

**COVID-19: Financial Aid**

A discussion of how to navigate the Financial Aid during COVID-19

For additional support, reach out to amya@prizmah.org

**Welcome and Introductions**

**Field Work Update - Debra**

**Trends and Lessons from 2008 - Dan**

What's happened in the past, can we look back to 2008?

A steady climb in aid need. From a national perspective, there was not a sudden dramatic increase year to year. Some believe this time will be different, a significant spike. One of the reasons for the steady increase was that in 2008/9, there were depressed or damped wages.

2008/09: accelerated a trend in downward orthodox day school enrollment.

Rate of tuition increase post 2008 was less than 2008, but that variable plus the request for more FA let to lower tuition revenue

Dan to share the modeling and guidance - schools should expect a next dip in 10% of tuition revenue

Assume min of 5% decline in enrollment, and anecdotally, schools are picking up enrollment

We put our best foot forward, on how well JDS are doing in this landscape

What do we want to be true? The schools that did best was in 2008/09 were the ones who were best prepared

We want to remove the barriers to enrollment - the planning becomes harder with little or unstable enrollment.

Guidance on How to make it work

•Model out a 10-point decline - 5M in gross tuition, net tuition of 3.5M, its now 3M. = scholarship will be up 500K.

**Key Measures - Dan**

Calculating variable cost per student - -How do we think about that?

Can we get alignment, that as we think about a family that needs 90%, what does cost to keep the kid in the school?

Cost cutting - with the expectation that there will be enrolment decline, we can't justify the additional costs.

Online learning - how do you use that to save money

Based on data from JData (2014), we are looking at national numbers from approx. 90 schools, which is a good subset of the 300 plus JDS nationally. Looking at 2014-15 national data vs our estimate of some of these categories we think will be next year.

The most jarring is the next tuition, gross tuition less scholarship. 2014 was 76%, and we estimate in 2020-21 it will be 66%. This is significantly sharper than we saw in 2008-9. We suspect students receiving Financial aid will go up to 65-70% from 58% in 2008/9. Tuition as a percent of budget in 2014-15 was 76%, we think it will drop to 65-70% in 2020-21. What we are unclear of is what percentage of the budget will come from fundraising. In 2013-14 that number was approx. 13%

We are in conversation with local organizations, central orgs, and schools individually- in general, schools that are modeling, are generally modeling for modest enrollment decline and more significant scholarship needs (based on early conversations with their parents.

**What’s next? - Dan**

**Scenario Planning - Amy**

* Key Objective is to maintain or grow enrollment
* Planning for the Future - If this, then that Scenarios
* Visualize the Outcomes
* If enrollment goes down, then…
* If tuition assistance requests go up, then…
* Run three scenarios – 3%, 5%, 10%
* For delayed re-enrollment, If parents wait until August to re-enroll
* Despite, best efforts, if parents (current or new) that are enrolled, decide to withdraw – run enrollment scenarios with a decline of varying percentages, for example, 2%, 5%, 10%
* Model - What could it look like for a tuition freeze? Or roll back on the increase for next year

Our key objective here is to maintain or grow enrollment. Planning is an essential piece to what we do and we learned from the last recession- the schools that planned out various scenarios were in stronger positions to navigate into the future.

We advise running 3 scenarios for scholarship, for example 3, 5 and 10% increase in requests- what does that look like.

What happens, despite our best efforts, families decide to withdraw? What could that decline look like at various percentages and the impact that can have on tuition assistance and the overall budget.

The most critical thing schools can be doing right now, is ensuring the maximum enrollment possible. Giving your existing and perspective families the financial assurances, they need to enroll or reenroll their children. At the end of the day, a steady or increasing enrollment, is critical for the lifeblood of the school and one of the most important metrics we know funders look to. As school continue to shift to being reliant on funders and philanthropy, it’s critical we can say to the funders (non-tuition funders), we’ve done our best and we’ve responded to the requests of their families. They want to be there (as evident by steady or increasing enrollment).

**Communication - Amy**

Communication - clear, proactive, and strategic

Empathy/Kindness in Approach – people are scared

Consistent Messages – ensure the message coming from the school Leadership team is in sync with the messages from the business/finance office that is messaging to parents

- We want you to re-enroll

- We will work with you - Be clear in defining what ‘we will work with you means’ – being clear and transparent is the best card to play. And everyone should pay something as a deposit

Distinguish between I'm worried vs. I am impacted by COVID

A collaborative relationship and with COIVD is it important to keep grounded the work you do – staying in sync and flexing as you need to. Continue to keep the following:

* Overall positive marketing and communication – this will raise the school’s visibility.
* Communications planning needs to be adjusted from what you might have planned to do this spring. Ensure that your communication today continues to reflect your school’s mission, values, and philosophy.
* Messaging is quality work – Be consistent and clear.
* Provide website and social media Information to the team
* Analytics analysis, social media content and digital marketing presence.

