

From Floundering to Flourishing

The Role Tuition Plays in Your School's Success

Dr. Gene Frost



School A: The masons are putting the final course of bricks on the wall of the new \$6.5 million science and technology center. The center is the final major piece of a 20-year, \$27 million master plan for a school that has grown to its planned capacity of 650 students.

School B: Enrollment has eroded 40% over the past six years. The main academic building has been condemned by the fire marshal and the annual budget will, once again, produce a significant deficit for the year.

While the above descriptions sound like two very different schools, they are in fact the same school. School B is my school, Wheaton Academy, in the 1980s. We were in a death spiral. We were not delivering the value that would attract the students and tuition dollars we needed. We thought we could discount our way to growth. However, by charging only 70% of the cost of education, we were merely accelerating our financial decline.

By God's grace, the actions of a dedicated board, and the infusion of visionary leadership, Wheaton Academy was able to reinvent itself beginning with the 1989–1990 school year. In its simplest terms, this turnaround required two things: (1) an ability to create more value for the student and his/her family, and (2) a commitment to charge the *full cost* for the student's education.

Taking the 100% Tuition Plunge

Charging the full cost of education is, of course, a risk. You may lose some students because of your increased tuition, but I believe that even more students will pay full tuition if you deliver the value their money is paying for.

At Wheaton Academy, we feared that raising our tuition significantly would cost us too many students. To soften the blow, we spread the tuition increase (from 70% of our cost

to 100%) over five years, while also raising the value of our product to match the increase.

The results were astonishing. Enrollment grew, debt was retired, programs improved, fund-raising increased—it's always easier to raise money for scholarships and capital improvements than to plug a deficit!

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A good friend of mine was the head of a school that was struggling with a discounted tuition, with all the corresponding financial problems and constraints. The school decided to make drastic changes—including a plan to *double* their tuition in one year! As you can imagine, the increased tuition was costly; the school lost 40% of its student body and experienced a very trying year.

So what happened next? Within two years, the school had a higher enrollment than before it made the move. What's more significant is that these students were now paying over twice the tuition. The school was able to raise teacher salaries, begin a retirement program, and, within five years, move to a new facility. The school had gone from a death spiral of discounting to a growth spiral of delivering a top-notch Christian education and charging the full cost to those who value it.

Though my friend admits he should have phased in the tuition increases over time, his story is a dramatic example of the need to charge the full price for the value you bring to your school families.

Doing the Math

The most often cited objection to charging full tuition is that “families can't afford it.” This is patently not true for two reasons.

First, some of your families may not be able to afford your new 100% tuition, but you should be able to provide need-based scholarships for such families. Do the math with me: if we had a school with 100 students and we charged only 70% of the \$10,000 cost of their education, that means we are giving *everyone* a \$3,000 scholarship—even our most well-to-do families! By charging the full tuition of \$10,000, we could give \$3,000 scholarships to one-third of the students while also gaining \$910,000 in tuition. We would only need to raise \$90,000 in donations for our student scholarships to balance our budget. In the old model, we were collecting only \$700,000 and trying to raise \$300,000 to fill the gap!

Second, today's parents are not looking for the “budget option.” Parents will pay significantly more if they believe you are delivering significantly more.

I challenge school leaders to do the math—and then ask themselves if they are willing to create the value that will command a 100% tuition bill.

A Final Word on Fairness

I believe the argument that low tuition is “necessary” to be fair to our parents is just another way of asking our teachers, administrators, and staff to subsidize our schools. Fairness demands that we ask our parents to pay a livable wage for the invaluable services of our Christian school teachers and staff. Fair wages are another calculation you will need to make.

I truly believe the greatest days are ahead for Christian schools because I see great Christian schools emerging—Christian schools that deliver great value and charge 100% of the cost of being a superior Christian school. Is your school one of these emerging schools? A commitment to 100% tuition might be an important next step.

Postscript on Value

Elevated tuition must be coupled with the corresponding need to demonstrate value to your school families. If your school is already delivering exceptional value, then charging the full fair price is a relatively simple process. If, however, your school is not providing the teachers and programs to demand higher tuition, then you have additional work to do.

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I would recommend that your school systematically work through ACSI's Flourishing School Framework. Add best practices wherever you can. Wheaton Academy's Best Practices Conference (wheatonacademy.org/bestpractices) is designed to help Christian schools make the jump from good to great. With wise leadership and God's grace, creating value and charging full price can be the proven formula for moving our Christian schools from “formative” to “flourishing.”

Note: for more on the story of Wheaton Academy and other leading Christian schools that went from good to great, see Learning from the Best, Volumes One and Two, published by Purposeful Design.

Dr. Gene Frost is an alumnus of Wheaton College, where he majored in religious studies. Gene received his divinity degree from Northern Seminary and his doctorate in education from Northern Illinois University. Since 2006, Gene has served as head of school at Wheaton Academy (Illinois), one of the nation's oldest and most respected evangelical Christian secondary schools. Gene has authored two books: *Learning from the Best: Growing Greatness in the Christian School* (2007) and *Learning from the Best Volume Two: Growing Greatness That Endures in the Christian School* (2014).