and accept carefully the quarterly report of the Director on academic matters;
  2. To consider with care all recommendations made by the Director for the improvement and extension of academic facilities;
  3. To encourage high standards of scholarship and show a deep interest in the academic advancement of the School according to the rules and regulations of the Diocesan Department of Education; the Laws of the State governing education; and the School's voluntarily accepted Standardizing Agency (e.g. the North Central Association of Colleges and Secondary Schools).

#### V Duties of the Officers

- A. The Chairman shall preside at all meetings of the Council, sign all documents on behalf of the Council and perform all other duties incident to his office. At the first regular meeting after his election he shall appoint all Standing Committees, and he shall appoint special Committees as occasion demands.
- B. The Vice Chairman shall perform all duties of the Chairman in his absence or inability to act.
- C. Standing Committees:
  1. Committee of Audit: Two members of the Council shall be appointed by the Chairman to make annually a careful study of the financial books of the School;
  2. Committee on Visitation: Three members of the Council shall be appointed by the Chairman to make an official visitation of the School semi-annually and to report on the visit to the Council.
- D. Duties of Director of Sacred Heart High School:
  1. The Director is charged with the legal responsibilities and duties of his position; and in the academic administration of the School he shall be subject only to the Bishop of the Diocese either directly or through the Diocesan Department of Education;
  2. It shall be the Director's duty to preside at all Faculty meetings and to direct the discussions at those meetings;

3. He shall meet with the various department heads to ascertain their needs and recommendations;
4. He shall supervise all extra-curricular activities;
5. He shall have sole power to admit or expel a student, after consultation with the pastor and parents of the student involved and with the Council if he so chooses;
6. He shall be responsible for the business management of the institution of the institution; its building and grounds; equipment and supplies;
7. He shall:
  - a. Keep all the accounts of the school;
  - b. Receive all moneys due the school;
  - c. Deposit these funds in an approved Bank;
  - d. Make all disbursements.
8. He shall organize and supervise all benefits given for the school. This includes all extra-curricular activities as sources of revenue.
  - a. All extra-curricular activities must be self-supporting and in no wise a charge on the ordinary revenues of the school;
  - b. Discretion must be used to avoid conflict with parish fund-raising activities.
  - c. All accounts of extra-curricular activities must be kept by the Director in a special fund and account book;
  - d. Profit accruing from extra-curricular activities "beyond that which is allocated to approved projects" shall be transferred to the General Account.
9. He shall serve as Executive Secretary ex officio of the Council of Administration.
10. He shall make a careful report of academic matters to the Council of Administration at each quarterly meeting;
11. He shall give a financial report to the Council at each quarterly meeting;
12. He shall submit a carefully planned budget at the first meeting of the Council of Administration each year and shall report the anticipated expenditures of money and needed revenues for the year.

## VI Public Relations

1. The Director of the school is responsible for its program of public relations.
2. The Council of Administration deals with staff members and other school employees through the administrative head of the school.
3. All decisions of the Council of Administration affecting the parishes shall be directed to the pastors by the Secretary of the Council.

## VII Sacred Heart Junior High School

1. The seventh and eighth grade of Sacred Heart Cathedral Grade School shall be called Sacred Heart Junior High School.
2. All that is said of Sacred Heart High School in Section I and IV shall also be true of Sacred Heart Junior High School.
3. Duties of the Director of Sacred Heart Junior High School:  
(to be determined)

APPENDIX D  
SACRED HEART HIGH SCHOOL  
Salina, Kansas

BUDGET REPORT

	Budget 1963 - 1964	Actual September 1, 1963, to August 31, 1964	Actual Over (Under) Budget
<u>Receipts</u>			
Tuition	\$14,000.00	\$13,876.50	(\$ 123.50)
Parish assessments	77,650.00	81,220.86	3,570.86
Donations for utilities	300.00	205.00	(95.00)
Other	50.00	12.50	(37.50)
	<u>\$92,000.00</u>	<u>\$95,314.86</u>	<u>\$ 3,314.86</u>
<u>Expenditures</u>			
<u>Administration</u>			
Salaries - Director	\$ 1,200.00	\$ 1,200.00	\$ -
Salaries - Other	3,150.00	3,360.00	210.00
Contracted services	150.00	155.68	5.68
Printing and publishing	300.00	280.31	(19.69)
Miscellaneous	300.00	351.29	51.29
Postage	250.00	272.75	22.75
Public relations	50.00	149.05	99.05
	<u>\$ 5,400.00</u>	<u>\$ 5,769.08</u>	<u>\$ 369.08</u>
<u>Instruction</u>			
Salaries - Principal	\$ 800.00	\$ 800.00	\$ -
Salaries - Priests	2,500.00	2,499.96	(.04)
Salaries - Sisters	7,000.00	7,000.00	-
Salaries - Lay	51,600.00	51,454.66	(145.34)
Salaries - Substitute teachers	100.00	485.00	385.00
Supplies	700.00	744.30	44.30
Travel and memberships	400.00	562.15	162.15
Graduation	50.00	40.00	(10.00)
Miscellaneous	100.00	38.05	(61.95)
	<u>\$63,250.00</u>	<u>\$63,624.12</u>	<u>\$ 374.12</u>

