

# When Mission and Market Forces Intersect



**A study of NAIS member schools navigating an economic recession**

Matthew J. Rush and Barry Gilmore  
Peabody College at Vanderbilt University  
April 2012

# When Mission and Market Forces Intersect:

## A study of NAIS member schools navigating an economic recession

### Acknowledgements

This capstone was made possible by the generous cooperation and support of the National Association of Independent Schools and, in particular, Susan Booth and Amada Torres. Many individuals have also made this report possible, including the almost 1,000 respondents on the survey from NAIS member schools. We are deeply grateful to the over 100 administrators, teachers, parents, and board members at the six site visit locations who not only gave their time to be interviewed, but were engaged, candid, and remained helpful throughout this process in order to tell us the story of navigating the recession at their respective institutions.

We would also like to thank Professor Eric Houck, who helped us with our initial thinking, Professor Joseph Murphy, who was and remains our Oracle, and Professor Claire Smrekar, who forged the connection with NAIS and supported us throughout the entire project. Special thanks to Dr. John Allen for his time, guidance, and reassurance on our deeper statistical analyses.

We are deeply grateful to Cannon School and Hutchison School, respectively, and particularly to our Heads of School, Matt Gossage and Annette Smith, for their support of and patience with us throughout this endeavor.

On a personal level, we want to thank our spouses, Susanna and Lacy, who have been both encouraging and patient throughout this process. We certainly could not have done this without their unwavering support and partnership.

# Table of Contents

List of Tables.....	4
List of Figures.....	5
Executive Summary.....	7
Section 1: Framing the Inquiry, Introduction, and Project Question.....	11
Section 2: Sample and Methods.....	21
Section 3: Case Study Schools.....	33
Section 4: Initial Planning for the Recession.....	41
Section 5: Unanticipated Enrollment Trends.....	47
Section 6: Where Schools Stayed the Course.....	55
Section 7: Where Schools Made Adjustments.....	71
Section 8: The Lessons of Tough Times.....	93
Section 9: Recommendations.....	119
Section 10: Conclusion.....	125
References.....	127
Appendix A: Statistical Tables.....	134
Appendix B: Survey of NAIS Heads and Business Managers.....	146
Appendix C: Position and number of individuals interviewed at each site.....	151
Appendix D: Interview Protocols.....	152

## List of Tables

- 1.1. Number of students enrolled in types of schools in the United States
- 2.1. Descriptive statistics for the survey of heads and business managers
- 2.2. Case study school pseudonyms and descriptions
- 4.1. Changes in school enrollment from 2005-2010, all schools
- 5.1. Average enrollment at NAIS member schools, 2005-2010
- 6.1. Full-time equivalent teachers by school type
- 6.2. Increases in professional development and technology budgets, 2005-2010, case study schools
- 6.3. Endowment at case study schools, 2005-2010
- 7.1. Change in median faculty salary, 2005-2010
- 7.2. Change in faculty salaries at case study schools, 2005-2010
- 7.3. Change in tuition at day and boarding schools, 2005-2010
- 7.4. International students and students of color at independent schools
- 7.5. Students of color as a percentage of all students at independent schools

### Appendix A

1. Comparison of means: Change from 2005 to 2010, all schools
2. Comparison of means: Change from 2005 to 2010, coed and single gender schools
3. Comparison of means: Change from 2005 to 2010, day and boarding schools
4. Comparison of means: Change from 2005 to 2010, southeastern schools and all other regions
5. One-way ANOVA results: Change from 2005 to 2010, by school type
6. Schools that have frozen salaries since 2008, by enrollment
7. Schools that have frozen salaries since 2008, by age of school
8. Schools that have raised tuition since 2008, by age of school
9. Schools that have raised tuition and added international students since 2008, by school gender type
10. Schools that have added international students since 2008, by age of school
11. Schools that have frozen salaries, raised tuition, and added international students since 2008, by age of school

## List of Figures

- 1.1. Percentage of each type of school in the United States
- 1.2. Percentage of school age children in the United States by school type
- 1.3. Bassett's value proposition equation
- 2.1. An analytical model for school decision-making during a recession
- 4.1. Ranking of important factors for schools to address during a recession
- 5.1. Change in enrollment by schools, 2005-2010
- 5.2. Enrollment changes at case study schools, 2005-2010
- 6.1. Response to the statement, "Your school changed its programming (courses offered, etc.) during the recession to keep the school fully operational."
- 6.2. Schools' self-reported ability to fund professional development and technology since 2008 compared to before 2008
- 6.3. 2005-2010 professional development expenses (means of all schools)
- 6.4. 2005-2010 technology expenses (means of all schools)
- 6.5. Total giving in NAIS schools, 2001-2010
- 6.6. Schools' self-reported ability to fund endowment since 2008
- 6.7. Ranking of endowment among most important actions for a school to take during a recession
- 7.1. Response to the statement, "Over the past three years, the school saw increased demands for financial aid from formerly full paying families"
- 7.2. Ranking of important factors for schools to address during a recession
- 7.3. Average number of students added or lost to enrollment and financial aid (all schools)
- 7.4. Schools' self-reported ability of schools to fund financial aid since 2008
- 7.5. Schools self-reported ability to fund employee salaries since 2008 compared to before 2008
- 7.6. Percentage of respondents who froze salaries for at least one year after 2008 (by school region)
- 7.7. Percentage of respondents who froze salaries for at least one year after 2008 (by enrollment)
- 7.8. Percentage of respondents who froze salaries for at least one year after 2008 (by age of school)
- 7.9. Ranking of tuition among important factors for a school to address during the recession
- 7.10. Schools' self-reported ability to fund PRRSM since 2008
- 7.11. Schools' self-reported ability to fund strategic marketing since 2008
- 7.12. Schools that added international students (by age of school)



# When Mission and Market Forces Intersect:

## A study of NAIS member schools navigating an economic recession

### Executive Summary

#### IN THIS SUMMARY

1. Project overview
2. Key Findings
3. Recommendations for further study
4. Recommendations for NAIS
5. Recommendations for NAIS member schools

In 2007, the United States entered an economic downturn that lasted long enough to be deemed, officially, a recession. This report examines the effects of that recession on independent schools. As a subset of private schools, independent schools are self-governing and self-financing institutions that set their own mission statements, programming goals, and policies. Generally, independent schools are not-for-profit entities that operate under the leadership of a board of trustees and a head of school, with a variety of administrators overseeing aspects of day-to-day operations. Currently, approximately 1,400 such schools are members of the National Association of Independent Schools (NAIS); this number represents about 10% of all private schools in the United States.

Because of the self-sustaining nature of independent schools, concern over their financial status in the present economic climate has been discussed by NAIS and schools themselves. There is less agreement, however, on how independent schools have or will weather such an economic storm. As mission-driven

institutions, independent schools structure operations in an attempt to balance their core purposes with their customer base, teaching force, and needs for long-term sustainability. At the same time, such schools always experience tension between the demands of the market and the demands of the mission; in a time of economic crisis, these tensions may be

exacerbated. This study seeks to address a single guiding question aimed at exploring this tension between mission and market:

- How did the recession impact financial processes and operations at independent schools?

**Independent schools always experience tension between the demands of the market and the demands of the mission; in a time of economic crisis, these tensions may be exacerbated.**

Three key resources are used in this report to answer this question. First, the NAIS database of financial and operational data provided by member schools, along with information on member schools available on the NAIS website, provides a statistical underpinning for assessing global trends among schools such as changes in enrollment, tuition, or teacher salaries. Second, our Survey of Heads and Business Managers (hereafter referred to as the Survey), distributed to approximately 1,300 schools and garnering 988 responses, offers deeper insight into particular perceptions and choices by schools across the nation. Finally, we conducted interviews of numerous school constituents, including board members, parents, teachers, and administrators, at six Southeastern independent schools representing a variety of school types.

## Key Findings

Our data revealed a number of key trends among independent schools:

- *Schools reacted to the recession quickly and planned prudently.* Boards, heads of school, and other members of school communities generally invested in initial planning for the recession that included an emphasis on keeping current families enrolled and creating conservative financial plans for the coming years.
- *Schools focused on and maintained enrollment, but experienced some unexpected enrollment trends.* Because independent schools are largely tuition-driven, enrollment was a primary concern of many schools. As a whole, schools did not see a major decrease in enrollment. However, many schools found that families were waiting later to enroll children in the school, that it took longer for families to sign contracts, and that efforts to counteract potential drops in enrollment sometimes led to imbalances in the number of students in each grade level.
- *Schools maintained their programming and many of their financial goals.* In addition to continuing to offer the same level of academic programming, many schools ultimately made only small, and often temporary, budget cuts affecting teaching and learning. Although the recession affected some annual and capital giving goals, as well as endowments, schools generally continued successful fundraising in these areas.
- *Schools made adjustments in a number of areas, either temporarily or permanently, as a result of market pressures.* In particular, schools adjusted their approaches to funding financial aid, faculty salaries, tuition, maintenance costs, online services to parents, and marketing efforts. Schools also revisited their policies and goals concerning diversity, parent organizations and community events, and the accountability of programs to the school mission.



- *Schools experienced three key areas of self-examination and growth of school culture, including:*
  - *The role of school leadership.* School leaders, especially heads of school, took on new importance during the economic downturn. Many schools developed new respect for the role of school leadership during this time.
  - *Community-building.* As schools reacted to market forces, they reexamined their own communities and the importance of those communities to supporting both the school mission and the financial stability of the institution.
  - *Organizational learning.* Schools discovered that many of the adjustments, revised policies, and choices made during the recession represented positive change for the institution; in addition, each school developed a deeper understanding about itself as a learning organization.

## Recommendations

Based on these findings, we offer recommendations for further research, for NAIS as an organization and for NAIS member schools. Our recommendations for further research include the investigation of:

- the differences in effects and decision-making between independent and other private schools;
- why and how enrollment shifted at individual independent schools;
- the causes and consequences of several key areas of school operations, including teacher retention, teacher workload and class size, and the age (or “life cycle”) of schools.

For NAIS, we suggest measures to help individual independent schools across the nation prepare for the possible shifts suggested in the study, including recommendations to:

- help schools understand and plan for the changing landscape of financial aid and admissions;
- help schools prepare for the possibility that student populations will be comprised differently in the future;
- devote attention to the role of parent associations and parent events;
- collect data more consistently from non-independent private schools and other school competitors;
- collect data from independent schools in key areas: marketing strategies, enrollment by grade, the effects of competition, and faculty salaries by variables such as tenure of employees.

Finally, for NAIS member schools, we offer ten guidelines drawn from the data and examples offered in this study. While some of these guidelines apply specifically to negotiating times of economic crisis, many may serve as ongoing principles for independent school operations. We suggest that schools:

- consider the new landscape of financial aid and admissions and plan accordingly;
- plan early and prudently (while still intending to grow and succeed) in times of crisis;
- consider possible new populations for enrollment;
- even in times of crisis, continue to set and work to meet new goals for physical, financial, and organizational growth;
- invest in social media as a marketing tool;
- in an economic downturn, watch entry grade level enrollment carefully;
- promote and structure organizational learning within the school to learn from change;
- benchmark thoughtfully against similar NAIS schools in addition to non-NAIS schools in the immediate community or region;
- focus on the internal school community;
- in all of these actions, stay true to the mission.

# Section 1:

## Framing the Inquiry

### Introduction and Project Question

#### IN THIS SECTION

1. Introduction
2. What Independent Schools Are—and What They Aren't
3. The National Context of Independent Schools
4. What is NAIS?
5. Other Independent School Voices

**Across the Southeast and across the nation, the “Great Recession” arrived as independent schools entered various stages of strategic planning, building projects, fundraising drives, enrollment efforts, and programmatic reforms.**

Early in December 2008, a group of potential donors, board members, and administrators gathered at The Episcopal School, a mid-sized K-8 independent school in a mid-sized city in the Southeast. The occasion—a capital campaign “kickoff” party—marked the public announcement of the school’s plans to expand its campus by adding a sizable building that would include a gymnasium, cafeteria, library, science labs, and art rooms. The new building was viewed as a necessary expansion and had been included in the school’s 2005 strategic plan. An atmosphere of excitement tinged with concern about a sluggish economy attended both the party and the campaign as a whole; overall, however, the school felt confident about its ambitions for building.

That very night, on the evening news, anchors reported that the National Bureau of Economic Research (NBER) had met and officially declared that the United States was in a recession and had been for almost exactly one year. The announcement came as a surprise to few; the NBER defines a recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators” (NBER, 2011), and that visibility had become fairly obvious over the course of the year.

Nonetheless, the announcement could not have been more ill-timed for Episcopal, where excitement about the new campaign was necessarily tinged with a sense of unease about the economy.

Episcopal, of course, did not find itself in a unique situation. Across the Southeast and across the nation, the “Great Recession” arrived as independent schools entered various stages of strategic planning, building projects, fundraising drives, enrollment efforts, and programmatic reforms. While not every school may have experienced such a perfect confluence of announcements as Episcopal, independent schools in general had cause for alarm in the year preceding the NBER’s declaration of the recession, as well as in the years that followed.

Common wisdom would suggest that the economic downturn must surely have harmed independent schools, whose funding derives primarily, in most cases, from tuition. Indeed, even as independent schools strove to maintain superior educational offerings in the face of a weakened economy, some families found themselves financially crippled or jobless, while others began to review long-term financial commitments. A growing contingent of educational alternatives ranging from charter schools and magnet schools to increased homeschooling or online offerings throughout the nation created a perfect storm for independent schools. How, one might reasonably ask, could a fairly small institution such as The Episcopal School continue to operate in a normal manner at all, much less expand its campus with a substantial and ambitious building project?

**This capstone attempts to address a single guiding question: *How did the recession impact financial processes and operations at independent schools?***

In order to shed more light on such popular perceptions, this capstone attempts to address a single guiding question: *How did the recession impact financial processes and operations at independent schools?* The question, of course, is deceptively simple in its formation. After all, as mission-driven institutions, the relationship between independent schools’ business models and their purpose is inextricable. In one sense, independent schools employ easily identifiable models: they serve certain grades (K-12, for instance), populations (e.g., single gender), or religions; they are boarding or day schools; they are large or small, new or old. In another sense, however, as non-profit organizations, such models can only be viewed in relationship to the work of the schools themselves, and might include components such as

**“In America, you pay for your education. You’re either paying tuition or you’re paying through your taxes. We’re risking our retirement, but it’s worth it. It’s a quality of classroom experience.”**  
*(Parent, The Episcopal School)*

customer relationships, value propositions, and key activities (Osterwalder and Pigneur, 2010). Mission drivers and market drivers become less distinct when one considers particular areas of school operations such as enrollment; do schools admit students in order to generate the revenue that allows them to fulfill their mission, or do

schools pursue a particular mission and thus attract and admit only particular students who also bring revenue to the institution?

This study employs a mixed-methods model in order to answer the project question and explore the intersection of mission and market forces in school operations and decision-making. Utilizing a database of approximately 1,300 independent schools, a survey of over 900 heads of school and business managers, and interviews with over one hundred stakeholders at six Southeastern independent schools, the authors delineate four major areas in which the effects of the recession impacted independent school decision-making and operations. These

four areas include schools' initial responses to the recession, changes to enrollment and admissions processes, areas in which schools continued policies and programs already in place when the recession began, and areas in which schools changed or adjusted policies and programs in response to the recession. Then, we discuss three cross-cutting themes that may help explain why schools reacted as they did. These three areas include the importance of school leadership, the value of school community, and schools' perception of a need for continued growth and evolution. The remainder of this introduction provides context and background for this investigation and the schools on which it focuses.

## What Independent Schools Are—and What They Aren't

Amid the national landscape, parents of school age children have options, many of which fall under the easy labels of public and private schooling. Within those categories, however, there are distinctions that are often misunderstood.

Charter and magnet schools, for example, often possess unique missions and even admissions policies or lotteries for admission. Nevertheless, they both fall under the public school category because their funding comes from the local tax base and they are held accountable by state laws for testing and curricular standards. Similarly, the words independent and private are often used synonymously to describe the same type of school. However, there is a distinct difference between the two.

While independent schools are privately funded and may have an affiliation with either a church or a specific faith, they are self-governing and are not generally funded by or subject to the policies of religious or other external institutions. Instead, independent schools are non-profit organizations, funded by a combination of tuition, charitable contributions, and endowment. As a result, independent schools are not financed by either broad church denominations or the government, as is the case with most Catholic, magnet, and charter schools.

Despite freedom from governmental intervention, independent schools are held accountable in numerous ways. First, these institutions are governed by a board of trustees, which is typically comprised of current or past parents and alumni. Some schools even extend membership to community business or educational leaders as a part of the board's composition. The purpose and role of the Board has three levels: fiduciary, strategic, and generative (Bassett, 2001). Additionally, these schools are also accountable not only to both regional and national accrediting agencies, but to parents who enroll their children in the school as well.

While each independent school has a unique mission, often geared toward high academic standards and supported by college preparatory curricula, they also vary across numerous dimensions. Some schools, for instance, specifically orient their missions toward differentiated instruction for special populations of learners, values-based education, or unique pedagogical methods. Independent school business models vary widely, as well. Some are day schools and some offer boarding for students; others mix day and boarding components on the same campus. Some are single gender, while others are coeducational. Some feature progressive pedagogies, and others

**“In a competitive admissions market, a distinctive school mission helps families know exactly what they will get for their money...the mission comes first.”**  
*(Faus and Clark, 2009)*

provide more traditional instructional techniques. Enrollment figures span from those with less than 200 students to those with more than 2000.

At their core, almost all independent schools have four key freedoms that distinguish them from other types of schools.

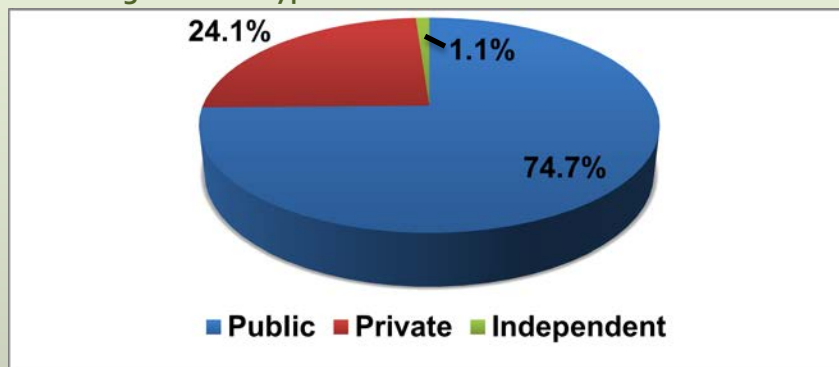
- The ability to define their mission;
- The freedom to regulate admission;
- The autonomy to define teacher credentials;
- The freedom to teach what the school deems important, including freedom from state curricula, textbooks, and test mandates such as end of grade tests and Annual Yearly Progress (AYP).

### The National Context of Independent Schools: Traditional Public, Magnets, Charters, Homeschooling, and Private Schools

Independent schools comprise only about 1% of all schools in the United States (see Figure 1.1). Similarly, students attending independent schools comprise only about 1.5% of the total school age population, approximately 615,000 students (Table 1.1). By comparison to their public school counterparts who boast nearly 50 million of the almost 55 million students in PK-12 education, independent schools enroll only about 615,000 of the 5.3 million students (11.5% of all U.S. students) in private education.

Comparatively, then, independent schools are a small feature within the educational landscape as a whole. Indeed, there are now as many as 1.4 million students in United States charter schools (NCES, 2010) and these schools themselves make up 5% of all public schools (see Figure 1.2). Magnet schools and home-schooling make up 3% of the public school

Figure 1.1: Percentage of Each Type of School in the United States



Source: National Center for Education Statistics

**Table 1.1: Number of Students Enrolled in Types of Schools in the United States**

	Public	Private <sup>1</sup>	Independent	Totals
<b>Total Schools</b>	987,062	333,663	15,043	132,072
<b>Total Students</b>	493,120,002	53,155,743	6,154,553	54,627,574

**Source: National Center for Education Statistics**

<sup>1</sup>Includes independent schools and all other private schools

<sup>2</sup>NCES Table 1, Actual and Projected for enrollment PK-12, Fall 1994 – Fall 2019

<sup>3</sup>NCES 2009-10 Private School Universe Survey

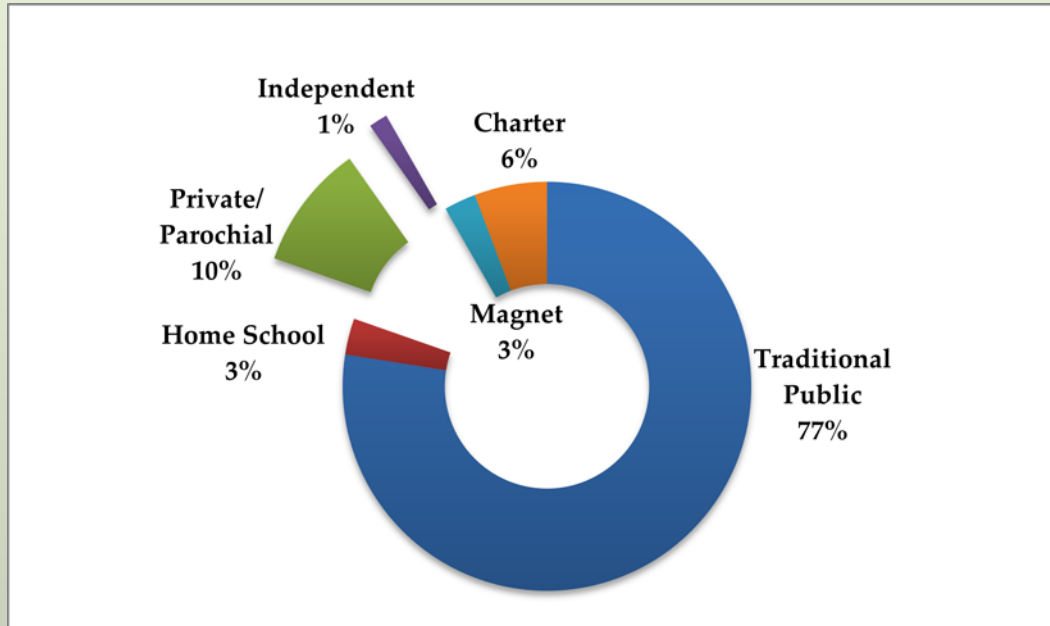
population. In an era focused on school choice, each of these subsets of public schools occupies a broader space in terms of sheer numbers than do independent schools.

However, independent schools are of particular importance both in how they mirror and do not mirror other schools. Like charters and magnets, independent schools generally feature small student-teacher ratios, a degree of operational autonomy, and small school size. Like other private schools, independent schools offer a sculpted community and educational experience focused on a particular mission that may appeal to parents. Yet independent schools differ from charters, magnets, and private schools not only in the degree of autonomy they retain but also, often, in their funding and programming.

Numerous studies have focused on the difference in student outcomes between public and private high schools as a whole (see, for instance, Gamoran, 1996; Figlio and Stone, 1997; Epple and Romano, 1998; Duncan and Sandy, 2007). Taken as a whole, these studies have raised questions about the effectiveness of private schooling in terms of student achievement when statistics are controlled for socioeconomic status and student background, especially for higher SES and non-minority students. The question of effectiveness of private schools thus mirrors many discussions of the effectiveness of magnets and charters; however, as with studies of magnets and charters, other researchers have investigated the role of parent satisfaction, peer effects, or college readiness in private schools (see, for instance, Evans and Schwab, 1995; Neal, 1988).

Extraordinarily few studies, however, have focused specifically on independent school student achievement or outcomes, which may differ significantly from those of Catholic or other private schools. Nor have many researchers conducted broad studies of the non-cognitive affects of independent schools. Yet those studies that do exist suggest that independent schools may offer valuable lessons for other schools of choice in the United States. One study of independent girls schools, for instance, found that graduates of independent schools (as opposed to those of Catholic schools or coeducational private schools) showed greater academic engagement, higher SAT scores, greater academic self-confidence, stronger predispositions toward co-curricular engagement, and increased political and civic engagement (Sax et al., 2009). In light of such findings, it is possible that independent schools might serve as valuable models for other schools of choice in both the private and public sector.

Figure 1.2: Percentage of School Age Children in the United States by School Type



Source: National Center for Education Statistics

## What is NAIS?

The National Association of Independent Schools (NAIS) began in 1962 when the Independent School Education Board (ISEB) and the National Council of Independent School (NCIS) merged their collective thinking in order to standardize requirements for admission to secondary schools (NAIS Website).

Today, including provisional and international members, NAIS represents more than 1,700 schools and associations of schools in the United States and abroad, over 1,400 of which are non-profit, private K-12 schools nationwide. NAIS cites as its mission the goal to be “the national voice of independent schools and the center for collective action on their behalf” and the organization further exists to “represent and sustain schools that are self-determining in mission and program, free from government control, and governed by independent boards” (NAIS website). In addition to an annual conference, NAIS also provides statistical information to its member schools through StatsOnline, a public database that allow schools to benchmark themselves against other institutions of similar age, region, enrollment size, and other demographic variables. The NAIS database used in this study includes the raw data used to create the StatsOnline tables available to all member schools.



## Other Independent School Voices: The Discussion between NAIS and ISM

In September 2010—nearly three years into the recession—a group of over 50 independent school leaders gathered in St. Louis in a meeting sponsored by the National Business Officers Association. At the meeting, two key speakers offered ideas concerning independent school financial sustainability and context; the first was Pat Bassett, President of NAIS, and the second was Terry Moore, Director of Consultants for Independent School Management (ISM), the most prominent private consulting firm for private and independent schools. Bassett and Moore presented viewpoints that sometimes stood in direct opposition to one another. As one commentary on the conference expressed it, the meeting was energized by “the compelling nature of the debatable propositions” (NBOA Report, p. 17).

This was not, in fact, the first occasion on which NAIS and ISM disagreed over issues of sustainability, though it may have been the most visible. Indeed, it is likely that the views expressed by these two organizations, beginning with Bassett’s publication of the article “A Game-Changing Model for Financially Sustainable Schools” in 2010 and continuing with ISM’s direct response in a document titled “Full Steam Ahead” that same year, deeply influenced the decision-making and thinking of headmasters and business managers at schools across the nation. As a result, a more complete understanding of the positions forwarded by these two institutions offers a clearer backdrop against which to consider the effects of the recession on those schools.

### NAIS’ “Game-Changing Model”

In his article, Bassett outlined two major forces changing the landscape for independent schools: unsustainable tuition increases and competition in the marketplace. Before these forces caused shifts in school thinking, Bassett argued, the “old normal” efforts of heads and boards to shift schools from good to great in the short term resulted in a perception that spending had no limits and could be compensated for with high tuition. Integral to the “new normal,” Bassett argued, “will be improved ‘productivity’ without a decrease in quality.” Bassett suggested that the new normal would require schools to increase enrollment without adding employees, retire old programs as new programs were added, right-size, rethink class size and teacher workload, devote one third of all fundraising revenue to endowment, and, perhaps most importantly, begin any discussion of tuition by assessing a community’s ability to pay through demographic studies and a review of local circumstances.

Key to Bassett’s argument was his presentation of a “value proposition equation,” which uses perceived outcomes divided by perceived price to produce a sense of value (see Figure 1.3). A school with a higher perceived price, in other words, must increase its perceived outcomes to order to sustain its value. Bassett warned against the possibility that the perceived outcomes of charter schools, magnet schools, homeschooling, and private (non-independent) schools might rise sufficiently that their lower cost for similar perceived outcomes might raise their value and thus, practically speaking, drain students from independent schools; “Put another way,” Bassett argued, “there’s been a lot more traffic in T.J. Maxx lately than in Nordstrom.”

Figure 1.3: Bassett's Value Proposition Equation

$$\frac{\text{Perceived Outcomes}}{\text{Perceived Price}} = \text{Value}$$

Source: NBOA Report

### ISM's Response

In a response published on its website later in 2010, ISM directly challenged Bassett's contentions that school finances were driving change in schools:

ISM concurs that there is a "game changer" in private education and that this game changer will be evidenced in the finances of schools—but the finances of schools are the wrong focus for understanding what the change is...the game changer is...not a tuition break-point that will destroy schools, but the inability to move away from the 20<sup>th</sup> century factory paradigm of education.

At the NBOA board meeting, Moore reported the results (also reported on the organization's website) of ISM studies that revealed, according to Moore, that independent school parents largely intend to keep their children in independent schools regardless of the recession. ISM encourages schools to remain competitive with schools whose mission is similar and then to carve out a value proposition (in Moore's words, "a short, easily memorizable mission" and portrait of a graduate of the school) accordingly.

ISM also published accounts of its research studies (but not the studies themselves) on its website. In "Full Steam Ahead: Part 2" the organization reinforces its finding that "there is no mathematical relationship between tuition change and enrollment." Thus, the report continues, an independent school's "goal must be to continually improve—and to validate the strength of—its high-quality academic and curricular programs." ISM thus carves out its own particular claim that the mission of a school drives its market, a direct contradiction to the idea that the market in which a school exists drives decision-making about how it can continue to fulfill its mission.

### The Ongoing Debate and this Study

The argument concerning the extent to which independent schools are driven by market or mission forces is one that may have no facile resolution but does highlight the inextricable links between whom independent schools serve and what they do. Boerema (2006) reinforces this link by noting that private school mission statements as a whole reflect the needs of the specific communities they serve, unlike public schools, which often focus on

broader issues of literacy and access. In addition, earlier research showed that nonsectarian private school principals identify school goals differently from either religious private school leaders or public school leaders, naming academic achievement and personal growth as the most important (public school leaders named basic literacy skills as a most valued outcome while private religious school leaders ranked religious development most highly); the same study contends that while “educational goals may not influence everything a school does as an organization, [they] clearly have an influence over how schools function” (Hannaway and Abramowitz, 1985, p. 7). Mission and market forces, from the operations of schools to the goals they pursue, clearly are not simple to untangle from one another.

This study attempts, therefore, to examine both the financial and operational aspects of school organization and decision-making during the recession. While this study may not resolve all of the questions raised by the recession, it does aim to provide insight into how dollars and programs interact in areas such as tuition and enrollment that have been the cause of debate. In addition, the six case study schools provide a view into the perceptions and attitudes of independent school community members. In talking to school members, it is clear that many school constituents weigh mission and market forces on a daily basis, never wholly forgetting one while attending to the other.



# Section 2: Sample and Methods

## How This Study Was Conducted

### IN THIS SECTION

1. About the NAIS Database
2. About the Survey of Heads and Business Managers
3. About the Case Study Schools and Interviews
4. An Analytical Model
5. Limitations of the Study

The research team employed a mixed-methods approach, combining both quantitative analyses of the NAIS database and a survey of member schools' Headmasters and Business Managers/ Directors of Finance with a qualitative study at six different school sites in the Southeast United States. The combination of these elements allowed the researchers to triangulate the data for a holistic perspective in hopes of discovering answers to the project question. The data collection and examination of each of these three areas is outlined below.

### NAIS Database of Self-Reported Independent School Indicators

The NAIS database contains self-reported financial and other key statistics from 1,285 schools. We were supplied with the raw data used to produce NAIS StatsOnline, a benchmarking tool available to NAIS members. We chose relevant indicators from 2005 (pre-recession) to 2010 (post-recession) that highlight school change and decision-making related to mission and market forces. In some cases, this data was reviewed year by year so that comparisons of each year from 2005 to 2010 could be included in our findings. However, we also narrowed the data by matching only those schools who reported data for both 2005 and 2010; after this matching process, 1,149 NAIS member schools remained for which accurate data was provided. Some schools opened or closed or gained or dropped NAIS membership during the 2005-2010 period; by eliminating these schools, we were able to examine the mean change from 2005 to 2010 at each school (and,

**StatsOnline is the largest repository of independent school data in the world...The data covers all aspects of school operations, including salaries, enrollment, admissions, financial operations, tuition, financial aid, giving, endowment, and staffing, among others. (NAIS website)**

based on those means, the mean change at all schools) more accurately.

Subsequently, we conducted a number of statistical tests on the NAIS database to examine differences in specific variables reported by the schools. These tests, outlined in the tables in Appendix A, began with t-tests to compare the means of an assortment of variables reported by schools in 2005 and 2010 (using 2010 constant dollars where relevant). The results show where schools did and did not experience significant change during the recession. While none of these changes can be directly attributed to the recession on the basis of these statistical tests alone, the fact that the change is more than can be attributed to chance with a standard degree of confidence ( $p < .05$  or below), combined with findings from the survey and school interviews, may provide valuable suggestions about school choices during the past several years.

The statistical tests also include one-way ANOVA for comparing four types of schools by grade level served. Since independent schools can start or end at any grade level but generally are divided into the similar divisions of upper school (often grades 9-12), middle school (often 5-8), lower school (often 1-4), and early childhood (any grade below 1<sup>st</sup>), we based our categories on school inclusion of these divisions. Thus, the four types of school by grade level include K-12 (any school with at least one grade level of early childhood and continuing through upper school), 1-12 (any school that includes an elementary grade and an upper school grade), K-8 (any school that includes early childhood and a middle school grade), and 6-12 (any school that serves no students below sixth grade and continues into upper school). With the exception of type 2 schools (1-12), each of these groups contains a fairly large population; we retain type 2 schools as a category despite smaller numbers because they may offer valuable insight into the difference having an early childhood component makes in an independent school. Student's t-tests were used to compare various models of schools (boarding and day, single gender and coeducational, southeastern and non-southeastern) to see the degree to which the change in these models during the years of the recession differed.

In addition to the statistical tests reported in the tables in Appendix A, the team ran a number of other t-tests and Pearson's Correlation figures on a wide variety of different variables reported in the database to see whether the change to individual school indicators correlated with the change to other indicators during the recession. The vast majority of these statistical tests yielded few statistically significant differences relevant to this study.

## The Survey of NAIS Heads of School and Business Officers

Simultaneously, the team crafted a survey intended for both Heads of School and Business Officers of all NAIS schools. The intent of this survey was not only to support the initial findings, but also to inform the subsequent qualitative studies. Through examination of the relevant literature on independent schools, discussions with NAIS staff, and our initial findings, the survey (Appendix B) was created.

The survey was distributed electronically in late September, 2011, with a two-week window for response. The team used online survey software as the collection tool, allowing the intended constituents to participate anonymously. A letter crafted by the research team explained the purpose of the study, as well as a statement of full support from the client (NAIS). The client used its internal email distribution list of Head of School and Business Managers to distribute the link to the survey. Ultimately, 988 individuals from 2,661 potential email recipients (37%) responded to the survey, with 898 finishing all questions. Because responses were anonymous, it is impossible to say how many specific schools took part in the survey.

Table 2.1: Descriptive Statistics for the Survey of Heads and Business Managers

Role:	Heads	Business Managers	Other	Totals				
Number	448	442	8	898				
Percent	49.90%	49.20%	0.90%	100.00%				
TYPE	K-12	1st-12	K-8	6th-12	Totals			
Number	382	39	306	260	987			
Percent	38.70%	4.00%	31.00%	26.30%	100.00%			
GENDER	Boys	Girls	Coed	Total				
Number	75	69	844	988				
Percent	7.60%	7.00%	85.40%	100.00%				
BOARDING	Boarding	Boarding/Day	Day/Boarding	Day	Totals			
Number	23	113	61	791	988			
Percent	2.30%	11.40%	6.20%	80.10%	100.00%			
ENROLLMENT	U-200	201-300	301-500	501-700	700+	Totals		
Number	186	171	249	155	227	988		
Percent	18.80%	17.30%	25.20%	15.70%	23.00%	100.00%		
REGION	East	Mid-Atlantic	Midwest	New England	Southeast	Southwest	West	Totals
Number	126	168	124	151	158	106	155	988
Percent	12.80%	17.00%	12.60%	15.20%	16.00%	10.70%	15.70%	100.00%

However, respondents did identify themselves as either a head (50%) or business manager (49%), with 8 (1%) individuals identifying themselves in other positions. Assuming that each responding school has a separate head and business manager (the usual practice for independent schools), this means that at the minimum 442 schools responded to the survey, while an unlikely but possible maximum number of schools responding is 988 (see Table 2.1).

Some responses to the survey were checked for statistical significance using chi square testing. The results of these tests are included in the tables in Appendix A. Other results are reported in figures and tables throughout the findings in this report.

## School Interviews: A Qualitative Data Collection

The essential aims of our school interviews were: a) to evaluate the recession and how it has affected various aspects of the day-to-day operations and decision-making processes of the school, and b) to gain a deeper understanding of how attitudes, values, and the school mission affected and were affected by those operations and decisions. Simultaneously, the interviews informed the entire project by further providing individual examples of school types represented in the quantitative data provided by NAIS and our survey. Among the six schools we visited were one single-gender school, one school with a boarding component, a K-8 school, two K-12, coed schools (established more than fifty years apart and in different contexts) that each include a high percentage of international students, and one K-12, coed traditional prep school. Additionally, these schools are located in five different cities or towns in the Southeastern region of the United States (two of the schools are located in different regions of the same city).

### Design: Why a Qualitative Component to This Study?

Studies of quality in programming are particularly suited to qualitative design, writes Patton (2002), because quality “has to do with nuance, with detail, and with the subtle and unique things that make a difference” (p. 150). Similarly, some suggest that qualitative research lends itself to subject matter that “pertains to inter-personal relationships, people, and the settings in which they co-exist” (Peshkin, 1993). In the case of studying the sustainability of independent schools, market decisions are almost impossible to disentangle from such personal interactions and nuance.

Independent schools are tuition-driven institutions, where operating costs are covered by both the tuition itself and an accompanying annual fund. Thus, enrollment must be constantly monitored and maintained. Interestingly, however, enrollment at independent schools, even during the recession, has continued to grow steadily by 1.0 – 1.4% annually (Torres, 2011). How then did the recession impact independent schools and what decisions were made to ensure a school’s successful navigation during this substantial shift in the nation’s economy? Looking at the market-driven decisions and operations of schools, including financial data, enrollment trends, teacher salaries, financial aid dollars awarded, and other economic factors does illuminate some aspects of the economic health of a given school. However, it does not tell a complete story.

