

# **PROACTIVE JEWISH DAY SCHOOLS IN AN ECONOMIC DOWNTURN: THINGS TO DISCUSS; STEPS TO TAKE**

*Economic Webinar #2 with Rhea Stakely, Consultant and PEJE Coach  
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## **AGENDA**

- Context/Expectations
- Recruitment and re-enrollment picture
- Financial Aid
- Innovative ideas
  - cut expenses
  - increase income
- Summary

## **THE ECONOMIC PICTURE and PROACTIVE PLANNING IN OUR SCHOOLS**

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### **GIVENS/EXPECTATIONS** (for the next 2-3 years):

- High unemployment and/or reduced income leads to:
  - Higher demand for Financial Aid.
  - High attrition.
  - Low enrollment.
  - Falling endowment income.
  - Fund-raising challenges.

### **CONTINGENCY PLANS:**

- Find innovative ways to cut expenses and increase revenue from new sources.
- Develop multiple scenarios for declines in enrollment and increases in Financial Aid of 5%-10%-20%.
- "Right-size"/"down-size" and recruit aggressively.
- Carefully manage and communicate your actions with all constituencies.
- If necessary, develop a 6-month plan for closing the school.

## NAIS SCHOOLS DURING 5 RECESSIONS

Patrick F. Bassett, NAIS President, "Financial Survivability," [www.nais.org](http://www.nais.org).

Years Pre/Post Recessions**	Average Enrollment	Annual Giving per Student
1968-69	339	\$170
<b>1969-70</b>	<b>345</b>	<b>\$147</b>
1970-71	337	\$150
1972-73	347	\$203
<b>1973-74</b>	<b>359</b>	<b>\$220</b>
<b>1974-75</b>	<b>361</b>	<b>\$203</b>
1975-76	360	\$173
1979-80	387	\$267
<b>1980-81</b>	<b>390</b>	<b>\$420</b>
1981-82	397	\$313
1989-90	403	\$862
<b>1990-91</b>	<b>408</b>	<b>\$875</b>
1991-92	414	\$907
2000-01	487	1,248
<b>2001-02</b>	<b>485</b>	<b>\$1,273</b>
2002-03	482	\$1,343

\*\* Recession years are in ***bold italics***.

**Green numbers** show that one-year recessions hurt fund-raising for more than one year. (In some cases enrollment was also affected for more than one year.)

## BEFORE/DURING/AFTER THE GREAT DEPRESSION: FINDINGS FROM ONE SCHOOL

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1. **Enrollment** went down between 3-8% during the 5 years immediately after The Crash (1929-34).
2. Within 5 years of The Crash **enrollment** was back to where it was before The Crash (1934).
3. **Enrollment** maintained for the remaining 5 years of The Great Depression (1934-39).
4. The 10 years after The Great Depression ended **enrollment** grew between 3-6% (fluctuated, but grew) (1940-50).
5. The **endowment** grew steadily despite The Crash and throughout The Great Depression.
  - Doubled within 5 years after The Crash (1929-34).
  - Almost tripled during The Great Depression (1929-1940).

## ENROLLMENT/BUDGET PROJECTIONS

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### In August-September:

- Admission Director (AD) reviews trends from the past 3-5 years.
  - Number of Full Pay (FP) and Financial Aid (FA)
  - Number of siblings
  - Number of students from new/1<sup>st</sup> time families
  - Number of graduates
  - Attrition numbers
  - Number of students in the graduating class of each Feeder Organization
  - Number from each Feeder Organization who enrolled at this school
- AD reviews projections for the above for the next 3-5 years based on the past 3-5 years.
- AD maps out the following for enrollment projections for next year:
  - Best case
  - Worst case
  - Best guess
- AD discusses findings with the Head of School and/or the Business Manager.
- Business Manager/HOS uses these informed projections to build budget scenarios and set tuition/FA for next year and beyond.
- Business Manager/HOS submits budget and tuition/FA projections to the Finance Committee of the Board in September-October for discussion before bringing to the Board as a whole.
- Board as a whole votes on the budget/tuition/FA for next year by December at the latest.

## **RECRUITMENT and RE-ENROLLMENT IN TOUGH ECONOMIC TIMES**

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1. Extend and EXPAND the recruitment season.
  - Hold more events and outreach activities such as open houses, coffees, teas, story hours, one-on-one meetings.
  - Continue into the spring.
  - Go to places you've never been before. Use tools you've never used before: blogs, twitter, webcasts, FaceBook, etc. Be bold, innovative.
2. Show EMPATHY and CONFIDENCE. Listen to concerns. Acknowledge them. Let them know you are open and actively working on plans for the future.
3. Maintain the right TONE with everyone in the school. Be positive and caring. Avoid feeding fear, frenzy, and sounding/acting desperate.
4. Carefully craft your MESSAGE and get everyone to join you in the phrases.  
"Now more than ever..." "Education for a lifetime..." "We teach Values and the ABCs..."
5. COMMUNICATE frequently, cogently. Be transparent. Provide "information with compassion." Weekly blogs are a good way to keep people informed.

## FINANCIAL AID

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### Terminology

*(Important: no matter the term you choose, everyone in the school should use the same term.)*

- Financial Aid (FA)
- Fair-Share Tuition
- Tuition Assistance
- Reduced Tuition

### Value and Values

- "It's never about the money; it's about perceived worth." [RS]  
"The question is not what is the cost, but what is the value." [LS]
- Speak with pride about your product, your graduates, your "results."
- It's part of Jewish values, to support the community, and FA is just one of the ways schools ensure that any member of the community can attend, regardless of ability to pay.
- Sign up for the next PEJE webinar with Jeff Swartz, 2/5/09.

### Cautions, Tips, Recommendations

1. Set tuition close to cost and balance the budget.
2. Resist the urge to set a bargain tuition to attract applicants. No gimmicks. "I don't think it's healthy to cut tuition outside the scope of FA." [LS]
3. Keep the integrity of the FA methodology and procedures. Avoid lowering one family's tuition outside your standard review protocols. Avoid desperation, deal-making. "It's never about the money..." [RS]
4. Set FA in the context of a balanced budget. "Don't isolate FA from the rest of the financial questions." [LS]
5. Find a donor to help cover increased FA costs. "Help keep a child in school – your dollars can make all the difference."

## INNOVATIVE IDEAS IN AN ECONOMIC DOWNTURN

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- Cash: spread cash out in multiple FDIC-insured banks.
- Endowment: be patient, think long term. Diversify your portfolio.
- Proactive Downturn Plans: think ahead; show compassion; act prudently.

### **A. Cut expenses** (*increase Financial Aid prudently in context with all expenses*).

1. Freeze expenditures.
2. Freeze salaries and/or reduce benefits.
3. Do not replace staff when attrition occurs.
4. Postpone capital expenditures.
5. "Right-size" or "down-size" to a more viable student/teacher ratio.
6. Merge with area schools to share resources, facilities, faculty, etc.
7. Go "green": conserve – reduce-reuse-recycle – wherever possible.
  - Reduce electricity, oil, gas, water consumption.
  - Reduce field trips and athletic travel and/or use public transportation.

### **B. Increase Income**

8. Find new sources of revenue (tutoring, online courses, parenting classes, rent space to other groups, summer sessions, etc.).
9. Invade endowment principal (risky).
10. Aggressively raise more money: parents, past parents, grandparents, alumni/ae, friends, foundations, etc.
11. Raise tuition, just not as aggressively.
12. Get more Full Pay students.