

The Financial Impact of COVID-19 on Independent Schools

Survey Insights, Scenario Planning and Financial Modeling

Live NBOA Community Meeting Wednesday, June 17, 2020

Presented by:



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NBOA's Response and What Can Best Support You

- NBOA Online Resources
 - Checklist for reopening
 - Employee leave flow chart
 - Long-range financial model for independent schools
 - Space planning tool
 - You asked, we have it!
 - **coming soon!**
- *Net Assets* Feature Articles
 - *Successfully Managing Remote Employees*
 - *Digitally Communicating Your School's Value*
 - *Managing Your Empty Campus*
 - *Impossible is Off the Table*
 - **coming soon!**
- NBOA Webinars
 - Employee considerations for returning to campus
 - Enrollment strategies through “The Next Normal”
 - Leading health, legal, and crisis communications experts re: reopening
 - Preparing for potential litigation re: COVID-19 refunds
 - How to reopen campuses safely per facilities experts
 - Boundaries in a remote setting
 - Title IX compliance

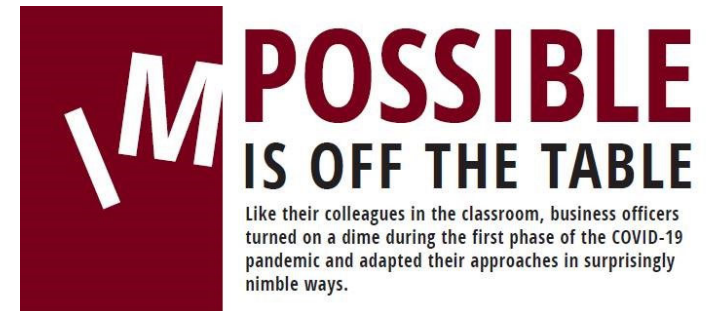
Access to PPE available at discounted rates from:



<http://nboa.org/covid-19-resources>

Impossible is Off the Table – Sneak Preview!

- We are rethinking long-standing practices since the **business office can be more flexible than previously imagined.**
- The pandemic provided a stark reminder of our heavy reliance on tuition revenue. **Cash reserves are top of mind** and leaders are examining expense management.
- Having a **crisis response plan and team are critically important, but schools must remain flexible.**
- Many business officers are **rethinking how the school can deploy staff in new ways** by leveraging automation and remote working.
- Communicating transparently has been key to supporting the community and **conveying your value proposition.**
- Schools are not really made of bricks and mortar but rather the **relationships** of the community.



Other Insights and Trends



- Open to and planning for every scenario
 - Many schools feel they may live in multiple scenarios at once given little guidance or certainty
 - “Schools are where they are, because of where they’ve been” and conservative financial approaches are proving valuable
 - Monitoring enrollment and the effects on budgets, staffing, and programming
 - Families delaying decisions and some schools are more flexible than usual with deadlines
 - Sensitivity to the well-being of the entire community
 - Independent schools are more than just bricks and mortar
-

Poll #1

Did you participate in the most recent NBOA Flash survey?