The mission-driven components of independent schools are equally important, if not more so. Questions that arise from examining culture, college placement, diversity of student body, course offerings, and other programmatic elements are what make independent schools attractive in a marketplace of school choice. School missions help decision-makers stake out their positions and goals for all of these areas; wavering on these positions and goals can sometimes help navigate a short-term lull or down economy, but can also spell doom in other ways.

Thus, looking at where mission and market aspects of school operations intersect requires a deeper study of school decision-making in a time of recession. It is the data that is not in a financial balance sheet or a report to professional associations that best reveals how school attitudes, values, and mission drive this decision-making. A qualitative component is necessary to better understand the balance between both the market and mission sides of



**Table 2.2: Case Study School Pseudonyms and Descriptions**

School Name	Type of school; grade levels
Global Collegiate School	Co-ed, day, international; PK4 – 12 <sup>th</sup> grade (type 1)
Wooded Acres Girls School	Single-gender, day school; 5 <sup>th</sup> – 12 <sup>th</sup> grade (type 2)
River City Day School	Co-ed, day; PK3 – 12 <sup>th</sup> grade (type 1)
Boarding Day Academy	Co-ed, boarding & day; 6 <sup>th</sup> – 12 <sup>th</sup> grade (type 4)
Southeast Prep	Co-ed, day; TK – 12 <sup>th</sup> grade (type 1)
The Episcopal School	Co-ed, day, religious; K – 8 <sup>th</sup> grade (type 3)

*Note: School type (in parentheses) refers to types used in Table 5, Appendix A*

independent schools and how they help or hinder schools when navigating uncertain economic times.

While some results of the site interviews cannot be generalized beyond the specific schools in which responses are collected, insights may offer glimpses of greater truths about the ability of schools to navigate economic recessions and provide rich avenues for further discussion and research. At each school, therefore, interviewers spoke to a variety of individuals, including board members, parents, heads of school, business managers, division heads, teachers, admissions and development officers, and other key individuals such as an assistant divisions head or an academic dean (for a complete list of the positions and number of individuals interviewed at each school, see Appendix C).

By definition, based on regions used in NAIS data collection, the Southeast contains schools in Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. The six sites chosen for this study were located in three of these states but in different locations throughout the states. Pseudonyms have been created for all schools to preserve anonymity (see Table 2.2)

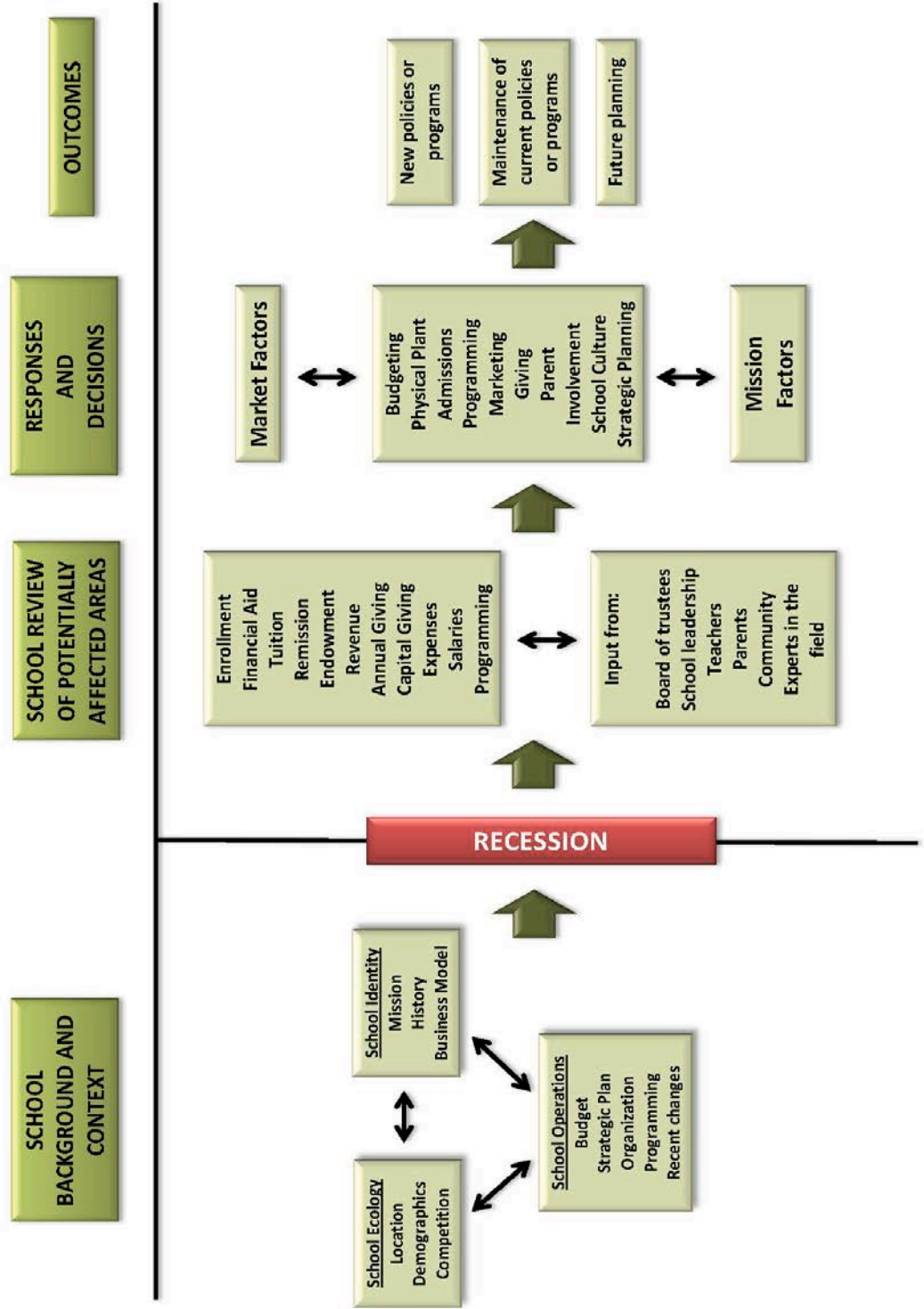
## **An Analytical Model: Inputs and Outcomes**

Interview questions for the case study school visits emerged from an analytical model developed through examination of the quantitative data, literature on independent schools and organizational theory, and the researchers' experience in such schools (see Figure 2.1). What emerged from this early thinking was a picture of schools as complex entities whose organizational and philosophical landscape is made up of a combination of school ecology factors (location, demographics, and competition), school identity (mission, history, and business model), and school organization (budgets, strategic plans, organizational structure, programming, and responses to recent changes to any area). Each of these pieces influences and interacts with each of the others to create a unique school background; in many ways, this view of school context mirrors Tagiuri's systemic model, which includes four models of organizational climate: culture, ecology, milieu, and structure (Owens, 2004; Lindahl, 2006).

Once an external crisis such as a recession occurs, school background and context is changed, challenged, or creates new perceptions. Thus, schools begin to review areas that might be affected (e.g., finances, programming, operational structures) with input from experts within and without the school. Responses and decisions occur and may be driven by market considerations, mission considerations, or both (in the worst of all possible worlds, such decisions would be purely reactionary and align with neither the market nor the mission). The resulting outcomes involve new directions and change, staying the course, or planning for future change.

With each of the constituents we interviewed, we attempted to draw on that individual's expertise at the appropriate place or places in this analytical model: parents, for instance, know little of the details of school budgeting or faculty salaries, while board members often know more about possible future outcomes than immediate consequences. Interview questions for each position or role within the school are contained in Appendix D of this report.

Figure 2.1: An Analytical Model for School Decision-Making during a Recession



## Limitations of the Study

A unique set of limitations exists for each area of data collected in this study: the NAIS database, the Survey, and the qualitative data from the six site visits. Limitations within each of these areas are expounded upon below:

### NAIS Database Limitations

- *Reliability of the Database*

The NAIS database relies on self-reported data collected annually from independent schools. In some cases, these data required interpretation or calculation by the school. For example, in admissions, some schools collected data on inquiries of new students to track trends. However, schools differed in how they calculated and or collected the data. A phone call, a full-day visit, an email, or attendance at an open house could all constitute an inquiry. The NAIS database tracks numbers like these as well as others in numerous financial, admissions, and demographic areas. Different individuals within the school from year-to-year, or even within the same year, of course, may complete these reports. In essence, self-reported data itself carries with it a degree of error.

Additionally, data reports were sometimes incomplete or appeared to contain probable errors. Nevertheless, the size of the sample ensures reasonably accurate mean and median numbers despite the occasional outlier. Also, a small number of schools left or joined NAIS or closed or opened during the years 2005-2010, resulting in incomplete data for those institutions. To test change over time, therefore, we created a database that included only those schools that reported data for both 2005 and 2010. This process meant that some schools had to be excluded from the analysis.

Yet another limitation of the database is that self-reported financial data did not take into account the effects of inflation. Where appropriate, therefore, we have used 2010 constant dollars to compare figures. Schools themselves do not necessarily make decisions based on constant dollars, however, and may simply look at actual dollar figures over time in their own budgeting consideration.

Finally, certain key pieces of information related to school finances, such as debt, debt ratios, or individual budget items, are simply not reported to NAIS by member schools and are therefore unavailable for comparison.

- *Validity of the Database*

Because the NAIS database includes information collected annually from all member schools, the information it provides is highly generalizable to independent schools. While individual school reports might be subject to the sorts of internal validity threats that concern other studies (history or maturation effects, for instance), the database as a whole is unlikely to be affected by such threats.

## Survey Limitations

- *Reliability of the Survey*

The Survey we sent to Heads and Business Managers garnered 988 individual responses; however, the nature of the Survey and of the responses each result in limitations that must be considered.

Ninety (90) of the survey respondents did not answer any question past question 11 (out of 15), possibly because question 11 asked for a ranking of ten items that required slightly more time and attention than other questions on the survey. Some of those who did not continue elected to respond by email, explaining that they did not understand how to check the offered boxes on this question in a way that allowed them to move on to the next question. These 90 responses did include enough information in the first ten questions that the responses could be included in some statistical tests, but produced a smaller sample size for questions 11-15. Interestingly, the even balance of Heads and Business Managers responding remained the same even when these 90 responses were disregarded.

Finally, the Survey itself may have issues of related reliability. With no study of independent schools addressing these questions, there were no prior surveys that we could use to rely upon that measured mission and market components of independent schools. The questions asked on the Survey were directly related to an analytical model (Figure 2.1) created by the research team and the client's Senior Director of Academic Research attempted to address its face validity.

- *Internal Validity of the Survey*

Because the Survey relied on self-reported analysis, many of the questions may more accurately capture perceptions of financial variables than actual, reliable figures themselves. The self-selection process presents possible threats to the internal validity of the responses. It is also possible that schools that responded did so because they felt particularly strongly about the strength or weakness of their school during the recession. This is a selection limitation that may also affect the validity of the responses.

- *External Validity of the Survey*

Because the Survey was intentionally designed to be anonymous, no question asked for a specific school name or individual name. Therefore, it is impossible to tell how many distinct schools are involved in the survey. Because 49% of respondents identified themselves as business managers, 484 schools can safely be assumed to be the minimum number of individual schools responding, while it is possible that all 988 responses came from individuals at different schools. The true number of individual schools responding to the survey probably lies somewhere in between, as some heads and business managers from the same school likely completed the survey. Thus, while a return of 37% (33% for questions 11-15) offers a very good response rate, it also presents limitations of generalizability from this data.

## Qualitative Limitations

Patton (2002) espouses the importance of uncovering patterns, themes, and categories in qualitative research through creative and critical methods. Similarly, Filstead submits, "It is

crucial for validity—and, consequently—for reliability—to try to picture the empirical social world as it actually exists rather than as the researcher imagines it to be” (Filstead, quoted in Patton p. 53). In conducting interviews at six schools, we sought substantive significance, making an attempt to balance an understanding of interviewee’s experiences (an emic perspective) with a scholarly, informed interpretive lens (our own etic perspective).

The sum total of individuals interviewed at each school represented an appropriate, feasible, and adequate number when time and resource constraints were taken into account. Division Heads, teachers, and parent association representatives were interviewed in friendship pairs in order to maximize both comfort of the respondents and depth of responses. Similarly, the number of individuals, combined with their position at the school, reflects an attempt to balance time and resource constraints with a sample size number that provided an adequate and reasonable insight into market and mission decision making at each school.

All interviews were audio taped in either a quiet, comfortable conference room located away from the main flow of student and faculty interaction, or b) in the office of the particular individual. Three Board of Trustees members (one from Southeast, one from GCS, and one from BDA) were interviewed over the phone due to time and location limitations. The on-campus spaces provided privacy as well as a central location from which to conduct the numerous interviews scheduled for the day. Similarly, the researchers employed a hybrid interview protocol that combined open-ended questions with semi-structured ones. What followed was guided conversation that was designed to focus on discovering and confirming responses. This balanced protocol created a framework aimed to better understand the research question, or as Patton suggests, “Another reason for using qualitative methods is that for particular phenomena or outcomes, no acceptable, valid, and reliable measures exist” (p. 192). Interviews were transcribed verbatim and then placed into matrices for initial analysis.

- *Reliability of the Qualitative Study*

With respect to reliability, Rubin (1995) submits that a study that is reliable is one in which “two researchers studying the same arena will come up with compatible observations” (p. 85). Indeed, this trend held true for the results from interviews at the six site locations; very little, if any, contradictory evidence was found as a result of the interviews or observations.

Upon closer examination, this study stands unencumbered by common threats to external reliability. The setting created for each set of interviewees provided an appropriate and comfortable environment to ensure privacy, trust, and confidentiality. The interview protocol, undergirded by the literature review, chunked questions into previously accepted constructs. As a result, minimal, if any, bias, jargon, or abstraction existed. Researchers were transparent in recording data, composing field notes, and consistent in creating the circumstances under which all interviews were conducted. Finally, the same question protocols remained the same for all site locations and for each constituency interviewed. As a whole, the multiple threats to external reliability were minimal at most.

Within this study, both researchers arrived at similar meanings from the data retrieved. Similarly, audio taped interviews through identical mechanisms were employed, as well as using concretely phrased words within the interview protocol. Subsequently, we believe that given a set of previously generated constructs, other research groups would have found similar results, thereby rendering the findings to be internally reliable.

- *Validity of the Qualitative Study*

Rubin (1995) suggests that validity in qualitative studies is reflected in a result that “closely reflects the world being described” (p. 85). Based on research highlighted within the literature review, interviews of a representative sample of constituents, and transparency in the process with all interviewees, the results appear valid. Similarly, Patton (2002) submits that to combat issues of internal validity, researchers should triangulate data using multiple sources to corroborate findings. With two researchers crosschecking data in this study, Patton’s assertion of testing “for such consistency” (p. 248) in overall patterns of data from difference sources holds true. This, he further suggests, contributes to the overall credibility of the findings.

Our six case study sites were carefully chosen to reflect a wide range of school types and business models. However, six schools out of around 1,300 can hardly be said to serve as a representative sample. Moreover, one single-gender school cannot serve as a proxy for all single-gender schools. Thus, the qualitative data gathered in school interviews must be viewed as explanatory but not conclusive.

Both researchers have significant experience working in similar types of school; this experience helps inform and shape a better understanding of the study material. However, at the same time, it reduces objectivity. This raises an additional threat to internal validity.

While the effect of school context was a piece of the overall picture, we wished to uncover, in our interviews, differences in context, which may limit the generalizability of our findings. For instance, while all six schools were located in the Southeast, one was in a rural location while the others were in major cities. Such unavoidable differences are important to understanding each school’s unique decision-making, but it makes comparisons between schools more complex. In choosing the six schools, we eliminated some schools that could not accommodate a day of interviewing or who did not respond to requests for participation, raising the possibility that the six schools that did respond did so, in part, because they felt they had more strengths than weaknesses to share.

Heads or other employees of the school chose the interviewees themselves or other employees of the schools based on a list of positions we submitted to them. In some cases, only one employee in a certain position exists in a school (a Head of School, for instance). In other cases, such as that of teachers or parents, there are many choices. It is likely that those we interviewed represented the most involved and invested parents and teachers at many schools. While not every interviewee was a blindly idealistic proponent of the school, we cannot suggest that the teachers or parents with whom we spoke are representative of the entire community at the school, nor of independent schools as a whole. Indeed, parent interviewees were chosen particularly because of their investment in, and thus knowledge of, the school and its processes; this selection process may limit the validity of the responses at the same time that it offers more insight into the school workings themselves.

The interviews themselves took place at the schools in one day or over two consecutive days. Given that school policy and context can change rapidly, the interviews must be viewed as a snapshot of perceptions at one moment in time and not static beliefs and attitudes.

Because the strategies employed in this study were based on interviewing a representative sample and being transparent with all constituents about the aim of the study, the results appear valid.





# Section 3: Case Study Schools

## An Overview of the Six Sites

### IN THIS SECTION

---

1. Global Collegiate School
2. Wooded Acres Girls Schools
3. River City Day School
4. Boarding Day Academy
5. Southeast Prep
6. The Episcopal School

In this section, we offer an overview of six independent schools located throughout the Southeast. Each of these schools, which are only described here under pseudonyms, provided us with financial data, promotional materials related to the school, and access to members of the school community for interviews (for a complete list, by title, of individuals interviewed at each school, see Appendix C).

The descriptions that follow give context to the quotes and statistics relating to these schools that we have included throughout this study. Each narrative is accompanied by core indicators for the school. It should be noted, however, that statistics for age, enrollment, tuition, endowment, and salary are rounded or given as ranges to protect the anonymity of each school.

### Global Collegiate School

Global Collegiate, a coeducational school housed primarily in a stately building that formerly served as a public high school, stands out from its many local competitors primarily because of its international focus and its K-12 International Baccalaureate program. At every grade level, students are exposed to the IB curriculum; in the lower grades students receive full immersion instruction in a target language every other day. In concert with this global curriculum, GCS teachers and families alike are themselves global, with around half of all students considered international. The school is young—it opened its doors only around 25 years ago—but has grown rapidly and now enrolls nearly one thousand students.

GCS took stock of the economic downturn early on, made a series of careful choices and redistributions in its budget, and then rebuilt its operations accordingly. As a result, the school not only weathered the recession but also possibly emerged as a stronger institution in many ways. Among its strategic decisions, the school chose to sacrifice, for one year, professional development, faculty raises (except for a \$500 across the board increase), and aspects of the operational development such as field trips, supplies, and some maintenance expenses. Some natural attrition of staff resulted in non-renewed positions. At the same time, GCS made a strategic decision to almost double financial aid in an effort to help families remain within the school. No programming was cut. Thus, a conscious, fundamental trade-off was

Global Collegiate School: At-a-glance	
School type	TK4-12 <sup>th</sup> grade, coed; day
Year founded	1980
Location	Suburban
Enrollment (2010, approximate)	1000
Change in enrollment since 2005	+ 34 students
Tuition range	\$16,000 - \$18,000
Endowment range	\$5-7 million
Parent participation in Annual Fund (2010)	60%
Financial Aid students (2010)	178
Financial Aid students change since 2005	48%
Median teacher salary (2010, approximate)	\$57,000

made at GCS during the recession: freeze salaries, tighten operating costs, cut professional development, but raise financial aid for current families and seek to increase enrollment.

As a result of this bargain, enrollment continued to rise and the annual fund revenues increased during the recession. However, the endowment decreased by approximately 30%. The school nonetheless managed to conduct a successful \$16 million capital campaign and built a new building, but had to put on hold plans for an early learning center.

A constant theme at GCS was the importance and value of community. Indeed, the idea of community building seemed to be not just a response to the recession but a valued part of the school mission. In addition, the international aspects of the school mission deeply inform decisions in all areas related to operations, financing, budgets, and business.

## Wooded Acres Girls School

Wooded Acres, a school for girls serving grades 5-12, sits atop a gentle hill in the midst of a wealthy suburban area. The campus combines the old and the new, ranging from an innovative and spacious new arts center to staff offices in a converted home that was situated on the campus at its inception over a century ago. Similarly, the programming, mission, and community of the school represents both the traditional and the progressive; on the one hand, the school boasts a fairly classical curriculum and a large number of families with deep roots in the community, while on the other, the school has leapt forward in areas such as STEM initiatives, including a 1:1 laptop program.

Constituents at Wooded Acres express more awareness of the recession than actual concern at its effects. Indeed, despite isolated areas in which the school continues to seek improvement, overall the institution flourished during the years of the recession: enrollment has neared capacity, the silent phase of a campaign raised half of the more than \$30 million

Wooded Acres Day School: At-a-glance	
School type	5 <sup>th</sup> -12 <sup>th</sup> grade, single-gender; day
Year founded	Late 1800s
Enrollment (2010, approximate)	600
Location	Suburban
Enrollment change since 2005	+ 57 students
Tuition range	\$20,000 - \$22,000
Endowment range	\$23-26 million
Parent participation in Annual Fund (2010)	77%
Financial Aid students (2010)	98
Financial Aid students change since 2005	34%
Median teacher salary (2010, approximate)	\$55,000

goal, and faculty salaries continued to rise. In addition, while the school certainly saw an increase in requests for financial aid and did increase its financial aid budget dramatically, it compensated for the budgetary change fairly easily, in part by adding a large number of students during the same period.

Wooded Acres occupies a position in its city that, while not weakening the school, requires a delicate balance. First, as a single-gender institution, Wooded Acres envisions itself both as a product-driven school, emphasizing at many levels the college preparedness it offers, and also a school that teaches girls in the ways they learn best (essentially a process-oriented method). Secondly, Wooded Acres is not without competition; the local market includes not only a wide variety of independent schools, including a new school that has lured away a number of strong athletes, but also a healthy cohort of magnet schools that includes two of the strongest public schools in the nation. As a result, Wooded Acres must carefully structure its admissions process and marketing around both its private and public competitors.

## River City Day School

River City Day School, a PreK-12 grade co-ed day school with approximately 800 students, draws its population both from the traditional population of the city in which it is located and also from national and international migrants to the city, which is also the home of several major global corporations. Philosophically, the school clearly focuses its mission on creating a learning process, preparing students for a global world with new modes of learning at its core, rather than expressing college placement as a primary goal. As a result, the school has both an internal and external reputation as being a home to international mindedness—an attractive proposition to an increasing population of prospective families moving into the city from the rest of the nation and abroad.

River City Day School: At-a-glance	
School type	PK3-12 <sup>th</sup> grade, coed; day
Year founded	1920
Suburban	Suburban
Enrollment (2010, approximate)	700
Change in enrollment since 2005	+ 11 students
Tuition range	\$13,000 - \$16,000
Endowment range	\$150,000
Parent participation in Annual Fund (2010)	65%
Financial Aid students (2010)	76
Financial Aid students change since 2005	4%
Median teacher salary (2010, approximate)	\$47,000

This mission, however, is relatively new. Throughout its history, RCDS has served a number of other purposes, including periods in which it was an all-girls school, a boarding school, and a Montessori school. These changes in identity over a number of decades led to a period in the late 1980s when RCDS teetered dangerously close to ruin, with graduating classes below 10 students, a diminishing alumni base, and a startlingly small endowment. Nonetheless, through a series of strategic moves that included selling land and specific efforts to increase enrollment, RCDS grew throughout the 1990s and 2000s, adding students, growing its physical plant, and establishing an excellent reputation throughout the city.

Since the downturn, the school made a firm decision to distribute more financial aid to help maintain the community. Similarly, there was a shared notion about offering slightly less money per family to more families. This appears to have been a shift in philosophy from previous eras where funding was isolated to a smaller population of individuals. At the same time, amid a strategic planning process, RCDS made a conscious decision to create budgetary planning around an enrollment number in the low 700s. From that point, any additional students would allow the school to operate in a strong cash position. As a result, contrary to the norm of many independent schools, 100% of the tuition costs cover the operations of the school, including faculty salaries. This operational model is particularly important to the school because its endowment remains low compared to benchmark levels for schools of its size and age. Despite the lack of a robust fund as a safety net, the school continues to grow in every way.

Across all constituencies, the consensus was largely positive and that there was not a negative impact on programming as a result of the economy. Instead, there was growth in three key, strategic areas: technology, athletics, and a new IB program. Important to note was that each of these programs was in place to launch prior to the downturn of 2008.

Although RCDS appears to be in sound financial shape, some faculty feel that the continued operation of the school in what seems to be a crisis-mode of budgeting is at odds

with the reported economic success. In addition, there is a growing tension in philosophies, primarily due to the addition of the IB program in the Upper School. On one hand, the school touts its process-driven ideology and pedagogy. However, it simultaneously boasts an IB program that is clearly, at least in the initial form it has taken at the school, product based. There is also an additional concern, primarily among the veteran faculty, that with the addition of new sports fields, a state-of-the-art athletic building, and a football program, the school will be less intellectually focused and the admissions door widened slightly.

## Boarding Day Academy

Boarding Day Academy is an independent day/boarding school encompassing grades 6-12 that has been educating young men and women in a small, rural town for over a century. While recent discussions about adding a satellite K-5 program in a nearby burgeoning city are being discussed among board, faculty, and parent constituencies, the early returns suggest that the school will not invest in this idea.

Despite their rural location and mixed boarding/day model, BDA appears to have weathered the financial downturn and emerged stronger as a result. In nearly every category the school saw positive gains, including enrollment, programming, and attracting new faculty with advanced degrees, as well as continuing to fund a robust professional development program for all employees. Financial analysis suggests the school is in sound financial shape with a full campus, a healthy endowment (over \$20 million), and a well respected, though aging faculty. However, there is an obvious need to improve the grounds of the campus – a sentiment shared by faculty, lead administration, and the Board. In fact, a silent phase of a large capital campaign has already begun, focusing on new dorms, faculty salaries, additional contributions to the endowment, and science initiatives.

Overall, the day-today operations, programming, and model remain healthy. Despite the economic downturn and a relatively low student population, BDA suffered no ill effects to programming during the recession of 2008. In fact, the school added programs, including two AP science classes, a strings program, and a football program. Similarly, the school added staff and supplementary materials to its Learning Center, established several years prior to the recession. There also seems to be a strong community feel on campus, whether at chapel, for a football game, or through an active residential life program.

Two areas of concern, however, were raised by members of the BDA community. One of these areas involved the tensions in campus culture that can arise between boarding and international students and local day students. These tensions are neither unsurprising nor uncommon in schools of this sort, and the community members genuinely want to address them. Another, less obvious concern arose in the areas of giving to the community; with a small population of parents, multiple groups on campus competed for funds during the recession. While this competition was not acrimonious, it came up in several interviews.

Looking forward, BDA employees cite the need to implement more intentional, targeted marketing, especially considering growing local, public competition from a nearby burgeoning town. While the relationship and perception of the school in that town is still very high, there is a palpable fear that a newly opened magnet school is a threat to enrollment. Similarly, BDA is also directly focusing on annual fund total dollar goals and percentage benchmarks, as well as building and grounds enhancements.

Boarding Day Academy: At-a-glance	
School type	6 <sup>th</sup> -12 <sup>th</sup> , coed; boarding & day
Year founded	Late 1800s
Enrollment (2010, approximate)	300
Location	Rural
Change in enrollment since 2005	+ 47 students
Tuition range: Day	\$12,000 - \$15,000
Tuition range: Boarding	\$34,000 - \$36,000
Endowment range	\$19-22 million
Parent participation in Annual Fund (2010)	24%
Financial Aid students (2010)	115
Median teacher salary (2010, approximate)	\$36,000

## Southeast Prep

Situated in the middle of fierce competition with several other independent schools, Southeast Prep is centrally located near the downtown area of a major U.S. city. Spread across more than 100 acres, this day school is home to almost 1,400 boys and girls in grades TK-12. For more than 70 years, the school has developed an outstanding reputation for its programs and strong leadership throughout its history.

Contextually, the school also happens to be in a city with a heavy banking industry. Despite that and the national trends, Prep was one of only two schools in the state, and only one of a handful within the region, not to increase tuition during the year following the recession. While the school was able to increase faculty salaries slightly, the more impressive statistic was an increase in enrollment in the middle of the downturn, as well as the years thereafter.

Even amid the fear of losing students and families, the reality of the Board Chair losing his job, and the school just recently embarking on a capital campaign, from the top down, the message was clear, consistent, and well received; the school was going to be a place of calm and of consistency, regardless of what was happening outside the campus walls. The focus on community, relationships, and taking care of each other – all of which were present prior to the downturn – were of even greater focus over the past few years.

Financially stable since its inception, Prep used a New Family fund for decades. However, they have recently instituted a traditional annual fund, which is dedicated primarily to help attract and retain the faculty and staff by way of salaries and benefits. Similarly, the school took on a multi-million dollar campaign – only to be hit with the downturn one month later. Through deft decision-making and capitalizing on the lower price of construction that ensued after the recession, Prep was able to continue to add to its campus with a Fine Arts facility. And while it took two years to complete the process, the school emerged in better

Southeast Prep: At-a-glance	
School type	TK-12 <sup>th</sup> grade, coed; day
Year founded	1950
Location	Suburban
Enrollment (2010, approximate)	1400
Change in enrollment since 2005	+ 31 students
Tuition range	\$17,000 - \$20,000
Endowment range	\$20-23 million
Parent participation in Annual Fund (2010)	N/A (not applicable)
Financial Aid students (2010)	155
Financial Aid students change since 2005	22%
Median teacher salary (2010, approximate)	\$58,000

shape both physically and with respect to enrollment. In fact, the recent ninth grade class is the largest in the 60+ year history of the institution.

Looking forward, the school continues to be cautious and conservative, both in terms of faculty salary increases and operating in the black. While the faculty has felt some restraints on professional development, the consensus is one of appreciation for being employed and a deep trust in the leadership of the institution.

## The Episcopal School

Nestled behind a 150 year-old church on two small city blocks in the heart of a major Southern city, The Episcopal School is at once an urban and a neighborhood institution. Ten minutes from a major downtown area, Episcopal nonetheless serves families who live, for the most part, within walking distance of the school in a gentrified historic community. The school itself dates from the late 1940s and is largely independent from the church, though some formal financial and organizational ties still bind the two together; the church rector sits on the board and conducts chapel services for the school and the school pays rent to the church for some buildings, for instance.

Despite continued financial stability, Episcopal saw a variety of changes during the years of the recession. Since 2006 the school has welcomed a new head (formerly the head of middle school), three new division heads, and a new business manager. In addition, Episcopal has added a major building to the site that houses athletics and arts facilities and has even revised its mission statement, streamlining a wordier mission into a succinct sentence that includes greater emphasis on the process of learning and citizenship. Yet the sense of the school community is not one of turmoil or uncertainty but of steadiness; the programming and essential philosophy of the school remains unchanged regardless of its new administration and

The Episcopal School: At-a-glance	
School type	K-8 <sup>th</sup> grade, coed; religious
Year founded	1950
Location	Urban
Enrollment (2010, approximate)	500
Change in enrollment since 2005	+ 36 students
Tuition range	\$10,000 - \$13,000
Endowment range	\$10-15 million
Parent participation in Annual Fund (2010)	55%
Financial Aid students (2010)	67
Financial Aid students change since 2005	60%
Median teacher salary (2010, approximate)	\$40,000

features. As with other independent schools in the study, Episcopal’s parents and faculty repeatedly emphasized the strength of its communal and social cohesion.

Episcopal, however, is not free from challenges. As a K-8, coed school, the institution struggles to keep alumni and parents involved in giving campaigns. The school also faces enrollment difficulties at both ends of its spectrum—kindergarten classes did not fill in some years during the recession, and in other years middle school students left early, often to seek upper school spaces at other independent schools. Neither of these factors has caused major declines in enrollment, but enrollment numbers have fluctuated between 500 and 520 over the past several years.



## Section 4: How Far South is South?

### Initial Planning for the Recession

#### IN THIS SECTION

1. Schools planned conservatively.
2. Schools placed a priority on keeping current families on site.

**“When it looked like things were heading south, I don’t think any of us knew exactly how far south ‘south’ was, or how fast...it was a matter of, ‘How much can we cut on a temporary basis and still maintain the basic programs?’”**  
*(Business Manager, Global Collegiate School)*

Even prior to December 2008, many schools saw the dark clouds of economic uncertainty forming on the horizon. As such, planning for potential unprecedented economic times began. Knowing that parents could lose their jobs and thus the ability to pay tuition at an independent school, Boards of Trustees and their respective Heads of School began to chart scenarios – hoping for the best, but expecting the worst.

Amid a 24% decline in mean net worth in household income from 2007-2008 and almost 50 percent of homeowners reporting a decline in the value of their home over that same period, signs of the recession were evident (Pew Research Center, 2010). Not surprisingly, independent schools focused on their own homes, scrutinizing every budget, forecasting where efficiencies could easily occur, and revisiting potential expenses, just to mention a few financial considerations.

While some schools adopted a moderately conservative approach, others pushed for new levels of restricted expenditure. Or, as Southeast’s Business Manager put it, “Our financial modeling was very conservative—we discounted significantly to make sure we could do what we wanted to do even if the money didn’t come in.” Like small colleges, independent schools were in a similar situation with a fear that a “perfect storm of tumbling revenues would occur

when endowment losses and fund-raising drops were coupled with lower enrollments and higher financial aid discounts” (Chabotar, p. 8).

In short, early in the planning process, most schools looked for the most conservative road forward, while hoping to avoid it. Most importantly, they also worked hard to ensure that current families did not leave the school.

## 4.1. Schools planned conservatively.

With this conservative mindset in place at many schools, what emerged was a multi-tiered approach that involved best-, good-, and worst-case scenarios. Wooded Acres' Business Manager articulated this clearly:

We did budget for the year after the recession as if we were going to lose 20 students. We also created a third budget asking everyone who had a budget, "Where can you cut?" We asked to cut back 2-3% overall and then we said, if you could cut 5%, where would you do it?

At most NAIS member schools, expenses for faculty/staff salaries occupies more than half of the operating budget (NAIS Stats Online; 2009-2010). For some schools, however, considerations of trimming department budgets, postponing capital improvements, or adopting austerity in spending were not enough in a worst-case scenario planning mode. Despite even the most careful planning, the oncoming economic storm of 2008 forced schools to consider cuts to arguably the most valuable assets of any school—teachers:

Two-thirds of our expenses are our salary expenses. So after other cuts, we started talking about salary freezes and reductions. Some really painful things to think about, to think in terms of people who have families, who are having trouble enough getting along. That probably got the most serious thinking going.  
(Business Manager, GCS)

At the same time, the balance sheet had to account for enrollment—the lifeblood of running the business of an independent school. Failure to reach enrollment goals would inevitably drive more drastic decisions. Even with the most careful budget planning and trend analysis regarding enrollment, however, key administrators and decision makers faced an enormous question of how many students would be able to afford an education at their school.

Table 4.1: Changes in School Enrollment 2005-2010, All Schools

	n	Percent	Mean gain or loss
Lost students	373	39%	-41
Remained even	21	2%	0
Gained students	565	59%	39
Total	959	100%	9

Source: NAIS Database

We were having the discussion: “What happens if we are short 15 students? What happens if, God forbid, we’re short 30 and we’re looking for half a million dollars?” The committee fell kind of silent on that.

*(Business Manager, BDA)*

Like BDA, other schools also speculated how far downward the economic crisis might carry them, but most ultimately based on their planning on the prediction that the recession would likely slow or lower enrollment but not produce devastating consequences of the kind that worried schools might envision. In general, this prediction turned out to be true; enrollment at all independent schools nationally fluctuated but remained, in the end, steady (for more on this

**“We were having the discussion: ‘What happens if we are short 15 students? What happens if, God forbid, we’re short 30 and we’re looking for half a million dollars?’ The committee fell kind of silent on that.”**

*(Business Manager, BDA)*

trend, see section five). Table 4.1, however, shows that this trend in enrollment differed for individual schools; while the majority of schools actually added students, a number of schools lost students between 2005 and 2010.

Thus, while many schools ultimately saw modest overall changes to enrollment, many schools in the initial stages of thinking made the

practical decision to plan conservatively but not desperately. One business manager (at GCS) described the change in the conversation from absolute worst-case thinking to worse-than-now thinking:

We used to jokingly say, well, what’s the best case and the worst case? The worst case isn’t a 10% decline, it’s that everybody leaves. So we quit using “worst-case.”

A trend emerged among schools, then, of making separate plans, even multiple budgets, based on no growth and modest loss of revenue (usually a 5% loss). With this in mind, conservative financial planning characterized every level of budgeting in the early years of the recession.

#### **4.2. Schools placed a priority on keeping current families on site.**

Most organizations have an articulated mission statement—a philosophical base from which decisions are made. Independent schools often focus decisions heavily on their missions and mission statements; in the midst of economic uncertainty, those statements were tested more than usual. In fact, if the recession was an on-coming tornado, one might say that the school mission became a school’s storm cellar, a safe-haven. This theme, which emerged in talking with all schools in regard to their initial planning for the “Great Recession,” was summed up by Southeast’s Business Manager, who remarked, “The mission of our school has always been to take care of our existing families first.”