## APPENDIX D (continued)

<u>Expenditures (contd.)</u>	<u>Budget 1963 - 1964</u>	<u>Actual September 1, 1963, to August 31, 1964</u>	<u>Actual Over (Under) Budget</u>
<u>Operation</u>			
Salaries	\$ 2,800.00	\$ 2,488.46	(\$ 311.54)
Heat	1,600.00	1,654.01	54.01
Water	300.00	300.00	-
Electricity	3,400.00	3,552.79	152.79
Telephone	500.00	560.84	60.84
Supplies	1,700.00	1,663.59	(36.41)
Chapel expense	200.00	138.35	(61.65)
Convent expense	1,000.00	1,000.00	-
	<u>\$11,500.00</u>	<u>\$11,358.04</u>	<u>\$ 141.96)</u>
<u>Maintenance</u>			
Salaries	\$ 2,800.00	\$ 2,900.64	\$ 100.64
Contracted services	50.00	93.15	43.15
Replacement of equipment- Instructional	400.00	445.50	45.50
Replacement of equipment - Noninstructional	-	-	-
Repairs - Ordinary	1,800.00	2,748.27	948.27
Repairs - Extraordinary	200.00	355.94	155.94
	<u>\$ 5,250.00</u>	<u>\$ 6,543.50</u>	<u>\$ 1,293.50</u>
<u>Fixed Charges</u>			
Social security	\$ 1,950.00	\$ 2,070.30	\$ 120.30
Insurance	850.00	772.39	(77.61)
Special assessment taxes	1,300.00	1,168.36	(131.64)
	<u>\$ 4,100.00</u>	<u>\$ 4,011.05</u>	<u>(\$ 88.95)</u>
<u>Capital Outlay</u>			
Equipment - Ordinary	\$ 1,500.00	\$ 1,559.13	\$ 59.13
Equipment - Extraordinary	-	233.00	233.00
Landscaping	500.00	700.00	200.00
Gravel and grading - Buildings	500.00	90.91	(409.09)
	<u>\$ 2,500.00</u>	<u>\$ 2,583.04</u>	<u>\$ 83.04</u>
<u>Total Expenditures</u>	<u>\$92,000.00</u>	<u>\$93,888.83</u>	<u>\$ 1,888.83</u>
<u>Excess Receipts over Expenditures</u>	<u>\$ -</u>	<u>\$ 1,426.03</u>	<u>\$ 1,426.03</u>

## APPENDIX D (continued)

<u>Parish Assessments to</u> <u>May 31, 1964</u>	<u>Assessments</u> <u>Paid for</u> <u>Fiscal Year</u> <u>Ended August</u> <u>31, 1963</u>	<u>Assessments</u> <u>and Donations</u> <u>Paid for</u> <u>Current</u> <u>Fiscal Year</u>	<u>Total</u>
Sacred Heart Cathedral	\$ 2,240.00	\$43,680.00	\$45,920.00
St. Mary's Parish	1,286.00	31,300.00	32,586.00
Our Lady of Guadalupe	243.00	2,007.00	2,250.00
Base Chapel Donation	-	464.86	464.86
<u>Totals</u>	<u>\$ 3,769.00</u>	<u>\$77,451.86</u>	<u>\$81,220.86</u>

## APPENDIX E

SACRED HEART HIGH SCHOOL  
Salina, KansasBUDGET REPORT  
November 30, 1964

	Budget 1964 - 1965	Actual September 1 to November 30, 1964
<u>Receipts</u>		
Tuition	\$ -	\$ 275.50
Donation for utilities	300.00	15.00
Parish assessments	110,200.00	35,676.77
Gifts and bequest	50.00	-
Total	<u>\$110,550.00</u>	<u>\$35,967.27</u>
<u>Expenditures</u>		
<u>Administration</u>		
Salaries - Director	\$ 1,200.00	\$ 300.00
Salaries - Other	3,600.00	935.00
Contracted services	150.00	-
Public relations	250.00	97.04
Printing and publishing	300.00	232.63
Postage	300.00	138.00
Miscellaneous	400.00	87.02
	<u>\$ 6,200.00</u>	<u>\$ 1,789.69</u>
<u>Instructions</u>		
Salaries - Principal	\$ 800.00	\$ 240.00
Salaries - Priests	1,500.00	-
Salaries - Sisters	7,000.00	2,100.00
Salaries - Lay	61,700.00	19,199.85
Salaries - Substitute teachers	300.00	53.00
Teaching supplies	700.00	401.59
Music department	1,500.00	-
Travel and memberships	1,500.00	356.75
Graduation	50.00	-
Miscellaneous	100.00	13.00
	<u>\$ 75,150.00</u>	<u>\$22,364.19</u>
<u>Operations</u>		
Salaries	\$ 2,800.00	\$ 684.63
Heat	1,700.00	113.91
Water	300.00	-
Electricity	3,600.00	676.41

## APPENDIX E (continued)

	Budget 1964 - 1965	Actual September 1 to November 30, 1964
<u>Operations (contd.)</u>		
Telephone	\$ 750.00	\$ 231.70
Supplies	1,800.00	1,116.29
Convent expense	1,000.00	-
Chapel expense	200.00	77.94
	<u>\$12,150.00</u>	<u>\$ 2,900.88</u>
<u>Maintenance</u>		
Salaries	\$ 2,800.00	811.38
Contracted services	100.00	98.00
Replacement of equipment - Instructional	150.00	-
Replacement of equipment - Noninstructional	-	-
Repairs - Music department	500.00	-
Repairs - Extraordinary	200.00	-
Repairs - Ordinary	1,800.00	277.01
	<u>\$ 5,550.00</u>	<u>\$ 1,186.39</u>
<u>Fixed Charges</u>		
Social security	\$ 2,300.00	\$ 895.71
Insurance	800.00	731.60
Paving taxes	2,000.00	570.95
Employee benefit plans	1,200.00	436.06
	<u>\$ 6,300.00</u>	<u>\$ 2,634.32</u>
<u>Capital Outlay</u>		
New equipment	\$ 1,500.00	\$ 852.09
Landscaping	500.00	230.55
Gravel and grading	200.00	-
Music department	3,000.00	-
	<u>\$ 5,200.00</u>	<u>\$ 1,082.64</u>
<u>Total Expenditures</u>	<u>\$110,550.00</u>	<u>\$31,958.11</u>
<u>Excess Receipts over Expenditures</u>	<u>-</u>	<u>\$ 4,009.16</u>

## APPENDIX E (continued)

<u>Parish Assessments to November 30, 1964</u>	<u>Assessments Paid for Fiscal Year Ended August 31, 1964</u>	<u>Assessments Paid for Current Fiscal Year</u>	<u>Total</u>
Sacred Heart Cathedral	\$ 744.78	\$20,000.00	\$20,744.78
St. Mary's Parish	431.99	13,500.00	13,931.99
Our Lady of Guadalupe	-	1,000.00	1,000.00
<u>Totals</u>	<u>\$1,176.77</u>	<u>\$34,500.00</u>	<u>\$35,676.77</u>