Schools that have thoughtful, clear, and proactive planning- that is the type of reassurances our families need. They look to us to have that level of stability. I cannot stress enough how important that is and how important the alignment is across all school departments. Hearing a message from the financial aid department and another message from the school leadership is hard, detrimental even. Align the messages that we are here to support you- and be clear as to what “we will work with you means”. The message that families need to hear needs to be consistent and clear.

To the extent we can be empathetic and be supportive will strengthen the community.

It’s valuable to distinguish between the parents that are “I’m worried and concerned’ vs “I’m directly impacted by COVID”. How do you look at appeals, navigate and untangle the worry vs the actual need. Set some parameters about what it would look like when we work with you.

**Talking Points - Amy**

In partnership with your HOS and faculty member responsible for communication,

Identify the key messages and anticipated needs for each of these groups with regards to Financial Aid.

* Parents
* New Parents (newly enrolled families)
* Prospective Parents
* Donors
* Community
* How are you sharing your school's success in the community?
* Partnerships
* Local newspapers? News stories?
* Highlights of student success or activity that is impacting the community in a positive way? There is a need to share the good stories
* Be authentic. Informative. Proactive with your communication

If you don’t know, it is ok to say, “I don’t know, but I will find out and get back to you.”

Amidst this COIVD landscape, WOM remains a powerful tool

Parents are sharing experiences, stories about how their school is moving through this – this is a fantastic opportunity for schools

* Creates a positive *buzz* and decreases negative *buzz* about the school.
* WOM has a broader reach and builds parent trust & loyalty
* WOM affects purchase behavior
* 50% of purchase decisions are influenced by WOM
* 89% of consumers believe customer testimonials
* Empowers people to share their experiences.
* WOM is a long-term and continuous endeavor
* Cost effective

Example: Parents seeing what schools are doing and wanting to join the school now. Someday schools are seeing an increase in inquiries from families with kids in public school wanting to transfer in now bc of how well Milton has transitioned to distance learning.

Alignment of the talking points to various constituency groups is crucial. Current parents, potential parents, etc.

It is important to collect the right people around the table when crafting your financial aid message and make sure that what you’re saying to each group is on point. We know that parents share their experiences, they talk about arrangements, award amounts, etc. How can we use this to our benefit? Ensure they feel supported. We’re looking for the buzz that could create- even though we know financial aid awards should be confidential.

Be authentic and proactive. Craft messages as school so all key leaders, including board members, know information or can say “we are working on that and I will direct you to the right person to address this.”

There has handholding here- we’ve spoken to schools where a lot of parents don’t know what they’re looking at and we’re cautiously optimistic that hopefully a lot of our parents will be back at work soon. For those family anxious, but not affected right now, assure them that “we’ll be here for you, should you need us.” Does that mean they can potentially appeal their scholarship if things change, yes? They key part is flexibility and moving parents towards reenrollment.

How do we distinguish between the anxious and those who are directly impacted by COVID? Is there some sort of documentation we should be requesting from parents who request financial assistance?

 I think there are parents who are just very anxious but have not yet (hopefully will not) experience these negative financial consequences -and there is everything in between. Set up structures that give you maximum flexibility. Options that may include extending payments, which addresses parent concern but also brings you the revenue you need. For parents reluctant to pay deposit- some schools are waving deposits or lowering deposits.

You need to define those parameters for you and your school.

I am already working on building scenarios but really feel like I am picking numbers out of the air to craft best, worst, and middle case scenarios. How much worse might this be than 2009? In what ways is this similar and different to that crisis - does it even make sense to try to model based on those numbers?

We have been suggesting to schools, and hearing from schools- schools that were already seeing declining or flat enrollment, take that down 5-10% in terms of enrollment. On the scholarship side, we are hearing- assuming net tuition declining 5-10%. Unlike 2008, where it was a gradual, steady decline- although significant over the next decade, we suspect this will be much sharper. In your scenario planning, look at the % of your full pay families and assume anywhere from 10-50% of them may need some level of scholarship next year. Again, we are seeing some schools with increased inquiries- public schools have not adapted as quickly to digital learning, we have strong communities and there is some more interest. We are more concerned with scholarship request going up rather than overall declining enrollment.

 in some cases, adding students would mean needing to keep or add teachers which adds to budgetary pressure. How do you make the case to boards?

The calculations a school should be making when considering families that need heavy financial aid should consider the cost to educate the child- in most cases, if you have a seat in the class, it makes sense to take a child even at a heavy scholarship. We don’t suggest adding teachers, just filling seats.

We have parents coming from other countries, e.g. Israel but they are awaiting work permits to come through as that is delayed because of Covid-19. Hence, they are hesitant to pay deposits…even a couple of local families. In a couple of the grades, we are in a wait pool. Do we say we have to give up their one child’s spot to a family in the wait pool (family has 3 kids and full fees)?