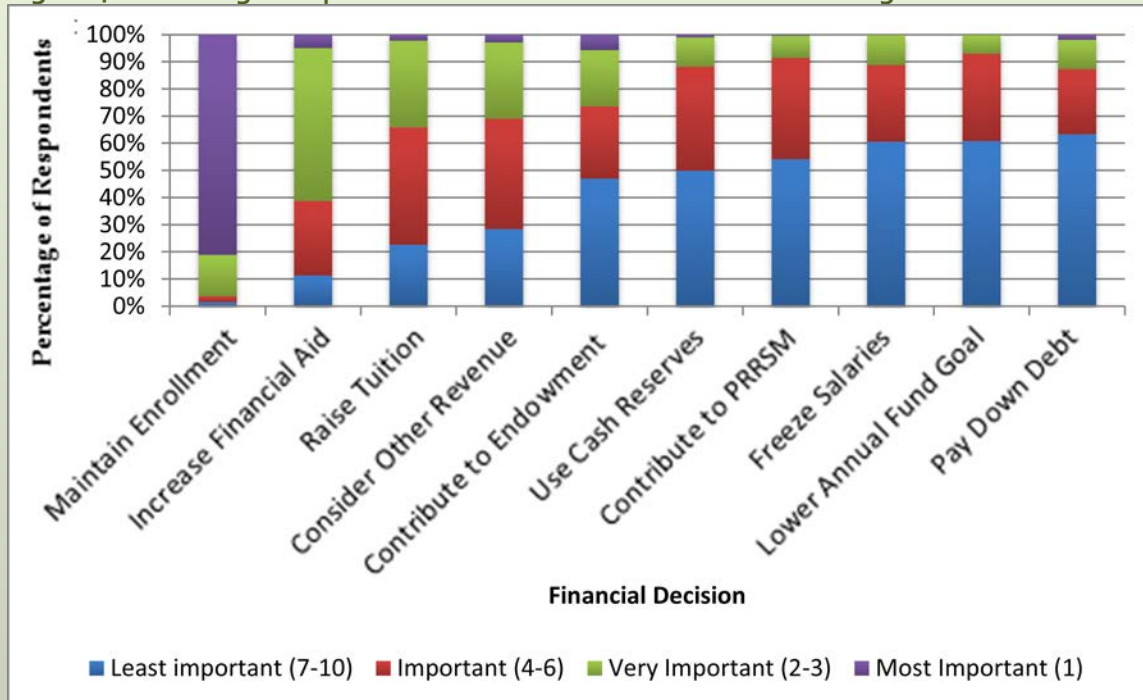
With their thinking focused on existing families, schools almost immediately appeared to concentrate economic decision-making primarily on the use of financial aid dollars to keep current families in the school. As Southeast’s Head of School said, “We increased [financial aid] by about a third that year [2009] not to address the needs of new families applying, but to help families who wanted to stay and needed some assistance.”

Other schools made the same decision, increasing financial aid specifically in anticipation of increased requests from current families. Figure 4.1 illustrates the priority placed on maintaining enrollment by heads and business managers, and it also shows that increasing financial aid ranked next in importance out of ten possible responses. Taken together, the value placed by heads and business managers on maintaining enrollment and increasing aid reflected the same reasoning that became clear in interviews: it was important to keep current families in the schools, even at increased cost.

Ultimately, most schools did, in fact, experience increased aid requests from families whose children were already enrolled (see section 7.1). In addition, while schools wrestled with financial survival, working diligently to ensure staying afloat, families also questioned their own expenses. A parent at Global Collegiate School captured the sentiment, stating, “Every year it’s a decision to stay. It comes down to your kids. Are they happy? Are they thriving? Can you make it work even when you have a dramatic shift in your personal household income?” Business managers and admissions officers reported numerous conversations with current families concerning personal financial change on 2008 and 2009.

Media and economic experts all reported similar warnings. ABC News, for example, reported that “the worst financial crisis since the Great Depression and the ensuing recession have forced Americans to change their lives in large ways and small. It’s a world of ‘new normals’ with more belt-tightening, less income” (Gomstyn, 2009). And while schools listened to the angst among their constituents, they largely came to similar conclusions concerning the need to offer greater assistance to families during this time. Wooded Acres’ Head of School, for Accommodation of current families, whether that meant simply offering a comforting ear or

**Figure 4.1: Ranking of Important Factors for Schools to Address during a Recession**



Source: Survey of Heads and Business Managers

working with them in the realm of finances, became a means stabilizing the community and allaying fears of what was to come.

The philosophy of actually helping school families as the effects of the economy were realized was tested as the 2008-09 school year began, and as Business Manager at Wooded Acres commented, “We did more to help the existing families we had. We knew we’d have people coming to us in the middle of the year saying ‘I just can’t finish the year’.” Though the turbulent winds of economic change struck different schools at different times over the subsequent years, initial planning actions at other schools appeared to mimic Wooded Acres, with school constituents locking arms in solidarity.

With the onset of economic uncertainty, schools made several distinct and strategic decisions, all of which focused inward. Instead of spending wildly on marketing efforts for fear of losing prospective families, schools took care of their own—current families and students. Perhaps the Business Manager at GCS best captured the general trend of initial planning decision-making when he said, “There’s a wonderfully strong sense of community here. We were thinking that we had to retain that—we had to support these people through the things we did.” At GCS, as at other schools, thinking thus developed that involved more than just financial stability in tough economic times; it also involved a consideration of community stability.



## Section 5: Waiting Another Year

### Unanticipated Enrollment Trends

#### IN THIS SECTION

1. Schools saw an extended admissions season.
2. Schools saw a decrease in enrollment at entry-grade levels.
3. As a result of planning for under-enrollment, some schools saw enrollment increase at certain grade levels.

**“More parents chose to wait a year due to the public schools in the area and the recession...[then] more spaces were available and admissions tried to pack the classrooms in case numbers did change.”**  
*(Parent, Southeast Prep)*

At first glance, one might be tempted to think that enrollment at independent schools during the recession remained largely unaffected. After all, schools as a whole experienced no statistically significant growth in enrollment between 2005 and 2010 (Table 1, Appendix A), either overall or from one single year to the next. Tables 2-5, Appendix A show that this lack of statistically significant change in enrollment at the national level remains true even when one examines schools by grade level, gender enrollment, boarding components, or region. As one can see from Table 5.1, enrollment remained fairly steady between 2005 and 2010 (even the apparent drop in enrollment in 2006 and the subsequent growth in 2007 and 2008 do not amount to statistically significant changes).

To say that enrollment fluctuated slightly and returned to pre-recession levels by 2010, however, does not tell the whole story of schools' experience with admissions and contracting with existing and new families. To begin with, the NAIS *Trendbook* for 2011-2012 notes that "overall independent school enrollment increased by

4.6% from 2000-01 to 2010-11, but the admission funnel activity required to support that enrollment growth steadily softened, with a greater number of acceptances needed for every subsequent enrollee" (p. 34). Indeed, from 2005 to 2010, acceptances increased to approximately 1.5 for every enrollee, a trend the NAIS *Trendbook* interprets to mean that schools became less

competitive, since they admitted more students for each application than they had earlier (p. 36). Such alterations in the ratio between applications, acceptances, and enrollees necessarily changed the planning efforts of admissions officers as they worked through the recession.

**Table 5.1 Average Enrollment at NAIS Member Schools, 2005-2010**

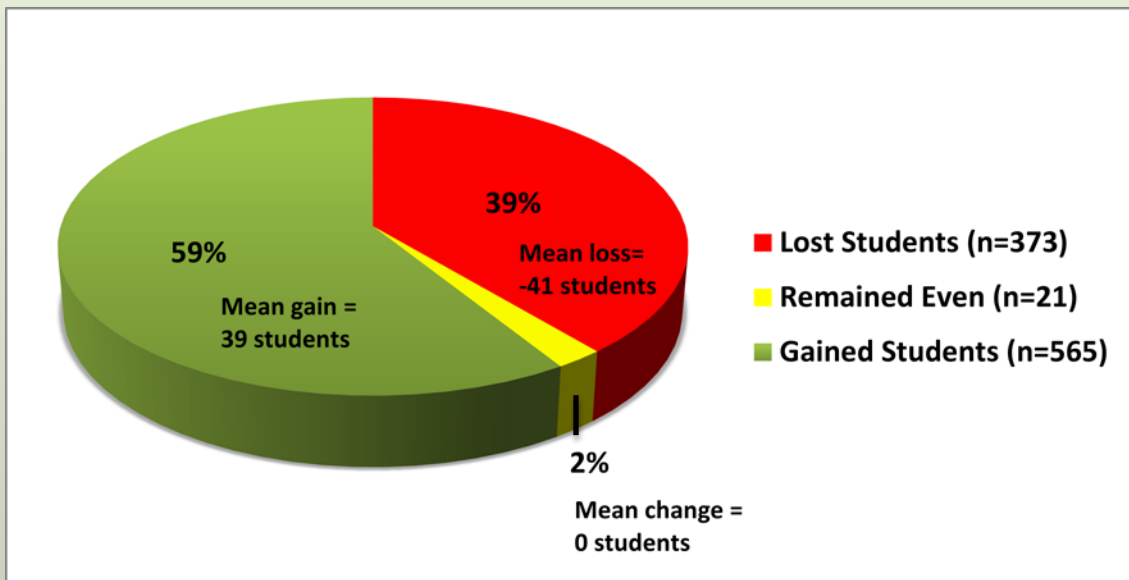
Year	2005	2006	2007	2008	2009	2010
Students	482	473	487	488	483	481

Source: NAIS Database

In other words, numbers alone do not express the effort, planning, or processes of schools during the enrollment season. In actual fact, individual schools realized extremely different enrollment results between 2005 and 2010. Among the 373 schools that lost students during that period, for instance, the average loss amounted to 41 students. The 565 schools that gained students averaged an additional 39 students (see Figure 5.1). Additionally, of those schools that lost students, 50% lost 25 or fewer over this time period, while of those schools that gained students, 52% gained 25 or fewer. These numbers signify a range of experiences in enrollment change, with some schools encountering far less change or growth than others.

Even for schools that experienced little or no change in enrollment, less quantifiable alterations to the admissions process occurred as a result in changes in parent attitudes and behaviors. Among these, three trends in particular emerged from conversations with school

**Figure 5.1: Change in Enrollment by Schools, 2005-2010**



Source: NAIS Database



admissions officers. First, schools saw the admissions season extend, as families took longer to apply, decide to enroll, and sign contracts. Second, many schools saw enrollment decrease at their lowest grade level, whatever that grade might be, as families considered waiting longer before enrolling students in an independent school. Finally, schools proactively worked to fill certain grades and, in some cases, saw a resulting increase in those grade levels when more families accepted offers than the schools originally anticipated. Each of these findings is explored in greater details in the discussion that follows.

### 5.1. Schools saw an extended admissions season.

For independent schools, which often rely on tuition to pay a large percentage of operating expenses, admissions deadlines can serve as the first step of a domino effect for numerous other decisions. How many sections of each subject should be included in the schedule? How many teachers will be needed? If there is a need to hire another instructor, what effect might that have on salary increases? Such questions, especially for smaller schools, all too often provide pressing reminders of the importance of every contract. Yet families may feel a number of financial and other pressures that encourage them to hold contracts beyond deadlines, despite school needs. During the recession, many schools were forced to wait longer for responses to offered contracts even from returning families.

This account from GCS's Business Manager paints a clear picture of the anxious waiting period schools faced during this time:

In 2008–09, we thought we would have died and gone to heaven if we had the same number of kids coming in the next year. I'll tell you what, starting in February, when we sent out our reenrollment admission contracts, there was a daily flow between admissions and the business office. "How many do we have today?" We got into the summer months, and as late as July, our enrollment was still 50 students down. The first of August, we were halfway to where we had been. School started and we enrolled 30 more than the year before. There was a surge.

**"We did more admissions process later in the year. We start at the same time, but we have more families coming late in the process. In July, we were still adding to our classes. Our admissions timeline is stretched out."**

*(Episcopal, Division Head)*

**Alterations in the ratio between applications, acceptances, and enrollees necessarily changed the planning efforts of admissions officers as they worked through the recession.**

School admissions officers agreed across the board that financial pressures caused families to wait a longer time before enrolling or re-enrolling during the recession. In many cases, decisions about financial aid further conflated the issue; as more families applied for financial aid, more families held back from fully committing to enrollment until financial aid decisions were final.

Such hesitation about enrollment deadlines may also be more pronounced

in areas where competition offers reasonable, cheaper alternatives. BDA felt its families might be lured away by the opening of a magnet school, for instance, as did Wooded Acres:

Today happens to be the deadline for the lottery for magnet schools. The parents have said to me when they asked me to fill out the form, "We're only doing this because we're applying for financial aid and this is in case we don't get the financial aid we need."

(Division Head, Wooded Acres)

These financial pressures and the possible pull of competition have created an impression among independent school leaders of independent school parents as savvy consumers. Such customers want value for their money, several business managers suggested, and make their decision about enrollment in a school carefully. Thus, the question parents must ask each year concerns the value of an independent school education; this question is made more pressing when there are cheaper alternatives or when financial pressures increase.

## 5.2. Schools saw a decrease in enrollment at entry-level grades.

Many of the decreases schools experienced in enrollment occurred at the lowest grade level offered, regardless of whether that grade fell into an early childhood, elementary, or middle school division. For Wooded Acres, this earliest grade is fifth grade:

That's the place where we are not sure if we're seeing the recession or not. We can hold a certain number; it's been as low as 75% of that. That's a place where people really have to make a choice, and people may be thinking they'll wait until 7th grade and save that money for two years.

(Division Head)

**"We saw a reduction in lower school. We heard from families that they were saving their money, they weren't so dissatisfied with the public schools. They waited until middle and upper."**

*(Director of Admissions, RCDS)*

Although Wooded Acres claims uncertainty about the cause of this drop, the school is concerned enough that it has reoriented its marketing efforts to increase the appeal of fifth grade in particular.

At schools with kindergarten levels, the same phenomenon applies:

Parents are holding children a lot longer at home. They're more likely to start them at 4 than at 3, or even at kindergarten. They can keep them in daycare or at home. We also lose a few in first grade to public school, and that's been a trend that's been going on since the recession.

(Director of Admissions, The Episcopal School)

The idea that parents are waiting to pay tuition until a later year of kindergarten, until first grade, until middle school, or even until upper school is one that was almost universal among school admissions officers and heads. Many schools felt the consequences of these shifts fairly quickly, as well. "The redistribution of teaching loads then had to shift," pointed out the

Academic Dean of BDA, where enrollment in two early middle school grades dropped as much as 30% during the years of the recession. Other schools noticed similar pressures to reassign teachers or rethink class sizes.

### 5.3. As a result of planning for under-enrollment, some schools saw enrollment increase at certain grade levels.

Worrying that enrollment might plummet, especially for key classes, many schools strategically accepted a greater number of students than usual at particular grade levels. In some cases, this planning resulted in “bubbles” of enrollment—particular grade levels with more enrolled students than others.

---

#### School Decisions: Global Collegiate School

Like many other schools, GCS saw a dramatic increase in financial aid applications during the recession, from just under 200 in 2008-2009 to over 350 in 2010-2011. Contrary to average trends, however, GCS saw applications decrease over the same period of time, from between eight and nine applications per place to around four. The reason for this drop, however, was not decreased interest in the school. Rather, the admissions officer at GCS warned new families up front that financial aid would likely not be available, so many families who might have applied in other years simply never completed applications. The question one might ask, then, is whether the missing applicants—those who might have applied had aid been more broadly available—were of higher quality than those who did apply. Fewer applicants might suggest the lowering of admissions standards, but GCS still turned away three potential students for each one it accepted.

Of equal interest at GCS were specific responses to unique enrollment trends. By the beginning of 2010, grade-level groupings at GCS had become imbalanced; fourth and fifth grades included around sixty students each, while first grade included almost ninety, with other grades spread out in between. The first grade bubble was almost certainly the result of planning for the worst (see section 4.3), but what was the school to make of the noticeable dip going into middle school? As it turned out, the dip may have been a particular result of how the school was meeting its mission.

“A local American child can’t come into this program, because the kids have had fifty-fifty immersion,” explained the admissions officer, adding, “So what you saw was attrition as the kids moved toward the middle grades.” The response? GCS added a specific immersion program for students in second, third, and fourth grade that compensated for the lower amount of time new students had been exposed to a target language. The additional measure of creating a program for three year-olds aims to produce more “language modelers” by the elementary grades in order to help learning from peers. The enrollment problem—which, plotted on a bar graph, may have appeared simply to reflect a marketing issue—thus revealed a mission-driven weakness as well as a mission-driven solution.

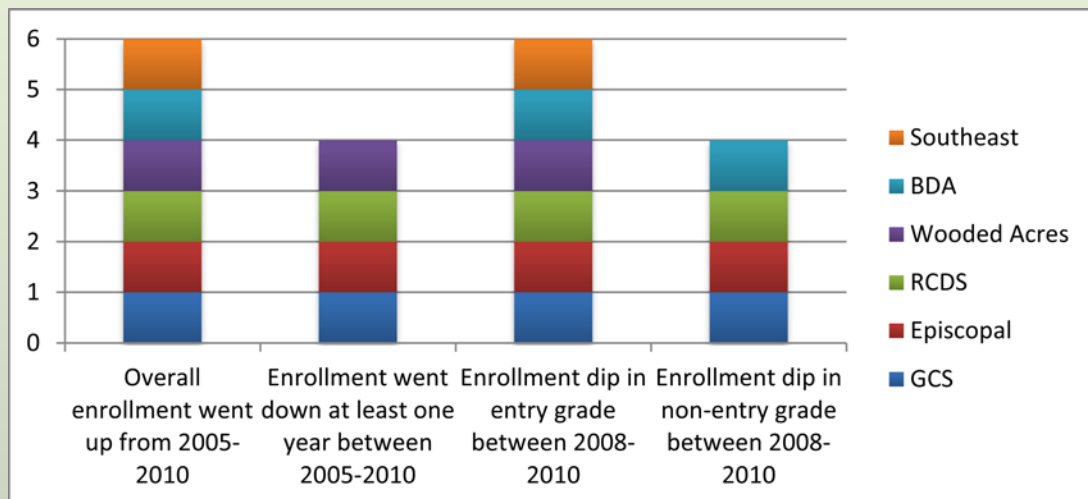
Most commonly, these bubbles occurred in the elementary grades:

We had one bubble year. This is really a response to the recession. For two years, we over offered in K(4) and K(5), thinking that a lot of people were not going to say yes to us, and this was mostly in K(5) because in K(4) we still wanted the number low in the classroom. Almost everybody we offered us place to said yes. We are expecting a lot more economic impact then happened.  
(Director of Admissions, GCS)

For the most part, schools dealt with these bubbles using temporary measures; the enrollment spikes did not last, raised questions about student quality, and required some adjustments in terms of class size or teacher load, but in the long run the bubbles had little lasting effect on the schools.

Of more concern were emerging trends that looked like enrollment bubbles but could not, with certainty, be identified as such. At BDA, for instance, it was not clear exactly whether and how grade level imbalances might level themselves. Similarly, at Episcopal, according to one division head, there was “a huge intake at JK, skipping over PK.” The same administrator went on to describe the dual nature of the imbalance: more sections of junior kindergarten than of pre-kindergarten (the two had always maintained balanced numbers before) coinciding with more families choosing full day and five day options for enrollment as opposed to half day or three day options in previous years. Episcopal’s way forward is still not clear; should it hire more full-time teachers, and if so, for which level?

Figure 5.2: Enrollment Changes at Case Study Schools, 2005-2010



Source: NAIS Database and Case Study School Interviews

RCDS saw a bubble of enrollment, as well, but at the high school level. Along with its new IB program and a drop in early childhood admissions, the influx of students into the upper school was welcome but concerning in terms of sustainability. Interestingly, however, RCDS ultimately found this shift to be one that re-educated the community about how enrollment might work in the school:

I always in my mind had the belief that you had to build a school from the bottom up. That you had to bring them in at the lower age and then you had a high shot of keeping them. Other schools don't get a lot in high school. That's flipped here. We have people coming in the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> grade because they want this experience. We don't have to fill 60 slots in JK so that we can have 40 of them by the time they're seniors.  
(Board Member, RCDS)

The idea that enrollment might create a trickle-down effect and help to fill lower grades was a new one for RCDS and carried with it far-reaching implications for marketing and operations; the school could focus on its eleventh and twelfth grade IB program and still feel that it was targeting families of younger children who were looking ahead.



# Section 6: Building on a Solid Foundation

## Where Schools Stayed the Course

### IN THIS SECTION

1. Schools made few or no cuts in academic programming.
2. Schools made small cuts in operations across the board.
3. Schools continued to meet the same or slightly increased annual giving goals.
4. Schools either continued or initiated capital campaigns and expansion projects.
5. Schools did not ignore endowment or its importance, but did not make it a top priority.

**“There has not been a practical impact on the day to day activities of the academic program...The education and programs are most important to people here. They are the foundation, not any new buildings themselves.”**  
*(Academic Dean, Boarding Day Academy)*

Despite their initial fears of a disastrous downswing in the economy, and thus in enrollment, the day-to-day operations of schools needed to continue during the recession. What’s more, those operations gave schools their public faces, created campus culture, and sometimes spoke to the very success or failure of the most important component of any school, its students. In some areas, therefore, schools made few or no compromises to strains on finances.

This section looks at five areas in which schools made modest or no adjustments despite economic pressures: programming, operational budgets, annual giving goals, capital campaigns, and endowment. The common theme that emerges here is the preservation of the educational experience for students and families. Whatever is happening behind administrative doors, the thinking seems to go, no one in the hallways of the school should feel those effects in a worrisome manner. As one Head of School put it, “The lesson of the last three years is that schools that hew only to the bottom line, without regard for the very things that distinguish them—programs and faculty—may balance their budgets but lose their souls.” This emphasis on balancing the bottom line with school culture and uniqueness was one that arose again and again in interviews with administrators and teachers.

This is not to say that students themselves always felt inured to financial strains. Parents at various schools often described their own worries about money, personal losses and sacrifices, and the difficulties faced by others in the community. At Wooded Acres, one parent suggested that these difficulties were not hidden in the community:

I think the group of students here who are not as wealthy and are on scholarships might be having a harder time. I've heard of students not being able to go to prom or not being able to go on a trip...There are students who have left because of money, and I know a mother who has gone to work full-time to pay for the education and for her daughter to go here.

At the same time, another Wooded Acres parent countered, "If I had to go back to work to pay for what this school does for my girls, I would." Parents felt, in general, that the individual effects of the recession were offset by the quality of education students received. For that reason, schools were determined not to sacrifice the quality of that education or the perceived value of tuition dollars.

### 6.1. Schools made few or no cuts in academic programming.

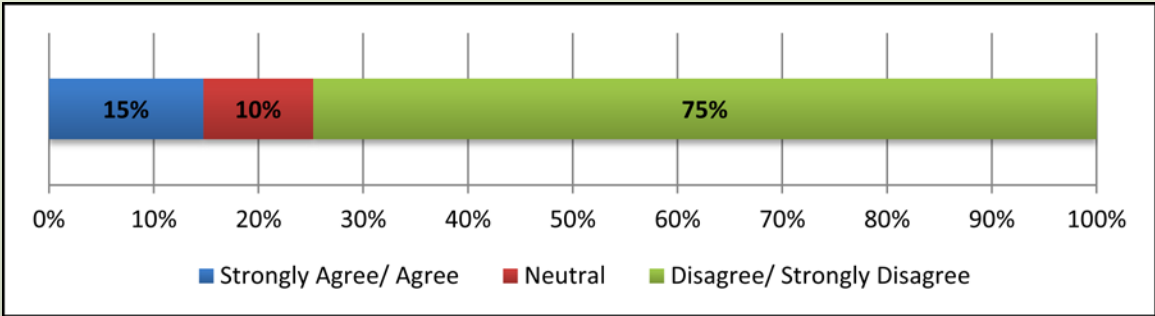
Even though schools' department budgets may have been reduced, salaries may have been temporarily frozen, or part-time personnel let go, by and large, schools appeared to have made very few, if any, cuts in academic programming.

The Survey (Question 12) asked constituents about their school's practice over the past three years (since 2008). Figure 6.1 shows a breakdown of responses to the statement, "Your school changed its programming (courses offered, etc.) during the recession to keep the school fully operational." 75% of respondents disagreed or strongly disagreed with the statement, while only 15% agreed or strongly agreed, indicating that few schools made such cuts.

Even more illustrative are responses to the question, "Which of the following adjustments did your school make since the fall of 2008?" Only 47 out of 967 respondents (4.9%) said that they had to eliminate any academic programs. Similarly, in extending the line of questioning to capture arts and athletic offerings, only 31 out of 967 respondents (3.2%) had to make adjustments in either of those areas of school life.

In attempting to find out more about why programs were kept largely intact, we found that schools appeared to have adopted a philosophy of protecting what differentiates their

Figure 6.1: Response to the Statement, "Your school changed its programming (courses offered, etc.) during the recession to keep the school fully operational."



Source: Survey of Heads and Business Managers



institution from others—academic, athletic, arts and other mission-driven programs. This was a prevailing theme at many schools, including River City Day, whose Business Manager stated:

If it's a good program that benefits the students, we will find the money for it. Whether that is a football program, an IB program, or recruiting the best teachers...if it's student-centered, we will make it happen.

Other schools reiterated a similar mantra, but connected their decision making specifically to the mission statement of the school. The Head at GCS was passionate in his response of this thought process, stating, “Of course the mission and the core programs were kept at the forefront of the decision-making—there was nothing that we took away that would stop us from delivering all of our programs.” Other heads echoed this sentiment, stressing the mission as a decision-making tool that was, as the head of Episcopal characterized it, “liberating and challenging” at the same time. The mission thus drove choices for schools both by compelling schools to continue programs and also by compelling them not to move in directions contrary to the core values and purpose of the institution.

**“Of course the mission and the core programs were kept at the forefront of the decision-making—there was nothing that we took away that would stop us from delivering all of our programs.”**

*(Head of School, GCS)*

Other schools adopted the same mentality of maintaining programs, but with a specific focus on keeping the community intact. The Business Manager at Global Collegiate put it aptly:

There were no program cuts. Programs were sacred. We had to maintain the quality of our programs. Keep the programs, keep the families, find the other places—it will be painful, but there's a great sense of community spirit, and we shall overcome.

Regardless of the many paths traveled to the destination, the end point was the same. Schools remained true to their mission and the programming stated therein. The focus on the programs that gave each school its identity remained intact so that the students would continue to have unique opportunities likely unavailable at local public school counterparts. Not unlike their decisions concerning financial aid increases, which were designed to keep families in the school, schools made clear decisions to protect their programs as well.

## **6.2. Schools made small cuts in operations across the board.**

In order to keep programs intact and protect against possible disaster, however, schools felt they had to make cuts somewhere. Generally, schools cut department budgets, but only slightly:

Everyone has looked across the board at their budgets; we've scrutinized every dollar we spend in all areas, whether it's the annual fund, alumni relations, or in individual departments across the school. There was that vigilance over, “Let's make sure we are as lean and mean as we can be.”

*(Director of Advancement, Wooded Acres)*

While the percentage by which department budgets were cut varied across schools, every member of each school felt a pinch in budget planning for the next year.

In the end, however, despite these small cuts in many areas, what emerged was a realization that efficiency and lean practices were possible and useful, but not always required in the ways schools predicted they might be.

Programs were maintained, technology needs were met, professional development was still supported, colleagues were still employed, and daily business went on as usual. A teacher at GCS summarized it best when she said, “We looked at every pencil that we had to buy and

we realized in the process that we can really do with a lot less if we have to.” Schools thus made cuts out of a realization that they could as well as out of absolute necessity.

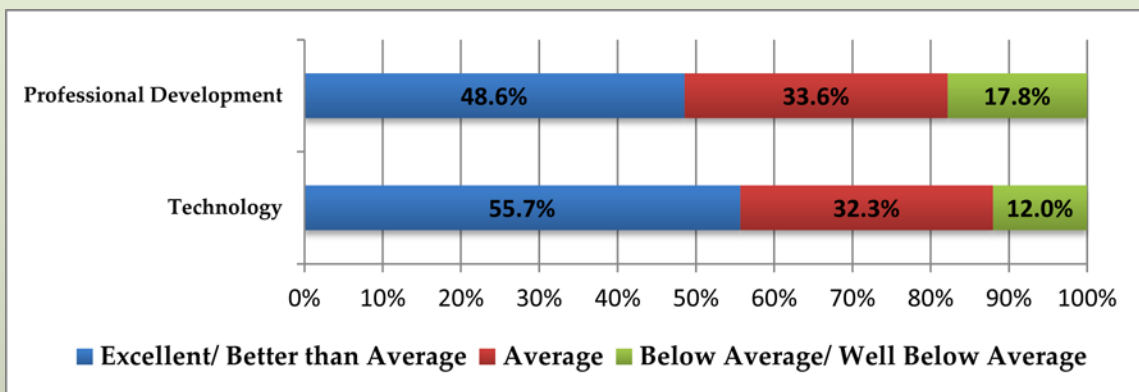
**Schools made cuts out of a realization that they could as well as out of absolute necessity.**

### A Closer Look at Budgets: Professional Development and Technology Spending

Two budgeting areas of school that tend to be more flexible in year-to-year spending, and thus that came under scrutiny at most schools, are professional development and technology. The Business Manager at Episcopal helped explain that these two areas are those “that we can really control, so we've had conversations saying this is where we want to tighten up; we haven't cut [them], but if we can come in under budget, that's what we want.”

Episcopal's response in this area seems typical; Figure 6.2, for instance, shows that about 83% (738/898) of respondent's schools were able to fund professional development at average or above levels, compared to prior to 2008. Similarly, 88% (790/898) of the same respondents answered average or better in regard to ability to fund technology since 2008. Only 12% felt that their ability to fund technology was below average or well below average and only about 18% shared that feeling about professional development costs.

**Figure 6.2: Schools' Self-reported Ability to Fund Professional Development and Technology Since 2008 Compared to Before 2008**



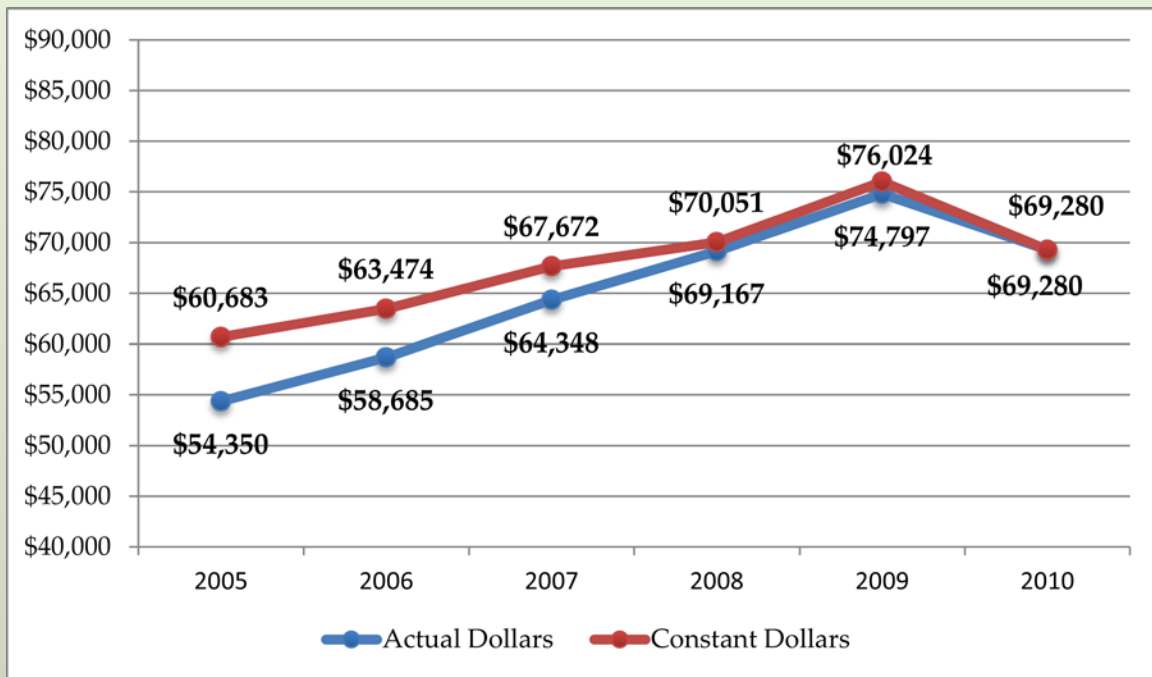
Source: Survey of Heads and Business Managers

One way schools became more efficient with their finances in professional development, as the Head at Episcopal shared, was to send more employees to local conferences, other schools, or other low-cost locations for professional development. He also suggested that “national conferences might be an area where you'd see a change over the past five years.” This sentiment was also shared by a middle school teacher at RCDS who said, “We used to go to national conferences and now we only go within the state or in the city.” At GCS, in fact, much of the professional development moved in-house, with teachers working in small learning communities and sharing ideas with one another.

### Professional Development and Technology across School Types

Table 1, Appendix A shows that, despite schools’ concerns about funding professional development and technology, both areas of spending rose significantly ( $p < .01$ ) for schools across the nation during the years of the recession even when figured in 2010 constant dollars. Independent schools thus may well have considered cuts in these areas, but as a whole they did not in fact make the cuts. It is worth noting, however, that expenses related to professional development dropped from 2009 to 2010 on average (Figure 6.3). Expenses figured in 2010 constant dollars increased on average from 2005 (\$60,683) to 2010 (\$69,280) but have not

**Figure 6.3: 2005-2010 Professional Development Expenses (means of all schools)**



Source: NAIS StatsOnline

Note: Amounts differ slightly from Table 1, Appendix A: Comparison of Means, Change from 2005-2010, all schools. Figure 6.3 data includes schools that reported data for any year, while Table 1, Appendix A includes only schools that reported in both 2005 and 2010.

**Table 6.1: Full-Time Equivalent Teachers by School Type**

School Type	<i>n</i>	Mean FTE	SD
1 (K-12)	281	82	38
2 (1-12)	36	49	29
3 (K-8)	330	34	17
4 (6-12)	358	58	41
<i>ANOVA test for difference of means: <math>p &lt; .0001</math></i>			
<i>All school types differ significantly from one another at <math>p &lt; .01</math> except types 2 and 4</i>			
<i>Pearson's correlation between more grade levels served and more FTE: .294</i>			

Source: NAIS School Database

returned to the level of 2009 (\$76,024) as of yet. Still, schools continued to invest in the professional growth of their faculty.

Professional development budgets did not differ significantly, on average, between coed and single gender schools (Table 2, Appendix A), day and boarding schools (Table 3, Appendix A), or southeastern schools and the rest of the nation (Table 4, Appendix A). However, significant differences did appear between school types as a whole ( $p < .0001$ ) and specifically between type 1 schools (K-12) and both types 3 (K-8) and 4 (6-12) ( $p < .05$ ). The most striking differences were found between type 1 schools, where professional development costs went up by \$24,072 on average over the 2005-2010 period, and type 4 schools, where the average cost went up by \$4,102. Some of the difference might be explained by the difference in full-time teachers at the school types, but while the number of full-time teachers at the school types differed significantly, school types that served more grade levels showed only a weak correlation with more full-time equivalent teachers with a Pearson's correlation of .294 (Table 6.1). Thus, this factor alone probably does not explain the majority of the difference in professional development spending.

Table 6.2 shows differences between the six individual schools included in this study and national averages in the areas of professional development and technology spending. The wide difference in spending in these areas demonstrates the importance of school context and individual decision-making in such areas. However, the general trend of increases to both professional development and technology spending despite the economy (with the lone exception of BDA's spending on professional development) is clearly reflected by these six schools. In fact, as with schools as a whole, even where case study schools considered cuts to professional development and technology, they generally did not make such cuts.

**Table 6.2: Increases in Professional Development and Technology Budgets, 2005-2010, Case Study Schools**

School (type)	PD increase 2005-2010	Technology increase 2005-2010	2010 PD Budget	2010 Technology Budget	Full-Time Teachers (FTE) 2010	Enrollment 2010
GCS (1)	NA	NA	\$147,621	\$424,940	183	983
WAGS* (2)	\$42,521	\$94,587	\$117,369	\$275,538	133	645
RCDS (1)	\$69,491	\$38,582	\$129,657	\$103,442	123	735
BDA* (4)	-\$15,055	\$40,309	\$44,434	\$48,962	121	320
Southeast (1)	\$15,031	\$46,103	\$247,267	\$191,250	208	1400
Episcopal (3)	\$27,533	\$4,819	\$64,022	\$58,632	65	520
National avg. for all schools	\$10,098	\$43,510	\$72,177	\$161,308	54	481
<i>Increases based on 2010 constant dollars</i>						
<i>*WAGS and BDA increases based on 2006 data</i>						

Source: NAIS School Database

Expenses of technology dollars also moved in an upward trend, on average, from 2005 to 2010 (Figure 6.4). In 2005, for example, the average school spent \$113,575 (in 2010 constant dollars) on this area, while in 2010, that amount increased to \$152,945. Table 1, Appendix A demonstrates that this change was statistically significant ( $p < .01$ ). As with professional development spending, Figure 6.2 shows that these increases in technology spending also occurred at the six case study schools. Increases in technology spending were not, however, significantly different at different school types, including groups distinguished by grade levels served, gender served, boarding components, or region.

---

## School Decisions: All the Right Moves

Wooded Acres is one of several single-gender independent schools in a southeastern city. A long-time NAIS member, the school was especially cognizant of the recession and the deleterious effects it could have on their community. Interestingly, however, compared to the other case study locations, the city in which Wooded Acres is located appeared to experience a somewhat delayed effect from the recession, as if caught in a ripple from the first splash of the economic downturn rather than being a part of its epicenter. Nevertheless, Wooded Acres' case crystallizes the three major themes that emerged in section six: no cuts to programming, small operational cuts across the board, and a slight increase in annual fund.

In talking about cuts to programs, one teacher shared that "no programs were cut back," while another educator at the school explained that the rationale behind this lack of cuts was simply that "education is such a high priority for this community, that this would be the last thing they cut back on." In Wooded Acres' case, the school also added a world language and added some additional faculty to lower student-teacher ratios. While the school was able to grow overall, however, there were small cuts across the board as well.