APPENDIX F

RECONCILIATION OF 1963-64 BUDGET

The amount of the budget to be made up by parish assessments was \$77,650.00. The amount of the assessments and the amounts actually paid to August 31, 1964 are:

	Total Paid to Aug. 31, 1964	Assessments Paid for Previous Year	Assessments Paid for Current Year	Actual Assessment
Cathedral	\$45,920.00	\$2,240.00	\$43,680.00	\$43,484.00
St. Mary's	32,586.00	1,286.00	31,300.00	31,060.00
Guadalupe	2,250.00	243.00	2,007.00	3,106.00
	<u>\$80,756.00</u>	<u>\$3,769.00</u>	<u>\$76,987.00</u>	<u>\$77,650.00</u>

\*\*\*\*\*

EXPENDITURES OVER BUDGET . . . . . \$1,888.83

Receipts Not Budgeted:

Base Donations . . . . . \$464.86

Receipts Budgeted but not received:

Tuition . . . . . \$123.50  
 Donations for utilities 95.00  
 Other . . . . . 37.50  
\$256.00                      \$256.00

NET RECEIPTS OVER BUDGET . . . . . 208.86                      208.86

EXCESS OVER BUDGET TO BE ASSESSED TO PARISHES . . . . . \$1,679.97

	Special Assessment for Deficit	Due on Assessment	Total Due
Cathedral	\$ 940.78	( \$ 196.00)	\$ 744.78
St. Mary's	671.99	( 240.00)	431.99
Guadalupe	67.20	1,099.00	1,166.20
	<u>\$1,679.97</u>	<u>\$ 663.00</u>	<u>\$2,342.97</u>

APPENDIX G

SACRED HEART HIGH SCHOOL

SALINA, KANSAS

PROPOSED BUDGET

1964 - 1965

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Section	Page
I. ESTIMATED EXPENDITURES . . . . .	1
II. ESTIMATED INCOME . . . . .	2
III. ASSESSMENT RATIO . . . . .	3

Respectfully submitted,

(Signed) Donald J. Weber

\_\_\_\_\_  
Rev. Donald J. Weber  
Director

## APPENDIX G (continued)

## SECTION I

## ESTIMATED EXPENDITURES

	<u>Proposed</u>	<u>Accepted</u>
ADMINISTRATION:		
Salaries		
Director . . . . .	\$ 1,200.00	_____
Other . . . . .	3,600.00	_____
Contracted Services . . . . .	150.00	_____
Other Expenses		
Public Relations . . . . .	250.00	_____
Printing and Publishing . . . . .	300.00	_____
Miscellaneous . . . . .	400.00	_____
Postage . . . . .	300.00	_____
	<u>\$ 6,200.00</u>	_____
INSTRUCTION:		
Salaries		
Principal . . . . .	\$ 800.00	_____
Teachers		
Priests . . . . .	1,500.00	_____
Sisters . . . . .	7,000.00	_____
Lay . . . . .	61,700.00	_____
Substitute . . . . .	300.00	_____
Teaching Supplies . . . . .	700.00	_____
Other Instruction Expenses		
Travel and memberships . . . . .	1,500.00	_____
Graduation . . . . .	50.00	_____
Miscellaneous . . . . .	100.00	_____
	<u>\$73,650.00</u>	_____
OPERATION:		
Salaries . . . . .	\$ 2,800.00	_____
Utilities		
Heat . . . . .	1,700.00	_____
Water . . . . .	300.00	_____
Electricity . . . . .	3,600.00	_____
Telephone . . . . .	750.00	_____
Supplies . . . . .	1,800.00	_____
Convent Expense . . . . .	1,000.00	_____
Chapel Expense . . . . .	200.00	_____
	<u>\$12,150.00</u>	_____

## APPENDIX G (continued)

	<u>Proposed</u>	<u>Accepted</u>
MAINTENANCE		
Salaries . . . . .	\$ 2,800.00	_____
Contracted Services . . . . .	100.00	_____
Replacement of Equipment		
Instructional . . . . .	150.00	_____
Non-instructional . . . . .	--	_____
Repairs		
Extraordinary . . . . .	200.00	_____
Ordinary . . . . .	1,800.00	_____
	<u>\$5,050.00</u>	<u>_____</u>
FIXED CHARGES		
Social Security . . . . .	\$ 2,300.00	_____
Insurance . . . . .	800.00	_____
Paving Taxes . . . . .	2,000.00	_____
Employee Benefit Plans . . . . .	1,200.00	_____
	<u>\$ 6,300.00</u>	<u>_____</u>
CAPITAL OUTLAY		
New Equipment . . . . .	\$ 1,500.00	_____
Landscaping . . . . .	500.00	_____
Gravel and grading . . . . .	200.00	_____
Music Department . . . . .	2,000.00	_____
	<u>\$ 4,200.00</u>	<u>_____</u>
TOTAL ESTIMATED EXPENDITURES	\$107,550.00	_____

## SECTION II

## ESTIMATED INCOME

REVENUE FROM LOCAL SOURCES		
Donations for school facilities . . . . .	\$ 300.00	_____
Gifts and bequests . . . . .	50.00	_____
	<u>\$ 350.00</u>	<u>_____</u>
REVENUE FROM INTERMEDIATE SOURCES		
Parish Assessments . . . . .	\$107,200.00	_____
	<u>\$107,200.00</u>	<u>_____</u>
TOTAL ESTIMATED INCOME . . . . .	\$107,550.00	_____

## APPENDIX G (continued)

## SECTION III

## APPROVED ASSESSMENT RATION FOR 1964-65

1. PARISH POPULATION based on number of souls in parish, envelopes distributed, baptisms, elementary school pupils and junior high pupils:

Sacred Heart . . . . .	43.9
St. Marys . . . . .	52.5
Our Lady of Guadalupe . . . . .	3.6

2. PLANT VALUE which equals insurance value plus savings account minus debt:

Sacred Heart . . . . .	84.3
St. Marys's . . . . .	15.3
Our Lady of Guadalupe . . . . .	.4

3. ORDINARY INCOME

Sacred Heart . . . . .	48.4
St. Mary's . . . . .	49.3
Our Lady of Guadalupe . . . . .	2.3

4. TOTAL MEAN PERCENTAGE

Sacred Heart . . . . .	58.9
St. Mary's . . . . .	39.0
Our Lady of Guadalupe . . . . .	2.1

5. It was agreed at the February 28, 1964, meeting that the mean percentage be rounded off to 56, 40 and 4 per cent, and that the same ratio continue for 1964-65.