The answer I would give - is if those families are registered and paid some dollars as a deposit, you need to hold it for your typical amount of time. Be in regular contact with them and at some point, you would have made a decision, but stick with the normal protocol.

I have some parents who will want the future flexibility offered to be included in the legal tuition agreement. I am unsure if that is a good idea. Thoughts?

As a good practice, review your contracts annually with whatever attorney you have within your school community. Switching contract language is not easy and to make it fair, you would want to do so universally. I would not make changes to a document other people have already received and signed. Internally, know where you can flex-- but do not be offering different contracts to different families.

Thinking about no deposit for enrollment -- NO. They have to pay something- build a scale, do a percentage.

**Additional Sources of Capital - Dan**

SBA Loan

We assume most schools have applied and if structured properly, should cover close to 2 months of your budget.

Asset Sales (Monetizing assets), including considering tapping into endowments and taking out more than the 5%.

Government Funding

We have always encouraged schools to advocate for various forms of government funding. the OU is really taking up with effort, more so than ever. Be in touch with us for more information on what is happening at the state/federal level.

Foundation Grants

We are seeing more and more foundations giving, including an 80M grants/loans from a group of primarily Jewish funders and foundations. Hebrew Free Loans are also a source of potential interest free, short term loans, typically for parents rather than to institutions-- perhaps a good option for families that have had a temporary decline in income. Many have programs and believe it or not- are undersubscribed.

**Alternative/Creative Tuition Models - Dan**

Address this with scholarship models

Prizmah View – Middle Income are going to need some assistance; it will hasten the arrival of some of these programs

This may be something beyond your school, looking at the entire community to creatively keep enrollment stable

Preschool - - should schools consider preschool with flex tuition? about addressing the issue of financial aid/flexible tuition for preschool families - specifically, for those of us (the majority I'm pretty sure) who don't typically offer flexible tuition for preschool (except for current K-8 families), should we be considering offering some for the coming year?

One of three JDS have an alternative tuition model. We suspect they will be much more prevalent in the next few years than in the past. By alternative- we mean other than full pay and scholarship. It will not surprise us that two thirds of schools in the next few years offer tuition alternatives.

One of the most common types of creative tuition is middle income affordability programs. Our concern is that more and more upper and upper middle-income families that were formerly full pay will now need financial assistance and alternative tuition models, middle income models is an appropriate way of addressing this.

Are folks on the call hearing about parents not wanting to commit to enrolling in the fall due to fear that they will not be in the building in the fall? Yes- many said yes, and the ECC!

How much should people focus on not being in the building in the fall?

This is where the talking points really come into play. Make sure you are working with your leadership team to have the message about what school will look like in the fall in place. Reassure that you are planning for several different scenarios and that you are flexible, able to maneuver what comes ahead. Your donors and funders will want to know this as well.

Clearly outline how you will continue to address ECC learning online as well.

I think schools that already have a noticeably clear value proposition and perceived value- as demonstrated by waiting lists, full enrollment, etc. Will see their families sticking with them- even in a virtual environment and while they may not be able to raise tuition 3-5%, they could keep it steady and not see dropped enrollment. There’s another group of schools that don’t have as clear demand that will need to lower their price if they’re going to remain virtual. If blended or virtual learning become a more permanent situation, there is opportunity to lower costs. And yes- it will include reduction in staff.

Are there grants/ loans for Canadian schools?

Yes- there is a government program, Dan is unsure of the name and we’re not sure it’s finalized. It’s a somewhat different program but will provide (give or take) a few months of relief to schools (I believe JDS will qualify for that). There is already been a program announced in Toronto from the Federation to provide either $ to schools or to families for JDS (I believe it’s a scholarship program). Both Toronto and Montreal federations are incredibly supportive and are stepping up even more so now.

Is there something in tuition assistance modeling/communication that differentiates between remote/online learning and the traditional school model?

Parents are right- think about universities, if it’s a virtual education, how many families will pay 80K to send a child to a virtual school? It will be less and less.

Day schools were designed to be high touch, in person and individualized. We think it will be somewhat temporary. It’s a great opportunity now to map out with your internal team how you’re reinforcing or readjusting your value proposition within this temporary space we’re in.

Should we be returning deposits to overseas families if they end up not coming?

Should we be holding off asking for payment plans for the balance of tuition from overseas families?

What do you think about not executing payment plans as you intended?

Maximum flexibility on payment plans, meet parents where they are, without sacrificing everything. In terms of contract language, make sure you’re consistent. In many instances, deposits are non-refundable, be flexible but be reasonable.

I worry about cutting back to mirror the needs of the virtual environment and then not being able to recreate what we need when it is time to go back to brick and mortar Thoughts?

It is a dance. We are looking at a reality that schools are reducing their payrolls, non-essential staff also including administrators and non-educational staff. Probably with the view that they can rehire when the building reopens. Schools are going to have to decide on whether they want to commit to a virtual platform for a period, or even a year. (we do not have a great answer to that question)