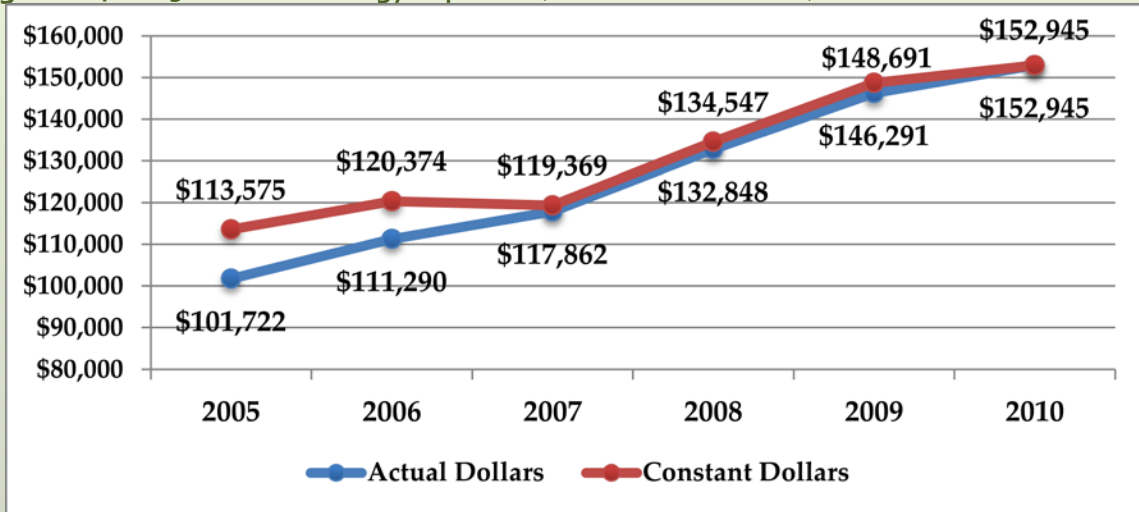
In addition to very small budget cuts, other cuts actually came as savings to parents. The Head of School shared that "we did cut back school trips in the middle school – we basically just cut out a night of a multi-night trip." Similarly, as one teacher noted, "We also became very conscious of extra costs for parents and we cut those things in half, if not more." In the process, the school appeared to lessen the economic strain on parents intentionally, even if it meant not having every supply or a longer class trip.

Even professional development and technology, the two areas that came under most scrutiny because of their somewhat discretionary nature, were relatively unaffected. Like many of the findings among peer schools, Wooded Acres "tried hard not to skimp on professional development" and "kept the budget steady in that area," according to their Head of School. One teacher commented that the reasoning behind such maintenance is because "our head looks at it as an investment that will bring in good returns later." And while technology at Wooded Acres signified "the place where we cut the most," the Head of School also admitted that they added two technology staff people.

Finally, in a fashion representative of the larger sample of schools, Wooded Acres also saw a slight increase to their annual fund. Despite what the Director of Advancement described as "dipping a little bit," they still raised more than their stated goal. A parent who chaired the annual fund also shared that there was not "a single person that didn't want to pay or couldn't pay more money to help the school."

In the end, Wooded Acres emerged relatively unscathed by the downturn. With a veteran and well-respected Head of School, the economic storm that passed over Wooded Acres only strengthened its roots.

Figure 6.4: 2005-2010 Technology Expenses (Means of All Schools)



Source: NAIS StatsOnline

Note: Amounts differ slightly from Table 1, Appendix A: Comparison of Means, Change from 2005-2010, all schools. Figure 6.4 data includes schools that reported data for any year, while Table 1, Appendix A includes only schools that reported in both 2005 and 2010.

### 6.3. Schools continued to meet the same or slightly increased annual giving goals.

Even amid economic uncertainty as “charitable giving in the United States slowed considerably” (NAIS, 2010), independent schools continued to meet the same or slightly increased annual giving goals. Part of a balanced budget at most independent institutions requires that a percentage of operational costs be covered by an annual fund. Very few schools were unsuccessful in reaching their stated goals.

Table 1, Appendix A shows that there was no statistically significant change in giving dollars from parents or alumni from 2005 to 2010. There was, however, a significant drop in the mean percentage for both groups ( $p < .0001$ ). Parent giving dropped 5% on average between 2005 and 2010, while giving from alumni dropped an average of 8%.

In other words, fewer parents and alumni gave, but those who did maintained the same dollar levels schools experience prior to the recession. One school official noted:

**Fewer parents and alumni gave, but those who did maintained the same dollar levels schools experienced prior to the recession.**

The annual fund has done well. Some of the people at the lower end, who are giving \$25 a year, may have decided they can't do as much, but the people who were doing well were still doing well. I can't imagine anyone wasn't affected by the recession, but I will say that—I will guess that—some of our major donors would have given more money in the capital campaign if it weren't for the recession.  
(Business Manager, Wooded Acres)

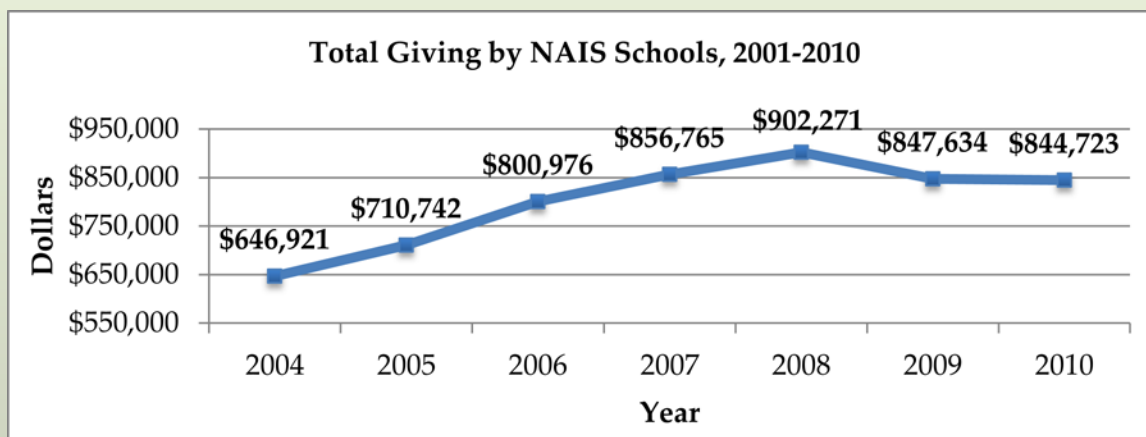
Thus, giving in other areas may have been supplanted by increased gifts to the annual fund. At the same time, schools did successfully continue capital campaigns (see section 6.4). In spite of overall growth, however, NAIS member schools saw total giving decrease 6% in 2009, from an average of just over \$900,000 to just shy of \$850,000 (Figure 6.5). In 2010, however, the total dollar amount leveled off, just \$3,000 less on average compared to 2009 figures. The difference in average gift amount over these years is not statistically significant.

Similarly, the Survey suggests that only 20% (196 out of 967) of respondents have had to lower their annual fund goals since the fall of 2008. Moreover, in ranking the top 10 most important decision making processes to address in order to survive an economic recession, more than 60% of responding Heads and Business Managers ranked lowering annual fund goals as "not as important" (see Figure 4.1, p. 41).

Surveyed schools appeared to place a focus on the messaging of the annual fund rather than on dollar amounts (although dollar amounts were discussed among school administration). An RCDS parent noted, "There is a more compelling reason for the annual fund now, that it directly impacts students—and parents understand and want to contribute." A parent at BDA shared similar sentiments:

The awareness of the annual fund is greater over the past few years. Years ago, you'd just get a self-addressed envelope. Now we have people thinking, I've given all this

Figure 6.5: Total Giving in NAIS Schools, 2001-2010



Source: NAIS StatsOnline, Annual Giving Core Sample, 2001-2009, April 2010, and NAIS StatsOnline, Annual Giving 2009-2010, March 2011.



tuition, why on earth do you want more money from me? But now we have the nice pie charts and the breakdowns and explanations of operating costs and what it takes, and there's a gap between what the money will cover and what the school needs. This is building a legacy. They've done a better job of making people realize why the donations are important and the awareness is better now.

While national trends and NAIS averages were down from 2008 to 2009, what emerged was a focus on keeping community together through consistent messaging and transparency about school finances to all constituents. This phenomenon was crystalized at BDA by a parent, who said:

**Only 20% (196 out of 967) of respondents have had to lower their annual fund goals since the fall of 2008.**

The annual fund doubled last year in terms of participation, but our goal was to triple. We went from 20% to 40%, but we want to hit 60%. With so many, it's all they can do for the tuition, and the extra is just hard. But the alumni and development office are doing a fabulous job.

The fact that the school was able to raise its participation is largely the result of paying intense attention to community building both in practice and in message. Other case study schools reported a similar revision of attention.

### **Annual Giving across School Types**

In only one area—region of the school—did differences between schools suggest a corresponding statistically significant difference in parent giving percentages (the amount of parent giving was not significantly different at any type of school). Table 4, Appendix A shows that the percentage of parents giving at southeastern schools went up by 2%, while at all other schools together the average percentage dropped by 6% ( $p < .05$ ). Since parent giving at all school types by grade level, gender, and boarding component dropped, this positive increase at southeastern schools particularly stands out. In addition, the fact that parent participation dropped at every school type while the average dollar amount did not reinforces the conclusion that some parents raised their gift amounts to help schools meet annual fund goals during the recession.

## **6.4. Schools either continued or initiated capital campaigns and expansion projects.**

Even in the healthier economic climate of the pre-recession years, NAIS President Pat Bassett wrote, "Let's declare an armistice in the race to build the biggest and best facilities" (2003). Bassett added, "New buildings are actually a liability in terms of expense, rather than an income-producing asset." Nevertheless, a trend emerged in case-study schools that suggested many institutions continued or even initiated multi-million dollar capital campaigns during the recession. Whether it was aimed at new construction, expansion, or enhancement projects, the fundraising continued at high levels amid arguably one of the most unstable economic times in

the history of our country. In fact, only 199 of 967 respondents (20.6%) reported that they had to postpone a capital campaign as a financial adjustment since the fall of 2008.

Among the site-studies, this philosophy was also a common theme, including that shared at Wooded Acres:

Our philosophy was we can't ever stop fundraising. And if we give anyone a pass now, then all the other institutions that have fundraising needs are going to come in and court our donors. What we found was that people are still making generous gifts.  
(Director of Advancement)

Other schools took a momentary pause amid the post-recession months, but seized on opportunities to build at lower costs, take advantage of lower interest rates, or allow donors some breathing room. Southeast Prep is a prime example, where the Director of Development commented:

**Only 199 of 967 respondents reported that they had to postpone a capital campaign as a financial adjustment since the fall of 2008.**

They were building and they had a specific model for the performing arts center and they went back to the drawing board and scaled back. They went with the middle version of the center. Then they completely stopped building for a year. It was a wise decision because the community responded really well and some offered to extend their pledge. People would call and say I'm ready to start paying on my pledge again.

Located in a more rural area, BDA has just completed several parts of a comprehensive capital campaign for a new science building, among other buildings and initiatives. Still, within the school's context, fundraising has been delicate, according to their Director of Development:

In the last year, there's been a great reluctance to pledge, because no one knows what's coming next. There is still definitely fear and trepidation. Our trustees are the group we focused on most, and they're all lowballing it. They're coming in at levels below what we thought they could do. We're saying, could we come back to you in a couple of years when things have improved?

**Other schools took a momentary pause amid the post-recession months, but seized on opportunities to build at lower costs, take advantage of lower interest rates, or allow donors some breathing room.**

At the opening of this report, we cited the example of The Episcopal School, where the recession was announced on the very day of the school's capital campaign kick-off. The Director of Advancement recalled of this moment, "We were all looking at each other going, are we nuts?" Yet Episcopal, she added, like other schools, found that continued capital growth was daunting but possible:

The crash certainly affected the amounts we were able to raise for the campaign. Ultimately, we were able to obtain the financing, partly because the interest rates went

**Table 6.3: Endowment at Case Study Schools**

School	2005	2006	2007	2008	2009	2010
GCS	NA	\$5,736,373	NA	NA	NA	\$5,926,130
WAGS	\$21,040,466	\$22,248,791	\$24,008,468	\$28,288,618	\$27,602,352	\$24,276,861
RCDS	NA	NA	NA	NA	NA	\$145,374
BDA	\$19,544,663	\$20,512,000	NA	\$25,291,000	\$23,725,000	\$20,616,075
Southeast	NA	\$13,927,000	\$17,779,489	\$22,794,849	\$24,822,994	\$22,741,010
Episcopal	\$1,067,786	\$1,224,252	\$1,175,632	\$1,365,160	\$1,238,468	\$1,077,676

Source: NAIS Database

so well, everything went zero. Certainly there was a time frame when there was a degree of uncertainty about what would be possible from a financing standpoint.

Today, Episcopal’s new center stands to one side of its campus, complete and occupied by students who use its library, gymnasium, and classroom space on a daily basis.

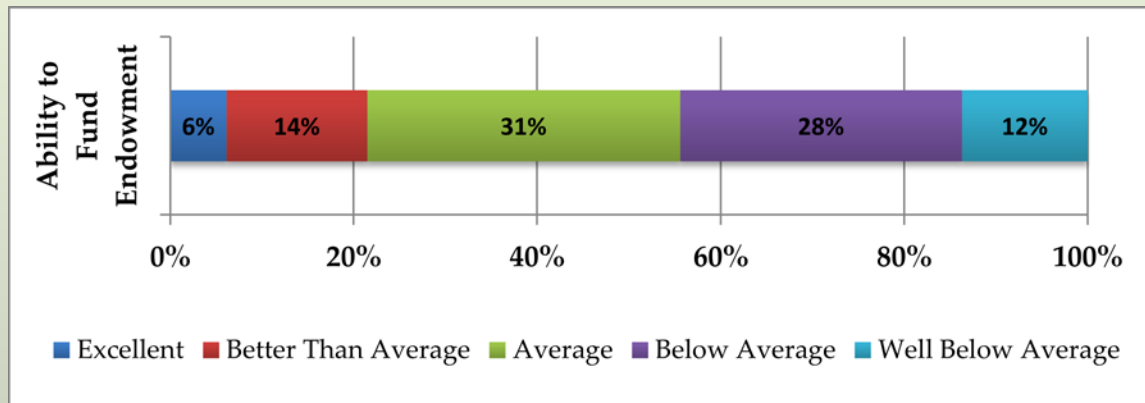
### **6.5. Schools did not ignore endowment or its importance, but did not make it a top priority.**

Like many small colleges, independent schools also “depend on endowment and fundraising to balance their budgets” and as a result, “were anxious about how these drops would affect them” (Chabotar, 2010). And while endowment does not necessarily impact the day-to-day operations of a school, a Board of Trustees must be concerned with it as part of their role to future sustainability and long-term goals of the institution.

All site visit schools saw a drop in endowment from 2009 to 2010, regardless of the size of their existing funds (Table 6.3). Despite these losses, some schools saw minor losses to endowment as a win compared to national results. For instance, a veteran teacher at BDA commented, “Our endowment suffered far less than most everybody else; we were crowing that a well-known university lost more percentage-wise than we did.” The Board Chair at BDA helped explain some of the silver lining:

There was a very clear decision made three or four years ago to re-focus on our endowment. Where are we investing? Anticipating, that if there was a rainy day deal, what did we need to do to make sure that we were in good financial shape that way? I think that helped us a great deal going through some tough times.

Figure 6.6: School's Self-Reported Ability to Fund Endowment (Since 2008)



Source: Survey of Heads and Business Managers

Not surprisingly, considering declining financial markets, on the Survey, 705 of 988 (71.4%) of respondents answered that the school's ability to fund endowment since 2008 has been average to below average (see Figure 6.6) since the Great Recession began.

Some schools have either no substantial history of endowment, or have one that is so large, even a significant drop in terms of actual dollars felt less alarming when looking long-term; such schools remained secure in their allotted annual draw-down for operating costs.

Other schools have clear policies, as at GCS, whose Board Treasurer said,

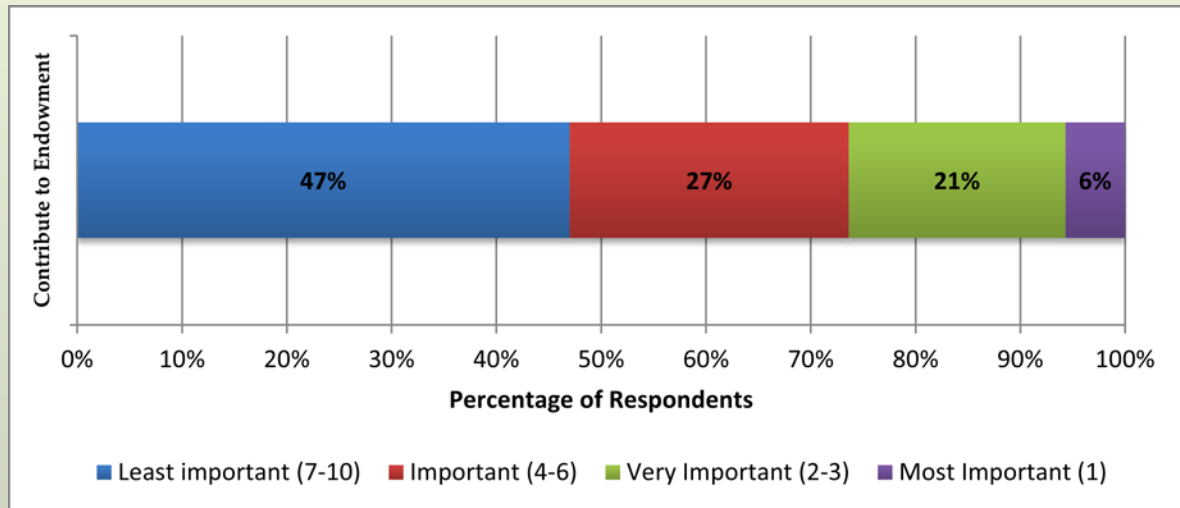
We use 5% for the endowment funds for operating purposes. It gives us some flexibility in an economic downtime because you still have to spend those funds, on financial aid for example. We dipped into the money, but not significantly. What we tried to do is keep the overall endowment fund at a reasonable level and force savings on the whole community.

Another strategy was expressed by an administrator at Episcopal, who suggested:

A strong school should have two years of operating costs in endowment. This allows schools to adjust to enrollment trends and offers valuable time to plan for changes should they be needed. Not many schools have this luxury. Many schools put all the money from capital campaigns into infrastructure and neglect funding the endowment.

And then there are other schools who were forced to think more immediately about their short-term sustainability and who were unable to think about saving for the long-term, a sentiment shared by a teacher at RCDS who noted:

Figure 6.7: Ranking of Endowment among Most Important Actions for a School to Take during a Recession



Source: Survey of Heads and Business Managers

We're always hearing about how little endowment we have compared to other places. I know our endowment is not so great. We need people to be in those desks. And our alumni base is not recognized.

Employees of RCDS have good reason to express concern about its endowment, which remains extremely low, possibly as a result of its identity changes throughout the twentieth century and small alumni base (see the overview of RCDS in section two for more on the history of the school). Yet the example of RCDS shows precisely why endowment is a tricky factor on which to base an assessment of school health. While endowment is important, RCDS has thrived in recent years both financially and in terms of establishing both a positive community and culture.

**“We dipped into the money, but not significantly. What we tried to do is keep the overall endowment fund at a reasonable level and force savings on the whole community.”**  
*(Board Treasurer, Global Collegiate School)*

The focus will and should be on student enrollment first and foremost. Nevertheless, endowment cannot be altogether ignored either, particularly at the expense of school indebtedness. The Head at BDA remarked, “There are a lot of schools that are over-leveraged, so if anything goes wrong with enrollment, you are dead. There are a couple of schools that their debt is greater than their endowment. What kind of position

is that?" Still, on the Survey, almost half of the respondents reported that contributions to the endowment were among the least important actions possible, ranking them 7-10 among 10 choices (see Figure 6.7).

In the end, what emerged from our research was that building on a strong foundation continued at every school, though mostly that continued growth remained at the mercy of either a static or slowly recovering dollar. Even for those who were savvy investors, the downturn impacted endowments across the nation, across both independent schools and colleges alike. The Business Manager at Southeast, however, best crystalized this component of school finances amid a recession stating, "Endowment is important, but not a driver of decision-making." Members of school communities generally expressed far less concern about trends in endowment or the schools' need to react strongly to those trends than they did to enrollment, operating budgets, or other areas of school finances.

## Section 7: Doing More With Less

### Where Schools Made Adjustments

#### IN THIS SECTION

---

1. Schools increased financial aid.
2. Many school raised faculty salaries cautiously.
3. Schools continued to increase tuition, but at a more modest rate.
4. Schools deferred physical plant maintenance.
5. Schools saw financial effects from an increase in online services.
6. Schools re-examined marketing efforts.
7. Some schools sought new constituencies for enrollment.
8. Schools re-examined the role of parent organizations and the purpose of community events.
9. Schools held themselves more accountable for connecting expenses to missions and programs.

Despite their consistency in some areas, most notably in maintaining their programming, independent schools found themselves adjusting in numerous major and minor ways throughout the recession. In this aspect, they mirrored other institutions such as other private schools, private colleges, nonprofit organizations outside of the field of education, and even private industry. Chabotar (2010), for instance, notes that during the recession, small private colleges both reacted to the short-term crisis by making strategic financial modifications and also reconsidered mission-driven services and programming (such colleges might have added new majors, offered new service opportunities for students, or created alliances with other universities, for instance). Salamon and Spence (2009) note that non-profit organizations during the recession invested in a number of coping strategies, including increased fundraising efforts, budget cuts, and marketing, while D'Agostino and Levine (2010) point out that nonprofits also rely more heavily on volunteer efforts during tough times. Independent schools, not unlike such similar organizations, made adjustments to cope with real or perceived threats to stability during the economic downturn.

**“We’re trying to do more with less...some of my chief objectives were to find ways to create a meaningful, exciting experience for school children that made kids and families want to stay.”**  
*(Head of School, The Episcopal School)*

This section examines nine areas in which schools adapted to the new economic landscape. The first five of these findings primarily revolve around financial adjustments, beginning with changes made to financial aid financing and continuing on to salaries, tuition, and

maintenance costs. Next, we explore alterations schools made to marketing plans, an area that combines market concerns with mission-driven thinking. After discussing marketing, we look at changes to two areas of school community: student diversity and parent organizations. Finally, we examine the increased accountability schools created for connecting spending to their individual missions.

### 7.1. Schools increased financial aid.

By any measure, it is easy to see that independent schools of every type increased financial aid during the recession, both in terms of actual dollars devoted to aid and the number of students receiving those dollars. The business manager of Episcopal School summed up this trend clearly:

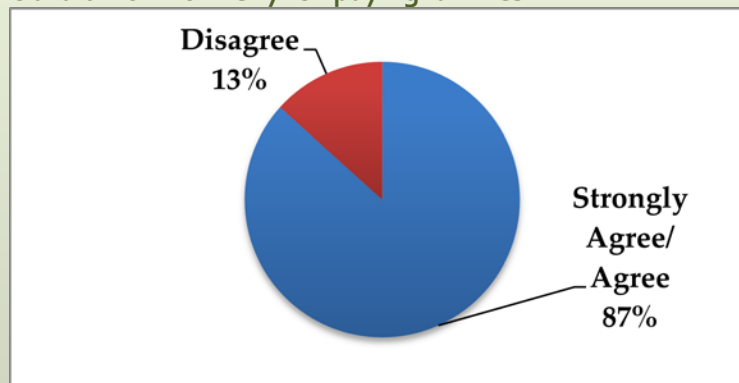
**“The philosophy has been to give a little bit less money to a few more families.”**

*(Assistant Head of Upper School, RCDS)*

Our financial aid budget has gone up over \$100,000 in the past three years. More existing families are applying for financial aid—they’re trying to weather this storm. They’ve lost money and needed temporary relief for a year or two. We’re trying to keep people here, so we’re trying to do what we can.

Episcopal is hardly unique; all of the schools where interviews were conducted not only increased aid, but devoted that aid largely to families whose children were already enrolled in the school. Most schools found, as well, that the number of previously full-paying families requesting aid upon re-enrollment increased over the years of the recession (Figure 7.1). The Head of School at GCS, for instance, noted that the school practically doubled its financial aid specifically in order to “keep the community together as best we could during the downturn;”

**Figure 7.1: Response to the statement, “Over the past three years, the school saw increased demands for financial aid from formerly full paying families”**



Source: Survey of Heads and Business Managers



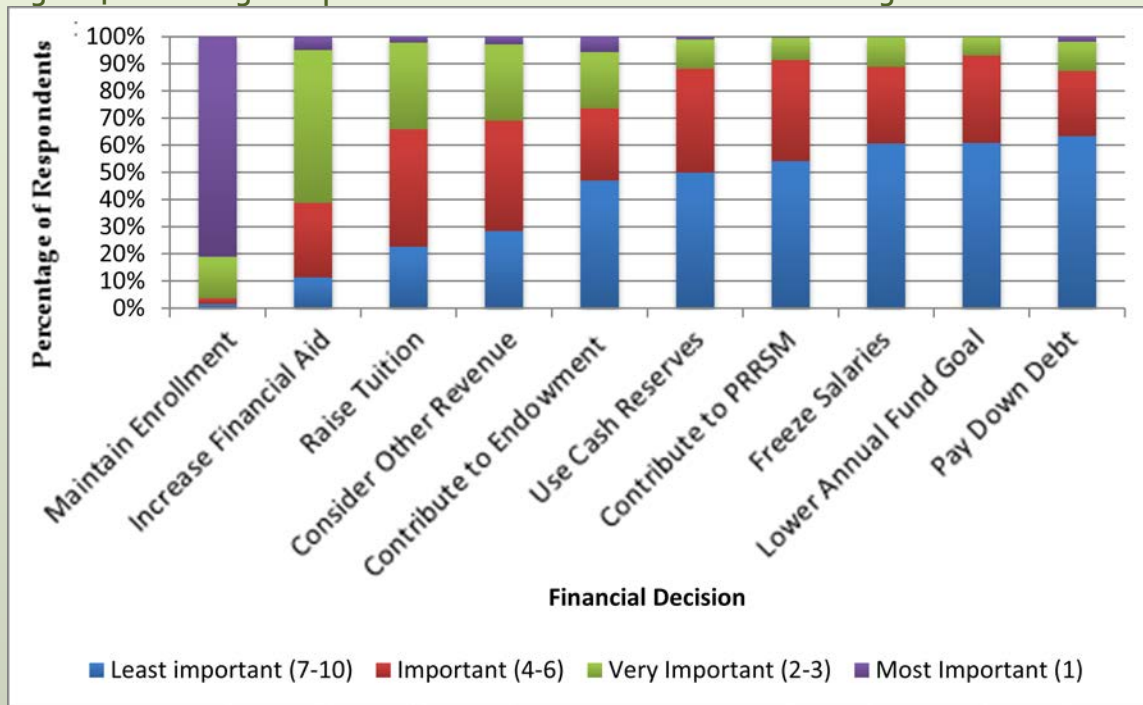
GCS, in fact, made a strategic decision early on to freeze professional development funds and salaries for one year specifically in order to increase financial aid.

Survey results show that heads and business managers ranked the need to increase financial aid second only to maintaining enrollment during the recession (Figure 7.2). Indeed, the total number of constant dollars devoted to financial aid, on average, went up by nearly half a million dollars between 2005 and 2010 (Table 1, Appendix A,  $p < .0001$ ). Similarly, the number of financial aid students in schools, on average, went from 91 to 109 during the same period (Table 1, Appendix A,  $p < .05$ ).

The dual need to maintain enrollment and increase aid led some schools to view aid through the lens of net tuition revenue for the first time, considering not the amount of money given to financial aid for each student but rather the amount of revenue gained by admitting a partially-paid student as opposed to leaving a seat empty. Among these schools was Boarding Day Academy, whose admissions officer noted this shift in thinking:

We adopted a loose tuition revenue approach. We talked about net tuition revenue as a strategy—we need to view it less as an expense, because we don't write a check for it, but we're getting what we would not get otherwise. With any good strategy, we have

**Figure 4.1: Ranking of Important Factors for Schools to Address during a Recession**

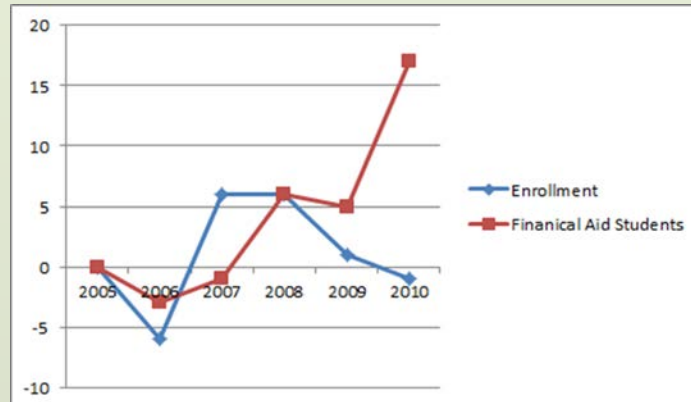


Source: Survey of Heads and Business Managers

## Financial Aid: A Closer Look

A comparison between enrollment and financial aid based on the average number of students lost or added at all schools (Figure 7.3) reveals the startling gap between the two that occurred beginning in 2008.

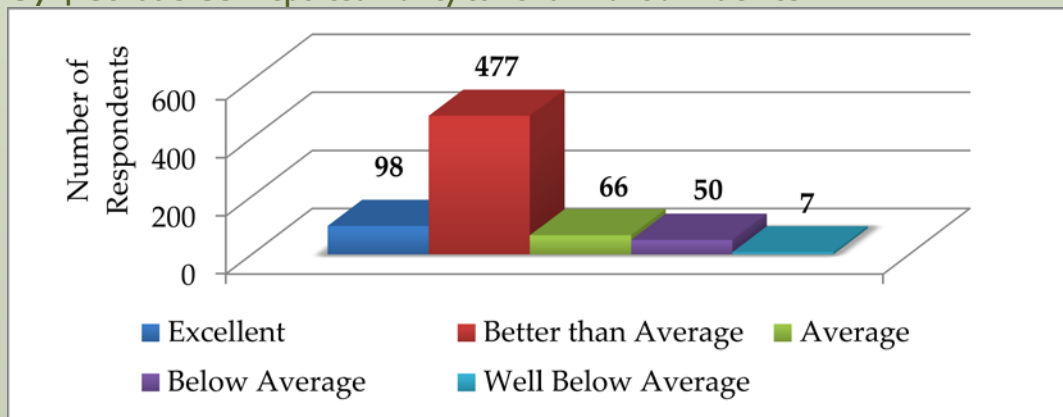
**Figure 7.3: Average Number of Students Added or Lost to Enrollment and Financial Aid (All Schools)**



Source: NAIS database

However, despite this change, schools still maintained their ability to fund financial aid (Figure 7.4). Possibly, the diversion of funds from other areas, as GCS found, offered schools a sense of security in this area. It should also be noted, however, that total revenue at independent schools as a whole rose over the period of the recession (Table 1, Appendix A,  $p < .0001$ ) by well over 1.5 million dollars. As discussed in section five, schools felt the pressure of the economic downturn in their planning and thinking but found the resources to continue funding their operations—and even to thrive—between 2005 and 2010.

**Figure 7.4: Schools' Self-reported Ability to Fund Financial Aid since 2008**



Source: Survey of Heads and Business Managers

to be careful—we can't fill a grade with a bunch of high financial aid awards because ultimately we would not break even, but there's a disciplined approach.

School employees at several schools noted that boards were less likely to accept this viewpoint than heads or business managers—as the business manager at BDA put it, thinking in terms of the benefits of partial tuition may make board members “nervous.”

### Financial Aid across School Types

Table 5, Appendix A shows that while all schools increased the number of students receiving financial aid, these increases, for the most part, were not significantly different

**“The most frustrating part in my job is when we accept a student, we love the student, love the family, then ultimately have to say we’re sorry because we don’t have the money. And then hope maybe they’ll come back in one or two years and it will work at that time.”**  
*(Director of Admissions, Wooded Acres)*

between types of schools. The one exception to this trend occurred in K-12 schools, in which the number of students receiving aid went up by significantly more than schools without a lower school or upper school ( $p < .01$ ). Coeducational schools, boarding schools, and southeastern schools did not add significantly more or fewer students to financial aid rosters than did their single gender, day, or national counterparts.

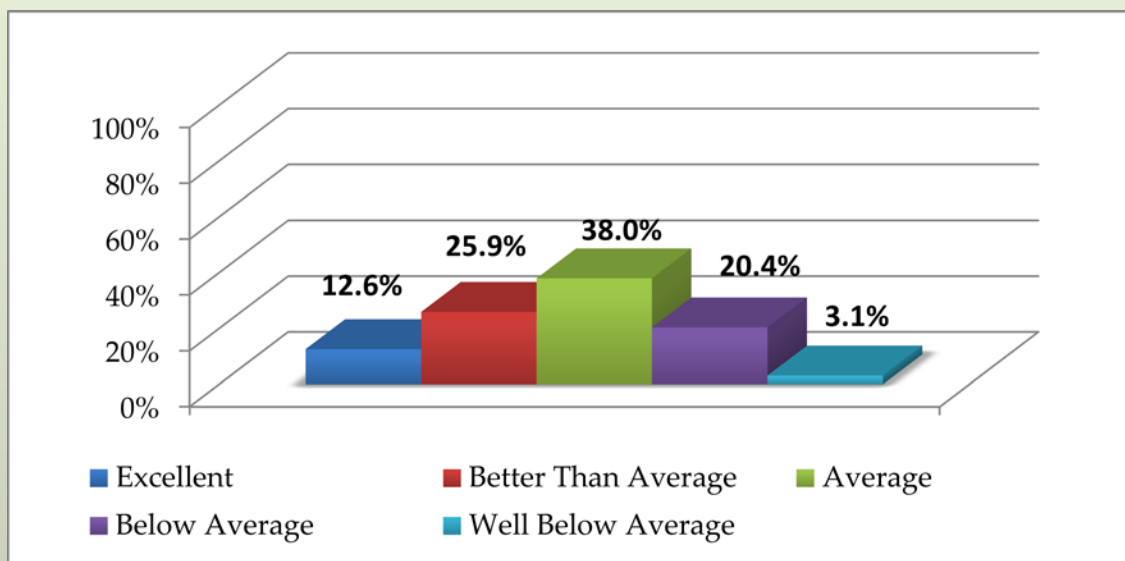
Increases in terms of actual dollars show wider variety. Boarding schools did, in fact, increase dollar amounts devoted to financial aid more than did day schools (Table 3, Appendix A,  $p < .0001$ ), and schools in the southeast raised the financial budget significantly less than did schools as a whole (Table 4, Appendix A,  $p < .05$ ). Table 5, Appendix A also shows that K-12 schools (type 1) and schools with no lower grades (type 4) devoted significantly more dollars to aid than did other types ( $p < .05$ ).

## 7.2. Many schools raised faculty salaries cautiously.

During the initial years of the recession, schools pursued a variety of courses concerning faculty salaries: some schools froze salaries for a short time, others placed caps on raises for faculty members, and still others conducted business as usual. In general, however, salaries continued to rise at modest rates.

RCDS, for instance, “used to average a 7-8% salary increase,” according to its headmaster, however, “for the last two years [salaries] have been somewhere between 2-4%.” At BDA, faculty salaries had consistently been on the rise for years, until 2008–2009, when the faculty elected to accept a freeze as a proactive move in response to the recession. The board chair commented that despite the move and its potential ramifications, the school has “deeply loyal, smart, dedicated faculty and staff here and they rode through it with us.” Indeed, the issue of faculty morale and the sense of a shared burden resonate with many schools and are constant motifs in discussions of sluggish faculty salary raises. At GCS, for example, where salaries were limited to a 1% increase for every employee, the school offered an across-the-board \$500 bonus to every faculty member once it became clear that enrollment numbers would remain high. Numerous stakeholders at GCS complimented both the equity and

**Figure 7.5: Schools' Self-reported Ability to Fund Employee Salaries since 2008 Compared to Before 2008**



Source: Survey of Heads and Business Managers

symbolism of this gesture, noting that most faculty members were perfectly willing to take a low raise if the alternative involved eliminating positions.

Interestingly, several of the schools where interviews were conducted found themselves addressing prior inequities in salaries during the years of the recession. In some cases, these inequities resulted from the decisions of previous heads; at others, they stemmed

**Table 7.1: Change in Median Faculty Salary, 2005-2010**

Year	2005	2006	2007	2008	2009	2010	2011
Median faculty salary (in actual dollars)	\$46,775	\$48,452	\$50,399	\$52,529	\$53,260	\$54,088	\$54,645
Percentage change from previous year	3.70%	3.50%	4.00%	4.10%	1.40%	1.80%	1.60%

Source: NAIS StatsOnline

from differences in scale between young and veteran faculty members, with veterans often receiving far more than newer counterparts. To some extent, the recession may have helped heads address such inequities, since they could justify (or perhaps had no choice but to offer) low raises that would equate to a higher percentage for employees making considerably less.

In the Survey, 41.1% of respondents (397/967) who participated in the survey froze teacher salaries for at least one year following the recession. Similarly, 61.5% of respondents (552/898) suggested that they retained only average, below average, or well below average ability to fund teachers' salaries after 2008, compared to before 2008 (Figure 7.5). On average, these survey responses match the NAIS data that showed that prior to 2008, most schools increased salaries between 3.5 and 4.1% (Table 7.1). Since 2008, however, that has been reduced to between 1.4 and 1.8%, on average.

**61.5% of respondents suggested that they retained only average, below average, or well below average ability to fund teachers' salaries after 2008, compared to before 2008**

Thus, while schools were able to raise salaries throughout the years of the recession, those raises, overall, have grown smaller in recent years.

### Faculty Salary across School Types

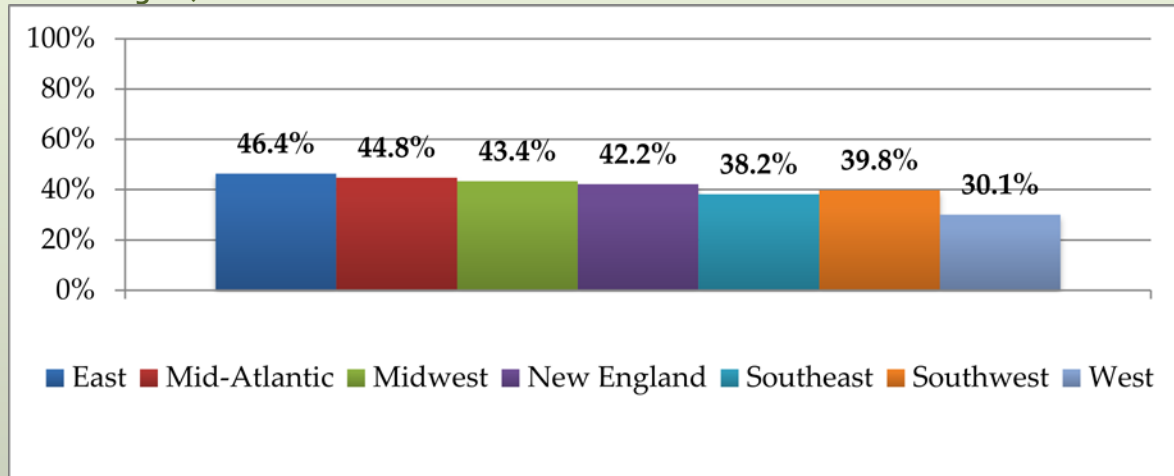
While median teacher salaries did increase significantly from 2005 to 2010 (Table 1, Appendix A,  $p < .001$ ), they did so by less than \$2,000 on average, a change that may not represent substantive change for many teachers. Median teacher salaries did not increase at a significantly different rate among school types by grade levels served (Table 5, Appendix A), but did increase at different rates among schools by gender type, boarding component, and region.