APPENDIX H

ASSESSMENT RATIO FOR 1964

I. POPULATION

	Souls		Baptisms		Elem. Pop.		Jr. Hi Pop.		Envelopes		Mean
	No.	%	No.	%	No.	%	No.	%	No.	%	% age
Sacred Heart	2850	43.5	139	50.5	539	39.8	135	39.2	861	46.3	43.9
St. Mary's	3452	52.7	128	46.5	757	55.9	199	57.8	926	49.8	52.5
Guadalupe	250	3.8	8	3.0	59	4.3	10	3.0	71	3.9	3.6
	<u>6552</u>		<u>275</u>		<u>1355</u>		<u>344</u>		<u>1858</u>		

II. PLANT VALUE (Insurance value plus savings minus debt)

	Insurance value	Savings	Debt	Net	%age
Sacred Heart	\$1,122,000.00		\$175,000.00	\$ 947,000.00	84.3
St. Mary's	594,000.00		422,703.00	171,297.00	15.3
Guadalupe	23,000.00	\$3,500.00	21,500.00	5,000.00	.4
				<u>\$1,123,297.00</u>	

III. ORDINARY INCOME

	Amount	% age
Sacred Heart	\$136,799.74	48.4
St. Mary's	139,379.00	49.3
Guadalupe	6,258.18	2.3
	<u>\$282,436.92</u>	

TOTAL MEAN PERCENTAGE

Sacred Heart - 58.9
St. Mary's - 39.0
Guadalupe - 2.1

## APPENDIX I

SEVEN DOLORS CHURCH  
School Fund  
Income Statement  
for the period  
Sept. 1, 1964 thru Dec. 31, 1964

<u>Income</u>	<u>Grade School</u>	<u>High School</u>	<u>Total</u>
Tuition			\$12,570.57
Miscellaneous Revenue	\$ 2.50	\$ 120.10	10,849.07
Transfers from General Fund			10,309.56
			<u>\$33,729.20</u>
 <u>Expense</u>			
Salaries - Sisters	\$1,680.00	\$1,680.00	\$ 3,360.00
Salaries - Lay Teachers	8,957.78	9,254.85	18,212.63
Salaries - Janitors	578.97	763.47	1,342.44
Heat and Light	682.56	683.57	1,366.13
Telephone	78.29	99.11	177.40
Payroll Taxes	357.38	319.38	676.76
Maintenance and Repairs	169.39	333.58	502.97
Insurance	50.69	67.38	118.07
Supplies	469.40	1,527.15	1,996.55
Janitor Supplies	123.40	196.05	319.45
Sisters Lunches	179.20	126.00	305.20
Miscellaneous	438.62	597.19	1,035.81
Library Supplies	76.10	38.68	114.78
Books and Periodicals	2,754.41	1,793.94	4,548.35
Athletic Dept. Expense		42.26	42.26
Clerical Salaries	444.85	832.72	1,277.57
Text Books	370.86	96.18	467.04
Library Books	106.46	33.07	139.53
Library Encyclopedias	90.90		90.90
Library Magazines		8.59	8.59
Bulk Magazines	170.00	109.70	279.70
Blue Cross - Blue Shield	213.38	360.82	574.20
	<u>\$7,992.64</u>	<u>\$8,956.69</u>	<u>\$36,949.33</u>
Excess of Expense over Income			<u>\$ (3,220.13)</u>
 School Fund Balance Sheet December 31, 1964			
Cash in Bank			\$ 1,652.36
Petty Cash			599.00
			<u>\$ 2,251.36</u>
 <u>Equity</u>			
School Fund Balance			
Amount at Sept. 1, 1964		\$5,471.49	
Excess of expense over income for the period		<u>(3,220.13)</u>	<u>\$ 2,251.36</u>

APPENDIX J  
SEVEN DOLORS CHURCH  
School Fund  
Income Statement  
for the period  
Dec. 1 thru Dec. 31, 1964

	<u>Grade School</u>	<u>High School</u>	<u>Total</u>
<u>Income</u>			
Tuition			\$ 3,259.62
Miscellaneous Revenue	\$ 2.50	\$ 120.10	122.60
Transfer from General Fund			9,508.76
			<u>\$12,890.98</u>
<u>Expense</u>			
Salaries - Sisters	\$ 560.00	560.00	1,120.00
Salaries - Lay Teachers	2,497.18	2,250.67	4,747.85
Salaries - Janitors	124.74	184.40	309.14
Heat and Light	442.41	442.40	884.81
Telephone	31.40	28.20	59.60
Payroll Taxes	176.20	130.64	306.84
Maintenance and Repairs	19.26	25.20	44.46
Insurance			
Supplies	19.66	417.02	436.68
Sisters Lunches	57.60	43.20	100.80
Janitor Supplies	61.73	100.99	162.72
Miscellaneous	312.90	178.67	491.57
Library Supplies	57.10		57.10
Books and Periodicals			
Athletic Dept. Expense		24.76	24.76
Clerical Salaries	139.58	249.16	388.74
Text Books	170.58	37.10	107.68
Library Books	106.46	33.07	139.53
Library Encyclopedias	90.90		90.90
Library Magazines		8.59	8.59
Bulk Magazines	170.00	102.70	272.70
Blue Cross - Blue Shield	72.87	186.77	259.64
	<u>\$5,110.57</u>	<u>\$5,003.54</u>	<u>\$10,114.11</u>
Excess of Income over Expense			<u>\$ 2,776.87</u>

## APPENDIX K

Summary of report of Seven Dolors Parish Board of Education to the Seven Dolors Church Committee, January 27, 1965.

1. 1965-66 (Sept. 1, 1965 through August 31, 1966) budget request from the Board of Education.