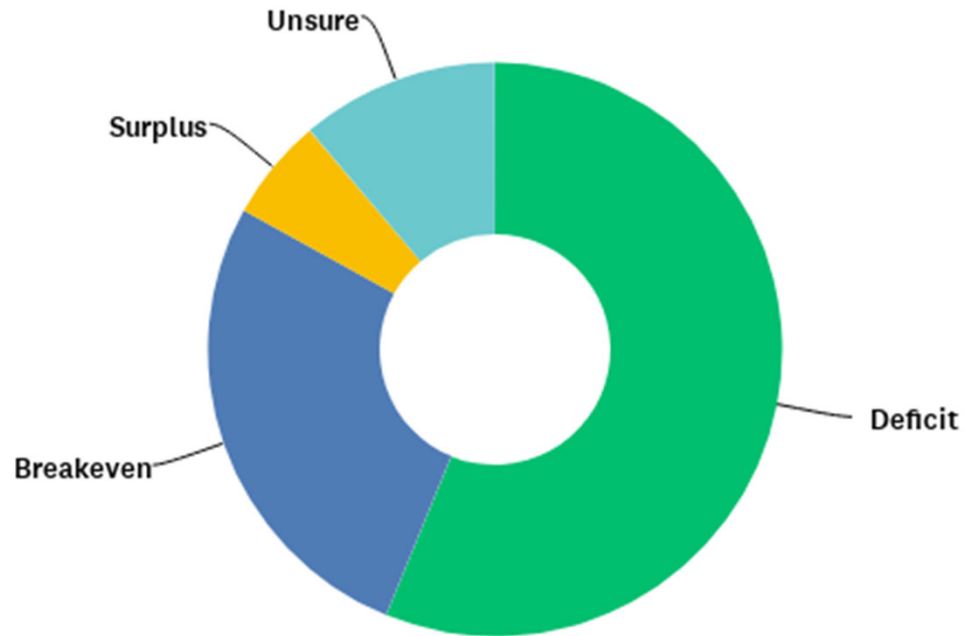
A) Yes

B) No

C) I can't remember, everything is a blur

FY21 Budget Projections

Expected FY21 Budget



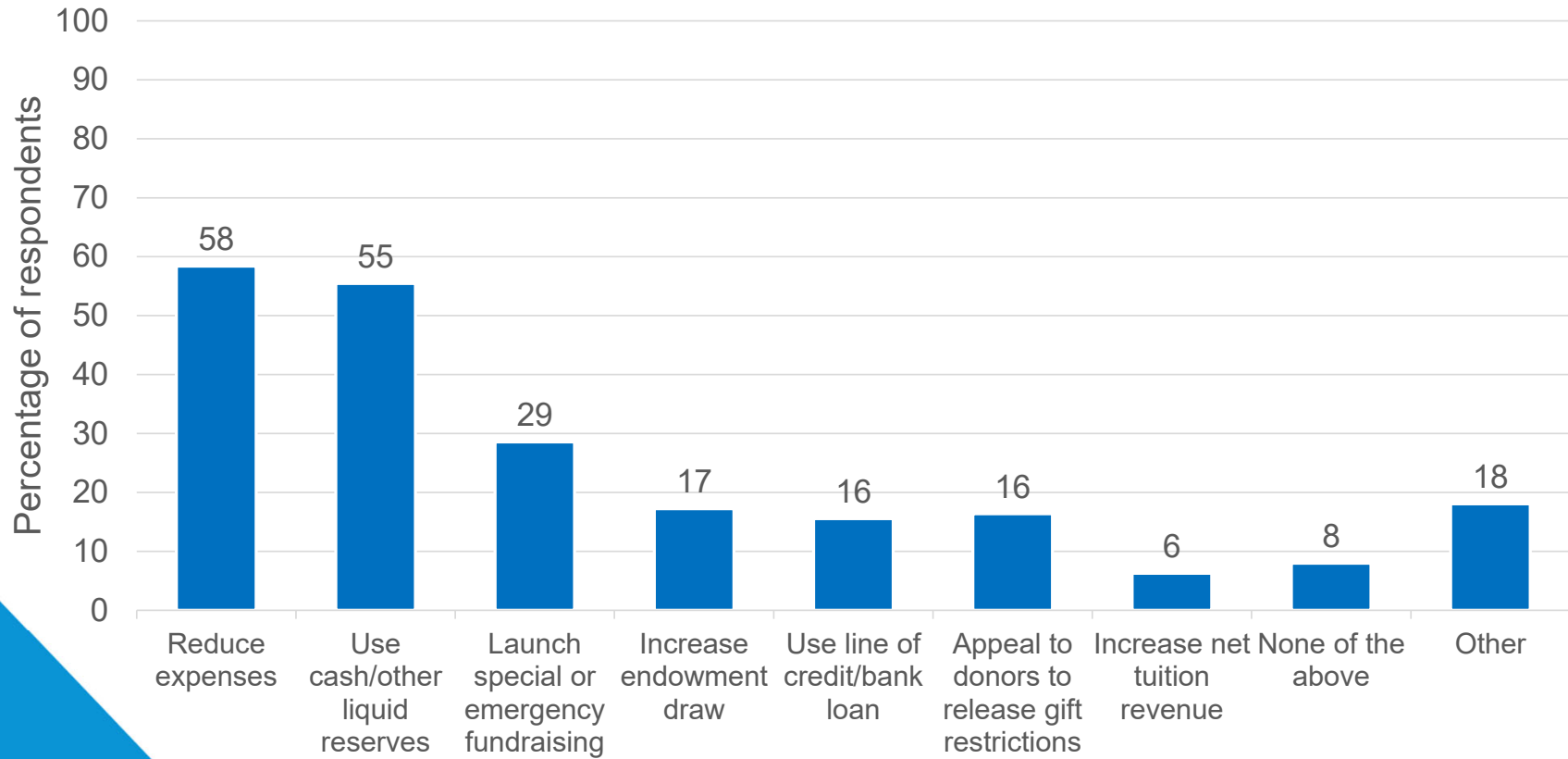
FY21 Budget Projections: Enrollment & Revenue

	Enrollment (n=226)	Gross tuition and fees (n=236)	Endowment draw (n=197)	Annual fund (n=147)	Capital campaign (n=109)	Room & board revenue (n=50)	Auxiliary activities/ rentals (n=129)	Cash reserves/ surplus (n=137)	Financial aid awards (n=146)
Flat	17%	11%	52%	30%	33%	26%	15%	28%	8%
Increase up to 5%	10%	33%	9%	6%	5%	4%	0%	6%	38%
Increase 6-10%	1%	3%	1%	2%	1%	0%	1%	1%	26%
Increase 11-20%	1%	0%	2%	0%	1%	0%	0%	0%	20%
Increase more than 20%	0%	0%	1%	0%	1%	0%	0%	0%	6%
Decrease up to 5%	27%	19%	11%	18%	6%	10%	16%	20%	0%
Decrease 6-10%	23%	15%	5%	14%	2%	6%	21%	13%	1%
Decrease 11-20%	14%	12%	1%	12%	6%	8%	14%	11%	0%
Decrease more than 20%	4%	3%	1%	10%	6%	6%	29%	11%	0%
Unsure	3%	3%	19%	8%	40%	40%	4%	11%	1%

