

Head, Heart & Hands: Pricing, Program, and Provision in Support of Enrollment Growth and Long Term Sustainability

During the 2009-10 school year, Eastern Christian School examined numerous strategies designed to affect student enrollment and its long term sustainability by way of creating a more compelling educational value proposition. The areas examined included pricing, program, and provision.

On the basis of this examination, Eastern Christian's Board of Directors has adopted numerous pricing, program and provision measures that it believes will have a positive impact on the current enrollment and long term sustainability of the school.

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Background:

Eastern Christian School is a pre-K through grade twelve school founded in 1892 and located approximately 25 miles west of New York City in Bergen and Passaic Counties, New Jersey. The school currently enrolls 762 students on three campuses organized as an elementary school serving students in preschool through grade four, a middle school serving students in grades five through eight, and a high school serving students in grades nine through twelve. The school was founded in the Reformed theological tradition and at one time enrolled students almost exclusively from this theological tradition. More recently, the school has enrolled a far more diverse student body, including students from a broad range of socio-economic backgrounds and 145 different congregations representing an excess of a dozen different denominational traditions. Approximately 19% of the student body is constituted of students representing racial minorities. In the mid-1960's Eastern Christian had an enrollment of approximately 1600 students, but has more recently seen its enrollment decline, due in part to the availability of high quality public schools in the area, declining denominational loyalty, a declining loyalty to Christian schooling, and, more recently, to a declining number of school aged children, economic pressures, and an increasingly consumerist attitude toward K-12 education. During the last five year period, Eastern Christian has experienced an approximately 12% decline in enrollment.

Project Focus:

During 2009-10, Eastern Christian School examined numerous means of affecting student enrollment and the long term sustainability of the school with particular focus on the following areas:

Pricing:

Tuition: Examination of past enrollment data suggested a correlation between increasing tuition and declining enrollment. Tuition and enrollment at Eastern Christian have changed as follows during the last five years:

<u>Year</u>	<u>% Tuition Increase</u>	<u>Enrollment</u>
2005	7.00	867
2006	2.00	872
2007	5.49	833
2008	3.95	815
2009	3.00	762

Financial Aid: During this same period of time, Eastern Christian's spending for financial aid and per capita financial aid awarded changed as follows:

<u>Year</u>	<u>Financial Aid Awarded (\$)</u>	<u>Financial Aid / Student (\$)</u>
2005	819,953	946
2006	765,231	878
2007	662,730	796
2008	746,680	916
2009	971,401	1275

Program:

Program quality and breadth: Eastern Christian's examination of parent perception of the educational value provided by the school led us to explore the impact of improving the quality and breadth of the educational program of the school, the quality of the school's faculty, and the quality of the school's facilities.

Communication: Eastern Christian's examination of parent perception of the educational value provided by the school led us to explore the impact of improved communication of the quality of the educational program of the school.

Provision: The final area of Eastern Christian's examination was the impact of the school's ability to develop non-tuition sources of revenue to help support current enrollment and sustain the long term financial health of the school.

Donations: Eastern Christian's largest source of funding, after tuition, has traditionally been charitable contributions by individuals, supporting churches, corporate supporters, and private foundations. Eastern Christian has been the beneficiary of a very generous supporting community, but has been concerned that it would find it increasingly difficult to meet its financial needs, especially the need for student financial aid, without making changes in its sourcing of non-tuition revenues in the future. During the course of the year, Eastern Christian examined the impact of an expanded fund raising effort on current financial needs and long term sustainability.

Endowment: Following charitable donations, investment income generated by Eastern Christian's endowment is the next largest source of non-tuition revenue. During the course of the year, Eastern Christian examined the impact of adding alternative investments to the endowment and the implementation of a revised withdrawal policy on the ability to support current financial needs and long-term sustainability.

Alternative Revenue Sources: Eastern Christian's examination of the impact of non-tuition revenue's impact on current financial needs and long term sustainability led it to explore the desirability of creating alternative revenue sources that have the potential to generate significant non-tuition revenue.

Methodology: The methodology employed to examine the impact of pricing, program and provision on the current enrollment and long term sustainability of Eastern Christian School included the following:

- Empirical research in coordination with members of Eastern Christian's administration, faculty, Board members, Foundation trustees, Endowment trustees, and community volunteers.
- Interviews with professional colleagues at other educational institutions including Calvin College (Grand Rapids, MI), Holland Christian School (Holland, MI), and the King's College (New York, NY).
- Collaboration with consultants Kathleen (Kiki) Johnson (Carney, Sandoe & Associates), Larry Kooi (Christian Schools International), Joseph Papola (Independent human resources consultant), and Robert Rogalski (Christian School Development Center).
- Various reading materials, most notably, *Affordability & Demand: Financial Sustainability for Independent Schools*. (Davison, Jean. *Affordability & Demand: Financial Sustainability For Independent Schools*. Ed. D. R. Davison Jr. Washington, DC: NAIS, 2009.)

Project Results: As the result of Eastern Christian's examination, the school took the following specific actions in an effort to support current enrollment and the long term sustainability of the school.