A copy of detailed budget estimates is attached. This includes the projected estimate for the school year 1964-65 as derived from the running accounts made during the school year and the estimates recommended for 1965-66.

Projected budget estimate for 1964-65 . . . . .	\$96,000
Estimate recommended for 1965-66 . . . . .	\$107,000
Recommended increase in budget . . . . .	\$11,000
<u>New teaching positions requested . . . .</u>	<u>.\$15,000</u>

One new full-time third grade teacher because number of present second graders will require another third grade class.

Equivalent of one-half time position to teach 7th or 8th grade and grade school gym. This would be combined with the present half-time gym teacher to provide a full time position.

Increase of one-half time position in high school to teach English and Social Studies. This would combine with present half-time position allocated to this to make full time position.

Increase of one-half time allocated to coaching in high school so the high school can employ a full-time basketball coach.

Salary increases for present lay teachers . . . .\$3,000

Request \$3,000 for increases in lay teachers salaries. Also request that lay teacher's lunches be provided from the school budget. This item reflected in total amount shown for lay teacher salaries.

Recommend that Green's bookstore handle textbooks for both grade and High School next year. Costs to parents will be only slightly higher. There will be considerable saving of time for teachers and for accounting. Result of this recommendation, if approved, would mean an estimated reduction in expenditures for textbooks of approximately \$8,000 per year and a corresponding reduction in miscellaneous revenue received.

## APPENDIX K (continued)

Teaching supplies in high school estimated to increase about \$2,000 because change to laboratory teaching in all science courses, inclusion of general science and advanced science. Also to improvement in counseling tests and services.

Estimated receipts for 1965-66 compared with 1964-65

	<u>1964-65</u>	<u>1965-66</u>
Tuition	\$29,000	\$40,000
Miscellaneous	7,000	3,000
Transfer from general fund	60,000	64,000

It is recommended that tuition for in-parish students be raised to \$15 per family per month or total of \$135 per year. Present tuition is \$100. It is recommended that tuition for out-of-parish students be raised to \$20 per family per month or a total of \$180 per year. Present rate is \$150.

Class-room Needs

It should be noted that in order to provide a full 8 grades for the numbers of grade school students; to provide for the laboratory needs of the science recommended for the high school and the additional high school enrollment, it will be necessary to utilize all rooms in the grade school, the high school, the white frame building and probably the basement of the church. The school board hopes to submit at an early date the capital improvement estimates necessary to make these places useable for instructional purposes.

2. During December, 1964 the School Board sent 16 letters to parents who are delinquent in tuition payments.
3. The Board has spent considerable time in curriculum study and planning. A full report of the recommendations of the Board will be presented to the Church Committee when the study is completed.

Harold E. Jones  
Chairman  
Board of Education

## APPENDIX K (continued)

## SEVEN DOLORS CHURCH

School Fund  
Budget

	<u>1964-65</u>	<u>1965-66</u>
<u>Income</u>		
Tuition	\$29,000.00	\$40,000.00
Miscellaneous Revenue	7,000.00	3,000.00
Transfer from General Fund	60,000.00	64,000.00
	<u>96,000.00</u>	<u>107,000.00</u>
<u>Expenses</u>		
Salaries - Sisters	13,000.00	12,600.00
Salaries - Lay Teachers	40,000.00	62,000.00
Salaries - Janitors	5,000.00	4,000.00
Salaries - Clerical	2,500.00	2,500.00
Payroll taxes	2,000.00	1,500.00
Blue Cross - Blue Shield		1,200.00
Insurance	1,500.00	300.00
Sisters Lunches	850.00	850.00
Heat and Light	3,650.00	3,650.00
Telephone	400.00	400.00
Maintenance & Repairs	2,000.00	1,000.00
Supplies	4,000.00	6,000.00
Janitor Supplies	1,000.00	1,000.00
Library Supplies	1,200.00	450.00
Library Books		400.00
Library Encyclopedias		200.00
Library Magazines		50.00
Bulk Magazines		550.00
Text Books		1,000.00
Books and Periodicals	13,000.00	5,000.00
Miscellaneous	5,250.00	2,250.00
Taxes Property	450.00	--
Athletic Dept. Expenses	200.00	100.00
	<u>\$96,000.00</u>	<u>\$107,000.00</u>

APPENDIX L

**STATEMENT OF ORGANIZATION  
AND POLICIES  
SEVEN DOLORS CATHOLIC CHURCH  
MANHATTAN, KANSAS**

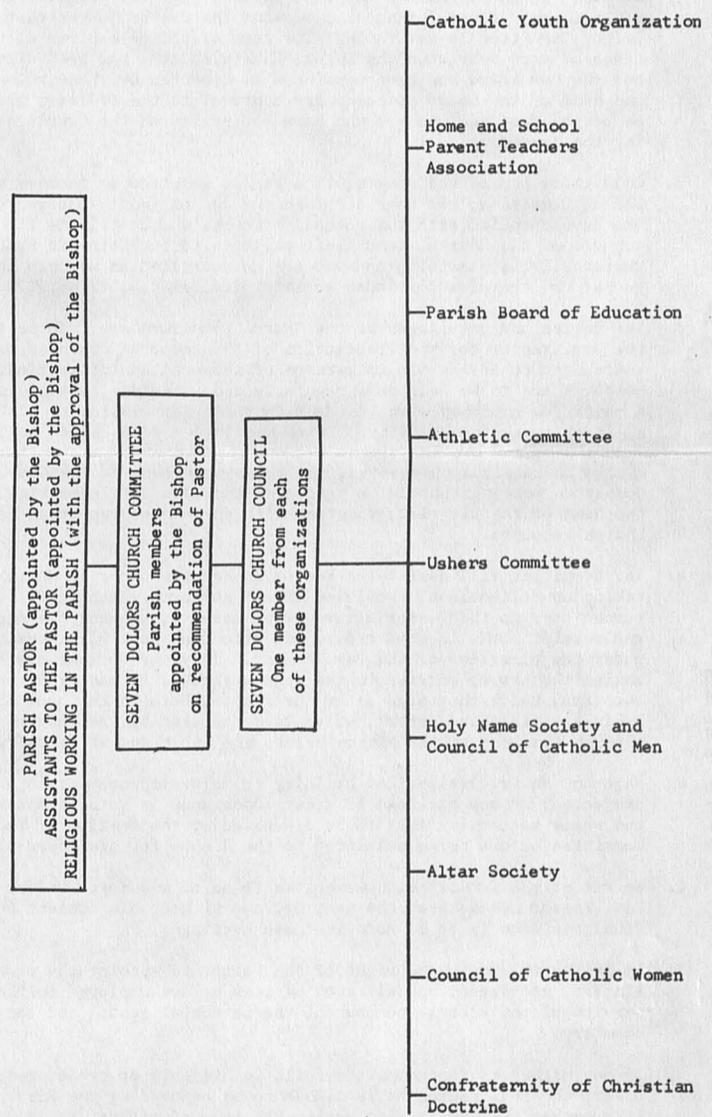
The following recommendations; statement of organization and policies is approved by Bishop of Salina, Pastor of Seven Dolores Catholic Church and Member of Church Committee.