FY21 Budget Projections: Expenses

	Instructional payroll & benefits (n=239)	Administrative payroll & benefits (n=228)	Purchases of property, plant & equipment (n=209)	Debt services (principle/interest) (n=139)	Auxiliary programs (n=152)	Facility maintenance & operations (n=157)	Athletics (n=141)	Technology (operational/capital) (n=157)	Student/faculty boarding (n=63)
Flat	23%	32%	43%	72%	29%	27%	30%	27%	41%
Increase up to 5%	42%	37%	9%	6%	4%	31%	7%	29%	6%
Increase 6-10%	5%	2%	3%	1%	1%	16%	1%	17%	3%
Increase 11-20%	1%	0%	1%	1%	0%	5%	0%	10%	0%
Increase more than 20%	0%	0%	2%	0%	0%	1%	0%	4%	0%
Decrease up to 5%	10%	13%	11%	9%	23%	10%	18%	8%	6%
Decrease 6-10%	10%	7%	6%	2%	15%	5%	14%	3%	6%
Decrease 11-20%	5%	4%	7%	1%	9%	1%	6%	0%	0%
Decrease more than 20%	2%	1%	8%	3%	14%	1%	7%	1%	5%
Unsure	3%	4%	10%	4%	5%	3%	17%	2%	32%

Filling the “Gap”



Staffing considerations



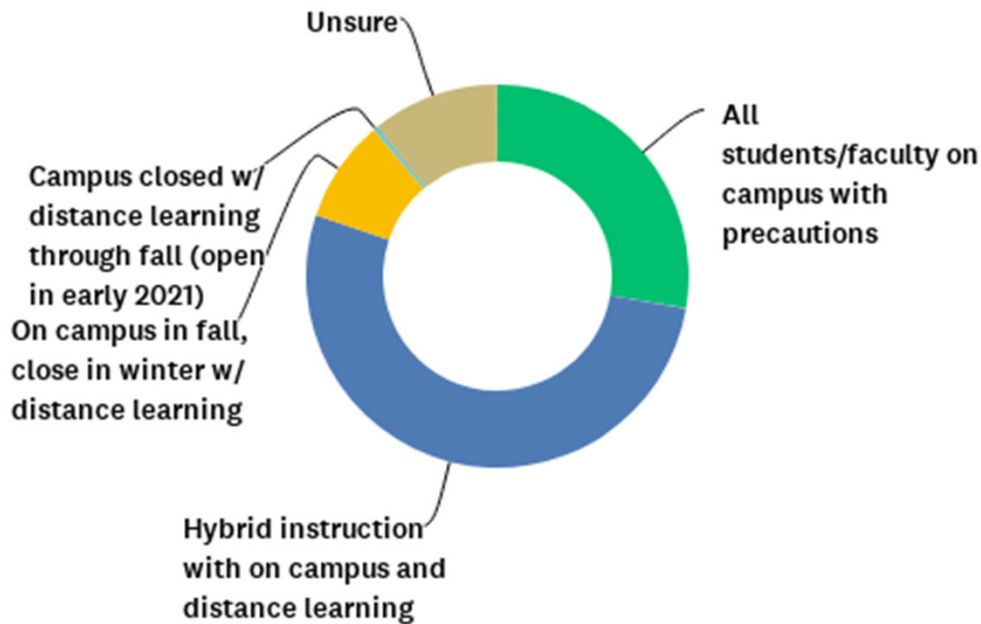
FY21 FTE Projection	Instructional (n=238)	Administrative (n=228)
Flat	48%	57%
Increase up to 5%	15%	7%
Increase 6-10%	2%	1%
Increase 11-20%	0%	0%
Increase more than 20%	0%	0%
Decrease up to 5%	18%	24%
Decrease 6-10%	8%	4%
Decrease 11-20%	4%	1%
Decrease more than 20%	0%	1%
Unsure	4%	4%

- 50% of schools are expecting pay freezes or pay cuts to happen in FY21 or have already happened
- 61% will not fill open positions
- 33% of schools are likely to make cuts to programs, activities or operations to reduce faculty or staff
- Schools are unlikely to incentivize retirement, reduce benefits or provide bonuses

