

God, Wall Street, and the New Push to Save U.S. Catholic Schools

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The financial world's fingerprints are all over Boston's St. John Paul II Catholic Academy. Tile floors gleam and lockers shine thanks to money raised by the likes of Bob Atchinson, co-founder of the hedge fund Adage Capital Management. Plaques outside classrooms highlight donors from Wellington Management Co., Convexity Capital Management and Merrill Lynch.

Wall Street's commitment to inner-city Catholic schools goes back decades. But in major population centers like Boston, New York and Chicago, the alliance has taken a leap. Donors not only demand accountability for what they've given but also increasingly want to help run things, too, setting off new debate about the Catholic identity of Catholic schools.



St. John Paul II Catholic Academy in the Dorchester neighborhood of Boston.
Photographer: Scott Eisen/Bloomberg

“It is a dance that is still being played out,” says Timothy McNiff, the Archdiocese of New York’s superintendent of schools.

In Boston, Atchinson is a trustee for the Campaign for Catholic Schools, a nonprofit that oversaw \$55 million in fundraising that made the new academy possible. In the New York borough of the Bronx, Richard Brennan of Value Recovery Capital sits on a board that runs 14 Catholic schools. In Philadelphia, H. Edward Hanway, former chief executive officer of Cigna Corp., leads the Faith in the Future Foundation, which operates the Archdiocese’s 17 high schools and four special-education institutions. They all see a chance to improve a system that, despite crumbling infrastructure and tight budgets, produces students who test better and graduate at higher rates than their public-school peers.

“That’s what Wall Street does,” Brennan says. “We look for inefficiencies in things that have massive potential, like a good company with a bad balance sheet. We look for upside -- and we see upside here.”

Religious Identity

This breed of social entrepreneur is most often drawn to institutions in the poorest, most dangerous neighborhoods, says Andy Smarick, author of the 2015 book, “Catholic School Renaissance.” The latest technology, higher teacher salaries and upgraded curricula are among their priorities, he says. “They want the room to roam” as they test new ideas.



A kindergarten class at St. John Paul II Catholic Academy.

Photographer: Scott Eisen/Bloomberg

In that sense, they share plenty with their counterparts in the charter-school movement. There, hedge-fund managers including Carl Icahn and Daniel Loeb have ponied up millions and stirred the ire of critics who say their generosity diverts badly needed resources from the public system.

The Catholic-school activists stand similarly accused. And while test scores have improved where they took the reins, skeptics raise questions about the impact on the schools' religious identity.

Principal Exceptions

Among the concerned is Jamie Arthur, senior fellow at the Cardinal Newman Society, founded in 1993 to guard against encroaching secularism in Catholic education. Arthur says she finds some schools focus too much on academic excellence alone and not enough on weaving Catholic values into each and every lesson -- be it math, biology or history.

"Having a prayer at the beginning and end of the day is great, but it's not enough," she says. The danger is educators and administrators "who don't know the true meaning or mission of the church."

Principals, for example, should be practicing Catholics, she says. That's the rule in the Archdiocese of New York. But McNiff, the superintendent, granted two exceptions after a mostly lay board insisted the best candidates weren't of the faith. (One converted after being hired.) While McNiff backs existing policy, he expects debate to intensify.

Catholic schools in the U.S. have been clergy-run since Franciscan friars opened the first one in Florida in 1606. The Second Vatican Council prescribed laity's expanded role. Dwindling numbers make it necessary: The ranks of U.S. priests have dropped to 38,000 from 59,000 in 1965, according to Georgetown University's Center for Applied Research in the Apostolate. The number of nuns has fallen to under 50,000 from 180,000.

As for student enrollment, it peaked in 1965-66 with 5.6 million in 13,000 schools. Now 1.9 million attend 6,500. Only 12 percent of Catholic children go to Catholic schools compared to 48 percent in 1965.

The trend could end disastrously, says Jack Connors, co-founder of the Boston ad agency Hill Holliday and head of the city's Campaign for Catholic Schools, which has raised \$79 million. There are 90 parish schools left in the Boston Archdiocese, he says, down from 250 in 1965. At the average rate of three closings a year, the number will zero out in 30 years.

"If that happens, it's the end of our faith," Connors says.

St. John Paul II is the consolidation of seven parish schools in some of Boston's poorer neighborhoods; there are four retrofitted campuses. Lower Mills, which opened Jan. 4, is in the Dorchester section and occupies a red-brick building erected in 1915. The shell was preserved while almost everything else was replaced. Annual tuition is \$4,600.

Though only half the students are Catholic, a 10-minute prayer session in the gym starts the day. "I believe this is the best school in Boston," says principal Lisa Warshafsky, who is Catholic and supervises a faculty of 20 lay teachers.

Many donors aren't of the faith. The late Robert W. Wilson, a hedge-fund founder who gave tens of millions to New York's parochial schools, was an atheist. Real-estate manager and developer Richard Henken is Jewish, and is on Boston's Catholic Schools Foundation, which donates \$8 million in scholarships every year.

New Convert

Rather than take away from public education, Henken says the foundation's efforts save the system money by relieving it of a certain number of students. "Otherwise, it would cost those schools an absolute fortune."

San Francisco Bay-area venture capitalist B.J. Cassin and his wife Bebe Cassin are pushing the frontiers of lay involvement. Their Cassin Educational Initiative Foundation has given \$22 million to more than 50 Catholic educational institutions around the U.S., including 18 Cristo Rey high schools, which focus on low-income students who help pay their way by sharing off-campus jobs. Last year Cassin launched the Drexel Fund, which invests in a range of faith-based schools. So far, he says, more than \$15 million, or half the \$30-million goal for the year, has been raised.

A Massachusetts native who graduated from Holy Cross College in 1955, Cassin can remember the authoritarian ways of clergy-run education. “The vibe now is more real-life,” he says, and educators “with families and children can relate to the students better.”

Atchinson of Adage Capital was a Presbyterian when he started raising money for St. John Paul II. He converted a year and a half ago, inspired by how much the faculty and staff did for its students. “We need these schools,” Atchinson says, “and we need them to be run as well as they can.”