**"None of us teaches here for the money. We all know there are other schools where we could go for money. That's not a big morale factor, though it does come up. Maybe you could just call us stupid."**  
*(Dean of Students,  
The Episcopal School)*

Single gender schools raised faculty salaries more than did coed schools (Table 2, Appendix A,  $p < .0001$ ), but only by approximately \$600. In addition, when these raises were broken into the smaller categories of boys schools, girls schools, and coeducational schools, they did not show significant differences (girls schools raised faculty salaries almost \$1,500 more on average, but an ANOVA test between the three types of schools did not result in a finding of statistical significance). The Survey similarly did not reveal significant differences between coed and single gender schools in terms of freezing salaries or perceptions of schools' ability to fund salaries.

Differences between boarding and day schools mirror coed and single gender schools in many ways. Again, the Survey did not reveal significant differences in terms of freezing salaries or perceptions of schools' ability to fund salaries. Boarding schools did raise teacher salaries, on average, approximately \$1,000 more than did day schools between 2005 and 2010 (Table 3, Appendix A,  $p < .0001$ ), but again, this finding may not representative substantive differences in teacher perceptions of their salaries or community-building.

**Figure 7.6: Percentage of Respondents Who Froze Salaries for at Least One Year after 2008 (by School Region)**



Source: Survey of Heads and Business Managers

Yet another statistically significant difference appeared between schools in the southeast and those in the rest of the nation, with southeastern schools raising salaries, on average, by around \$3,800 less than their national counterparts (Table 4, Appendix A,  $p < .0001$ ). Figure 7.6 further illustrates this point; only schools in the western region raised salaries at a slower rate. This trend, however, is not evenly reflected among the schools at which interviews were conducted for this study (see Table 7.2), suggesting that individual differences in school context are an important consideration when reviewing faculty salaries.

**Table 7.2: Change in Faculty Salaries at Case Study Schools, 2005-2010**

School	2005 Teacher Salary (in 2010 constant dollars)	2010 Teacher Salary	Change from 2005-2010 (dollars)	Change from 2005-2010 (%)
GCS	\$53,600	\$57,000	\$3,400	6%
WAGS	\$51,900	\$54,864	\$2,964	5%
RCDS	\$44,500	\$47,400	\$2,900	6%
BDA	\$39,700	\$36,764	-\$2,936	-8%
Southeast	\$52,700	\$58,150	\$5,450	9%
Episcopal	\$39,300	\$39,975	\$675	2%
National Average	\$48,715	\$50,505	\$1,790	4%

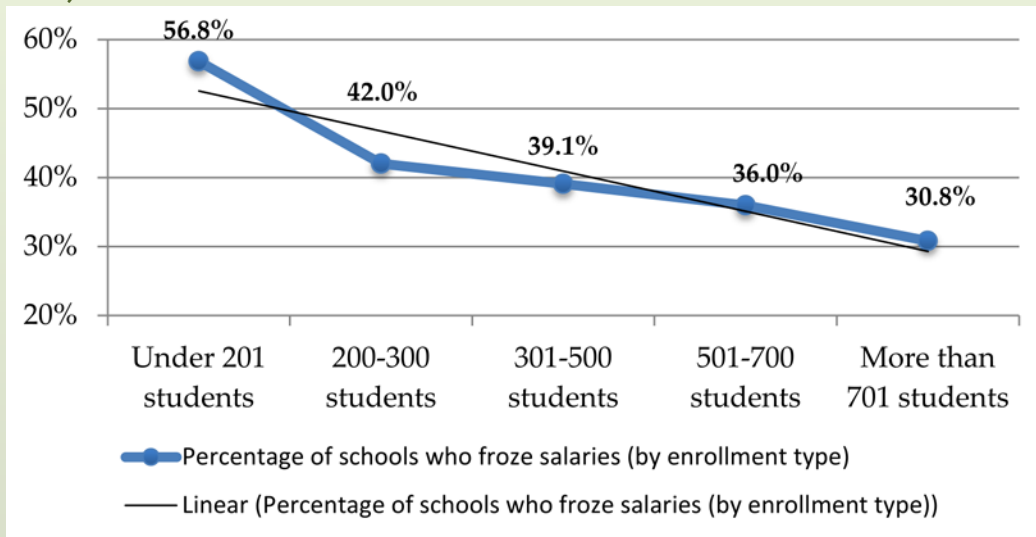
Source: NAIS Database

## Faculty Salaries by Age and Size of School

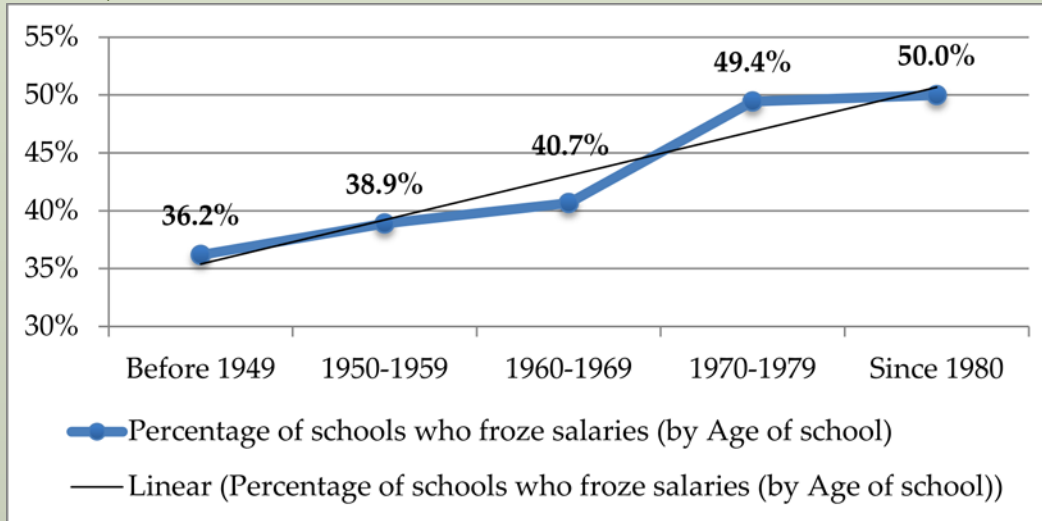
In addition to the other material presented in section 7.2, two other interesting differences arose from the Survey in the area of faculty salaries; both the age of institutions and the size of schools resulted in mean differences in faculty salary.

Figure 7.7 shows that schools with a higher enrollment were less likely to freeze salaries during the recession; this finding is also presented in Table 6, Appendix A ( $p < .0001$ ). Figure 7.8 shows that schools founded more recently were more likely to freeze salaries during

**Figure 7.7: Percentage of Respondents Who Froze Salaries for at Least One Year after 2008 (by Enrollment)**



**Figure 7.8: Percentage of Respondents Who Froze Salaries for at Least One Year after 2008 (by Age of School)**



Source: Survey of Heads and Business Managers

the recession; this finding is also supported by Table 7, Appendix A ( $p < .05$ ). Neither trend can easily be explained by a causal conclusion, and each warrants further investigation. It may be, for instance, that schools with more students simply have more revenue and had fewer concerns about drops in overall income; it could also be the case that older schools have richer endowments to support them in times of crisis. Neither of these possibilities, however, is established beyond doubt by the available data.

### 7.3. Schools continued to increase tuition, but at a more modest rate.

The question of whether and how much to raise tuition, especially during a recession, is one that has been debated without conclusion for several years (see the discussion of NAIS and ISM on this topic in section one of this paper). Since tuition at many independent schools accounts for 80-90% of the school operating budget, schools needed to take a hard look at the figures they asked of tuition to balance the needs of the institution with the needs of the individuals in the school community, including the parents who had to pay for their children's education and the teachers whose salaries were largely determined by tuition income.

The actual trend among schools was, in fact, to raise tuition during the recession. Table 1, Appendix A shows that the national average among day schools was an increase, figured in 2010 constant dollars, of \$2,866 ( $p < .0001$ ), an overall increase from 2005 of 17%. Among boarding schools, the average increase in tuition amounted to \$5,368 ( $p < .0001$ ), an overall increase of 16%. Tuition revenue, also figured from 2005 to 2010 in 2010 constant dollars, rose significantly as well ( $p < .0001$ ).

The schools in this study reflected this national trend; their tuition rose, but not as swiftly as it rose before the years of the recession. Table 7.3 demonstrates this annual growth clearly; while the rate of tuition increase slowed in 2009 for both day and boarding schools, it still rose at a higher rate than national inflation. Additionally, in the Survey, 71.9% (695 of 967) of respondents stated that they had raised tuition since the fall of 2008.

**71.9% of respondents stated that they had raised tuition since the fall of 2008, with an overall increase from 2005 of 17%**

Such changes in tuition resonated differently at different schools. At BDA, for instance, members of the school leadership team seemed to feel that they had unfortunately but rightly missed the glory days of tuition increases:

In the cities around us, there are schools who were shameless, with 8 or 9% raises before the recession. Now, some of those schools are flat. It is obvious now that we have to sit tight and live with 2-4% increases. Those days of huge increases may be gone.

(Business Manager, BDA)

The head of school at Southeast similarly noted the change, stating that "before the recession, we ran our tuition increases between 4.5 and 6% on average and some of our competitors were higher, but since that time, our increases have been less than 4%—somewhere in the 2 to 3 range." Indeed, the business manager at GCS characterized the years just before the economic downturn as a "lost opportunity" for the school, and described the current tuition policy of



---

## School Decisions: Southeast Prep

Southeast Prep is situated in a major financial city. Not surprisingly, many families in the area were hit hard by the recession. While the school planned conservatively and projected to lose some families and students, they ended up being an anomaly in several ways.

First, in 2008-2009, they added six students to their previous year's total, while their counterparts in the area all lost students. The next year, Southeast added 22 on top of that.

Since independent schools are tuition driven, however, there is a secondary anomaly in the case of this NAIS institution. The first year (2008-09) they were one of two schools in the state to make a bold statement, freezing tuition increases. The Head of School told us, "Our Board voted, and we decided to not raise tuition. We had a flat tuition increase, and were the only school in the immediate area to do that." With the slight increase to enrollment, the Head also added, "We were able to give our teachers a 2% salary increase later that same year." Financially, this was done through contingency monies and the extra revenue from the additional students, but the reasoning was even more important.

The Board Chair commented on the rationale for the decision, stating, "Even without increasing tuition, increasing salaries was important to us because we needed to invest in our faculty." The Business Manager concurred with the philosophy behind the move, sharing, "Teacher salaries are the number one aspect of the school budget process." And while the sentiment appeared to be one that supported the internal community of the school, what about the attitudes and perceptions of the faculty and staff itself?

One veteran teacher shared her perspective saying, "The first year looked dismal, but then everyone got a 1-2% raise. But from a morale standpoint, I don't think it made even a wrinkle." The Parent Association president, who worked closely with teachers and administration, echoed a similar sentiment, saying, "No one was upset about not getting a larger raise, just thankful to have a job." In fact, from one administrator's perspective, the idea of a raise to salaries was never second-guessed. The Director of Admissions commented, "That was the year that tuition did not increase and staff and faculty later received a small raise, but were not expecting it all."

In the two years since the recession, enrollment at Southeast has continued to grow, morale is good, the community is stronger, and the negative impact on salaries has been minimal. Like many independent school counterparts, the days when Southeast could offer an increase of 5% or more are gone. However, they have been able to increase salaries between 3-4% since the onset of the recession in 2008.

**Table 7.3: Change in Tuition at Day and Boarding Schools, 2005-2010**

School Type	Category	2005	2006	2007	2008	2009	2010
Day Schools (n=620)	Median Tuition (Actual dollars)	\$16,600	\$17,500	\$18,592	\$19,505	\$20,400	\$21,137
	Change from previous year (%)	6.00%	6.00%	5.90%	5.80%	4.00%	4.00%
Boarding Schools (n = 111)	Median Tuition (Actual dollars)	\$33,935	\$35,700	\$37,860	\$39,900	\$41,530	\$43,285
	Change from previous year (%)	5.50%	5.60%	5.40%	5.50%	4.00%	4.40%
U.S. Rate of Inflation		3.40%	2.40%	4.10%	0.10%	2.70%	1.50%

Source: NAIS StatsOnline, Consumer Price Index

raising tuition between 2 and 4% as “making up for lost time.” He also suggested, however, that the school community might not support even that level of increase indefinitely.

Regardless of the level of increases, Episcopal noticed a difference in parent perceptions of and attitudes related to the payment of tuition:

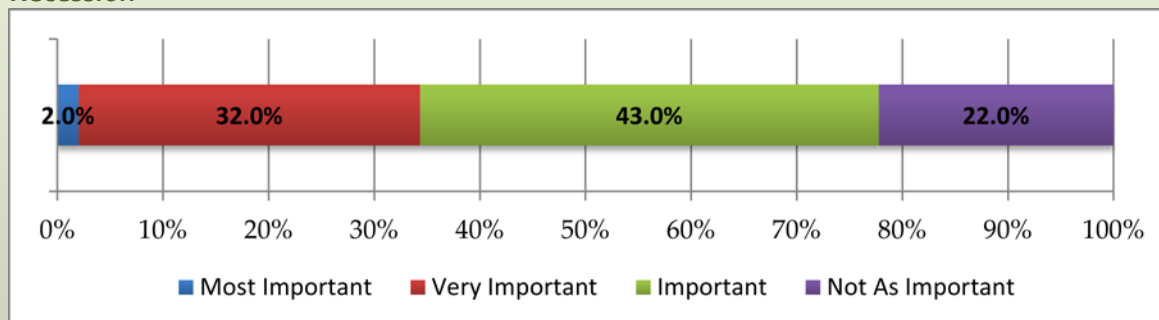
We offer an annual, quarterly, and monthly plan. The monthly plan costs more—it has a financing charge. Over the years of the recession, the monthly plan has gone up. It went up 1/3 in just one year. People are saying it’s worth it for them to pay more to be able to budget and make a monthly payment.  
(Business Manager, Episcopal)

As was noted in section 5.1, the admissions season at schools ran later into the school year—or, in some cases, into the summer. Parents thus clearly found tuition a burden even when schools were able to maintain increases in the amount of tuition.

Unsurprisingly, raising tuition was ranked “important” to “most important” for 77% of the respondents on the Survey from a

**“In lower school the recession affected tuition a lot, because the parents make choices...they think they can buy car, take a vacation, or put kids in private school. But they decide they can wait for private school.”**  
(Division Head, RCDS)

**Figure 7.9: Ranking of Tuition Among Important Factors for a School to Address During the Recession**



Source: Survey of Heads and Business Managers

list of 10 choices (Figure 7.9). That list also included paying down debt, contributing to the endowment, freezing salaries, and lowering the annual fund, for instance (see Figure 7.2). Behind maintaining enrollment and raising financial aid, both of which are linked to tuition income for most schools, more heads and business managers ranked tuition increases “important” or “very important” than any other factor.

### Tuition across School Types

Tuition is an area in which all breakdowns of various types of schools reflect significant differences. To begin with, school types by grade levels served showed marked differences in tuition increases ( $p < .0001$ ), with schools that include an early childhood component (K-12 and K-8 schools) differing in tuition increases by as much as \$1,400 ( $p < .0001$ ) from schools serving grades 6-12 (Table 5, Appendix A). Since tuition increases followed a similar percentage model across the board—these four school types indeed changed in terms of percentage from 2005 levels by 31% (K-12), 29% (1-12), 33% (K-8), and 32% (6-12)—this difference might make logical sense; schools with a higher tuition in the first place will show greater increases if all schools raise their tuition the same percentage.

In addition, day and boarding schools showed different levels of increase, with day schools raising tuition a little more than half of the boarding school increases (Table 3, Appendix A,  $p < .0001$ ). Again, this makes sense when viewed in terms of percentage increases. Each of these increases represents a 28% change from the 2005 mean tuition of these school types.

Less obvious may be the reasons behind Southeastern schools’ distinction in this area from schools in the rest of the nation. Southeastern schools, whose tuition went up on average by \$3,407 (23% of 2005 tuition), showed significant differences from all other schools, where tuition increased by around \$1,800 more, or 33% of 2005 amounts (Table 4, Appendix A,  $p < .0001$ ). Here, percentage differences do not match closely. As a group, southeastern schools clearly felt some financial pressure that other schools did not.

Single gender schools also showed a significantly different increase from coed schools, though again the percentage difference is not vast. Coed schools raised tuition by \$4,756 (32% of 2005 tuition) compared to single gender schools, which saw, on average, increases of \$5,912,

over \$1,000 (33% of 2005 levels) more than coed schools (Table 2, Appendix A,  $p < .0001$ ). One interesting finding from the Survey, however, centers on the gender of school populations: according to the survey, 78% of all-boys schools and 71% of co-ed schools surveyed raised tuition, while tuition was raised in only 60% of all-girls schools surveyed. This information contrasts with the data from all schools, which shows that both boys and girls schools raised tuition significantly more than coed schools, though boys schools as a whole raised tuition around \$300 more between 2005 and 2010.

It is important to note, however, that in our review of survey responses concerning raising tuition, the p-value from the overall chi-square test was  $p < .056$  (see Table 8, Appendix A), which does not quite reach the conventional 0.05 level of significance. The pair-wise comparisons, however, gave the following results: all-boys institutions were significantly different from the all-girls institutions ( $p < .05$ ); all-boys schools were not significantly different from the co-ed schools; co-ed schools did not quite reach the 0.05 significance level against the all-boys ( $p < .06$ ).

Similarly, another interesting finding from the survey is that only 58% of schools that responded and were founded in the 1970s raised tuition at some point after the start of recession (Table 8, Appendix A). Three of the four other categories of school age—all of which represent older schools—showed statistically significant differences ( $p < .05$ ) from the schools founded in the 1970s, with responses of 74% (schools founded before 1949), 73% (schools founded 1950-1959), and 71% (schools founded 1960-1969); only schools founded since 1980 (68%) did not significantly differ from these schools. To what extent either of our findings concerning schools by gender and by age represent substantive significance is a question that would require further study.

#### 7.4. Schools deferred physical plant maintenance.

One area of a school budget that schools found it easy to control—and an area that could be manipulated in order to save dollars for other budget areas—was facility maintenance and Plant Renewal Replacement Special Maintenance (PRRSM) accounts. Universally, school employees offered assurances that such withholding did not affect programs. At Southeast Prep, for instance, according to the business manager:

We have a little leaner custodian and maintenance staff, even though we have the biggest campus among our competitors. We did cut our maintenance expenses, we did postpone the things we wanted to do in terms of physical plant, and we did reduce our staff. We outsourced our cleaning and custodial services—so our cuts were operational, but did not impact the day-to-day school.

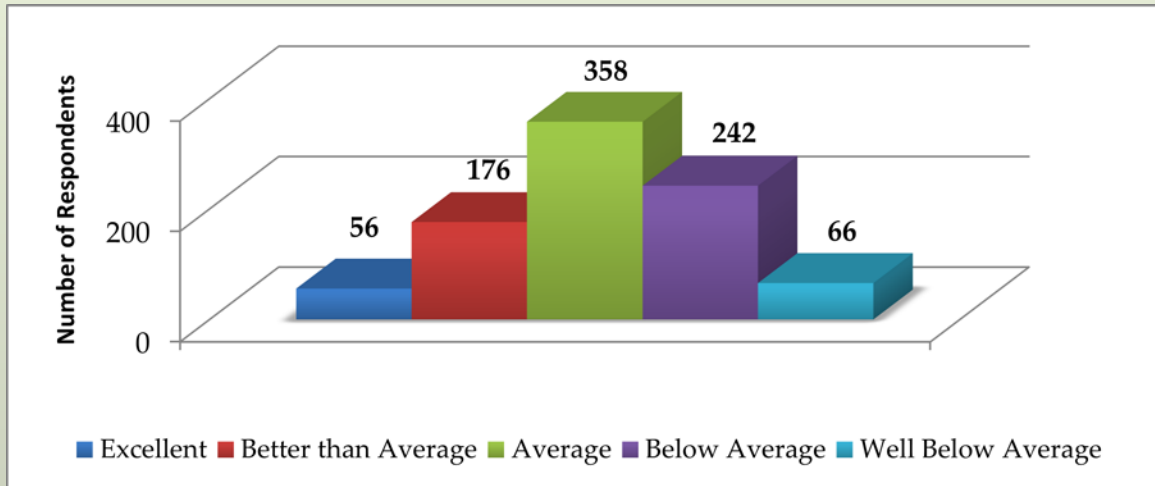
Similarly, at BDA, one board member stated that in considering maintenance cuts, “the question was always, ‘Is this going to affect the health and well-being of the students?’” Schools did not skimp on necessary facility corrections, but did lower the overall pool of money and frequently went one full year without adding money to PRRSM accounts.

Accordingly, this sentiment also emerged in the results of the Survey, where 55% of respondents

**“In 2009, we decided we could not put any money into maintenance accounts, but we seemed to do well—we were lucky on utilities for 2 or 3 years.”**

*(Business Manager, Wooded Acres)*

Figure 7.10: Schools' Self-Reported Ability to Fund PRRSM since 2008



Source: Survey of Heads and Business Managers

suggested it was least important (ranking it 7 -10) and another 37% ranked it as important (ranked it 4-6) among ten items to fund amid tough economic times.

Another question on the survey specifically asked about the school's ability to fund PRRSM following the recession, asking the respondents to compare the years before 2008 to those since 2008. Among the 898 responses, 666 (74%) responded "average" to "well below average" in this area (see Figure 7.10).

### 7.5. Schools saw financial effects from an increase in online services.

The drivers behind an increase in online services for parents during the recession may be several; payment of tuition, book orders, or gifts online, for instance, reflect the growth of technology and online service in general, may help schools with bill collection, and offer a greater sense of customer service and immediacy. An increase in online services across the board, then, may be not only unsurprising but also incidental in terms of the recession. The business manager of Episcopal summed up these multiple reasons for an increase in this area:

For next year, we started partnering with an outside company that does billing and all collections. For us, it is not just from the finance standpoint of, "We've got to figure out a way to get our money and get it in on time," but also to give families online capability and options. People tell me all the time that this is the only check they write—they pay all their bills online, but still have to come in here.

Other schools similarly discovered that families, as customers, appreciated such services, though occasional mistrust of technology in general does surface. What may have

surprised some schools, however, is that such online services could become new revenue generators. At Wooded Acres, for instance, when the parent organization began overseeing an online used textbook sale, their income from used books rose by several thousand dollars each year. Other schools, including Boarding Day and RCDS, saw a tangential but related benefit in terms of alumni tracking and gift requests:

We are doing more online, and about half of our alumni we have e-mail addresses for. The older ones have to get something in the mail from us. We're trying to use social networking and Facebook more to get alumni connected to us.  
(Development Officer, BDA)

Indeed, even the athletic parent group at BDA realized that raising the level of technology might generate new income at many levels; that group is also investing in debit card readers for its concessions and spirit wear vending.

Our findings regarding technology budgets in particular are covered in section 5.2.

## 7.6. Schools re-examined marketing efforts.

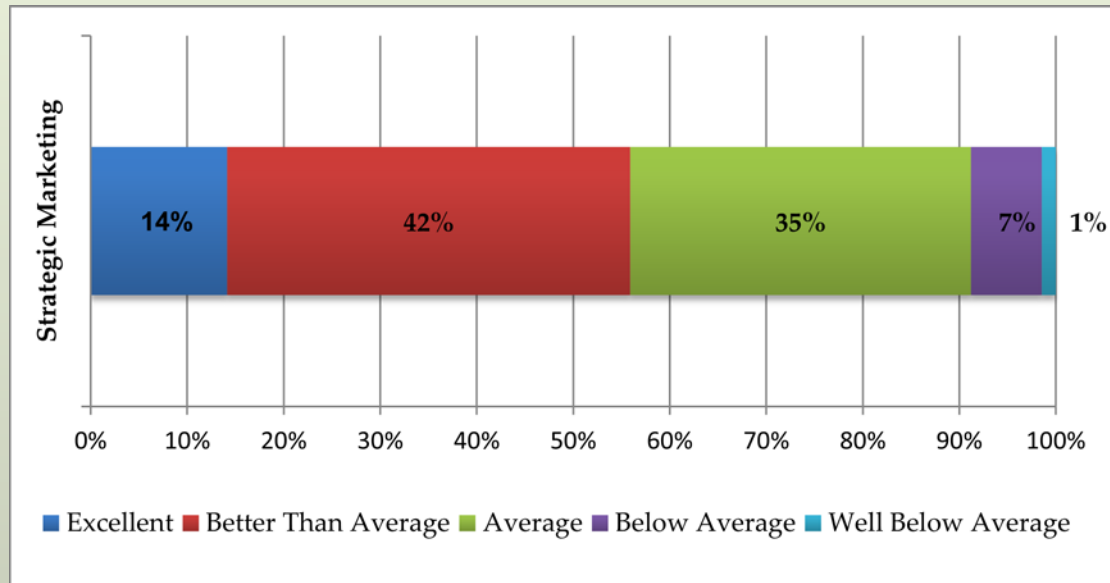
Along with the increase in online services for parents, schools increasingly relied on technology for marketing and networking. The shift to online marketing reflects not just the needs of a new generation of parents but also a cost-saving mechanism for schools; it also involves, at times, re-envisioning the nature of a school's presentation to the community. Nowhere was this more pronounced than at RCDS, where the move to online marketing accompanied a complete cut in other, more traditional forms of marketing:

We spend way less on marketing than we used to. You won't see a billboard, we don't have a television commercial. Our main marketing tool is word-of-mouth, but we're doing new marketing—Facebook and the web. Most of our marketing dollars go into the web. We used to be, the bigger the better. Now, everyone wonders why we would spend money there when we could put it into our program. Our view book now is tiny. We change every day, and the web is better for that.  
(Director of Admissions, RCDS)

Not all schools, however, cut marketing budgets in this way. Indeed, at GCS, the marketing budget was expanded during the recession; other schools similarly added either staff or dollars to marketing in order to maintain or increase enrollment. GCS also added a specific board committee to look at marketing. "The economic downturn has done that—nobody cuts their way to greatness," said the admission officer, adding, "You have to understand the opportunity set." Additionally, such budgeting decisions carried with them an emphasis on targeted marketing; both BDA and Wooded Acres produced new, specific publications aimed at promoting the quality of the middle school entry grades, for example.

Data from the Survey undergirds this notion. Despite the economic downturn, the results from the survey suggest that 56% of respondents (502/898) cited "excellent" or "better than average" in their school's ability to fund strategic marketing (admissions, communication) since 2008, compared to before 2008 (Figure 7.11). In fact, only 8% (79 out of 898) responded "below average" or "well below average."

Figure 7.11: Schools' Self-Reported Ability to Fund Strategic Marketing since 2008



Source: Survey of Heads and Business Managers

### 7.7. Some schools sought new constituencies for enrollment.

“We have had a little more of a tendency, which is our choice, to want to increase diversity and have a wide variety of kids from public schools, private schools, [different] neighborhoods, races, religions, etc.,” said the Admissions officer at Wooded Acres. Compounding the need for a reexamination of marketing and branding discussed earlier, this tendency toward appealing to new constituencies offers a means to expand enrollment and redefine the nature of the school community. What is not consistent is the nature of this expansion, however. For some schools, such as Episcopal, simply reaching out more to neighborhood public school families might constitute an expansion of marketing efforts. For others, the effort is more global; RCDS, for instance, expanded not only its enrollment in terms of international families moving into the city but also grew the number of full-paying exchange students (these students come to the United States and often live with host families, paying not just full tuition but also expenses for host families and a fee for tutoring at the school) to around 10% of the upper school; BDA’s admissions officer spoke of the need to open up new Asian markets with specific recruitment trips. Boarding schools in general are more likely to enroll international students than day schools (see Table 7.4), but this population in day schools rose particularly at the height of the recession before dropping again.

Attempting to capture whether or not independent schools are increasing enrollment of international students, the Survey asked about adjustments since the fall of 2008 in this area. However, only 16.3% (158 of 967) of respondents said that they had specifically added international enrollees to the school’s student body population. A closer look (see Figure 7.12)

**Table 7.4: International Students and Students of Color at Independent Schools**

Year	All Schools		Day Schools	
	% International Students	% Students of Color	% International Students	% Students of Color
2005	2.3	21.2	1.5	21.4
2006	2.6	21.9	1.8	22
2007	2.6	21.9	1.8	21.8
2008	3	22.4	2.1	25.7
2009	2.7	24.9	1.2	24.8
2010	2.7	25.9	1.2	22.7

**Source: NAIS StatsOnline. Based on a core sample of 554 schools.**

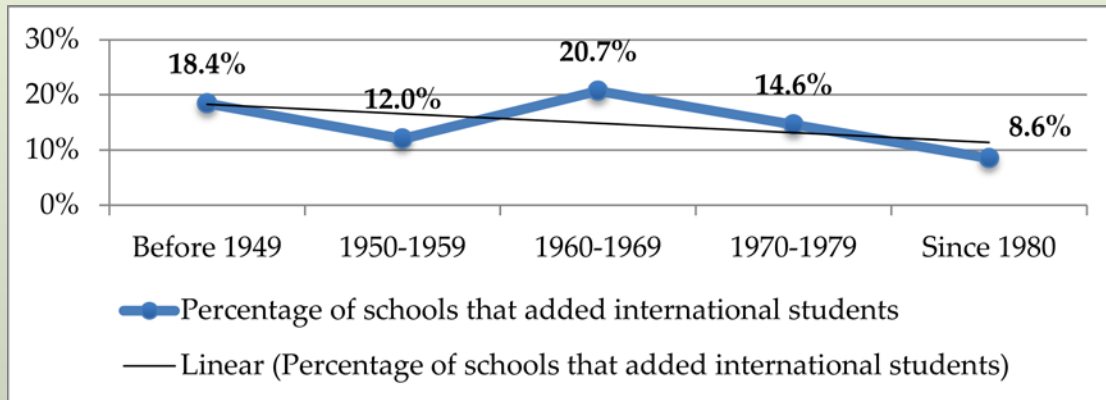
reveals that while there are interesting differences across age of school, the finding cannot be statistically attributed to that variable. Future studies might consider looking at the connection between the idea of life cycle of a school and experimentation with new constituencies.

In the end, while adding full-pay, international students may, in fact, be a growing phenomenon among many independent schools, more intentional data collection is needed to fully understand how this may impact enrollment and new constituencies. Similarly, amid the interviews at the six site schools, this question was asked directly; however, three of the schools already had a connection to an overseas population, either because of their type (boarding), their mission (international), or situational context (located near headquarters of two major international companies). As such, any trend emerging from the qualitative data would be confounded.

Nevertheless, what emerged from interviews was that increasing diversity of many kinds seems to have been a constant desire at independent schools. “We have tried to ramp up our investment against financial aid and scholarship,” said a board member at Southeast. He continued, “In part that is also related to a commitment we have toward increased diversity on the campus—not just ethnic or religious—but socioeconomic diversity in particular.” Southeast is not alone; other schools, including Wooded Acres, expressed a desire to include non-Caucasian students to create an environment, as one parent noted, “that would be welcoming and accepting.” RCDS, already quite diverse by the standards of its competitors, made a push for the first time to include Hispanic and Asian students as well as African-Americans. In such cases, schools often chose to balance a desire to offer a particular environment and program with the already extant burdens on financial aid budgets. Table 7.5 shows the trend of increasing ethnic diversity at all independent schools over the past decade.



Figure 7.12: Schools that Added International Students (by age of school)



Source: Survey of Heads and Business Managers

Such expansion, however, brings questions of instruction and student quality forward. One lower school teacher suggested that each new constituency added to the school brings with it a temporary adjustment period:

It reminds me of getting on a boat, and the boat lists, and then it rights itself. We listed already. The new kids are catching on.  
(RCDS)

At GCS, a division head similarly recounted discussions in which faculty questioned whether standards had been lowered to increase diversity in the student body:

The question that one might ask is whether we are compromising the input, the quality of students we are getting. And that's an interesting question. But we have another question we ask ourselves in terms of inclusion—what kind of differentiated public we want at the school. And we're not going to the extreme, but some people working here long enough think we are.

This viewpoint—that increased diversity requires a school to consider increased differentiation in instruction and offerings—was repeated by other school employees who suggested that diversity might not lower student quality but rather broaden student characteristics. Concerns about admissions standards, however, were repeated wherever attempts at expansion were seen as a reaction to fears of decreased enrollment.

Table 7.5: Students of Color as a Percentage of All Students at Independent Schools

	2000-2001	2005-2006	2010-2011
African American	5.00%	5.70%	6.00%
Latino American	2.40%	3.10%	3.50%
Asian American	6.60%	7.00%	8.30%
Native American	0.20%	0.20%	0.20%
Middle Eastern American	1.30%	1.50%	1.30%
Multiracial	2.00%	3.80%	5.80%
Pacific Islander American	-	-	0.20%
All Students of Color	17.40%	21.30%	25.30%

Source: NAIS Statistics. Based on a core sample of 554 schools. Dashes indicate that data were not collected as a separate group from 1998-2007.

## 7.8. Schools re-examined the role of parent organizations and the purpose of community events.

Parent organizations at independent schools serve a wide variety of functions, but a primary role many such groups identified from pre-recession work was fundraising through traditional means such as holding auctions, assisting with annual giving campaigns, and organizing individual fundraising events on campus. To some extent, parent organizations

**Independent schools seek a partnership with parents, and the role of the parents association is to work with the administration to build that partnership; adversarial relationships have no place in independent schools.**

*(Pat Bassett, 2004)*

modified these efforts as a response to the recession and their own awareness of the strain it might have placed on families. At Southeast, for instance, an annual art auction was cancelled in the early years of the economic downturn; as one parent put it, "It just did not seem to be the right time." Such sensitivity to the financial needs of parents dominated many parent organization discussions and decisions.

As a result of such discussions, many parent organizations re-evaluated their fundamental role within a school. A parent at BDA describes this re-evaluation and the tensions inherent in it in speaking of the school auction:

We're moving the venue this year from the country club to a gym, and that's controversial. We want to include everyone, but this is about making money. There is an angel and devil in that discussion. The economy is playing into those decisions.

The “angel” and “devil” described by this parent reappear at other schools, as well, where parents expressed the desire to keep the community involved in large events such as auctions while at the same time continuing to raise funds. Perhaps the most complete reform of the parent organization role came at GCS, where the fundamental mission of the group shifted from a financial role to one of community-building. Before the recession, the parent organization raised money through a large spring event and numerous smaller events; during the first years of the recession, those events continued but were scaled back and budgeted in new ways so that the mission of the event was not to raise money but to bring parents to campus; concessions became free, for instance. Indeed, rather than asking parents for money at events, the GCS parent organization had the school charge a flat \$50 fee to each family and used that money to provide events on campus that would offer a chance for parents to spend time together as a community.

Other parent organizations, while continuing to raise funds and perhaps not reimagining their purpose in quite so dramatic a fashion, nonetheless rethought the nature of specific events. Many schools continued to hold an annual auction, for instance, but revisited the location or nature of the event. One parent at Episcopal, for example, noted that such events offer “another venue beyond sports or theater where you come together and continue the relationships,” then added, “we’re serving the parents.” Other schools offered similar insights, citing events that offer parents a chance to hear speakers, engage in topical discussions, or simply bond and chat as primary goals of parent groups.

### **7.9. Schools held themselves more accountable for connecting expenses to missions and programs.**

Just as individuals curtailed personal spending on luxuries during the recession, schools reexamined their budgets to cut out extra expenses (as one head of school put it, “The only fat is on the headmaster, not the budget”). Even beyond the initial planning of the first two years, a natural response of schools to the economic downturn was to revisit budget items from large-scale expenses such as technology and maintenance costs to small-scale cost-limiting initiatives such as turning lights out more often or cutting back on paper use. At RCDS, this trend toward increased thrift even led division heads to change the manner in which they ordered materials:

I cut back a lot on what teachers are allowed to order and made them get everything approved. Now they think twice. I've always said yes, but there used to be a lot of fluff stuff that doesn't enhance the quality of education. My office supply bill was exorbitant. We would order these huge orders of supplies and we'd put it in the lounge. Within a day, it was gone. They were hoarding it; they were afraid we'd run out of something, so they'd take it, or maybe someone else took it. We started putting everything in the closet in my office and now it's a fourth of the cost.  
(Division Head, RCDS)

Many division heads credited the recession for a newfound zeal for trimming budgets; at Wooded Acres, an incoming middle school head slashed the budget by 10% even though the school only asked her to consider a 5% cut.

At the same time, as was noted earlier, programs were held generally sacrosanct by schools and administrators. The seeming tension between a desire to cut budgets and the need to maintain programs, however, is mediated by an emerging trend, namely, a more intensive review of each budget item to ask whether or not it actually increases the program offerings themselves.

"They've been more specific about what each department is spending," said a teacher at Wooded Acres. "They are asking what we really need, not telling you that you cannot have it; they're being more prudent in making sure the money goes back to the students." This

**Whatever we need to make our program stronger is there for us, but you've got to know why you need it and what it is going to do for you.**  
*(Teacher, RCDS)*

approach, which may seem natural, was not in fact considered to be business as normal at all independent schools before the recession, when many supply requests could go largely unexamined. "Everything is scrutinized before final decisions are made," commented a teacher at Southeast Prep; "That was never the case before as there was

always money to use." It is important to note here that most teachers agreed that supplies were as readily available to them as they had been before the recession; it was the process of requesting and justifying the need for those supplies that had changed.