Scenarios

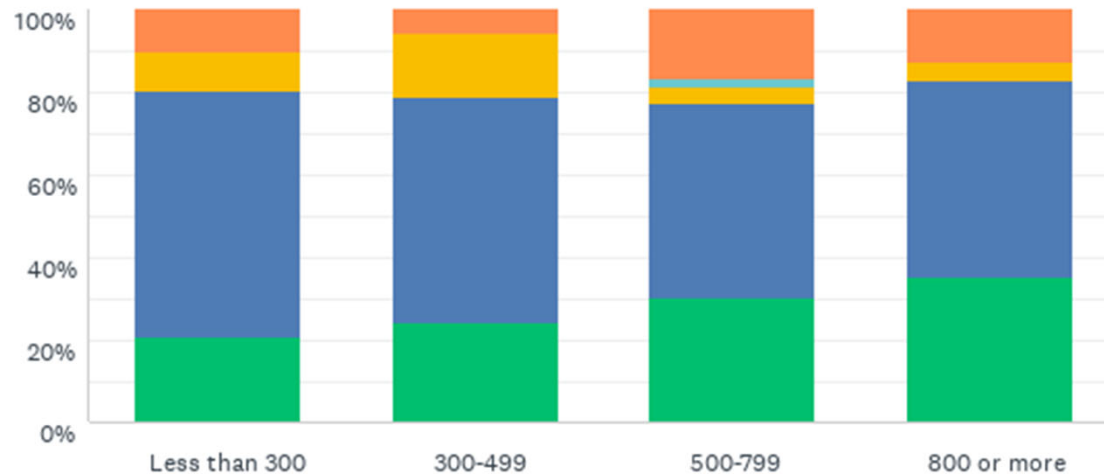


Expectations for 2020-21 Instruction



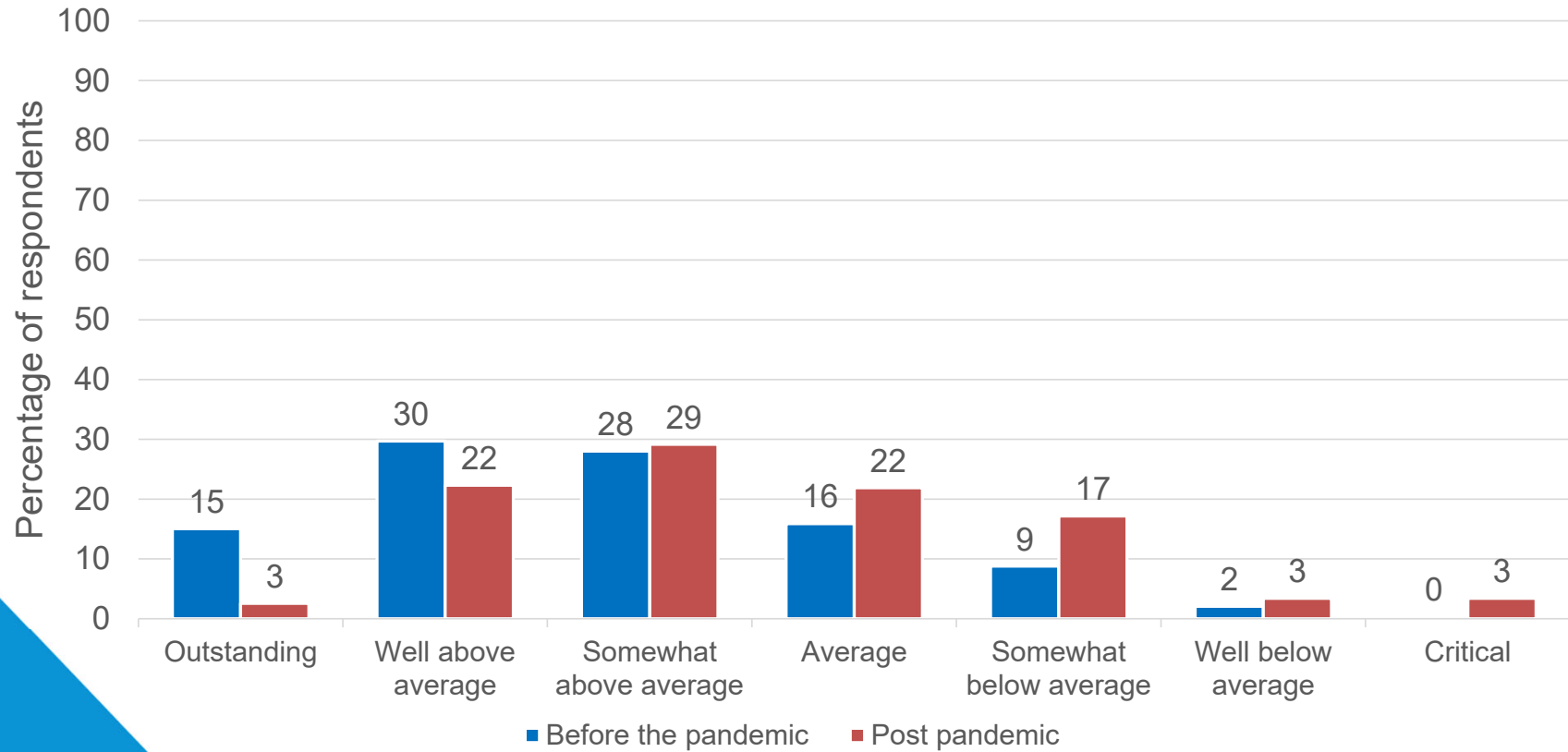
- At 33% of schools, all summer programs are cancelled; a range of 15% – 23% are offering some form of summer programs either in person or online.
- As far as next year, it's a mixed bag, but most are open to and planning for every scenario, and optimistic that at least a portion of the community can return to campus this fall
- Many schools feel they may live in multiple scenarios at once given little guidance or certainty
- Unique opportunities and unique challenges for boarding schools