Pricing:

Tuition: Following a review of the apparent impact of tuition increases on enrollment, and a comparison of the rate of tuition increase against the rate of wage increases in the counties served by the school, Eastern Christian's Board of Directors and Association membership agreed to a 2010-2011 budget that called for no increase in tuition. While enrollment for the 2010-2011 school year has yet to be completed at the time of this writing, several key indicators, including the rate of withdrawal of current students, are indicating a significant improvement against prior years and against the current year objective.

Financial Aid: Following a review of the impact of expanded financial aid on retaining currently enrolled students, Eastern Christian increased its scholarship budget by 34% to enable the award of the projected level of financial aid required to provide the anticipated support required for 2010-2011. In addition to providing for increased scholarship aid targeted primarily at retaining current students, Eastern Christian instituted a series of tuition discounts targeted specifically at recruiting new students. These include:

- A rebate of preschool tuition against kindergarten and first grade tuition to encourage early elementary enrollment.

- A discount to the first child of alumni to encourage the enrollment of their children in their alma mater.
- A multi-year discount for families committing to the simultaneous enrollment of multiple students in the school, and discounts to be awarded by key individuals who are in a position to influence the enrollment of new students.

Program: Our examination of parent perception of the educational value provided by Eastern Christian led us to move forward with numerous initiatives related to the quality and breadth of the educational program of the school. These initiatives included:

- Achieving system-wide accreditation from the Middle States Association of Colleges and Schools.
- Expanding world language instruction to encompass grades 2-12.
- Developing an in-house Professional Development Academy to enable expanded professional learning opportunities for members of the school's faculty.
- Developing an expanded faculty appraisal protocol to encourage a high level of professionalism among the school's faculty.

In addition to program enhancements, Eastern Christian took advantage of opportunities to upgrade facilities and technology in ways which will improve the student experience and differentiate Eastern Christian from other schools in its service area. The opportunities pursued included the use of grants from the State of New Jersey and private foundations to install smart boards or large screen computer monitors in numerous classrooms on each campus, and to convert a former boiler room into an advanced high school classroom, allowing the replacement of two temporary classroom trailers in use for approximately ten years.

Finally, Eastern Christian attempted to better understand and influence parent perceptions of the educational value provided by the school by conducting a comprehensive survey of parent perceptions, developing new admissions materials including brochures and videos, conducting regular visits with local churches, expanding opportunities for campus visits by prospective students, encouraging expanded press coverage of the school, and expanding advertising efforts.

Provision: Eastern Christian's examination of the impact of its ability to develop sources of non-tuition revenue led it to take action in its fund raising efforts with private and institutional donors, the management of its endowment, and its efforts to develop alternative revenue sources to support the school's program.

The efforts to increase the effectiveness of fund raising efforts led Eastern Christian to expand the number and focus of fund raising events held during the year, and to broaden efforts to solicit donations from sources that have historically provided relatively modest support. Specific examples of these efforts include:

- A scholarship dinner targeting major donors.
- An athletic dinner targeting the families and friends of student athletes.
- A redesigned appeal to current parents as part of the school's re-enrollment package.

The manner in which the school's endowment is managed and deployed was examined by the endowment trustees to increase the financial and operational impact of the school's investment portfolio. Specific examples of these efforts include:

- Reducing the annual percentage withdrawal from the endowment in such a way as to allow a consistent monetary contribution to the school's operational budget while simultaneously allowing for increased growth in the portfolio.
- Redeploying the endowment's assets to include investments in new business ventures owned by the school.

Finally, Eastern Christian moved forward with a decision to make use of previously underutilized assets to generate non-tuition revenue that the school believes will have a very significant impact on the financial health of the school. Specific examples of these efforts include:

- The formation of a for-profit corporation owned by Eastern Christian to acquire, install and operate a solar energy system located on the school's buildings. The investment, funded by the school's endowment, a commercial loan and a grant from the federal government, is projected to save the school approximately \$2.5 million in electricity costs and generate a positive investment return of \$5-7 million during the next twenty years.
- The piloting of a summer camp to be housed on Eastern Christian's campuses and to employ Eastern Christian faculty members. The camp is projected to have a net positive budget impact of \$60,000 in 2010-2011.
- The formation of a thrift store / re-sale business to be staffed by community volunteers. The acquisition and renovation of the retail space is being funded by the school's endowment. The investment is projected to have a net positive budget impact of \$75,000 in 2010-2011.

Commentary: Eastern Christian School's mission statement and educational philosophy address the impact of Christian education on its students' heads, hearts and hands. The results of the work begun in a time of great challenge to Eastern Christian School in 2009 indicate that the support for Christian education in this community is truly a matter of head, heart, and hands. The Eastern Christian School community has a heart for Christian education and demonstrated its firmly held commitment to the education of its children in an environment in which the wonder of God's creation can be explored and the nature of the Creator explored. Members of the Eastern Christian School community contributed the work of their minds in areas as diverse as construction, engineering, finance, the law, pedagogy and retailing to think through the challenges faced by Christian education in the current environment. Finally, scores of members of the community contributed their hands – their time, treasure and talents to enable truly transformative work to take place in this challenging time.