In addition to pencils and paper, a particular area of school budgeting that now leant itself to such careful mission-based scrutiny of purpose and benefit was professional development for faculty members (see section 5.2 for more on professional development budgets). Where faculty training was funded, faculty were required to tie that funding clearly to the mission of the school. At RCDS, where faculty were only approved to attend seminars or conventions if the subject related to a specific, approved teaching goal, teachers expressed just such a rise in accountability; as one teacher said, "If we go travel for the school or they bring in someone to train us, it has been with a very specific academic goal in mind that we then translate into the classroom." A division head repeated this idea of increased connection between funding and classroom use, saying, "It's scrutinized more for the teachers and there's more accountability for the professional development; it has to fit in with their professional goals."

Worth noting is that the distinction behind increased scrutiny of spending and the need to retain a sense of frugality is not always clear to teachers. Some teachers, in other words, might perceive that funds are not available even when they actually are. At Wooded Acres, for instance, a set amount is available to each faculty member specifically for professional development, but many teachers, perhaps out of lack of interest or perhaps out of a sense of austere budget needs, never use that funding. Or, as one teacher at RCDS put it, "We have not actually been turned down for professional development—but we just don't ask."

# Section 8: The Lessons of Tough Times

## Leadership, Community, and Continued Growth

### IN THIS SECTION

- 1. A calm oasis in a storm:  
The importance of  
leadership amid uncertain  
economic times**
- 2. Community is the  
strength of the school:  
Retaining families and  
keeping community whole**
- 3. “If you aren’t growing,  
you’re dying”  
Why Schools Continued to  
Evolve and Build**

**“We were going to be a calm oasis in a storm...I spent the fall talking about the fact that we want to create an oasis for our children.”**  
*(Head of School, Southeast Prep)*

In addition to the short-term adjustments schools made to accommodate the shocks of the economic downturn, more pervasive and enduring themes about school stability emerged from our study, as well. This section discusses three overarching areas of learning for schools that arose in our site visits and research. First, we examine the effects of leadership in times of trouble, especially the role of the Head of School. Next, we discuss the focus schools placed on community-building during and after the recession. Finally, we consider the broad manner in which schools continued to grow and build, from programs and facilities to relationships and learning structures.

### **8.1. “A Calm Oasis in a Storm”** *The importance of leadership amid uncertain economic times*

Leadership is complex. Not only is it difficult to define for any particular organization, it is also exceedingly more complex to unpack as a concept. In *Reframing Organizations: Artistry, Choice, and Leadership*, Bolman and Deal (2003) outline four conceptual frames through which to see organizations. They include political, symbolic, structural, and human resource frames. While all four frames are important to the success of independent schools, one particularly important frame is that of human resources.

The human resource frame begs for human contact and interaction, the need for sharing ideas, and the need for energy, talent, and effort among the people within a given organization. Values such as teamwork and commitment are critically important and organizations in this frame exist to serve the needs of the greater good. As a result, when goals of the individual trump the goals of

the organization, failure is likely. From this human resource frame emerges the notion that the organization serves as an extended family and that the ultimate key to success is the "sensitive understanding of people and their symbiotic relationship with organizations" (Bolman and Deal, 2003, p. 121). People need organizations, in Bolman and Deal's view, just as organizations need people.

If the school organization is a family, the head acts as either its patriarch or matriarch. As with other educational institutions, leadership of independent schools is responsible to a variety of constituencies, including a Board of Trustees, parent body, students, faculty and staff, and alumni. These constituencies affect the mission (programmatic elements) and the market (financial elements) and leadership must address both. While students, faculty, and staff have needs for vision, traditions, and structures (programmatic elements), boards, parents, and alumni have enormous impact potential through tuition dollars and philanthropy. Because parents also have the ability to walk away, often times to a local competitor, their opinions and sense of belonging matter even more, particularly amid a financial crisis. Thus, leadership is, as Jeffrey Pfeffer (1977) puts it, "constrained by both the demands of others in the role set and by organizationally prescribed limitations on the sphere of activity and influence" (p. 107). Heads must therefore pay close attention to human relations within the school, nurturing connections between all groups.

**"The term 'control' applied to school improvement is a dubious concept because one does not 'control' improvement processes so much as one guides them and provides direction for them, since most of the knowledge required for improvement must inevitably reside in the people who deliver instruction, not in the people who manage them."**  
(Elmore, 2000, p. 14)

In the following sections, we discuss three critical aspects of leadership. The first section broadly defines leadership within independent schools and specifies the key elements of success within a human relations framework. The second discusses the notion of adaptive leadership, particularly in light of tough times. Finally, the third section seeks to highlight the importance of strong leadership. More specifically, it underscores the critical importance of partnership between the Head of School and Board of Trustees, and keys to working in tandem in order to navigate the Great Recession. Embedded within each part is a combination of scholarly literature on school leadership and leadership amid tough economic times meshed with illustrative data from the qualitative component of the capstone.

### **Leadership in Independent Schools within the Human Relations Frame**

Independent school leadership is structured similarly across independent schools, no matter the region, size, or any other demographic. Leadership begins and ends with both the Head of School and the Board of Trustees. At every NAIS member school, the Head of School is charged with carrying out the school's mission in addition to overseeing the educational programs, financial management, and day-to-day operations of the organization. Likewise, the Board is the governing body of the institution, charged with evaluating the Head of School and aimed to think strategically to ensure the long-term viability of the school.

Independent schools have freedom to craft specific missions that are central to the institution and help to inform the vision of where the school is headed. Naturally, the Head of School must embody and regularly articulate the mission through thoughts and actions, and

not lose sight of the long-term vision for the institution. In many ways, because individual schools are mission-specific, the Head becomes what Murphy (2002) describes as a leader who is the “moral steward” and “community builder” (p. 75). This notion is also shared by

**“Leaders primarily work through and with other people. They also help to establish the conditions that enable others to be effective.”**  
**(Leithwood, 2003, p. 2)**

Sergiovanni (1989), who advocates both for the moral steward and for “ministering” (p. 33) to the needs of organizational members as a goal for success, and also by Leithwood and Duke (1998), who suggest that moral leadership “assumes that the critical focus of leadership ought to be on the values and ethics of the leaders themselves” (p. 36), thus allowing for leaders to serve as models for the whole school.

NAIS schools also seek to build communities that share a vision and purpose, as well as values and beliefs, a concept that Sergiovanni (1989) calls “purposing, working to build a shared covenant” (p. 33). Yet, it is a rare school leader who can be moral steward, community builder, and visionary in addition to having significant expertise in school leadership, pedagogy, marketing, financial acumen, and the ability to steward major gifts. A school leader, thus, must be what Sternberg (1997) calls “successfully intelligent” in his triarchic theory, which requires that leaders have the ability to “figure out their strengths, figure out their weaknesses, capitalize on their strengths, and compensate for or repair their weaknesses.” (p. 314). Here, Bolman and Deal’s view of human resources offers school leaders the opportunity to compensate for the demanding work of leadership by empowering those within the school rather than dictating specific courses of action within each division or department. Successful leaders, argue the authors, know that “the work itself needs to offer opportunities for autonomy, influence, and intrinsic rewards” (2003, p. 144). Leaders in the human relations frame thus take actions such as rewarding well, protecting jobs, promoting from within, and fostering the sort of self-managing teams that build both motivation and work productivity while simultaneously removing some of the head’s burden.

While priorities may change within a school and its context, the essential qualities of the leader of a school do not. In order to gain success, no matter the external context, the Head must be the right fit for the organization, its purpose – its mission.

**Participative leadership...supports the notion of shared or distributed leadership and is linked to democratic values and empowerment.**  
**(Bush and Glover, 2003, p. 18).**

### **Adaptive Leadership amid the Great Recession**

President of NAIS Pat Bassett (2009) wrote that, “Leadership rises to the occasion during crises. Our school leaders and trustees and admissions and advancement officers are professionals who have the potential to leverage the current economic crisis to create more sustainable schools for the future” (p. 10). In tandem with a vision toward long-term success, a theme that emerged within the site visit studies involved the effect of leadership changes amid the economic turmoil of the first decade of the 2000s. More specifically, three of the six site schools visited experienced change at the Head position, adding another layer of complexity to an already complicated time. This unpredictability forced schools to adapt in order to survive.

What emerged was that new leadership acted as a rallying point for the respective communities of BDA, Episcopal, and GCS.

At BDA, the community was not looking for change – it was looking for stability. The Academic Dean put it best, saying, “There was no intention to realign the mission during this time. We were looking for someone to be true to historical mission of the school.”

Not only did BDA experience a Head of School change, they simultaneously faced a board composition and turnover issue. Despite these changes, the school emerged from 2008 in a healthy position. The Director of Development commented on the situation:

**At BDA, the community was not looking for change – it was looking for stability.**

Our board is primarily alumni, many from the late 1940s. The generation you are looking at to give is the empty nest generation, the 1960s and 1970s right now. Sadly, for us, those were tumultuous times and a lot of kids were being kicked out for disciplinary issues. A lot of people don't have fond memories in that age group. We have to show them that we are a different school now than we were then.

At Episcopal, the situation amid the leadership change seemed even bleaker than at BDA; not only was the head new, but so were all of the division heads. The Academic Dean commented:

Last year (2010-11) was a rough year. There was a lot of uncertainty, a huge question mark about who was going to lead us. As the year went on, that was compounded—we lost a third of our faculty. It was a very stressful year.

The Dean later went on to say that presently, “It's much better; without reservation, this is the best year morale-wise that we've ever had.” Part of that change in morale may in fact be attributable to the leadership change itself. Episcopal appears to have hired a charismatic leader already comfortable with the school community who elected to, as Yukl (2002) puts it, “make self-sacrifices, take personal risks, and incur high costs to achieve the vision they espouse” (p. 242). Just a few months into an era of new leadership, the Episcopal community expressed a sense of unity and energy that many constituents attributed directly to the leaders of the school.

**Just a few months into an era of new leadership, the Episcopal community expressed a sense of unity and energy that many constituents attributed directly to the leaders of the school.**

While theoretical and anecdotal evidence helps give foundation to leadership do's and don'ts, the notion of being able to adapt to both situation and context seems to matter most. It is what Murphy (2011) calls the “second iron law of school improvement,” which is that “context is always important” (p. 41). More importantly, though, he concludes the

thought by espousing that “wise leaders become adept at understanding organizational context and tuning their leadership accordingly” (p. 41). Independent school leaders thus work in similar ways, but adjust their methods for each particular school environment.



Even for schools that did not experience a change in headship, the notion of adaptive leadership is an important lesson learned from site visits. Heifetz and Laurie (2011) suggest that while the technical or routine response might be to “shield the organization from external threats” (p. 65), the newer and more effective approach in what they describe as adaptive leadership is to “let the organization feel external pressures within a range it can stand.” Heads and other leaders at case study schools often took this lesson to heart, promoting unity within the school walls while offering faculty and parents realistic assessments of the new normal created by the economic downturn.

## Partners in Leadership

If leadership amid a stable economic market is complex, it is even more difficult amid a recession, requiring leaders to create trenches and ladders, as Murphy (2011) suggests, at an alarming speed. Numerous key constituents at the six interview sites, including that of the Director of Advancement at Wooded Acres, shared the sentiment that school leaders had to serve as creative problem solvers and critical thinkers. “Leadership, especially in light of a faltering economy, is absolutely critical,” she said. “Our Head of School inspires confidence in her staff and in current and prospective families—so she is our secret weapon.” Similarly, the emphasis of other community members was placed not only on leader’s individual skills, but also on their ability to bring the skills of others to bear on problems and needs.

**“Great leaders learn to dig trenches under barriers and find ladders to use to climb over them.”**  
(Murphy, 2011, p. 5)

Once again, the importance of Bolman and Deal’s human relation frame emerges, emphasizing the needs of people to feel connected to the organization, or, as the authors write, the need for “highlighting the relationship between people and organizations” (p. 137). Similarly, the inspiration given to both internal (faculty, staff, and students) and external (parents, alums, and prospective families) constituencies of a school cannot be overlooked. As Ginsberg and Multon (2011) suggest, “Given the centrality of leadership for school success, leader morale and effectiveness in tough times can’t be overemphasized.” Heads in the

recession had to bring together numerous groups in harmony without endangering the processes, finances, or culture of the school community.

At nearly every interview site, leadership was lauded. Even at schools where changes in leadership occurred, the various communities’ reliance on sound decision-making and trust in the Head of

**Even at schools where changes in leadership occurred, the various communities’ reliance on sound decision-making and trust in the Head of School was palpable.**

School was palpable. Some of the case study schools faced financial hurdles, while others experienced difficult, internal decisions regarding staff, program, or marketing needs. Despite a variety of objective obstacles, we found that every school had emerged stronger than expected in numerous ways. Comments from the Director of Development at Southeast Prep illustrate this finding:

The reason we remain an anomaly is leadership and the response to leadership. The parents trust the leadership. Both long-time leaders here at the school are very, very trusted by the school community and the surrounding community.

Or by a teacher at RCDS who shared:

There is a lot of good communication going on. We had leaders who set forth a master plan, and they shared that from the beginning. They are seeing it through and taking particular steps to achieve it. They've been visionary in terms of what to do and where to lead us.

Heifetz and Linsky (2002) underscore the importance of communication, suggesting that a leader in times of crisis needs to spend more time communicating and being a "visible champion" (p. 17) than dealing with technical challenges of the crisis. Similarly, Heifetz and Linsky (2002) call for leaders in time of crisis to "control the heat" and "reduce the anxiety to a tolerable level, and then [make] sure enough urgency remain[s] to stimulate engagement and change" (p. 110). As a result, the ability of the Head of School to inspire, engender trust, facilitate communication, and develop partnerships is paramount to success amid an economic crisis.

**"The administrative team gets along well. But they're also leading in a direction that works for all of us. Everything is more purpose driven than it was."**  
*(Teacher, RCDS)*

Similarly important and in tandem with the Head of School, the Board of Trustees also proved seminal to leadership during the storm. The importance of the board's emotional and financial support, as well as strategic planning and advice, cannot be underestimated. One teacher at GCS stated it best:

The strength of the board cannot be forgotten. We have active, involved board leadership and a business staff really looking at what the school could afford and it was just sound financial management and planning. I think one of the real advantages we had to make it through this time was that there was a real agreement amongst every shareholder in the school that the path chosen by the administration was the correct path.

**"You have to have strong leadership. One of the key ingredients to our success is a fabulous Head of School. She inspires."**  
*(Director of Advancement, Wooded Acres)*

Like that within an independent school between head and board, shared leadership is a notion shared by Katzenbach and Smith (1993). They suggest that mutual accountability is beneficial, especially when leaders are able to step back and team members are prepared to share leadership.

In adapting to the new realities of any situation, both Head of School and Board of Trustees appear to work best in tandem. This partnership allows successful management of the external and internal constituencies, as well as the protection of the school's mission against market forces and economic uncertainty.

## 8.2. Community is the strength of the school: *Retaining families and keeping community whole*

Much of the literature concerning schools, parents, and the school community focuses either on the need to create a learning community within schools with student achievement as the goal or the need to draw parents in as participants in public school education. Independent schools, by and large, are plagued with neither of these problems. Independent school parents are often, though not always, involved in their children's learning and education in more than a nominal manner. And while there is some debate concerning the quality of academic preparation provided by private schools, there is little doubt that student achievement drives both the mission and market elements of many independent schools.

The case for creating school community in independent schools, then, rests not so much on the need to draw parents into the academic lives of their children as on the value of drawing parents into the organizational life of the school. Evans (2000) points out, for instance, that the independent school community operates more like a family or religious institution than it does like a corporation or, indeed, like many other types of school. This vision of community is one that incorporates all constituencies: parents, children, staff, leaders, trustees, and even neighborhoods. Where public schools may face the challenge of turning from adult-centered communities into student-centered learning communities (Murphy, 2001), independent schools face the challenge of maintaining a student-centered learning culture within the classroom and simultaneously creating a broader cultural community on and beyond the campus.

To a certain extent, a sense of parent involvement is built into the independent school model both as a result of the operations of schools and as a natural result of social capital; as Putnam (1993) puts it, "the success of private schools is attributable...not so much to what happens in the classroom nor to the endowments of individual students, but rather to the greater engagement of parents and community members in private school activities." Putnam here echoes Coleman and Hoffer (1987), who note that such social capital in private schools is not merely an aggregate of middle class parent values but the actual social fabric created by parents who desire to spend time together and create a "functional community" (p. 225). In this manner, independent schools are set up for success; participation is an expectation of enrollment.

Nonetheless, most independent schools strive to move their constituencies beyond participation and toward a sense of school community such as that described by Sergiovanni (1994), in which connections between the people involved in the school are not based on contracts but on a shared sense of commitment and obligation leading to empowerment. This definition of community requires that schools bring parents onto the campus, make them feel a

**"The community is really something that we are willing to invest in in order to maintain because that's the strength of the school...it is the strength of the school and everyone knew that viscerally. It's more important than having a new building or the latest gadgets or that kind of thing."**

*(Director of Advancement, Global Collegiate School)*

part of a larger effort, and build a sense of excitement about the mission and purpose of the institution:

The majority of independent schools are steeped in rituals and ceremonies and thoughtfully organized traditions—most of which help build community as well—but nothing fuels excitement at our schools like a spirit of celebration...when many people (students, faculty, administrators, staff members, parents, trustees) work together toward achieving a single challenging goal, community is built. (Donovan, 2010)

**Most independent schools strive to move their constituencies beyond participation and toward a sense of community.**

One goal, of course, of building such community is that it undergirds the core technology of the school, forming a “caring community” in which parents and teachers are partners with students in helping them achieve academically (Epstein, 1995). For some independent schools, the drive to form

deeper community ties may also be rooted in aspects of the mission such as religious commitment or the nature of a special population. One must consider, for instance, that at schools such as GCS or RCDS, the international diversity of the student body creates a broad heterogeneity within the school community. At the same time, however, that heterogeneity sets the school community apart from the larger community in which it exists. The school becomes a safe haven for families of many backgrounds, a place where tolerance of cultural differences is the norm. And still another goal for these and all other independent schools, undeniably, relates to the market position of the institution; strong communities make for good business.

During the recession, independent schools turned their gaze toward their sense of community with renewed vigor and concern. As parents reconsidered their options for spending or saving tuition dollars, schools saw the need—and the opportunity—to reinforce the strength and value, both perceived and real, of the community of the school through two main avenues: maintaining and improving strong customer service and support and reinforcing the activities and roles of groups on campus that support a flourishing, mission-driven community.

**Strong communities make for good business.**

### **Market-Driven Community Building: Customer Service and Support**

The thread of attention to customer and community needs is interwoven throughout many of the findings we have already discussed, including changes to financial aid (see section 7.1), flexibility in payment methods (see section 7.5), and the messaging behind teacher salaries and bonuses (see section 7.2). In addition to considering these changes themselves, however, it is important to consider the way in which changes were communicated during the recession. Schools looked for intentional ways to support community building, for instance, but a board member at Southeast Prep made the additional point that the school “did not want to unintentionally communicate that we were tone-deaf to what people were dealing with personally.” Schools became more aware during the recession that marketing in a competitive educational climate requires a school not just to be effective but also to convey an effective

image to parents and stakeholders (Oplatka and Helmsley-Brown, 2004). Because a school is promoting an intangible good, it must attend to the needs and wants of a particular group of parents as well as to educational outcomes. Independent schools are able to attend to these needs and wants partly by taking stock of the consumer's environment (Harvey, 1996). During the recession, schools focused their efforts on community stability and membership.

"That year was about optics and message," explained the head of school at Southeast. "So when I sent the letter out stating there would not be an increase in tuition, it landed well with parents—the message was more important than the dollars we might get." Schools in competitive climates tend not only to increase their promotion efforts but also highlight emotional themes and images in this way, especially private schools, which "gravitate heavily toward symbolic or emotional appeals" (Lubienski, 2007, p. 131), selling "to the heart, not to the head." At GCS, for instance, one board member described the reaction of parents to the message sent by more broadly available financial aid:

**During the recession, schools focused their efforts on community stability and membership.**

The whole community hangs together. People saw they were not just another customer. The school made a bridge for them. Period. Nobody got it for free, but they recognize that it was a two-way street and that a true sense of community duty exists.

The head of Wooded Acres succinctly summed up this philosophy in regards to the expansion of financial aid funding, as well, stating that, "the goodwill is worth the extra expense." In an economic crisis, the balance between tuition and financial aid becomes an important piece of the sense of community on a private school campus.

Similarly, schools in the recession felt that retaining students and teachers took on particular importance not only because of a need to watch tuition and salary dollars carefully but also because retention of both groups buttresses community. Private schools generally retain a significant advantage in areas of school and community that affect the working environment and may do a better job of retaining superior instructors over a longer period of time than public schools (Ballou and Podgursky, 1998, p. 406). Parents in private schools also make retention decisions based on community factors and the happiness of children (West and Noden, 1998), as well as on other factors ranging from proximity to the quality of sports teams or social factors (Schneider and Buckley, 2002). In retaining both families and teachers, then, private schools benefit from their already-strong community base, but during tough economic times schools may worry about the erosion of this base.

**In an economic crisis, the balance between tuition and financial aid becomes an important piece of the sense of community on a private school campus.**

At Episcopal, retention was a specific concern not only because of the recession but because the school already faced a tradition of losing students before eighth grade to independent schools with upper grades. "We had a concern about retention at the middle school level, having children stay from fifth through eighth grade," said the head. He added, "We wanted to make sure we kept children, so various programs that we put in place sent that message." The admissions officer at Episcopal also described specific retention efforts and

events, including a special day devoted to sharing the exciting features of the school's eighth grade program with younger students.

In terms of faculty retention, most schools agreed that the recession made it easier to keep teachers longer. This was especially important at schools such as BDA, GCS, or RCDS, where the international or boarding components of the school might, at other times, led to a natural flow of teachers entering and leaving the faculty. "We've lost fewer teachers," a board member at GCS noted. "There's a difference between losing and moving on, and I think in the last couple of years teachers did not move on." At BDA, the sense of community among faculty became evident not just from the fact that faculty "stuck with us," as one board member said, but also from the faculty's voluntary election to freeze salaries for one year and the school's retroactive bonus when enrollment exceeded expectations. Southeast added an on-site day care facility with the same goal in mind: to make the campus a place where faculty wish to stay. The constant in all of these policies, from teacher retention efforts to greater customer service and increased marketing, is a desire to build community through attending to what customers want; in the case of independent schools, even market-driven decision making must derive from community considerations.

### **Mission-Driven Community Building: Parents and Families on Campus**

"We were always a community that very much lived the mission," a teacher at GCS told us. "This mission is not a plaque on the wall with some words on it, it is very important to everyone here...the recession made us all aware that this mission could be in danger and the fact that we could weather it gave us a trust in the stability of the school and created a sense of community that is stronger now than it was before." As part of keeping that community whole during the recession, GCS shifted the role of its parent organization in a direction similar to but more radical than other schools (see section 7.8). This shift involved a complete revision of the role of the parent organization at the school. No longer would the parent organization serve as an extra arm of the fundraising machine; now, its primary responsibility was to help build a sense of community:

**"The way schools care about children is reflected in the way schools care about the children's families."  
(Epstein, 1995)**

We were taxing our parents not only financially, but we also taxed them on their time, their volunteer hours. So when the recession hit, we had to take a look at it: are you really best serving your parents? So we changed the way we did those social events...in order to provide a community-building opportunity for families. So the school changed.  
(Parent, GCS)

The important point here is not just that GCS looked for ways to make parents spend less, but also that it looked for ways for parents to be included more.

Unlike some previous eras, connections between schools and parents are now being regarded as best-practice professionalism (Crowson, 1998). Such parent-school relationships do not happen in isolation: they require intentional efforts to bring parents to the campus – efforts to which parents of higher socioeconomic status, such as many independent school parents, are more likely to respond and welcome (Hill and Taylor, 2004). Such parent

involvement may even have positive benefits that extend beyond academic achievement to children's mental health, motivation, and engagement with school (Pomerantz, Moorman, and Litwack, 2007). In addition, parent involvement in the governance of the school, including both participation in school activities and empowerment to change school policy and programs, has become more prevalent, with the underlying assumption that these changing the roles of parents and teachers will lead to a partnership that can enhance schooling for all children (Bauch and Goldring, 1998).

At independent schools during the recession, these intentional efforts to create strong partnerships extended into many of the areas mentioned above, including learning, governance, and community-building. BDA serves as a good example. On the one hand, the primary purpose of the parent association at BDA is to "build community," said one parent organizer:

**"The book fair, for instance, is on campus and brings everyone together for fellowship and service...fellowship and service of students and teachers."**  
*(Parent, Southeast Prep)*

The kids were hungry for something to get behind. Something other than studying to get excited about. An overall experience...no longer can you come into this school and not participate in your child's education. We start bringing parents in at sixth grade when you first starts, even before you start.

Yet as parents worked harder and harder to raise funds and create events at BDA, some of the lines of governance blurred slightly. One parent, for instance, was involved not just with the board of trustees and the parent association in key leadership roles but also held a prominent position in the government of the town in which the school was located. In other areas, it became unclear exactly how the lines of authority had been drawn. "We're all competing for parent giving this year," said one member of the school; "we have the athletic fund, the auction is coming up, the annual fund is starting up." Another added, "There are so many groups on campus trying to get money; there's no good timing." The development officer at the school pointed out, as well, that not all fundraising has been streamlined to go through the development office consistently, a fact that makes beginning a capital campaign concerning.

Despite some tensions, the overall sense at BDA is one of community and unity, a sense that has been strengthened, not weakened, during the recession. The addition of football to the school program and moving the auction from a country club to a gym were both designed

to create more involvement, not less. "The parents are so engaged in the school," said one board member, who also noted the pressures on the school created by that engagement, remarking, "When you have an engaged parent group, you better win." The growth of parent involvement, then, may raise accountability and expectations, but it also helps to construct exactly the sort of community spirit that drives successful independent schools.

**The growth of parent involvement, then, may raise accountability and expectations, but it also helps to construct exactly the sort of community spirit that drives successful independent schools.**

## Broadening the School Community: New Constituencies

The tension between the value of increasing diversity and the fear of lowering quality (see section 7.7) offers both benefits and challenges to a school's sense of community. On the one hand, increasing diversity in its broadest terms is a legitimate and noble pursuit, particularly as the world becomes more and more interconnected. On the other, the practical reality is that most American families need financial assistance of some kind to afford independent school tuition, especially amid an economic downturn.

**Schools, therefore, must guard against the fear of the unknown and unintended culture change that perception alone can create.**

Individual independent schools across the country define diversity within their community in different ways. In fact, many boast a specific diversity statement that espouses the beliefs of the institution. And while few, if any, have a nationally representative population on campus, the philosophy of most NAIS member schools is

to create awareness and appreciation of and a need for diversity.

Admitting non-traditional students who are talented or motivated can be a sound, mission-based decision, even if their academic foundation is not as solid as their peers who may have been in an NAIS school for as long as a decade already. In other cases, teachers who are not adequately versed to engage a non-traditional enrollee may form perceptions that weaker students are being admitted – that market trumps mission in the enrollment game. Schools, therefore, must guard against the fear of the unknown and the unintended culture change that perception alone can create.

Beyond the visible kinds of diversity and new constituencies, there are highly qualified, mission-appropriate students eager to seek a college preparatory experience across the nation. Nevertheless, their parents may not be able to afford it. Couple this with schools using much of their financial aid budget to help current families, and schools are forced to look very closely at those whom they add to the community. Global Collegiate's Division Head was quick to add:

[Our] financial aid office is gathering information on students, so we're looking at the value added to the community. Will kids add to the everyday life of the classroom? They take that into consideration.

The opportunity to diversify and enhance a community was also shared by a teacher at the same school, who suggested, "If you are talking about diversity, we are not just talking about races, or religions, or languages, we are also clearly trying to apply this to the SES diversity in the school." Other school members mentioned the diversity offered by students who just fall outside the norm or who bring unique personalities or experiences with them to the student body.

**Other school members mentioned the diversity offered by students who just fall outside the norm or who bring unique personalities or experiences with them to the student body.**

In addition to the use of aid to attract new constituencies, tuition remission (a benefit of reduced tuition costs for faculty and staff) is another form of aid that helped a different



constituency. The Head at Episcopal posited a way to achieve economic diversity using this tool:

Who's in the middle? Your faculty kids are in the middle, they're your middle class in the school. It's important to have that group to bridge the kids between ends of the socioeconomic spectrum. I understand why you'd do tuition remission for a faculty member.

Faculty children and the school's remission policy thus were seen not just as a perk for teachers but as a useful means of achieving the school's purpose.

Yet another kind of diversity is emerging at NAIS member schools, as well: the growth of international student numbers. Since most independent schools thrive on hallmarks of intellectual rigor, safety, small class sizes, and established reputation among college and university admissions offices, they are also becoming more and more attractive to families overseas. Like graduate programs in the US, which saw an 8% increase in first-time international students last year (Appel, 2011), there are also growing numbers of students being admitted and choosing to enroll at NAIS schools. Whether it is for a one-year stint or for all four years prior to college, international students increasingly seek to take advantage of all that independent schools have to offer. This was the case at several site visit locations as well, including at BDA, whose Director of Development shared, "We have about 20 Chinese students." Likewise, the Director of Advancement at RCDS commented, "The international student population is substantial and is increasing each year." Thus, there is a movement afoot among some independent schools to capture strong students of international background.

**Whether it is for a one-year stint or for all four years prior to college, international students increasingly seek to take advantage of all the independent schools have to offer.**

There are benefits to finances, enrollment numbers, and diverse viewpoints in the addition of international students to any campus. But there may be a danger, too. When asked about adding full-pay, motivated and bright students from abroad, the Head at RCDS candidly shared, "How long would it take our admission folks to fill the school with Chinese kids? About

2 ½ years." Yet others in that same school community worried that an overabundance of students from one other culture could create rifts and divisions within the community. Clearly, one can understand the temptation and ease with which to satisfy the bottom line. Combine that option with a battered economy and fears of under-enrollment, and a school faced with a decision about enrollment students from many other countries may also face a the tension between mission and market.

**"The school is at a watershed moment, where we are now deciding what our identity is going to be going forth. But the unspoken benefits of our international student program have been tremendous."**  
*(International Baccalaureate Director, RCDS)*

While some site school interviewees suggested that their school may have opened the admissions door to students who were not mission appropriate based on market forces, others saw it quite differently. RCDS's IB Program Director, for example, reported:

I don't feel like the admissions standards have been compromised to account for our growth in enrollment. [And as a result] the standards have come up quite a bit as a result of increased interest in our school with limited spots.

Determining whether or not the rationale of broadened admissions at any given school is to increase diversity and unique learning opportunities for all students or is a seat-filling, full-pay strategy (or something in between) is not possible from interviews and data alone. However, there are lessons for schools to learn about going too far in broadening the new constituency base and how it can splinter a community. For example, the Business Manager at BDA shared:

We fell into a trap years ago becoming too international, too Asian too fast. The kids were uncomfortable, the board was uncomfortable, [and] the parents were uncomfortable. We have to be very aware and careful.

Schools increasing international student populations are learning the lesson that numbers alone do not predict consequences in this area.

Moreover, schools are learning about the need to be more intentional regarding connectedness of international and diverse families to the community. One parent at BDA talked about their strategy to strengthen relationships with new constituencies, sharing, "We want to include our international parents in our program through technology. We want to build camaraderie through Skype or the Internet." Gene Batiste, Vice President for Leadership Education and Diversity at NAIS, echoed this sentiment and proposed its benefits to the community as a whole, writing, "As independent schools strive to be more diverse and inclusive, they are refining their diversity practice to improve the independent school experience for all constituents" (NAIS, 2010). Nevertheless, with new students and families added each year, providing the consistency of a healthy community will remain a juggling act for schools.

**There are lessons for schools to learn about going too far in broadening the new constituency base and how it can splinter a community.**

In the end, the ideal for independent schools is not an either/or proposition as it relates to finances and school purpose. Instead, it may occur when both market forces and mission-driven decision making work in synchronicity to produce a community with shared values and genuine appreciation for one another.

### 8.3. “If you aren’t growing, you’re dying” *Why Schools Continued to Evolve and Build*

In his book *The Fifth Discipline*, Peter Senge (1994) laid out a definition of the widely used term “learning organization” that has since been widely applied to schools. A learning organization, Senge stated, is one “where people continue to expand their capacity to create results they truly desire, where new and expansive patterns of thinking are nourished, where collective aspirations are set free, and where people are continually learning how to learn together” (p. 14). Independent schools have long sought after processes and cultural norms that allow them to learn as organizations. As small, relatively isolated communities within the larger educational world, independent schools are sometimes solely responsible for their own invention and reinvention, their own self-improvement. Turbulence in the external or internal realm often reinforces this truth. While public schools may be seen as massive ocean liners, difficult to force into a new course but also difficult to overturn, independent schools resemble speedboats, easy to steer in a new direction but sensitive and susceptible to choppy waters. As learning organizations, then, independent schools are well-suited to changing course, but they must avoid the temptation to make drastic corrections with every wave that comes along; they must keep one eye on the map and the other on the water.

**“If you aren’t growing, you’re dying. Our school has taken advantage of the economy and continued to launch capital campaigns, to raise money for ongoing athletic programs, for arts, and land expansion.”**

*(Assistant Head of Upper School, RCDS)*

The continued growth explored in this section reflects, in part, this sort of learning on the part of schools—changes made as a result of the recession from which schools learned that processes, operations, or philosophy could stand permanent improvement. At the same time, however, this section also explores the literal ongoing growth of independent schools; this growth involved, often, adding buildings, improving facilities, setting new financial goals, or expanding programs. The common factor in these two aspects of growth—the physical and figurative—is continual evolution and a refusal to hunker down and wait out the storm. In some specific arenas, of course, savvy independent schools may have done just that, eliminating or freezing programs in hopes of better times ahead. Yet many schools also made strategic decisions to pursue growth in key areas derived from institutional and geographic context.

The drive of schools to continue to grow and evolve is further broken down into four parts in the following sections. We first examine the lessons schools gained as learning organizations, the manner in which and places where schools adapted to the recession only to find that the core values of the school in fact supported such changes in a longer-lasting manner.

Then, we consider the financial and operational lessons schools learned during the recession—simply put, the economic benefits of becoming leaner organizations. In the case of schools as learning organizations and lean organizations, we also ask whether independent schools function differently in times of crisis than at other times, and how.

Third, we examine how and why schools pursued capital campaigns and facilities improvements during the recession—the most obvious manifestation of physical growth.

Finally, we turn to the growth of school programming during the recession. In the cases of both facilities expansion and program development, a common theme emerges: movement toward goals that were already set before the recession began alongside the creation of new goals for progress.

### **Learning from Adjustments and Tough Times**

Learning organizations, schools included, learn dynamically; they learn different lessons at different rates and times. One profitable distinction to be made in the types of learning schools undergo is the difference between reflective and unreflective learning (Leithwood, Leonard, and Sharratt, 1998). Unreflective learning happens spontaneously, without a deliberate process or strategy, while reflective learning involves shared collaboration and a deliberate effort to glean lessons from mistakes and experiences. Unreflective learning can be profitable, of course, but reflective learning maximizes human capital. Baker (2009) applies these categories specifically to independent schools, noting that in order to learn and improve, independent schools require times for reflection that include the honest and open questioning of assumptions, attempts to see patterns, and the revelation of gaps in how things are being done. The emphasis on examining and learning from failure is one that has long been noted as important but often missing in organizational learning; for instance, one study noted that most organizations do not keep records of failures or have formal structures in place to learn from them (Fortune and Peters, 2005).

**In order to learn and improve, independent schools require times for reflection that include the honest and open questioning of assumptions, attempts to see patterns, and the revelation of gaps in how things are being done.**

One might additionally consider Senge's distinction between generative and adaptive learning; the former "is about creating" while the latter "is about coping" (1990, p. 440). Reflective learning might either be intentionally generative and progressive or intentionally adaptive; a team of administrators, for instance, could meet to discuss possible future initiatives or to discuss the failure of or challenges raised by ongoing initiatives. In times of stress, however, learning that is both reflective and adaptive becomes crucial. Thus, for instance, in the early days of the recession, shrewd boards and heads met to discuss possible

**A healthy board, of course, ought to function as a deliberate learning community.**

worst-case scenarios and to adjust strategic planning (see section 4); this sort of planning involved deliberate meetings intended to help schools adapt to coming crisis by drawing on the collective wisdom of the board and the experience of those within the school.

A healthy board, of course, ought to function as a deliberate learning community.

Learning within a school organization, however—learning at the level of teacher teams or school divisions, for instance—is sometimes not an organic result of the day to day scheduling of a school and must be more carefully developed. Schools that successfully develop a culture of learning put into place norms of mutual support, respect for colleagues' ideas, and a willingness to take risks (Leithwood, Leonard and Sharratt, 1998). In such an environment,

both generative and adaptive learning can take place among teachers as well as between teachers and administrators.

Perhaps nowhere in our interviews did the benefits of learning as communities become as clear as in discussions of changes to professional development. Professional development is important for every school, no matter its type, size, location, or age. What emerged in our discussions with teachers and administrators, however, was a unique combination of decreased funding (or at least increased scrutiny of funding) in conjunction with increased community building. At GCS, for instance, where funds for professional development were frozen completely, one teacher reflected on the effects of that freeze on the organization:

Sometimes, the most beautiful flowers grow in manure. Some of the best professional development we can have is from each other. And so it was not that professional development stopped... the way we delivered it stopped. Focusing it to be internal helped the community to grow—it helped the admiration and respect for each other to grow and that is the flower that grew in the manure.