Expectation for 2020-21 Instruction by Enrollment



- All students/faculty on campus with precautions
- Hybrid instruction with on campus and distance learning
- On campus in fall, close in winter w/ distance learning
- Campus closed, distance learning for all students through fall (reopen early 2021)
- Unsure

How Fiscally Healthy Are Your Schools?



Poll #2

What do you think your school's financial state will be post pandemic?

- A) Outstanding
- B) Above average
- C) Average
- D) Below Average
- E) Critical

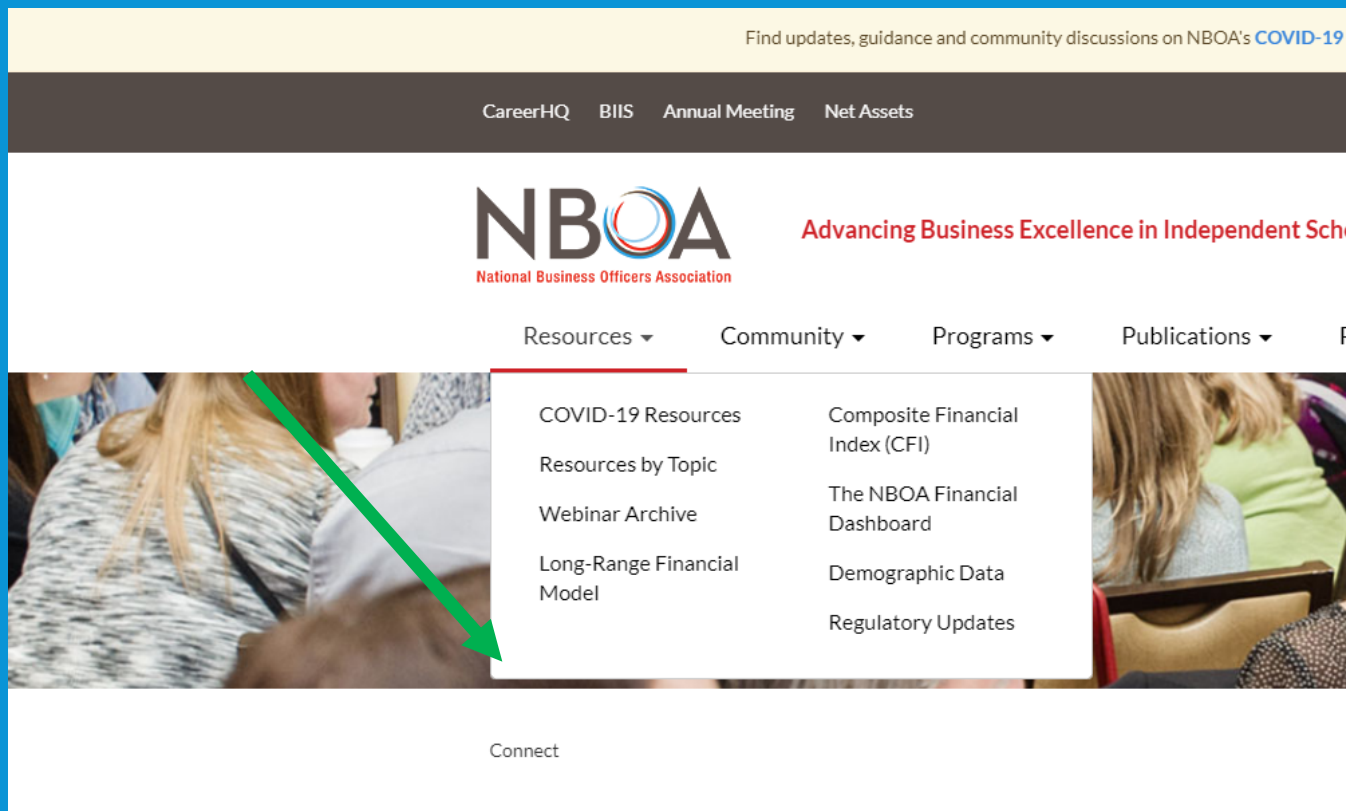
“Silver Linings” on the Horizon!