1. That the Church Committee adopt and bring to the attention of the parish the attached statement of organization and policies for Seven Dolores Parish. It is the feeling of the Special Committee that many of the questions regarding the functioning of the parish under a tithing system will be answered by this policy statement. It is also the feeling of the Special Committee that the success of the tithing system in this parish depends upon the complete cooperation of the members of the parish in assisting the Pastor in the operation of the parish as suggested by the organizational chart.
2. That it be recognized that the Pastor of Seven Dolores Catholic Church has the final authority subject to the Bishop of the Salina Diocese in all matters pertaining to the spiritual, physical, and financial affairs of the parish.
3. That the Seven Dolores Parish cease publication of individual parishioner's contributions to the Church collection and Building Fund upon adoption and realization of a successful tithing system.
4. That the fund raising activities of parish organizations to support major Church and school activities be eliminated upon adoption of the tithing plan. Fund raising by parish organizations will be for the support of those organization's activities.
5. That the tithing be voluntary. Normally, the tithe should be ten percent (10%) of each family's (or individual's) earned income and each family (or individual) should follow its own conscience as to estimating its earned income. Ordinarily, at least five percent (5%) of the earned income should go for parish support. The remaining five percent (5%) should be allotted to school tuition, special Diocesan collections and such other charities as the family (or individual) may select.

Submitted by the Special Committee:

Lyle Kimsey, Chairman  
Paul Kelley  
Harold Jones  
B. K. Geraghty  
Mrs William Patzel

ORGANIZATIONAL CHART SEVEN DOLORS CATHOLIC PARISH, MANHATTAN, KANSAS



STATEMENT OF ORGANIZATION AND POLICIES FOR  
SEVEN DOLORS CATHOLIC PARISH, MANHATTAN, KANSAS

This statement of organization and policies of Seven Dolores Parish refers to the Seven Dolores Parish organizational chart adopted by the Clergy, Church Committee and parishioners. The intent of this statement, in the spirit of Catholic Action, is to permit the members of the parish to discharge, efficiently and effectively, their physical, financial and spiritual responsibilities as members of the Mystical Body of Christ. This statement of organization and policies is in keeping with and in fulfillment of the policies and desires of the Bishop of the Diocese of Salina and the Pastor of Seven Dolores Catholic Church.

THE CHURCH COMMITTEE

Rules for Church Committee:

1. Every parish and every mission is obliged to have a Church Committee. The Committee is selected by the Pastor and confirmed by the Bishop. It should not be composed of less than two nor more than six members, unless for special reasons the Pastor judges that a larger Committee is desirable. The term of office expires at the close of each year when the annual Church Account has been signed and the new board has been appointed as directed by these rules. One half of the board proposed for approval to the Ordinary should be composed of new members who have not served on the Committee during the preceding year.
2. Only those men of the congregation can be selected as members of the Church Committee, who have attained the age of twenty-one years, who have complied with the paschal precept, who contribute for the support of the Church, send their children to the Catholic School wherever it is possible, and who are not enrolled as members in any secret or otherwise forbidden society. (Cf. 111 C. Balt. No. 287).
3. The duties and privileges of the Church Committee are: To meet with the Rev. Pastor for the transaction of the temporal business of the Church and to advise him in matters of temporal administration. The meetings are to be held on a regularly appointed day, usually once a month for churches with resident Pastors; for missionary stations at least every three months. Extra meetings may be called by the Rev. Pastor for special urgent business. Minutes of all meetings should be carefully preserved, and the minute book of the Church Committee meetings should be presented annually for inspection to the Dean of the district, together with the annual report and the Church accounts.
4. The Committee will assist the Pastor in keeping order in Church, taking up collections, receiving Church support, which is to be turned over to the Pastor after divine service, keeping the account and receipt books in good order, and attending to similar business under the direction of the Rev. Pastor. They may further assist in making the proper entries in the account books, in making up the accounts, which they sign after the Pastor, both in the book as well as in the financial report, which is to be sent by the Pastor through the Dean to the Bishop before the first day of February.
5. When any new ecclesiastical building or major improvement is being projected, or any business of great importance is to be transacted, the whole matter is first to be discussed at the meeting of the Committee before being submitted to the Bishop for his approval.
6. No act of the Committee, however, is to be of any force unless the Rev. Pastor presides at the meeting, and without his consent no final decision is to be made in these meetings.
7. It is the sole duty and right of the Pastor to appoint the organist, singers, sacristan, and all such persons as are employed in the service of the altar, the church, the parochial school and the cemetery.
8. If any member of the Committee fails in his duty or proper respect toward the Rev. Pastor he is liable to be removed by the Bishop. If a member resigns or dies during the term of office, the Pastor with the advice of the remaining members will propose a new member to the Bishop to fill the unexpired term.

Officers and Duties:

1. Church Committee Chairman whose duties shall be to conduct under the direction of the Pastor or a Priest delegated by the Pastor, the meetings convened for the purpose of conducting the duly authorized business of the Committee. The Church Committee Chairman shall also be responsible for calling and presiding at any general parish meetings authorized by the Church Committee and the Pastor.