Of course, strong professional development itself, conducted by school community members for other professionals within the school, is a means of reflective learning. The lesson learned

**“Sometimes, the most beautiful flowers grow in manure. Some of the best professional development we can have is from each other. And so it was not that professional development stopped... the way we delivered it stopped. Focusing it to be internal helped the community to grow—it helped the admiration and respect for each other to grow and that is the flower that grew in the manure.”**

*(Teacher, Global Collegiate School)*

by schools about the nature of professional development itself was adaptive, emerging after the fact: professional development conducted in-house, they learned, not only saved dollars but expanded the norms of mutual respect and admiration that allowed a learning society to develop further.

GCS was not alone in learning the value of professional development acquired not through exorbitant funding, but through deliberate and strategic learning from other professionals. At RCDS, for instance, one division head pointed out that the school had discovered that it could learn more from a free visit to a competitor’s campus than from a large, national conference. Likewise, at Wooded Acres, the head of school noted that the move to working in interdisciplinary teams and professional learning communities

among the faculty, rather than going off-campus to expensive conferences, resulted in teachers who “were just as happy” and learning that “was probably more productive anyway.” The value to individuals in this move, then, was increased individual learning, while the value to the school community, considered in retrospect, was both saved dollars and increased organizational learning about how best to learn and grow as a school.

Yet here, the difference between a learning organization and an organization simply making budget cuts is underscored by the reaction of teachers at various schools. While teachers at numerous schools reiterated the lesson that their schools learned about the value of their own faculty as teachers of one another, some teachers did not see past the cuts themselves, suggesting, as did one teacher, that the cuts to professional development merely reflected a school that “used to value staff” but had now “commandeered [professional

development funding] for other things.” The difference in acquired lessons here is evident; where one school might find the flower growing from the manure of forced cuts, unreflective schools might never even plant a seed.

---

### School Decisions: Football at BDA and RCDS

In the South, football is big. Lights on Friday nights have the power to bring people together to rally around an institution and serve as a community event. For two schools in the study, these factors were at the heart of the decision to start their respective programs. Combining the efforts to retain and capture community spirit discussed in 8.2 and the ongoing expansion of programming discussed in section 8.3, the addition of football marks a bold yet ultimately successful move at both BDA and RCDS.

While a new football program involves an expensive initial cost, BDA’s Academic Dean captured the reality that “the addition of football was significantly market driven.” The program aimed, in other words, to spin initial expenses into later financial benefits. A teacher at RCDS echoed similar sentiments:

In the recession, you had to have something that made people say they wanted to put their money there. We needed to grow. In this market, more people want a sports-oriented school, so we had to add football.

One parent at BDA captured the rationale behind starting the program well, stating:

The kids were hungry for something to get behind—football. Something other than studying, to get excited about—an overall experience. Our spirit week used to include one day that was dressing up as a poet or something. What the hell? A poet? Are you kidding me? Seriously though, with the addition of football, we’ve also seen parents on campus that haven’t participated in anything for several years. And now, they’re gung-ho.

This decision to add football, however, is not a new phenomenon to either independent schools or colleges. Kennesaw State President Daniel S. Papp (“Colleges,” 2011) recently said about the addition:

The primary driver behind us adding football is a large level of interest from our student body and the community, and having a football team tremendously heightens the visibility of an institution and in many cases the attractiveness of an institution as well.

In addition to the social function that football games become, colleges also see academic benefits of having a football program, a notion also shared by President Papp:

We think that [the] football program adds to the overall student experience at a university. And we believe that it demonstrably helps improve retention and progression rates for students as well. Students get more involved with the institution, so the students are more

---

### School Decisions: Football at BDA and RCDS (continued)

likely to stay in school and are more likely to concentrate on their academics so they can stay in school.

Similarly, while adding football has numerous community benefits, important to note is the impact on academics as well. Due to the nature of independent schools and the accountability to parents, it is rare that athletics is king. Instead, opportunity is the buzzword, or as one RCDS teacher said, "It seems like we've focused more on athletics recently, but I don't think we've sacrificed our academics." Though academic performance may be difficult to quantify as it relates to adding a sport, connecting more constituencies to the community is evident from attendance every game day.

The notion of involvement and connectedness was similarly explored by D'Allesandro and Sath (1997), who suggest that "students' perceptions of the culture, along with the school itself and their own individual attitudes, influence their fundamental feelings toward their school and their willingness to engage in nonacademic activities, crucial for building community" (p. 565). Of course, there is another value to adding a big-time sport, shared by a parent at BDA who said:

We're using the football games and the atmosphere football is creating as a way to bring people in and then to increase giving. Anytime we can get parents on the campus, the likelihood of them giving is greater.

Regardless of the rationale, building a program helped build community at two of the site visit institutions. And while causal relationships cannot be made between the start of football and navigating a recession, Friday nights became more community building, sharing, and rallying around one another in hopes to emerge victorious.

### Tensions in Schools as Learning Organizations

The disparity in teacher views about professional development highlights a key aspect of learning organizations: they produce and involve tensions that are important to recognize. One of these tensions occurs between individual needs and desires and organizational desires. Seen positively, these two areas might complement one another, with individual attributes (such as personal values) and organizational attributes (such as school expectations or structures) ultimately coming into alignment to bring even greater learning as an outcome (Hiatt-Michael, 2001). Realistically, perhaps only a highly functional learning organization could capitalize on this tension so neatly. Consider, for instance, the widespread efforts of schools to continue capital and physical growth during the recession, which we discuss in more detail later in this section. Most boards carefully considered such measures long and hard before moving forward, but sometimes the message was lost on individual teachers, such as one middle school teacher who claimed that "the school most values, recently, the physical plant and the upkeep

of it, compared to salary increases and department budgets.” Here, the learning of the school as a whole did not fully encompass nor address every individual.

A second tension in schools often exists between the central mission of the school and the need to be open to new ideas (Fullan, 1999). The mission can serve as an unexpected pull back to the way things have always been done, while learning may require thinking of new ways to implement programs or use resources. Indeed, in one study of independent school mission statements, a researcher found as many as eighty distinct concepts in individual mission or vision statements; while not all of these concepts created disharmony in goals and purposes, some did (Boerema, 2009). For instance, British-style preparatory schools existed both to offer students an “education process” that produces “lifelong enthusiastic learners” (p. 192) and to prepare them for college and success. While these two goals might be seen as compatible, they do characterize fairly precisely a much talked-about difference in missions between creating an educational process and the student as a product (ISM, 2010). Similarly, schools with religious missions often state in their missions a desire to create students who will remain part of a specific religious community and who can also act and lead within broader society (Boerema, 2009). These tensions do not of necessity create contradictions in how schools learn, but they have the possibility of confusing learning by pulling individuals in multiple directions. At RCDS, for instance, many individuals expressed that the school was learning to be “a process school” largely through its implementation of an IB program and an expansive international student group. On the other hand, teachers also expressed differences of opinion as to how the new programs aligned with school mission. One teacher claimed, “The program reflects the mission of the school” because “it excites students to be independent learners” and encouraged process-driven teaching; another worried that the school was “moving toward the product school model where we are trying to boost our college list or SAT scores.” Such lack of clarity in how missions fit programs can impede organizational learning by making group discussion more muddled and difficult.

**The mission can serve as an unexpected pull back to the way things have always been done, while learning may require thinking of new ways to implement programs or use resources.**

**“Our lower school is getting away from textbook teaching. We’re doing projects, along with other necessary learning...it’s a very academic feel.”**  
*(Teacher, RCDS)*

These tensions in learning arose noticeably in discussions about changes to the diversity of student bodies and the lessons about teaching that came with those changes (see section 7.7 for an initial discussion of the trend toward greater diversity). Several individuals in a number of schools expressed concerns that the effort to increase diversity catered to market needs but detracted from the pursuit of the mission of academic

excellence. For these individuals, increased diversity raised the specter of academic compromise and lower standards.

A greater number of school employees, however, described increased diversity—including diversity of backgrounds and learning styles—as a blessing in disguise, since it led to increased organizational learning concerning differentiated teaching needs and techniques. At GCS, for instance, this sentiment was clear:



Different learning styles...beef up learning support systems, with a focus on differentiated instruction—so in many ways, the recession was an impetus to many key discussions that were long overdue (Division Head).

Another division head at GCS expressed similar feelings about the positive benefits of diversity for instructional improvement, noting, “We are working harder to create a program for a wider variety of learning styles.” That same administrator added:

We need to convince the teachers that they can do things they didn’t use to do, to do it better; it’s a growth mindset, recognizing that when you differentiate it’s not always by accident. How can you duplicate that at a systematic level? That’s a main goal this year. If you accept those kids in, you serve them to the best of your ability.

Likewise, at RCDS, where diversity increased sharply during the recession, a division head noted that “we’re doing more project-based learning in every grade now...the recession made us sharpen our focus and, in some respect, step up our game.” Here, again, one sees clear adaptive learning leading to greater generative learning, as well; schools recognized the benefits of individualized instruction as a result of diversification and began looking for ways to increase the benefits and carry the lesson forward.

### Learning Organizations in Time of Crisis

When the external environment turns turbulent, organizational learning can be both highly beneficial and highly adaptive. Change, notes Agyris (1977), can occur because of a recession, but this change comes only after its necessity has been realized by individuals or groups within the organization, not as a proactive measure (p. 177). Others have identified the learning that takes place in a crisis as learning of the “second order,” which involves unlearning prior premises and procedures and developing new frameworks for understanding the

organization (Virany, Tushman, Romanelli, 1992, p. 73). Learning in a crisis, in other words, is drastic and sudden, not slow and methodical.

Crisis learning, however, may lead to greater growth. Crises can produce creative results leading to increased competitiveness but might also, if ignored, become destructive to an organization (Kim, 1998, p. 509). This sort of creativity developed among

independent schools, for instance, in areas related to customer service. With the advent of the recession, customer service could no longer be taken for granted, as the business manager of BDA noted, stating, “We have to make sure that everything we do, we’re thinking about the value for the family.” Wooded Acres realized the benefits of increased customer service as a result of the recession, for instance, when parents expressed deep appreciation for added after-school care, study-hall time, and athletic teams for middle school students. Here, adaptive changes made to counter market effects led to organizational learning about how parents might be best served and a sense of community maintained.

In a similar vein, several schools learned about the power of community efforts in the admissions process. What began as a simple market need—the drive to keep enrollment high

**Adaptive changes made to counter market effects led to organizational learning about how parents might be best served and a sense of community maintained.**

without overburdening current admissions staff—quickly developed into a succinct lesson about school marketing and admissions, which an admissions officer at RCDS summed up nicely with the phrase, “Everybody is an ambassador.” The head of school repeated this expanded view of admissions, positing “the faculty sees itself now as an extension of the admissions office.” At Southeast, even parents became integral to the admissions process, as the admission officer of that school noted, describing parents as “very willing to get in there and roll up their sleeves to what it takes” in assisting the school’s efforts. Such organizational learning reflects a dogged search, as one report put it, for “best practices that will both help [organizations] survive the downturn and allow them to emerge in a strong competitive position when the economy recovers” (Learning in Tough Economic Times, 2009, p. 1). Learning in times of crisis may be largely adaptive in its nature, but the lessons derived from a crisis may be no less valuable if carefully implemented and considered.

---

### School Decisions: Episcopal’s Change in Mission Statement

Mission statements lie at the heart of a school’s work. Consequently, a school that changes its mission 60 years into its history makes a different type of statement – and one that resonates strongly. Yet in the midst of the recession, Episcopal called together members of its school community and did exactly that.

On the one hand, the change in statement was meant to reflect the work the school was actually doing, to align the school’s actions with its professed purpose. At the same time, however, the new mission—a streamlined and more straightforward statement of purpose—locked the school into a particular set of educational objectives.

The mission statement the school trumpeted in its 2005 strategic plan included 60 words (followed by a philosophy that added another seven sentences of detail) and at least six distinct concepts ranging from love of God to academic achievement. The new mission contained 25 words and three specific concepts: problem solving, lifelong learning, and citizenship. Religious belief was absent from the new statement in part because, as one teacher put it, “the word ‘Episcopal’ says it all.” Also notably absent was the concept of academic achievement. The board chair, who also worked on the new mission, spoke to the difference:

The old mission statement had something in it about having kids of high academic achievement, and I remember saying, really? Is that the only kind of kid we want? I didn’t think that was true. There are a lot of different learning styles that are accommodated here. And it certainly wasn’t memorable, clear, cogent, accurate, forward-thinking.

Episcopal’s head praised the simplicity of the new mission:

Our mission statement has three outcomes. Every time you go into the classroom, how are you teaching today in a way that furthers those three outcomes? You can look at everything you’re doing in a much different way. What am I doing today that’s going to help us get to those three outcomes?

Many at Episcopal seemed to feel that the revision of the mission statement was almost a side issue, but the core philosophical differences—that the school was an institution for all learners, not just high

---

## School Decisions: Episcopal's Change in Mission Statement (continued)

achievers, or that "knowledge, love, and service of God" had become self-explanatory—resonated deeply with others. In addition, the change seemed to herald numerous other changes coming to Episcopal that would have similarly slow-paced but long-term effects: a change of the entire leadership team and growth of the campus:

The school changed the mission in part because we knew we were going to build a new building, and we needed to be able to differentiate and promote ourselves. The old statement was cumbersome. We didn't really work from it. We wanted something that spoke to who we are and who we wanted to be, and that went along with the new day, the new building, moving forward.

(Board member, The Episcopal School)

The dean of students added that the change "was really market-driven; we were paying attention to trends in schools, and this trend came from the business world to schools." She added, "That combined with a greater push to understand who we are, what we're doing, and to justify it...that was definitely market-driven, recession-driven." Thus, in Episcopal's case, market and mission forces each truly played integral roles in the development of the other.

Today, Episcopal's new mission is the first text one encounters when visiting the school's website, but it is not identified as a mission. Rather, it appears as a simple statement of fact below the school seal—a statement of what the school is and aspires to be.

## Learning to Be Lean: Improving the Budget Process

"The recession has forced departments to say 'no' more, but it is a good thing as the school should probably say 'no' more often than it does," a division head at Southeast told us. In the area of budgets, this oft-repeated message that growing leaner was good for schools impacted not just the bottom line but how schools considered the methods and systems used in planning and budgeting. As one commentator notes:

Just as individuals learn when they are motivated to learn, organizations learn when they have a reason. The incentives to learn may be material or psychological, but one form of incentive that everyone understands is money...A closely related characteristic of schools as learning organizations is their attention to processes, some of which have to do with communicating with constituents, gathering and using data, [and] getting feedback. (Brandt, 2003)

Schools clearly came away from the early years of the recession with the lesson that slimming down a budget was possible and desirable, but also with increased knowledge about *how* to trim the fat. "The recession happened to come after we were turning ourselves around, so it

helped us in the sense that we gained an organized, focus sense of direction,” said the business manager of GCS. At RCDS, one specific example was a change to zero-based budgets and greatly increased accountability for staying within every budget from the head of school. A division head described this change as “the right move” because “it made us more conscious.” This sort of change to processes was not uncommon at the division or department level.

In many ways, this learning on the part of schools reflects thinking about organizational leanness common to the business world:

Lean thinking is “lean” because it provides a way to do more with less—less human effort, less equipment, less time, and less space—while coming closer and closer to providing customers with what they really want. (Womack and Jones, 1996).

**Schools clearly came away from the early years of the recession with the lesson that slimming down a budget was possible and desirable, but also with increased knowledge about *how* to trim the fat.**

The concept of lean thinking, originally developed in studies of the Japanese automotive industry, has slowly infiltrated the educational world over the past fifteen years and ultimately came to fuller fruition during the recession. One study found, for instance, that private colleges were more reluctant to become lean because constituents might fear that fiscal leanness equated to compromises in educational

offerings (Comm and Mathaisel, 2005). Others have pointed out that lean reforms can be both top-down and bottom-up in nature, but that all lean reforms require both visible changes to process and “enabling” actions from leadership and strategy (Hines and Lethbridge, 2008, p. 54). During the recession, many independent schools effectively found themselves turning to the same lean practices espoused by those who studied Japanese firms where “Lean” had become a proper noun: the optimal utilization of people, continuous focus on the customer, promoting lean thinking at all levels, and continually processing improvements.

In a school, such thinking might range from simple budget cuts to rethinking schedules and teaching assignments. In the former area, schools learned quickly what they could do without:

Some of the things we had to cut out, we haven’t missed. For example, every year at reunion, we put a tent out here... it cost \$5000. So we just said, bag the tent... and we don’t miss it.

(Head of School, Wooded Acres).

At BDA, where “we’d been running on a lean model anyway,” according to one administrator, the school took the opportunity of the recession to review teacher load and class size. “You have to make a choice,” said the business manager. “You deal with the class size, salaries, or endowment; a good teacher can teach a large class.” Other schools reviewed health insurance, moving or considering a

move to high deductible policies; Episcopal, for instance, recently moved to such a policy and

**“You have to make a choice. You deal with the class size, salaries, or endowment; a good teacher can teach a large class.”**

*(Business Manager, BDA)*

defended the move not just as a cost-saving measure but as one that one school administrator characterized as ultimately helping all constituents think in terms leanness.

### **Growing Toward Set Goals: Physical Plant Improvements**

Perhaps the most daunting of goals to pursue for an independent school at any time, much less as a continued pursuit during tough economic times, is the mobilization of funds, energy, and community goodwill needed to expand a campus physically. Failure in this area, leading as it does to increased debt or the demoralization that might come with abandoning cherished expansion hopes, could be disastrous for school leadership.

At the same time, such growth, successfully implemented, can draw together community, reinforce leaders' strength, and add significantly to the culture and programs a school is able to offer (see section 6.4). Indeed, such growth can be undertaken strategically, not only as a sign of organizational health but also to take advantage of the economy itself. RCDS found this out when, in the middle of its twelve million dollar capital campaign to build a new gym and media center, the school was able to renegotiate contracts to an amount closer to eight million dollars; contractors needed the work, prices lowered, and the school benefitted. One board member at RCDS recalled this period by offering the following advice:

I'd highly recommend building something during a recession. Construction costs are low...we had bidding [from construction firms] just to keep their jobs.

Deferring growth initiatives during times of economic strain, then, may appear to be savvy short-term strategy but can result in long-term losses in how a business survives and thrives later on (Chesbrough and Garman, 2009). However, successful growth in a troubled economy rarely results from thoughtless progress or lucky gambles; they require systematic decision-making and rigor (Rigby, 2001).

Yet how exactly such systems develop within independent schools remains, if not a mystery, a highly individualized process. There appears to be no playbook for operations during a recession for independent schools, which relied mostly on the wit and wisdom of board members, heads, and business managers (combined with community strength and spirit). Within the business world, more attention has been paid to the specific strategies used by successful companies, such as the approach described here:

One combination has the greatest likelihood of producing post-recession winners: the one pursued by progressive enterprises. These companies' defensive moves are selective. They cut costs mainly by improving operational efficiency rather than by slashing the number of employees relative to peers. However, their offensive moves are comprehensive. They develop new business opportunities by making significantly greater investments than their rivals do in R&D and marketing, and they invest in assets such as plants and machinery. Their post recession growth in sales and earnings is the best among the groups in our study. (Gulati, Nohira, and Wohlgezogen, 2010, p. 8)

The emphasis placed here on a combination of offense and defense—continuing to invest, with care and limits, in the physical plant while cutting costs but not faculty—is exactly the strategy used by the successful independent schools in our study.

Comments from school personnel reflect just this sort of strategic expansion. "We are not going to build buildings for building's sake," said one board member at Southeast, "but

buildings with true differentiated functionality; we want to have facilities that are going to be able to attract and retain faculty and families.” Another board member similarly described the silent phase of the capital campaign at BDA:

Some people would say you are drinking something that's a little “loco”—here we are in a bad economy and you want to raise money? Yeah! Because we have areas with buildings we need.

Need and functionality, along with careful planning, seem to have seen independent schools through the worst of the economic storms while allowing them to continue to grow and develop.

### **Growing Toward Set Goals: Continuing Program Development**

Finally, schools also continued to grow in planned areas of programming. Such program decisions were often driven both by mission and market concerns, a combination which might be attributed to the need to appeal to an increasing pool of value-conscious customers (Kambil, 2008, p. 51).

Some might be tempted to see a marketing drive behind the GCS move to add a three-year-old program to its early childhood division, for instance. The school, however, has envisioned such an addition for some time not as a way to increase tuition revenue so much as a need driven by the global nature of the school and its IB curriculum; the admissions director, for instance, easily explained the addition as a needed step in producing language-modeling students for lower-grades and capitalizing on immersion component of the planned expansion.

RCDS made a similar choice in starting an IB program during the recession, a particular risk since the initial costs of such a program were estimated by one newspaper at close to \$200,000 (Phillips, 2012). Yet administrators within the school insisted that the program is “organic to our mission and student body,” as a division head put it. He added, “It jived during the recession.” The head of school noted, in fact, that IB was not the only program added to support the school’s globally centered mission; daily Mandarin programs in lower and middle school had been created, as well.

The important component of these additions, as with all of the learning described in this section, is that schools perceived them as mission-based but market-friendly. Additionally, schools felt most comfortable, or at least less uncomfortable, moving forward with programs that had already been set in motion before the recession began. And, finally, schools seemed to view continued growth during tough times as an important statement to the community both within and without the campus gates. “Imagine if we had hunkered down and said we can’t do this,” said the head of school at Wooded Acres in regards to ongoing development of the campus and its programs, exhibiting what one teacher at the school called a “forge-ahead mentality.” As at other schools, Wooded Acres’ constituents seemed to take pride in the drive to grow in spite of the recession as a campus, as a school, and as a community of learners—and they were not alone.

**The important component of these additions, as with all of the learning described in this section, is that schools perceived them as mission-based but market-friendly.**

# Section 9: Recommendations

## Following the Guiding Star

### IN THIS SECTION

---

1. Recommendation for further research.
2. Recommendations for NAIS.
3. Recommendations for NAIS member schools.
4. Conclusion.

After triangulating the data from the NAIS database, the Survey of Heads and Business Managers, and the qualitative interviews, we propose three areas of recommendation. First, we suggest future research to help better understand the case of independent schools as they relate to several areas that emerged from data analysis. Then, we provide recommendations to NAIS as an organization. Finally, we make recommendations to the individual NAIS member schools.

### 9.1. Recommendations for future research

Looking forward, future research on the effects of the recession and independent schools could focus on any one of several areas, each of which would add to the scant body of literature on this type of institution.

*1. Future research should be conducted into the differences between independent and other private schools. First, with much research comparing private to public schools, there exists an opportunity to delve further into comparisons between elements of the private sector. Initially, there*

*was anecdotal evidence to suggest that private schools were negatively affected as a result of the recession. Indeed, a number of individuals in independent schools named non-independent area schools as benchmarks without distinguishing between school types. While there were*

*worst-case examples amid independent schools, our results suggest that most emerged relatively unscathed, and in some cases, stronger than before, while other private schools may have experienced different challenges. Research designed to compare independent versus private schools navigating the recession may reveal that the two types fared quite differently.*

**“Our mission is our guiding star...stick to mission and try to be the very best you can be.”**

*(Head of School, Wooded Acres)*

2. *More explanation is needed of why and how enrollment shifted at individual independent schools.* A second question worth further research is to examine the so-called “winners” and “losers” in the area of enrollment. Since enrollment varied widely at schools (despite overall enrollment remaining roughly the same), a deeper analysis of schools that increased enrollment and those who lost students might suggest whether there were trends in decision-making that allowed schools to grow despite the volatility of the economic market.

3. *Future studies should focus on the causes and consequences of several key areas of school operations, including teacher retention, teacher workload and class size, and the age (or “life cycle”) of schools.*

- *Teacher retention.* A number of individuals in case study schools speculated about challenges to retaining good teachers. Is this an issue relative to salary? Are independent school teachers leaving for public schools to earn higher salaries, or are they more or less prone to switch schools more rapidly in order to augment income?
- *Teacher workload and class size.* Independent schools have long boasted and marketed small class sizes and have often asked teachers to teach fewer classes or students (albeit with a high level of attention) than their public counterparts. With much research taking place on class size in recent years, it would be interesting to investigate this issue in independent schools, especially since teacher workload and class size can directly impact the largest line item of an independent school budget—faculty salaries. Do larger classes affect parent attitudes or teacher effectiveness in independent schools? Does teacher workload?
- *School age and life cycle.* Another area we recommend for potential study is the “life cycle” of independent schools. While some of the statistical data suggests that the age of a school impacts several areas of financial and operational decision-making, future studies could look back at historical data, navigation of previous recessions, changes in leadership, and contextual limitations (such as size, location, and competition). Do schools show similar patterns based on age and the need to overcome similar hurdles? What lessons are there for schools who are entering their 30s or 40s, for example, compared to those who have existed for one hundred years or for only a few?



## 9.2. Recommendations for NAIS

We also recommend that NAIS, as an organization, could serve its members well by considering the following actions:

*1. Help schools understand and plan for the changing landscape of financial aid and admissions.*

At present, it remains unclear whether the increases schools made to financial aid and the changes to admissions attitudes and approaches are temporary or part of the new normal. If these areas have changed permanently, NAIS member institutions may wish to hear from experts or to review more case studies of schools successfully navigating such alteration in the financial landscape.

*2. Help schools prepare for the possibility that in the future, student populations will look different.*

Beside the fact that the demographic population of the United States itself is changing, there is a clear trend in education at all levels toward increasing enrollment with an international population. For many schools, seeking diversity in a student population may be not only desirable but a financial imperative. However, such changes bring with them deep questions of school culture and pedagogy that schools may need guidance in navigating successfully.

*3. Devote attention to the role of parent associations and parent events.* While much attention has been paid to parent roles in children's academic achievement, scant information exists about parent roles in school fundraising, community-building, and leadership in the way independent schools experience them. Yet it is clear that during the recession, parents played key financial and cultural parts in keeping some schools whole. NAIS may wish to provide schools with more resources concerning exemplary parent-school relationships and the questions schools need to ask about and of parent associations.

*4. Collect data more consistently from non-independent private schools and other school competitors.* NAIS does, in fact, include some data collected from non-independent schools on its website, but this data is not as robust as that included in the NAIS database, nor does it reflect a consistent number of schools from year to year, making comparisons difficult. Yet independent schools are clearly comparing themselves to local religious and other private schools, as well as to charter, magnet, and other semi-autonomous institutions. Guidance in how these comparisons are and are not valid from NAIS would be of value to many independent schools.

*5. Collect data from independent schools in key areas: marketing strategies, enrollment by grade, the effects of competition, and faculty salary by variables such as tenure of employee.* These areas, in particular, would be useful in illuminating some of the findings covered in this study. While NAIS currently collects a large amount of data from its members, some items would be even more useful if the reporting were further broken down into sub-categories. It might be useful to consider a census-like longer form of reporting for certain schools or in certain years to probe more deeply into particular areas of school finances and operations.

### 9.3. Recommendations for NAIS member schools

Finally, we suggest that schools themselves take the following steps:

- 1. Consider the new landscape of financial aid and admissions and plan accordingly.* Individual institutions may wish to consider the possibility that independent schools as a whole may keep financial aid high and may not see the same admissions calendar they have in previous years. While this may not be the case, it would be wise for independent schools to plan and prepare for the possibility that aid budgets will remain higher than they were and that admissions responses may be gathered over a longer period of time.
- 2. In times of crisis, plan early and prudently while still intending to grow and succeed.* Independent schools often have resources available to them other institutions might not: savvy board members, a strong community base, readily available legal and financial representation. In a time of economic or other crisis, schools should draw on these resources carefully but quickly in order to make a variety of plans for moving forward.
- 3. Consider new populations for enrollment.* New populations of students, of course, may create tensions with the sense of community we also recommend fostering. Nonetheless, the future of independent schools may involve a combination of the traditional and the new. With increasing globalization, technology, diversity in the population as a whole, and choice in public schooling, independent schools may need to search further afield to fill their seats, yet find ways to do so without compromising their missions.
- 4. Even in times of crisis, continue to set and work to meet new goals for physical, financial, and organizational growth.* Perhaps especially in times of crisis, new goals can draw together community and community spirit—and can make sound financial sense for schools in a position to take advantage of a down market.
- 5. Invest in social media as a marketing tool.* The case of RCDS discussed in this study makes it clear that the traditional thinking about marketing and advertising is changing, though perhaps not as rapidly as is technology itself. Schools would do well to capitalize on the audiences that social media offers—audiences which may not respond at all to traditional methods in the near future.
- 6. In an economic downturn, watch entry grade level enrollment carefully.* It is easy to make assumptions about entry grade levels based on past history, but in a time of a sluggish economy, these grades may be the hardest hit. Counteracting this possibility early on might make a major financial difference to a school.
- 7. Learn from change.* Independent schools would do well to examine their own organizational learning climate and to take the time to reflect on changes and what can be learned from them. Many of the adjustments made by schools in the recession turned into positive lessons for schools; schools may wish to harness that ability to learn from change even when they are not in crisis.

*8. Benchmark thoughtfully against similar NAIS schools in addition to non-NAIS schools in the immediate community or region.* Stakeholders in schools who are responsible for making comparisons to competitors in any area need to understand exactly with whom they are making those comparisons. In order to get the fullest picture, independent schools should be sure to differentiate their benchmarking efforts to compare themselves not just to local institutions (private and public) but also to like schools in the region and nation without resorting to hasty assumptions.

*9. Focus on the school community.* Community is the essential element of any value proposition in an independent school that sets it apart from competitors. Our case study visits made it clear that schools would do well to focus on community-building at all levels, especially in times of crisis.

*10. Stay true to the mission of the school.* Though it may seem obvious to many independent schools, the mission of a school is its anchor. Schools that stray from the mission in order to accommodate financial pressures risk losing their identity and their customers.



## Section 10: Conclusion

This study identifies how the recession impacted financial processes and operations at NAIS member schools. It also highlights the tension between market and mission based decision-making that are continuously at play within these types of institutions on a daily basis—but even more so amid national, economic downturns.

While independent schools clearly made adjustments and experienced change during the recession, it is not possible to attribute all outcomes for these schools entirely to the recession itself. A full understanding of the intersection between mission and market forces in independent school decision-making will require further research.

In the end, however, independent schools as a whole seemed to weather the economic storm better than they themselves had anticipated. The recession certainly tested school missions. However, NAIS members responded with a combination of leadership from heads and boards working together to plan prudently along with communities that rallied in support of their schools.



## References

- American Society for Training & Development (ASTD). (2009). *Learning in tough economic times: How corporate learning is meeting the challenges*. Alexandria, VA.
- Appel, R. (2011, November 13). First-time foreign students in U.S. increase by 8%. *The New York Times*, Retrieved from [http://www.nytimes.com/2011/11/14/education/first-time-foreign-students-in-us-increased-by-8.html?\\_r=1#](http://www.nytimes.com/2011/11/14/education/first-time-foreign-students-in-us-increased-by-8.html?_r=1#)
- Argyris, C. (1977). Double loop learning in organizations. *Harvard Business Review*, September, 115-125.
- Baker, J. F. (2009). A whole new school: The art of reflection, innovation, transformation. *Independent School*, Spring. Retrieved February 12, 2012, from <http://www.nais.org/publications/ismagazinearticle.cfm?ItemNumber=151661>
- Ballou, D., & Podgursky, M. (1998). Teacher recruitment and retention in public and private schools. *Journal of Policy Analysis and Management*, 17(3), pp. 393-417.
- Bassett, P. (2001). "Trusteeship 101: How schools work," a presentation to ISAS schools, Retrieved from [http://www.isasw.org/school\\_resources/trustee.aspx](http://www.isasw.org/school_resources/trustee.aspx)
- Bassett, P. (2003). Financing independent schools for the 21st century. *Independent School*, 63(1), 7-11.
- Bassett, P. (2004, June 25). Parents associations for independent schools. *NAIS website*. Retrieved January 24, 2012, from <http://www.nais.org/about/article.cfm?ItemNumber=145377>
- Bassett, P. (2009). High anxiety, the sequel. *Independent School*, 68(4), 9-10.
- Bassett, P. (2010). The new normal: A game-changing model for financially sustainable schools. Retrieved July 13, 2011 from <http://www.nais.org/sustainable/article.cfm?ItemNumber=152821>
- Bausch, P. A. & Goldring, E. B. (1998). Parent-teacher participation in the context of school governance. *Peabody Journal of Education*, 73(1), 15-35.
- Boerema, A. J. (2006). An analysis of private school mission statements. *Peabody Journal of Education*, 81(1), 180-202.
- Bolman, L. G., & Deal, T. E. (2008). *Reframing Organizations: Artistry, Choice, and Leadership*. San Francisco, CA: Jossey-Bass.
- Brandt, R. (2003). Is this school a learning organization? 10 ways to tell. *Journal of Staff Development*, 24(1). Retrieved February 12, 2012 from <http://www.useautah.org/images/Pdf/Para/Isthisschoollearningorganization.pdf>
- Bush, T. & Glover, D. (2003). *School Leadership: Concepts and Evidence*. National College for School Leadership: University of Reading, U.K.
- Chabotar, K. J. (2010). What about the rest of us? *Change*, 42(4), 6-13.
- Chesbrough, H. W. & Garman, A. R. (2009). How open innovation can help you cope in lean times. *Harvard Business Review*, (December), 68-76.
- Coleman, J. S., & Hoffer, T. (1987). *Public and private high schools: The impact of communities*. New York: Basic Books, Inc.

- "Colleges continue to add football teams." (2011, June 22). National Football Foundation. Retrieved February 21, 2012 from <http://www.footballfoundation.org/nff/story/2902/colleges-continue-add-football-teams>
- Comm, C. L. & Mathaisel, D. F. X. (2005). A case study in applying lean sustainability concepts to universities. *International Journal of Sustainability in Higher Education*, 6(2), 134-146.
- Crowson, R. (1998). Community empowerment and the public schools: Can educational professionalism survive? *Peabody Journal of Education*, 73(1), 56-68.
- D'Agostino, M., & Levine, H. (June, 2010). The effectiveness of nonprofits' use of volunteers during times of fiscal stress. Unpublished paper presented at the 6<sup>th</sup> Transatlantic Dialogue, Siena, Italy.
- Donovan, J. (2010, Winter). How community happens: Shared endeavor, scrambled roles, and the spirit of celebration. *Independent School*, 69(2). Retrieved February 7, 2012, from <http://www.nais.org/publications/ismagazinearticle.cfm?ItemNumber=152798>
- Duncan, K., & Sandy, J. (2007). Explaining the performance gap between public and private students. *Eastern Economic Journal*, 33(2), 177-191.
- Elmore, R. F. (2000). *Building a new structure for school leadership*. The Albert Shanker Institute: Washington, D.C.
- Epple, D., & Romano, R. (1998). Competition between private and public schools, vouchers, and peer-group effects. *The American Economic Review*, 88(1), 33-62.
- Epstein, J. L. (1995). School/family/community partnerships. *Phi Delta Kappan*, 76(9), 701-713.
- Evans, R. (2000, Spring). Why a school doesn't run--or change--like a business. *Independent School*, 59(3). Retrieved February 7, 2012, from <http://www.nais.org/publications/ismagazinearticle.cfm?Itemnumber=144267&sn.ItemNumber=145956>
- Evans, W., & Schwab, R. (1995). Finishing high school and starting college: Do Catholic schools make a difference?. *The Quarterly Journal of Economics*, 110(4), 941-974.
- Faus, D. C. & Clark, T. M. (2009, Summer). Built to last: Financial lessons from small schools. *Independent School*, 68(2). Retrieved February 7, 2012 from <http://www.nais.org/publications/ismagazinearticle.cfm?ItemNumber=151941>
- Figlio, D. & Stone, J. (1997). School choice and student performance. Are private schools really better? Discussion Paper 1141-97, Institute for Research on Poverty, University of Wisconsin-Madison.
- Fortune, J., & Peters, G. (2005). *Information systems: Achieving success by avoiding failure*. Chichester, England: John Wiley and Sons.
- Fullan, M. (1999). *Change forces: The sequel*. London: Palmer Press.
- Gamoran, A. (1996). Student achievement in the public magnet, public comprehensive, and private city high schools. *Educational Evaluation and Policy Analysis*, 14(3), 185-204.
- Ginsberg, R. & Multon, K. (2011, May). Leading through a fiscal nightmare: The impact on principals and superintendents. *Phi Delta Kappan*, 92(8), 42-47.



- Gomstyn, A. (2009, June). "Finance: Americans adapt to the New Normal." ABC News. Retrieved January 30, 2012 from <http://abcnews.go.com/Business/Economy/story?id=7827032&page=1#.TzfkRjU5SU>
- Gulati, R., Nohria, N., & Wohlgezogen, F. (2010). Roaring out of recession. *Harvard Business Review, March*. Retrieved February 12, 2012 from <http://hbr.org/2010/03/roaring-out-of-recession/ar/1>
- Hannaway, J. & Abramowitz, S. (1985). Public and private schools: Are they really different? In G. R. Austin & H. Garber (Eds.), *Research on exemplary schools* (pp. 31-45). New York: Academic Press.
- Harvey, J. A. (1996). Marketing schools and consumer choice. *The International Journal of Education Management, 10*(4), 26-32.
- Heifetz, R. & Laurie, D. (2011). The work of leadership. In *On leadership: HBR's 10 must reads*, Harvard Business School Publishing, 57-78.
- Heifetz, R. & Linsky, M. (2002). *Leadership on the line: Staying alive through the dangers of leading*. Boston, MA: Harvard Business School Press.
- Hiatt-Michael, D. (2001). Schools as learning communities: A vision for organic school reform. *The School Community Journal, 11*, 113-127.
- Higgins-D'Alessandro, A. & Sath, D. (1997). The dimensions and measurement of school culture: Understanding school culture as the basis for school reform. *International Journal of Educational Research, 27*, 553-569.
- Hill, N. E., & Taylor, L. C. (2004). Parental school involvement and children's academic achievement: Pragmatics and issues. *Current Directions in Psychological Science, 13*(4), 161-164.
- Hines, P. & Lethridge, S. (2008). New development: Creating a lean university. *Public Money & Management, February, 53-56*.
- Independent School Management (2006). The third iteration of the ISM stability markers. *Independent School Management: Ideas & Perspectives Online, 31*, 10.
- Independent School Management (2010, Spring). Full steam ahead: Cutting edge research and opinion for excellent independent schools. *Independent School Management*. Wilmington, DE.
- Kambil, A. (2008). What is your recession playbook? *Journal of Business Strategy, 29*(5), 50-52.
- Katzenbach, J. & Smith, D. (1993). *The wisdom of teams: Creating the high-performance organization*. Boston, MA: Harvard Business School Press.
- Kim, L. (1998). Crisis construction and organizational learning: Capability building in catching-up at Hyundai Motor. *Organizational Science, 9*(4), 506-521.
- Leithwood, K. & Duke, D. (1998). Mapping the conceptual terrain of leadership: A critical point of departure for cross-cultural studies. *Peabody Journal of Education, 73*(2), 31-50.
- Leithwood, K., Leonard, L., & Sharratt, L. (1998). Conditions fostering organizational learning in schools. *Educational Administration Quarterly, 34*(2), 243-276.
- Leithwood, K. and Riehl, C. (2003). *What we know about successful school leadership*. Temple University: Philadelphia.