- Realizing operational efficiencies
- Taking the opportunity to make innovative change
- Increased attention on health, safety and well-being
- Better use of technology in and out of the classroom
- The ability to work productively from distance and on a flexible schedule
- Better communication with constituents



Where to Find the Model



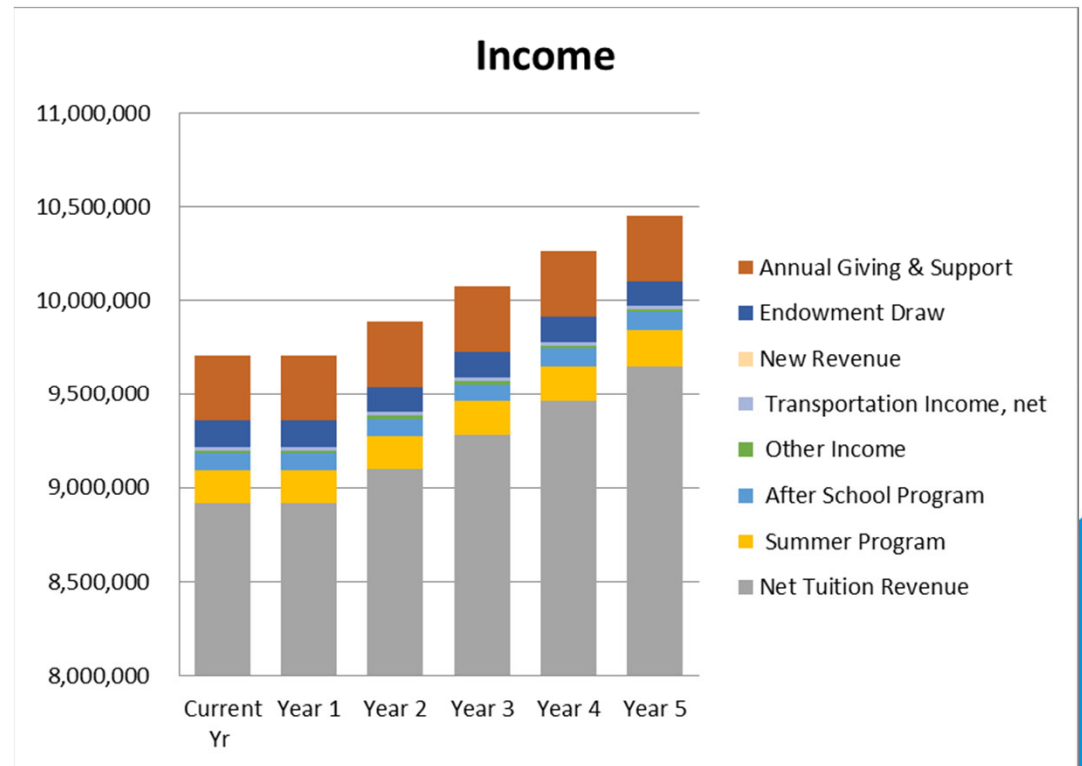
[The Long-Range Financial Model for Independent Schools](#)

Tips for Using the Model

- Load the Current Year Inputs tab with your non-COVID-19 scenario for next year (or the status quo)
 - In the Income and Expense lines segregate out those items you think are most exposed by the pandemic (ex. Summer programs or janitorial services)
-

NBOA Academy – A Mid-sized Pre-K – 8

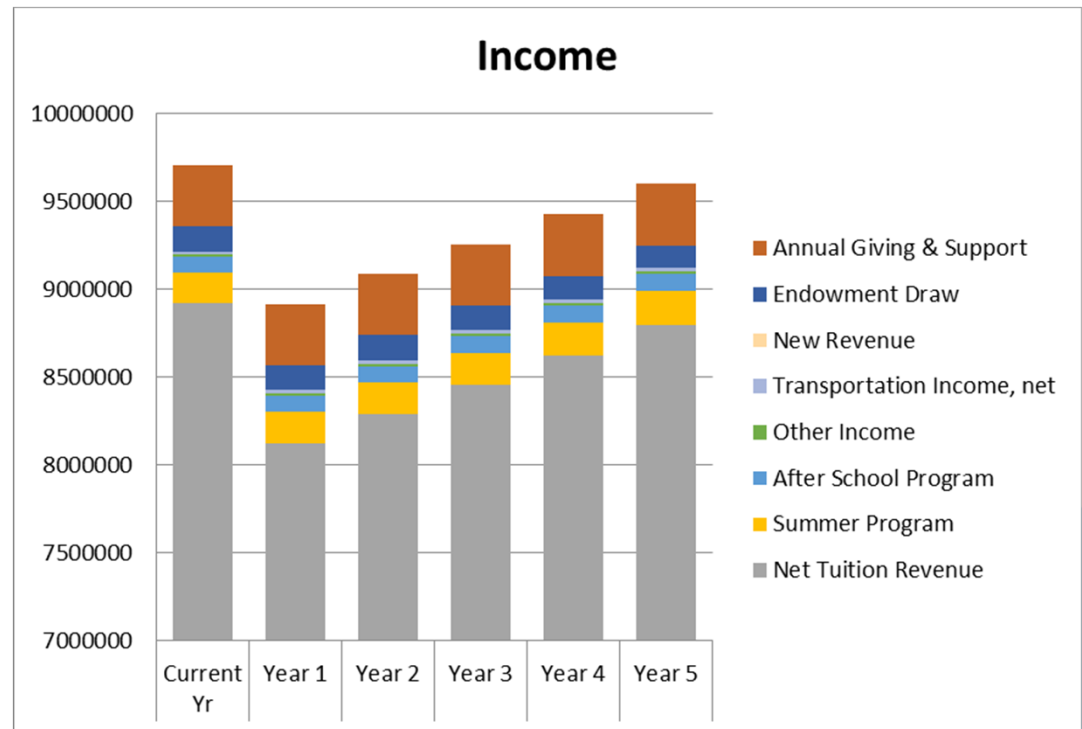
- Type: Pre-K – 8
- Enrollment: 440
- Operating Budget: \$9,709,000
- Endowment: \$4,000,000
- Financial Aid Budget: 15.2% of Gross Tuition
- Gap per student = \$1,798 or 8.1%