2. Church Committee Vice-Chairman shall assume the duties of the Chairman in any case where the Chairman is unable to function.
3. Parish Treasurer whose duties shall be fulfilling the Church Committee's responsibilities in assisting the Pastor with matters of bonding, accounting, budgeting, and preparation of financial reports. The Parish Treasurer shall be responsible for reporting the financial status of the Parish to the Church Committee monthly and to the entire Parish at least annually.
4. Parish Financial Secretary whose duties shall be assisting the Pastor with the periodical collection of Parish revenues; the telling and accounting services pertinent to such collections of revenues; and the preparation of reports to individual Parishioners regarding their tithe and other contributions. The financial secretary shall report to the Church Committee monthly regarding the status of Parish contributions. It is desirable that a person be hired to assist in this responsibility.
5. Church Committee Secretary whose responsibilities shall be to record the minutes reflecting action at all regular and special meetings of the Church Committee and the Church Council; to notify committee members of all meetings called on behalf of the Church Committee and the Pastor; to maintain a record of attendance at Church Committee meetings and to organize such communications systems as are necessary to enable Parishioners to become aware of general parish activities falling under the jurisdiction of the Church Committee.

Additional general duties of the Church Committee shall include the following:

1. General budget planning and control for the parish including auditing and financial reporting.
2. General policies regarding expansion, maintenance and direction of the physical properties of the parish.
3. The coordination of the general activities of the parish.
4. Implementation of the general policies of the parish. The Church Committee shall meet monthly at a regular appointed time and at such special meetings as the Pastor may deem necessary. The Church Council shall attend the regular monthly meetings of the Church Committee and its members in turn shall report on their organization's activities. They do not, however, have a deliberative vote. No action of a Church Committee shall be valid unless a majority of the Committee is present and voting on the action. A majority shall be the Pastor and, at least, one half of the Church Committee members.
5. Review and approve annual budgets for the following parish organizations:
  - a. The Parish Church
  - b. The Parish Schools
  - c. The Athletic Committee
  - d. The Altar Society and Council of Catholic Women
  - e. The Holy Name Society and Council of Catholic Men
  - f. The Home and School Parent-Teacher Association
  - g. The Catholic Youth Organization
  - h. The Confraternity of Christian Doctrine
6. The membership, organization, functions and parish responsibilities of these organizations shall be such as their constitution and by-laws authorize subject to the coordination for parish unity by the Church Committee and the Pastor. They shall elect membership to the Church Council as prescribed under the Section on "Church Council" of this statement of organization and policies.

THE CHURCH COUNCIL

The members of the Seven Dolores Catholic Church Council shall consist of one (1) representative selected by each organization listed below. The manner of selection of Church Council members shall be optional with each organization in keeping with the constitution and by-laws of said organizations.

1. Home and School Parent-Teachers Association
2. Parish Board of Education
3. The Athletic Committee
4. The Ushers Committee
5. Holy Name Society and Council of Catholic Men
6. Altar Society
7. Council of Catholic Women
8. Catholic Youth Organization
9. Confraternity of Christian Doctrine

The term of office of members of the Church Council shall be one (1) year. No parishioner shall represent the same parish organization for more than three (3) consecutive one-year terms.

The duties of the Church Council shall be:

1. Attend the regular monthly meetings with the Church Committee and such special meetings as the Pastor may deem necessary. The Church Council members shall report their organization's activities to the Church Committee at the regularly scheduled monthly meetings.
2. Bring to the attention of the Church Committee the needs, problems, opportunities and wishes of the parishioners.
3. Assist and support the programs of the parish as directed by the Pastor and the Church Committee.
4. Report, interpret and represent the progress of parish programs as reviewed at the Church Committee meetings to their respective organizations.

#### THE PARISH BOARD OF EDUCATION

Membership on the Parish Board of Education shall consist of the Superintendent of Schools, the Principals of the High School and Grade School, and five (5) members of the parish appointed by the Pastor from a list recommended by the Church Committee and the Church Council.

The term of office of lay members of the Board of Education shall be three (3) years with no member eligible for more than two (2) consecutive terms in office. Manner of appointment shall be such that not more than two (2) members will be appointed in one year, excepting where necessary to fill unexpired term of a member.

The officers of the Board of Education shall be:

1. Chairman whose duties shall be to conduct, under the direction of the Superintendent of schools, the regular and special meetings convened for the purpose of conducting the duly authorized business of the Board.
2. Vice-Chairman who shall assume the duties of the Chairman in any case when the Chairman is unable to function.
3. Secretary whose duties shall be to record minutes reflecting action taken by the Board at all regular and special meetings of the Board; to notify Board members of all meetings; and to maintain a record of attendance by members at all Board meetings.

Action by the Board of Education shall not be valid unless at least five (5) members of the Board are present and voting on the action.

The General Duties of the Board of Education shall include the following:

1. Meet quarterly and at such special times as the Chairman may deem necessary. Interim decisions and actions may be made, when necessary, by an Executive Committee composed of the Superintendent of Schools, the Chairman of the Board of Education and the Secretary of the Board of Education.
2. Submit annual budgets of the schools for approval of the Church Committee by May 1, 1964, for the 1964-65 school year. In subsequent years submit annual budgets by March 1 preceding the school year.
3. Advise in the employment of lay teachers; including such things as qualifications, salaries, promotions, fringe benefits, etc.
4. Advise on Curriculum Planning.
5. Advise on general operations of the schools, including policies on solicitation drives, student activities, etc.
6. Make recommendations to the Church Committee on tuitions.
7. Advise Pastor on waiver of tuitions.

#### THE ATHLETIC COMMITTEE

Membership on the Athletic Committee shall consist of five (5) members of the parish appointed by the Pastor from a list recommended by the Church Committee and the Church Council.

The term of office of members of the Athletic Committee shall be three (3) years with no member eligible for more than two (2) consecutive terms in office. Manner of appointment shall be such that not more than two (2) members will be appointed in one year, excepting where necessary to fill unexpired term of a member.