- Lindahl, R. (2006). The role of organizational climate and culture in the school improvement process: A review of the knowledge base. 1-14. Retrieved February 3, 2012 from <http://cnx.org/content/m13465/1.1/>
- Lubienski, C. (2007). Marketing schools: Consumer goods and competitive incentives for consumer information. *Education and Urban Society*, 40(1), 118-141.
- Murphy, J. (2001). Personal support. *The productive high school: Creating personalized academic communities* (103-123). Thousand Oaks, CA: Corwin Press.
- Murphy, J. (2002). *The Educational Leadership Challenge: Redefining leadership for the 21<sup>st</sup> century*. Chicago, IL: University of Chicago Press.
- Murphy, J. (2011). *Essential Lessons for Leaders*. Thousand Oaks, CA: Corwin Press
- NAIS (2010). *2010-2011 Trendbook: For Independent Schools*. Washington, D.C.: National Association of Independent Schools.
- NAIS (2011). *2011-2012 Trendbook: For Independent Schools*. Washington, D.C.: National Association of Independent Schools.
- NAIS. (n.d.). StatsOnline Database 2009-2010. Retrieved from <http://www.nais.org/files/PDFs/Tables900t0910%5F200910mlg.pdf>
- NAIS website. (n.d.) *National Association of Independent Schools*. Retrieved February 23, 2012, from <http://www.nais.org/>
- National Bureau of Economic Research (n.d.). Business Cycle Dating Committee Report. *Business Cycle Dating Committee Report*. Retrieved July 24, 2011 from <http://www.nber.org/cycles/sept2010.html>
- Neal, D (1998). What have we learned about the benefits of private schooling? *Federal Reserve Bank of New York Policy Review*, 4, 79-86.
- NCES (2010). Data Tables. National Center for Education Statistics. Retrieved December 2, 2011, from <http://nces.ed.gov/surveys/pss/tables0910.asp>
- Oplatka, I. & Helmsley-Brown, J. (2004). The research on school marketing: Current issues and future directions. *Journal of Educational Administration*, 42(3), 375-400.
- Osterwalder, A., & Pigneur, Y. (2010). *Business model generation: A Handbook for visionaries, game changers and challengers*. Hoboken, New Jersey: John Wiley and Sons, Inc.
- Owens, R. G. (2004). *Organizational behavior in education: Adaptive leadership and school reform* (8th ed.). Boston: Allyn & Bacon.
- Patton, M. Q. (2002). *Qualitative research & evaluation methods*. Thousand Oaks, CA: Sage.
- Peshkin, A. (1993). The goodness of qualitative research. *Educational Researcher*, 22(2), 23-29.
- Pew Research Center. (2010). *A balance Sheet at 30 months: How the great recession has changed life in America*. Washington, DC: Taylor, P.
- Pfeffer, J. (1977). The ambiguity of leadership. *Academy of Management*, 2(1), 104-112.
- Phillips, G. (2012, February 1). Richmond regrets lack of International Baccalaureate. *South Maryland Newspapers Online*. Retrieved February 20, 2012, from <http://www.somdnews.com/article/20120201/NEWS/702019845/1055/richmond-regrets-lack-of-international-baccalaureate&template=southernMaryland>
- Pomerantz, E. M., Moorman, E. A., & Litwack, S. D. (2007). The how, whom, and why of

- parents' involvement in children's academic lives: More is not always better. *Review of Educational Research*, 77(3), 373-410.
- Putnam, R. D. (1993). The prosperous community: Social capital and public life. *The American Prospect*, 4(13). Retrieved February 7, 2012, from <http://xroads.virginia.edu/~HYPER/DETOC>
- Rebell, M., Odden, A., Rolle, A. & Guthrie, J. (2012, January). Four takes on tough times. *Educational Leadership*, 69(4), 11-18.
- Rigby, D. (2001). Moving upward in a downturn. *Harvard Business Review*, June, 99-105.
- Salamon, L. M., Geller, S. L., & Spence, K. L. (2009). *Impact of the 2007-09 economic recession on nonprofit organizations*. Baltimore, MD: Johns Hopkins University, Center for Civil Society Studies.
- Sax, L. (2009). Women graduates of single-sex and coeducational high schools: Differences in their characteristics and the transition to college. Los Angeles, California: UCLA.
- Schneider, M. & Buckley, J. (2002). What do parents want from schools? Evidence from the internet. *Educational Evaluation and Policy Analysis*, 24(2), 133-144.
- Senge, P. (1990). The leader's new work: Building learning organizations. *Sloan Management Review*, 32(1). Retrieved February 12, 2012, from <http://leedsfaculty.colorado.edu/larsenk/learnorg/senge2.html>
- Senge, P. (1994). *The fifth discipline: The art and practice of the learning organization*. New York: Currency-Doubleday.
- Sergiovanni, T. (1989). Value-driven schools: The amoeba theory. In H. J. Walberg & J. J. Lane (Eds.), *Organizing for learning: Toward the 21<sup>st</sup> century* (31-40). Reston, VA: National Association of Secondary School Principals.
- Sergiovanni, T. J. (1994). Organizations or communities? Changing the metaphor changes the theory. *Educational Administration Quarterly*, 30(2), 214-226.
- Sternberg, R. J. (1997). Managerial intelligence: Why IQ isn't enough. In P. Vecchio's *Leadership*, 292-317.
- Torres, A. (personal communication, October 26, 2011)
- Virany, B., Tushman, M. L., & Romanelli, E. (1992). Executive succession and organization outcomes in turbulent environments: An organization learning approach. *Organizational Science*, 3(1), 72-91.
- West, A., & Noden, P. (1998). Choices and expectations at primary and secondary stages in the state and private sectors. *Educational Studies*, 24(1), 45-61.
- Womack, J. P. & Jones, D. T. (1996). *Lean thinking: Banish waste and create wealth in your corporation*. New York: Simon and Schuster.
- Yukl, G. (2002). Charismatic and transformational leadership. In G. Yukl's, *Leadership in organizations*, 240-267.



# Appendices

**Appendix A: Statistical Tables**

**Appendix B: Survey of Heads and Business Managers**

**Appendix C: Position and Number of individuals interviewed at each site**

**Appendix D: Interview Protocols**

# Appendix A: Statistical Tables

*Table 1*  
*Comparison of Means: Change from 2005 to 2010, all schools*

Category	2005			2010			t
	M	SE	n	M	SE	n	
Enrollment	492	12	1013	497	12	1095	.30
Financial Aid Students	91	7	939	109	4	944	.95
Financial Aid Dollars	957309	31528	939	1405629	46672	944	7.95****
Tuition Dollars (Day)	17327	168	994	20193	224	1049	10.46****
Tuition Dollars (Boarding)	34446	403	207	39814	515	207	8.21****
Median Teacher Salary	48715	300	1027	50505	416	1087	3.46***
Tuition Revenue Dollars	7233276	162462	983	8909343	229022	927	6.02****
Total Revenue Dollars	10134167	253516	983	12209995	369751	928	4.68****
PD Expenses Dollars	62079	2440	969	72177	2914	918	2.67**
Technology Exp. Dollars	117798	4834	969	161308	12653	918	3.28**
Parent Giving (%)	65	.1	826	60	.1	875	4.59****
Parent Avg. Gift (Dollars)	1058	30	876	1153	43	927	1.81
Alumni Giving (%)	21	.1	748	13	.1	788	7.77****
Alumni Avg. Gift (Dollars)	335	15	808	401	49	927	1.21

\*\*\*p<.0001

\*\*p<.001

\*p<.01

p<.05

*Table 2*  
*Comparison of Means: Change from 2005 to 2010, Coed and Single Gender Schools*

Category	Coed Schools			Single Gender Schools			f
	M	SD	n	M	SD	n	
1. Enrollment	12	3	821	1	4	140	1.41
2. Financial Aid Students	29	2	686	29	3	112	.13
3. Financial Aid Dollars	600821	31156	683	663266	58934	113	.78
4. Tuition Dollars	4756	100	810	5912	250	127	4.26****
5. Median Teacher Salary	7230	278	824	7833	623	140	5.36****
6. PD Expenses	16181	2197	675	12975	7592	117	.52
7. Parent Giving (Percentage)	-6	1	538	-4	3	94	.71

\*\*\*\*p<.0001

\*\*\*p<.001

\*\*p<.01

\*p<.05

*Table 3*  
*Comparison of Means: Change from 2005 to 2010, Day and Boarding Schools*

Category	Day Schools		Boarding Schools		t
	M	n	M	n	
1. Enrollment	10	766	8	196	.40
2. Financial Aid Students	34	640	27	158	1.07
3. Financial Aid Dollars	514300	637	1007826	155	7.46****
4. Tuition Dollars	4936	940	9706	184	16.85****
5. Median Teacher Salary	4753	787	5770	151	4.62****
6. PD Expenses	17240	636	9752	124	1.36
7. Parent Giving (Percentage)	-6	489	-6	132	.17

\*\*\*p<.0001

\*\*p<.01

\*p<.05



*Table 4*  
*Comparison of Means: Change from 2005 to 2010, Southeastern Schools and All Other Regions*

Category	Southeastern Schools			All Other Schools			<i>t</i>
	<i>M</i>	<i>SD</i>	<i>n</i>	<i>M</i>	<i>SD</i>	<i>n</i>	
1. Enrollment	19	9	142	10	3	818	1.07
2. Financial Aid Students	38	4	122	27	3	676	1.68
3. Financial Aid Dollars	475639	43661	121	638129	31244	674	2.14*
4. Tuition Dollars	3407	121	149	5225	102	790	7.54***
5. Median Teacher Salary	4036	656	143	7805	270	823	5.36***
6. PD Expenses	15914	5581	116	15814	2363	675	.02
7. Parent Giving (Percentage)	2	2	97	-6	1	529	2.32*

\*\*\*\**p*<.0001    \*\*\**p*<.001    \*\**p*<.01    \**p*<.05

*Table 5*  
*One Way ANOVA Results: Change from 2005 to 2010, by School Type<sup>a</sup>*

Category	Mean (SD) Median				One Way ANOVA significance
	Type 1: K-12	Type 2: 1-12	Type 3: K-8	Type 4: 6-12	
1. Enrollment <sup>b</sup>	16 (116) 11 n=375	-1 (33) 0 n=27	6 (73) 4 n=283	-5 (119) 7 n=279	.097
2. Financial Aid Students <sup>c</sup>	43 (90) 31 n=319	26 (37) 17 n=23	15 (28) 12 n=229	20 (48) 16 n=224	.000****
3. Financial Aid Dollars <sup>d</sup>	759186 (760500) 659446 n=319	547170 (440919) 547269 n=23	235083 (234991) 188225 n=229	776378 (991556) 601226 n=224	.000****
4. Tuition Dollars <sup>e</sup>	4622 (2191) 4310 n=387	5778 (2332) 5863 n=25	4443 (2278) 4217 n=292	5642 (3411) 5435 n=236	.000****
5. Median Teacher Salary <sup>f</sup>	7288 (7253) 7280 n=376	7181 (4542) 6888 n=27	7201 (8138) 7485 n=288	6734 (7535) 7350 n=277	.699
6. Prof Development Expenses <sup>g</sup>	24072 (73719) 15172 n=318	24485 (52798) 13894 n=23	13764 (35009) 8000 n=231	4102 (62508) 4352 n=220	.000****
7. Parent Giving (Percentage) <sup>h</sup>	-4 (19) 0 n=273	-7 (21) -3 n=20	-3 (23) -7 n=190	-4 (23) -3 n=190	.805

Notes for Table 1: Analysis on rank (nonparametric) results

<sup>a</sup> School types are based on grade levels served. Type 1 (K-12) includes any school with any level of early childhood. Type 2 (1-12) includes all schools in which the lowest grade is 1-4 and the highest 9-12. Type 3 (K-8) includes any school that has no grade above 8<sup>th</sup> grades. Type 4 (6-12) includes any school that has no grade below 6<sup>th</sup> grade, including schools with middle grades only.

<sup>b</sup> No significant differences across school types

<sup>c</sup> Type 1 schools significantly different from type 2\*, type 3\*\*\*\*, type 4\*\*\*\*, type 3 significant different from type 4\*

<sup>d</sup> Type 1 schools significantly different from type 3\*\*\*\*, type 2 significantly different from type 3\*\*\*\*, type 3 significantly different from type 4\*\*\*\*

<sup>e</sup> Type 1 schools significantly different from type 2\*, type 4\*\*\*\*, type 2 schools significantly different from type 3\*, type 3 schools significantly different from type 4\*\*\*\*

<sup>f</sup> No significant differences across school types

<sup>g</sup> Type 1 schools significantly different from type 3\*\*, type 4\*\*\*\*

<sup>h</sup> No significant differences across school types

\*\*\*\* $p < .0001$

\*\*\* $p < .001$

\*\* $p < .01$

\* $p < .05$

**Table 6**  
**Schools that Have Frozen Salaries since 2008, by Enrollment**

Variable	Enrollment (number of students)					Total	p-values	
	1 (Under 201)	2 (201-300)	3 (301-500)	4 (501-700)	5 (700+)		Chi-square	Pair-wise Comparisons
Salaries Frozen	56.8% (104/183)	42.0% (71/169)	39.1% (97/248)	36.0% (55/153)	30.8% (69/224)	40.5% (396/977)	p<0.0001***	1 vs. 2, p=0.006*** 1 vs. 3, p=0.0003*** 1 vs. 4, p=0.0001*** 1 vs. 5, p<0.0001*** 2 vs. 3, p=0.554 2 vs. 4, p=0.266 2 vs. 5, p=0.022* 3 vs. 4, p=0.526 3 vs. 5, p=0.059* 4 vs. 5, p=0.297

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10

Table 7

Schools that Have Frozen Salaries since 2008, by Age of School

Variable	Age (era school founded)					Total	p-values	
	1 (Before 1949)	2 (1950- 1959)	3 (1960- 1969)	4 (1970- 1979)	5 (Since 1980)		Chi- square	Pair-wise Comparisons
Salaries Frozen	36.2 % (173/478)	38.9% (42/108)	40.7% (61/150)	49.4% (44/89)	50.0% (76/152)	40.5% (396/977)	p=0.014**	1 vs. 2, p=0.600 1 vs. 3, p=0.323 1 vs. 4, p=0.018** 1 vs. 5, p=0.002*** 2 vs. 3, p=0.774 2 vs. 4, p=0.137 2 vs. 5, p=0.076* 3 vs. 4, p=0.187 3 vs. 5, p=0.103 4 vs. 5, p=0.933

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10

*Table 8*  
*Schools that Have Raised Tuition Since 2008, by Age of School*

Variable	Age (era school founded)					Total	p-values	
	1 (Before 1949)	2 (1950- 1959)	3 (1960- 1969)	4 (1970- 1979)	5 (Since 1980)		Chi- square	Pair-wise Comparisons
Raised Tuition	73.9% (353/478)	73.2% (79/108)	71.3% (107/150)	58.4% (52/89)	67.8% (103/152)	71.0% (694/977)	p=0.045 <sup>-</sup>	1 vs. 2, p=0.881 1 vs. 3, p=0.544 1 vs. 4, p=0.003 <sup>***</sup> 1 vs. 5, p=0.144 2 vs. 3, p=0.749 2 vs. 4, p=0.029 <sup>-</sup> 2 vs. 5, p=0.350 3 vs. 4, p=0.041 <sup>-</sup> 3 vs. 5, p=0.500 4 vs. 5, p=0.144

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10

Table 9

Schools that have Raised Tuition and Added International Students since 2008, by School Gender Type

Variable	School Gender			Total	p-values	
	B: All-boys	G: All-girls	C: Co-ed		Chi-square	Pair-wise Comparisons
Tuition Raised	78.4% (58/74)	60.3% (41/68)	71.3% (595/835)	71.0% (694/977)	p=0.056 <sup>*</sup>	B vs. G, p=0.019** B vs. C, p=0.192 G vs. C, p=0.057
Added International Students	14.9% (11/74)	4.41% (3/68)	17.3% (144/835)	16.2% (158/977)	p=0.021**	B vs. G, p=0.037* B vs. C, p=0.602 G vs. C, p=0.006***

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10

Table 10

Schools that Have Added International Students since 2008, by Age of School

Variable	Age					Total	p-values	
	1 (Before 1949)	2 (1950- 1959)	3 (1960- 1969)	4 (1970- 1979)	5 (Since 1980)		Chi- square	Pair-wise Comparisons
Added International Students	18.4% (353/478)	12.0% (79/108)	20.7% (107/150)	14.6% (52/89)	8.55% (103/152)	16.17% (158/977)	p=0.017 <sup>**</sup>	1 vs. 2, p= 0.113 1 vs. 3, p= 0.538 1 vs. 4, p= 0.389 1 vs. 5, p= 0.004 <sup>***</sup> 2 vs. 3, p= 0.069 <sup>*</sup> 2 vs. 4, p= 0.600 2 vs. 5, p= 0.356 3 vs. 4, p= 0.243 3 vs. 5, p= 0.003 <sup>***</sup> 4 vs. 5, p= 0.144

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10



Table 11

Schools that Have Frozen Salaries, Raised Tuition and Added International Students since 2008, by Age of School

Variable	Age					Total	p-values	
	1 (Before 1949)	2 (1950- 1959)	3 (1960- 1969)	4 (1970- 1979)	5 (Since 1980)		Chi- square	Sig. Pair-wise Comparisons
Salaries Frozen	36.2 % (173/478)	38.9% (42/108)	40.7% (61/150)	49.4% (44/89)	50.0% (76/152)	40.5% (396/977)	p=0.014**	1 vs. 4, p=0.018** 1 vs. 5, p=0.002*** 2 vs. 5, p=0.076*
Raised Tuition	73.9% (353/478)	73.2% (79/108)	71.3% (107/150)	58.4% (52/89)	67.8% (103/152)	71.0% (694/977)	p=0.045**	1 vs. 4, p=0.003*** 2 vs. 4, p=0.029** 3 vs. 4, p=0.041**
Added International Students	18.4% (353/478)	12.0% (79/108)	20.7% (107/150)	14.6% (52/89)	8.55% (103/152)	16.17% (158/977)	p=0.017**	1 vs. 5, p=0.004*** 2 vs. 3, p=0.069* 3 vs. 5, p=0.003***

\*\*\* Statistically significant at p<0.01

\*\* Statistically significant at p<0.05

\* Statistically significant at p<0.10

## NAIS Heads of School/ Business Officer Survey

### School specific and demographic information

Below are some initial questions about your role at the school and a basic profile of the institution.

**\*1. Your school's model includes which of the following grades (please select all that apply)**

	Starting Grade	Ending Grade
Please select the starting grade in left column and ending grade from right column	<input type="text"/>	<input type="text"/>

**\*2. Please select one of the following that best describes your school's region:**

- A) East: (NJ,NY)
- B) Mid Atlantic: (DE,DC,MD,PA,VA)
- C) Midwest: (IL,IN,IO,KT,MI,MN,MO,NE,ND,OH,SD,WV,WI)
- D) New England: (CT,ME,MA,NH,RI,VT)
- E) Southeast: (AL,FL,GA,MS,NC,SC,TN)
- F) Southwest: (AZ,AR,CO,KA,LA,NM,OK,TX)
- G) West: (AK,CA,HA,ID,MT,NV,OR,UT,WA,WY)

**\*3. Your school's gender type is best described as:**

- A) Boys School
- B) Girls School
- C) Coed School

**\*4. Your school's type is best described as:**

- A) Boarding
- B) Boarding-Day
- C) Day Boarding
- D) Day

## NAIS Heads of School/ Business Officer Survey

### \*5. Your school's enrollment best falls into which category?

- A. Under 201 Students
- B. 201-300 Students
- C. 301-500 Students
- D. 501-700 Students
- E. Above 700 Students

### \*6. Your school was founded in which era?

- Before 1949
- 1950-1959
- 1960-1969
- 1970-1979
- Since 1980

## Competition context

### \*7. For questions A-B, please select the answer that best describes the context of your school in comparison to other schools in your locale.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
We compete with other independent schools in the area for prospective students	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We compete with the public schools in the area for prospective students	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## The 2008 recession and school responses

Below are some specific questions about how your school responded to the 2008 recession.

### \*8. Which of the following academic adjustments did your school make since the fall of 2008? Please select all that apply.

- A. Increasing class load for teachers
- B. Reducing number of teachers
- C. Eliminating any academic programs
- D. Reducing the number of substitute teachers used
- E. None of the above
- F. Other (please specify)

## NAIS Heads of School/ Business Officer Survey

**\*9. Which of the following financial adjustments did your school make since the fall of 2008? Please select all that apply.**

- A. Reducing of teacher salaries
- B. Freezing of teacher salaries
- C. Raising tuition
- D. Postponing capital campaign
- E. Lowering Annual Fund goal
- F. None of the above
- G. Other (please specify)

**\*10. Which of the following other program adjustments did your school make since the fall of 2008? Please select all that apply.**

- A. Adding international students to the student body
- B. Eliminating athletic offerings
- C. Eliminating arts offerings
- D. Suspend expenditures on technology needs of school
- E. None of the above
- F. Other (please specify)

### Recession perspectives

In times of economic recession, how would you respond around the financial decisions named below?

## NAIS Heads of School/ Business Officer Survey

**\*11. In order from most important to least important (1= most important; 10= least important), rank order the actions you believe are the most important for your school to address in order to survive an economic recession.**

**Please select only one choice for each column as responses cannot be duplicated (ie. you cannot choose "4" for multiple responses).**

	(Most important)	2	3	4	5	6	7	8	9	(Least Important)
	1									10
A. Contributing to the endowment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Maintaining Enrollment/Admissions/Applications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Using cash reserves (positive cash)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Contributing to deferred maintenance (PRRSM account)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Freezing faculty salaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Lowering annual giving expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Paying down school debt	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Increasing Financial Aid	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Raising tuition costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Considering other revenue sources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Recession and recent historical practice

Below are some questions about the past three years as they relate to school practices.

**\*12. For questions A through E, please select the answer that best describes the school's practice over the past three years:**

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
A. Your school changed its programming (courses offered, etc.) during the recession in order to keep the school fully operational?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Your school had to reduce its work force.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Your school has seen an increasing number of formerly full-paying parents who are now requesting financial aid.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Your school has been more diligent about efficiencies and "right sizing".	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Your school has altered its strategic plan as a result of the economy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Compare and contrast

## NAIS Heads of School/ Business Officer Survey

Please answer the questions below, comparing recent years to each other

**\*13. In questions A through F, please rate your school's ability to fund the following since 2008 compared to before 2008.**

	Excellent	Better than average	Average	Below average	Well below average
A. Employee salaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Contribution to school's endowment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Strategic Marketing (admissions, communication)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Financial Aid Requests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. PRRSM (Plant Renewal, Repair and Special Maintenance) Contribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Employee Benefits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*14. In questions A through E, please rate your school's ability to fund the following since 2008 compared to before 2008.**

	Excellent	Better than average	Average	Below average	Well below average
A. Professional development for teachers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Technology needs of faculty and staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Athletic programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Visual and Performing Arts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. World Languages	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*15. Your role at the school is:**

- A) Head of School
- B) Director of Business/ Finance
- C) Other (please specify)

## Appendix C: Position and Number of Individuals Interviewed at Each Site

<u>Schools</u>	<u>GCS</u>	<u>WAGS</u>	<u>RCDS</u>	<u>BDA</u>	<u>Southeast</u>	<u>Episcopal</u>
<b><u>Position at school</u></b>						
Head of School	X	X	X	X	X	X
Business Manager	X	X	X	X	X	X
Chairman of the Board of Trustees	X	X	X	X	X	X
Board Finance Committee Member	X	X	X	X	-	X
Admissions Director	X	X	X	X	X	X
Director of Advancement	X	X	X (3)	X	X	X (2)
Division Head	X (3)	X (2)	X (2)	X (1)	X (2)	X (2)
Teachers	X (4)	X (4)	X (10)	X (4)	X (4)	X (2)
Parents	X (3)	X (4)	X (3)	X (4)	X (2)	X (2)
Academic Dean	-	-	-	X (2)	-	X
Director of IB Program	-	-	X	-	-	-
Assistant Division Head	-	-	X	-	-	-
Director of Residential Life	-	-	-	X	-	-
<b>Totals</b>	<b>16</b>	<b>16</b>	<b>25</b>	<b>18</b>	<b>13</b>	<b>14</b>

## Appendix D: Interview Protocols

### Head of School questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- Has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Can you describe for me any particular strain or strength on school finances and operations that you feel are tied to the particular population of students and families you serve?
- Your school's mission is... (insert individual school mission statement here). What particular financial or operational pressures are created by that mission that might not be present in some other independent schools?
- Are there any operational decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

#### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of your school?
- Can you talk about the trends in annual giving over the past five years? Have these trends been visible to the school community? If so, in what ways? For example, has the annual campaign lasted a longer or shorter time than before? Has the school used new ways to connect with parents and potential donors? Have teachers been asked to give in different ways from earlier years?
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Are there other aspects of school finances, such as a capital campaign or a construction project, that have been particularly affected by the recession?
- Have there been any shifts in the demographic makeup of your neighborhood or population in the past five years that have had particular consequences for the school? If so, what are they?

#### Salaries

- How are decisions about teacher salaries made at your school?
- To what extent did the downturn in the economy affect decisions about teacher salaries?
- Have decisions about teacher salaries over the past five years had any impact on the morale of your faculty? If so, what effect have these decisions had?
- To the best of your knowledge, have decisions about teacher salaries had any effect on teachers' decisions to remain at or leave the school?

#### Financial aid



- In general, over the past five years, has there been an increase, decrease, or no change in the number of students on financial aid? In the overall amount of money devoted to financial aid?
- Have any particular constituencies requested more or less financial aid in the past few years?
- Have your policies or procedures for applying for or awarding financial aid changed in any way in the past five years? If so, why?
- Have your policies or procedures for awarding tuition remission to faculty children changed in any way in the past five years? If so, what was the rationale behind this change?

#### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Let me name a few areas in which the school might have increased or decreased funding or another aspect of program support such as staff or resources. For each, please tell me if you are aware of any changes to the operational support for these areas. Name: Academics, arts, athletics, technology, professional development, library, extracurricular activities, student academic support such as tutoring.
- Has the school considered enrolling international students?

#### Director of Business/Finance questions

##### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Can you describe for me any particular strain or strength on school finances and operations that you feel are tied to the particular population of students and families you serve?
- Your school's mission is... (insert individual school mission statement here). What particular financial or operational pressures are created by that mission that might not be present in some other independent schools?
- Are there any financial or operational decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

##### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of the school?

- Which aspects of overall operations do you think the school most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- Has the school had to make hard decisions around endowment contributions, PRRSM accounts, or debt payments? Can you describe these decisions?
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Has anything changed about the way the school invests its finances or handles money over the long term because of the recession? If so, what has changed and why?
- Have there been changes to faculty benefit structures in the past five years? How and why have these changes occurred? What has been the effect of these changes on the school community?
- Overall, how do you think the recession affected the operations of your school?
- Are there other aspects of school finances, such as a capital campaign or a construction project, that have been particularly affected by the recession?
- Have there been any shifts in the demographic makeup of your neighborhood or population in the past five years that have had particular consequences for the school? If so, what are they?

#### Salaries

- To what extent did the downturn in the economy affect decisions about teacher salaries?
- To the best of your knowledge, have decisions about teacher salaries had any effect on teachers' decisions to remain at or leave the school?

#### Financial aid

- Overall, over the past five years, has there been an increase, decrease, or no change in the number of students on financial aid? In the overall amount of money devoted to financial aid?
- Have any particular constituencies requested more or less financial aid in the past few years?
- Have your policies or procedures for applying for or awarding financial aid changed in any way in the past five years? If so, why?
- Have your policies or procedures for awarding tuition remission to faculty children changed in any way in the past five years? If so, what was the rationale behind this change?

#### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Let me name a few areas in which the school might have increased or decreased funding or another aspect of program support such as staff or resources. For each,

please tell me if you are aware of any changes to the operational support for these areas. Name: Academics, arts, athletics, technology, professional development, library, extracurricular activities, student academic support such as tutoring.

- Has the school considered enrolling international students?

#### Director of Advancement/Development questions

##### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Can you describe for me any particular strain or strength on school finances and operations that you feel are tied to the particular population of students and families you serve?
- Your school's mission is... (insert individual school mission statement here). What particular financial or operational pressures related to advancement are created by that mission that might not be present in some other independent schools?
- Are there any financial or advancement decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

##### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of your school?
- Which aspects of overall operations do you think the school most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- Can you talk about the trends in annual giving over the past five years? Have these trends been visible to the school community? If so, in what ways? For example, has the annual campaign lasted a longer or shorter time than before? Has the school used new ways to connect with parents and potential donors? Have teachers been asked to give in different ways from earlier years?
- Have you changed the way you approach (or don't approach) potential donors over the past five years because of the economy? Can you describe those changes for me?
- Have particular decisions about long-term giving, including capital campaigns and estate giving, for instance, been affected by the economy in recent years? Can you describe for me how those decisions have been affected?
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Are there other aspects of school finances, such as a capital campaign or a construction project, that have been particularly affected by the recession?

- Have there been any shifts in the demographic makeup of your neighborhood or population in the past five years that have had particular consequences for the school in terms of advancement? If so, what are they?
- Can you describe any recent changes in the profile of the average donor to the school? For instance, has there been any change you've noticed in the parents or alums who give to the school in terms of age, age of children, marital status, or area of employment?
- Has the school's marketing/communication plan changed significantly over the past three years? If so, why is that?

### Director of Admissions questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Can you describe for me any particular strain or strength on school admissions process that you feel are tied to the particular population of students and families you serve?
- Your school's mission is... (insert individual school mission statement here). What particular pressures related to admissions are created by that mission that might not be present in some other independent schools?
- Are there any admissions decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

#### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of your school?
- Which aspects of overall operations do you think the school most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Overall, how do you think the recession affected the operations of your school?

#### Admissions and Enrollment

- Can you describe the application and enrollment trends of the past five years to me? What, if anything, has changed in the number of applications and enrolling students you have seen?
- Do you feel that families who are interested in the school have been particularly affected by the recession? In what ways have their decisions about enrolling changed because of the economy?

- Are there particular kinds of parents or families that you feel have been more affected than others by the economy? If so, what are they? For instance, have you seen changes in the type of employment of prospective parents, their marital status, the number of children they have, or when and how they apply?
- To what extent do you feel that the recession affected the competitive nature of independent school admissions? Are you aware of changes your competitor schools have made to their admissions procedures or policies?
- In what ways, if any, has the downturn in the economy changed the way you present the school to prospective families? Are there areas of the school programming, for instance, that you stress or do not stress because of the effects of the recession? If so, can you describe these areas?

#### Financial aid

- Overall, over the past five years, has there been an increase, decrease, or no change in the number of students on financial aid? In the overall amount of money devoted to financial aid?
- Have any particular constituencies requested more or less financial aid in the past few years?
- Have your policies or procedures for applying for or awarding financial aid changed in any way in the past five years? If so, why?
- Have your policies or procedures for awarding tuition remission to faculty children changed in any way in the past five years? If so, what was the rationale behind this change?

#### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Let me name a few areas in which the school might have increased or decreased funding or another aspect of program support such as staff or resources. For each, please tell me if you are aware of any changes to the operational support for these areas. Name: Academics, arts, athletics, technology, professional development, library, extracurricular activities, student academic support such as tutoring.
- Has the school considered enrolling international students? Has it considered enrolling any other special population of students that it does presently serve?

### Division Heads questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Considering the admissions process for your division, have you noticed any changes that you believe are directly tied to the recession? What are they?
- Can you describe for me any particular strain or strength on your division's finances and operations that you feel are tied to the particular population of students and families you serve?
- Your school's mission is... (insert individual school mission statement here). What particular pressures are created for your division by that mission that might not be present in other divisions or in some other independent schools?
- Are there any operational decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

#### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of your school in general, and your division, specifically?
- Which aspects of overall operations do you think the school most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Have there been any shifts in the demographic makeup of your neighborhood or population in the past five years that have had particular consequences for your division? If so, what are they?

#### Salaries

- Have decisions about teacher salaries over the past five years had any impact on the morale of your faculty? If so, what effect have these decisions had?
- To the best of your knowledge, have decisions about teacher salaries had any effect on teachers' decisions to remain at or leave the school?

#### Financial aid

- Can you describe any changes made because of financial aid pressures in your division within the last five years? For instance, do you see changes in how students acquire materials, make choices about school trips, or choose after-school activities? If so, what changes have you seen?

### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Let me name a few areas in which the school might have increased or decreased funding or another aspect of program support such as staff or resources. For each, please tell me if you are aware of any changes to the operational support for these areas. Name: Academics, arts, athletics, technology, professional development, library, extracurricular activities, student academic support such as tutoring.
- Has your division's students body expanded in terms of the special populations it serves in the last few years? For instance, have you added international students, special needs students, or some other particular group? Can you tell me about these changes?

### Chairman of the Board & Chair of Finance Committee questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Your school's mission is... (insert individual school mission statement here). What particular long-term financial or operational pressures are created by that mission that might not be present in some other independent schools?
- Are there any operational decisions that you have found to be particularly complex or challenging because of the school mission? If so, can you describe them to me?

#### Overall operational and financial effects of the recession

- Overall, how do you think the recession affected the operations of your school? How has it affected your long-term vision for the school?
- Which aspects of overall operations and finances do you think the board most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- In what way has the day-to-day business of your work for the school changed in the last three years?
- Has the school had to make any difficult decisions related to its endowment? Has the endowment been discussed in board meetings? Can you describe those discussions for me?
- Has the school had to make any difficult decisions related to its PRRSM? Has PRRSM been discussed in board meetings? Can you describe those discussions for me?
- Has the school had to make any difficult decisions related to its debt payment? Has the debt been discussed in board meetings? Can you describe those discussions for me?

- Has the makeup of the board itself changed as a result of the economic downturn of the past few years? How?

#### Financial aid

- Has the board discussed the amount of financial aid or how financial aid is distributed as a result of recession? Can you describe those discussions for me? Have you created any new policies or expectations related to financial aid and, if so, can you describe those?
- Have your policies or procedures for awarding tuition remission to faculty children changed in any way in the past five years? If so, what was the rationale behind this change?

#### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Let me name a few areas in which the school might have increased or decreased funding or another aspect of program support such as staff or resources. For each, please tell me if you are aware of any changes to the operational support for these areas. Name: Academics, arts, athletics, technology, professional development, library, extracurricular activities, student academic support such as tutoring.
- Has the school considered enrollment of international students?

### Parent Association member questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- From your perspective, has the school's mission and integrity in the admissions policy held steadfast throughout the economic downturn?

#### Overall operational and financial effects of the recession

- Can you talk about the trends in annual giving over the past five years? Specifically, has the school used new ways to connect with parents and potential donors?
- As a parent, how have your decisions concerning your child/children's education at the school been affected by the downturn in the economy?
- What, if anything, has changed about the way you acquire school materials, decide about activities or school trips, or approach other economic decisions related to schooling because of the recession?
- Has the work of the parent association changed in response to the recent economic downturn? If so, in what ways?



#### Financial aid

- Are you aware of any policy or procedural changes for applying for financial aid over the past few years? If so, what are they?
- Among the parent body, do you hear about more or less financial assistance being needed to cover costs associated with attending this school?

#### Programming

- To the best of your knowledge, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- What most attracts to the school? Has any aspect of that characteristic changed or been threatened because of the recession?
- Do you think your child(ren) feels the effects of the recession in relations to the school? If so, in what ways?

### Teacher questions

#### Business model

- Your school is... (describe the school's model: grades served, size, gender of students, boarding or day, region, religious emphasis).
- To your knowledge, has the school reconsidered any aspect of this model because of financial pressures or strengths? If so, can you describe how?
- Tell me about your perceptions of the school over the last three years. Have there been major changes, minor changes, or no changes?

#### Overall operational and financial effects of the recession

- Which aspects of overall operations do you think the school most values? (If prompting is needed, name examples): endowment, teacher salaries, annual giving, enrollment, financial aid
- Can you talk about the trends in annual giving over the past five years? Specifically, have teachers been asked to give in different ways from earlier years?
- Have you noticed particular changes in the area of professional development and how is handled over the past few years? If so, can you describe these changes? To what extent do you think these changes are related to the economic recession?
- Has the way your division/school handles buying supplies or providing support to teachers (substitutes, for instance) been affected by the economy over the past few years? If so, how?

#### Salaries

- Have decisions about teacher salaries over the past five years had any impact on faculty morale? If so, what are they?
- To the best of your knowledge, have decisions about teacher salaries had any effect on teachers' decisions to remain at or leave the school?

#### Financial aid

- In your observations, have policies or procedures for applying for or awarding financial aid changed in any way in the past five years? If so, what are they?
- Have your policies or procedures for awarding tuition remission to faculty children changed in any way in the past five years? If so, what was the rationale behind this change?

#### Programming

- Overall, has the school made any changes to its programming because of the recession? If so, can you describe these changes to me?
- Has there been any discussion about enrolling international students? Any other special student populations?
- Do you think your students have been aware of the recent recession? Do you think they feel its effects in any way related to the school specifically? If so, how?