NTR = \$20,268 per student

NBOA Academy – Scenario 1

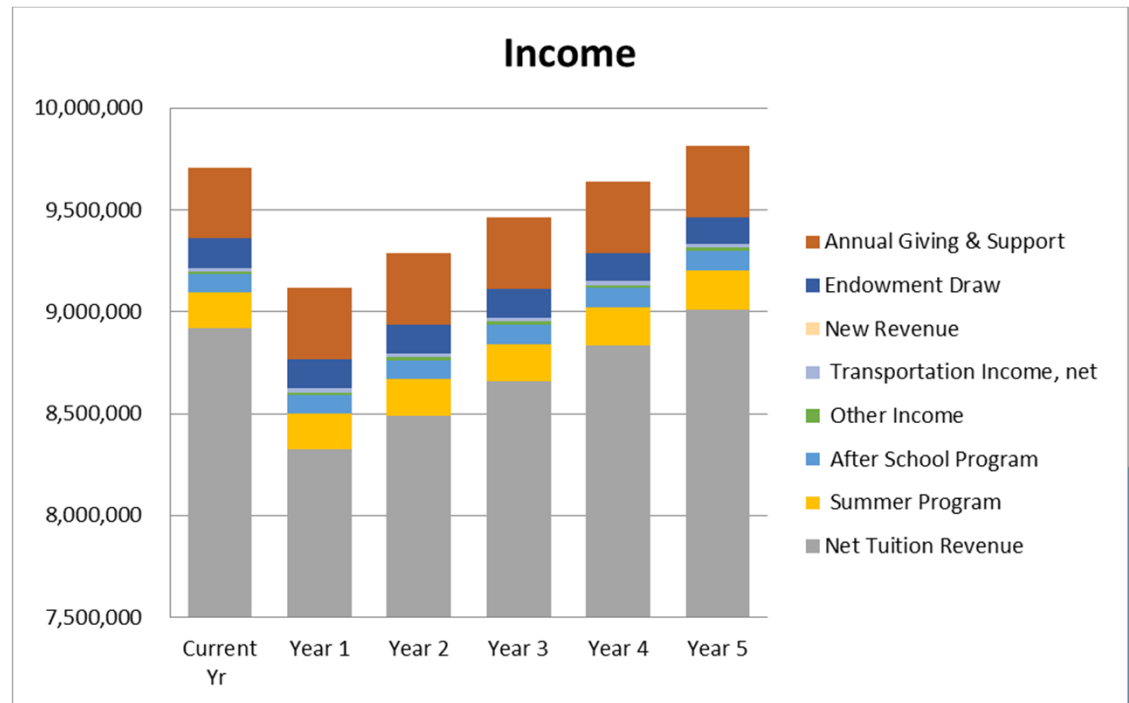
- Enrollment: decreases by 5% or 22 students (all in the lower grades)
- 1.5% tuition increase announced prior to pandemic
- Financial Aid Budget increases by 5% of Gross Tuition
- The school institutes a pay freeze for all personnel
- Holds all other expenses flat
- Gap increases to \$3,719/std or 16.3%