The officers of the Athletic Committee shall be:

1. Chairman whose responsibilities shall be to call all committee meetings; preside at such meetings; and conduct the duly authorized business of the committee.
2. Vice-Chairman who shall assume the duties of the Chairman in any case when the Chairman is unable to function.
3. Secretary whose duties shall be to record minutes reflecting action taken by the committee at all regular and special meetings of the committee; to notify committee members of all meetings; and to maintain a record of attendance by members at all committee meetings.
4. Treasurer whose duties shall be the handling and accounting for all funds contributed to the athletic program of the schools that are not part of the school budget for athletics. The Treasurer will prepare and submit monthly and annual financial statements to the Church Committee.

The duties of the Athletic Committee shall be as follows:

1. Submit annual budgets for review and approval of the Church Committee. These budgets to include items for:
  - a. Athletic equipment
  - b. Transportation
  - c. Maintenance of athletic facilities
  - d. Rental of athletic facilities
  - e. Payment of game officials, filming of games, etc.
2. Recommend athletic policies on:
  - a. Equipment
  - b. Types of sports in which the schools shall participate
  - c. Scheduling of athletic events
  - d. Admission charges to athletic events
  - e. Eligibility for participation in organized athletics.
3. Guide the organization of the Boosters Club which shall have:
  - a. Unlimited membership
  - b. Hold recognition events for all sports
  - c. Hold meetings as desirable
  - d. Conduct publicity for athletic events
4. Represent the Parish in all organized league activities.

#### THE USHERS COMMITTEE

The membership of the Ushers Committee shall be such as to adequately serve the functions of ushering and taking of collections at all masses and special occasions of the parish. Members of the Ushers Committee shall be appointed by the Pastor for an indefinite term of office.

The officers of the Ushers Committee shall be as follows:

1. Chairman and Co-Chairman whose duties shall be to preside at all meetings of the Committee, to call such meetings as they deem necessary to the conduct of the duly authorized business of the Committee. They shall also be responsible for maintaining the roster of ushers for each mass and special occasion.
2. Member of Church Council shall be elected by the membership of the Ushers Committee from their membership in such manner as they see fit.

AMENDMENTS AND ENACTMENTS

- A. AMENDMENTS: These policies and organization recommendations may be amended by the Pastor and three-fourths vote of the Church Committee, provided, that written notice of the proposed amendment must be given each Church Committee member no less than 10 days in advance of the meeting at which the amendment is to be voted upon.
- B. ENACTMENT: These policies and organization recommendations shall be effective immediately and upon a provisional basis upon approval of the Bishop of the Salina Diocese, the Pastor of Seven Dolors Church and three-fourths vote of the Church Committee.

By order of † F. W. Freking

Wm. H. Merchant  
Pastor, Seven Dolors Catholic Church

C. J. Carlson  
Church Committee Member

G. Lark Kinsey  
Church Committee Member

W. W. Cook  
Church Committee Member

Nick E. Dellers  
Church Committee Member

Joe Vera  
Church Committee Member

Donald W. Whitehair  
Church Committee Member

Paul B. Irvine  
Church Committee Member

Leo A. Wirth  
Church Committee Member

Mark J. Gaeller  
Church Committee Member

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Church Committee Member

FINANCIAL MANAGEMENT IN SELECTED ELEMENTARY AND SECONDARY  
SCHOOLS OF THE SALINA CATHOLIC DIOCESE

by

MAURICE E. STARK

B. S., Kansas State University, 1959

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AN ABSTRACT OF A MASTER'S THESIS

submitted in partial fulfillment of the

requirements for the degree

MASTER OF SCIENCE

College of Commerce

KANSAS STATE UNIVERSITY  
Manhattan, Kansas

1966

The paper is based on the premise that the financial management of Catholic schools is not a function to be taken lightly, and that inadequacy of financial information is in itself evidence that the function deserves more serious consideration.

The central thesis of the paper is that the elementary and secondary schools of the Salina Catholic Diocese may suffer from a lack of financial information. The insufficiency of financial information results from the assignment of financial responsibility to persons untrained and inexperienced in business management.

The objectives of the paper are: 1) to analyze the financial management practices of selected elementary and secondary schools of the Salina Catholic Diocese; 2) to draw general conclusions regarding the condition of financial management in those schools of the Diocese which were studied and relate these conclusions to nation-wide experience; and 3) to suggest methods to improve financial management in the schools examined.

To achieve the first objective, parochial schools in five Kansas cities were selected for study. The cities selected were Salina, Manhattan, Abilene, Beloit and Hays. Although size was a factor, choice was based primarily on the management situations represented. Salina and Hays have the only two inter-parish schools in the diocese, and advance information indicated that their financial management represented the highest degree of sophistication in the diocese. Abilene was selected because preliminary investigation indicated the school was typical of those in parishes operating only a grade school. Also a factor in the selection of Abilene was the service by the parish priest as Diocesan Superintendent

of Schools. General diocesan information was thus obtained as well as information specifically related to Abilene. Beloit was selected for study on the basis of information which indicated that it was somewhat typical of parishes operating both grade and high schools. The writer's involvement in the financial affairs of the Manhattan school, which included the establishment and initiation of an accounting system, was instrumental in selection of this thesis topic and accounts for the inclusion of the school in the study. Participation in the school's affairs proffered valuable admissions and insights which otherwise would probably not have been obtained.

The second objective was the target of a two-pronged attack. The review of literature section includes studies dealing with the general condition of financial management in Catholic schools across the United States. These studies were reviewed to determine if the conditions found in the schools of the Salina Diocese were similar to and resulted from the same causes as those in general evidence across the nation. In all discussions with school officials, a point was made of obtaining the benefit of their experience and knowledge as it related to other schools in which they had served.

The information obtained through interviews with school officials at Manhattan, Abilene, and Beloit is presented in three separate case studies.

The most apparent weakness in the schools of the Diocese is the inadequacy of financial information. A problem of perhaps greater importance is the matter of equity in finance methods, and of equality of religious educational opportunity throughout the Diocese.

While the writer offers no specific recommendations for solution of the latter problem specific recommendations are offered for solution of the accounting problem. Acceptance of these recommendations appear essential to an intelligent attack on the problems of equity.