NTR = \$19,436 per student

NBOA Academy – Scenario 2

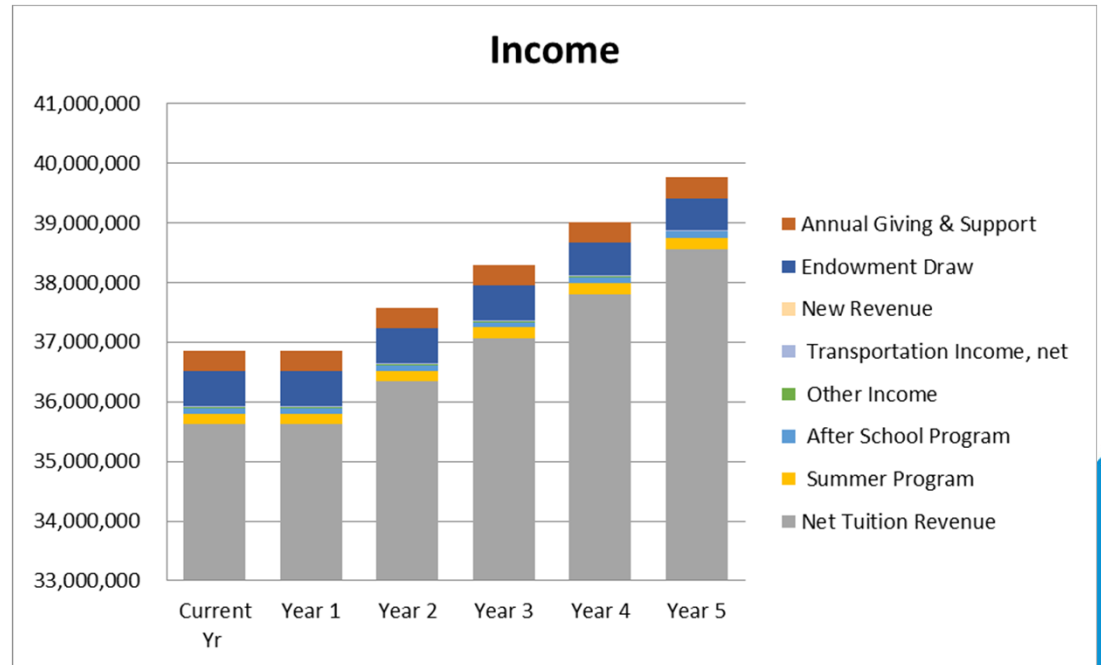
- Enrollment: decreases by 5% or 22 students (all in the lower grades)
- Financial Aid Budget increases by 5% of Gross Tuition
- Increased tuition by 4% prior to pandemic
- The school institutes a pay freeze for all personnel
- Holds all other expenses flat
- Gap decreases by \$479/std and is now 14.2%



NTR = \$19,915 per student

The NBOA School – A Large Pre-K – 12

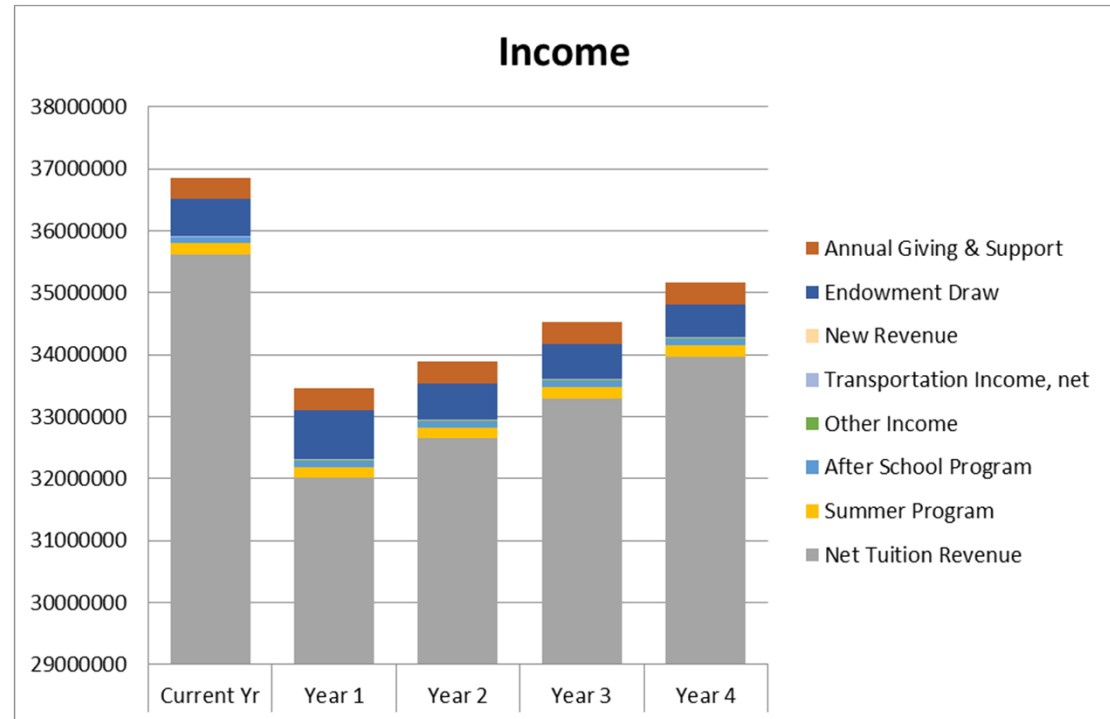
- Type: Pre-K – 12
- Enrollment: 1,115
- Operating Budget: \$36,863,000
- Endowment: \$14,750,000
- Financial Aid Budget: 10.5% of Gross Tuition
- Gap per student = \$1,110 or 3.4%



NTR = \$31,951 per student

The NBOA School – Scenario 3

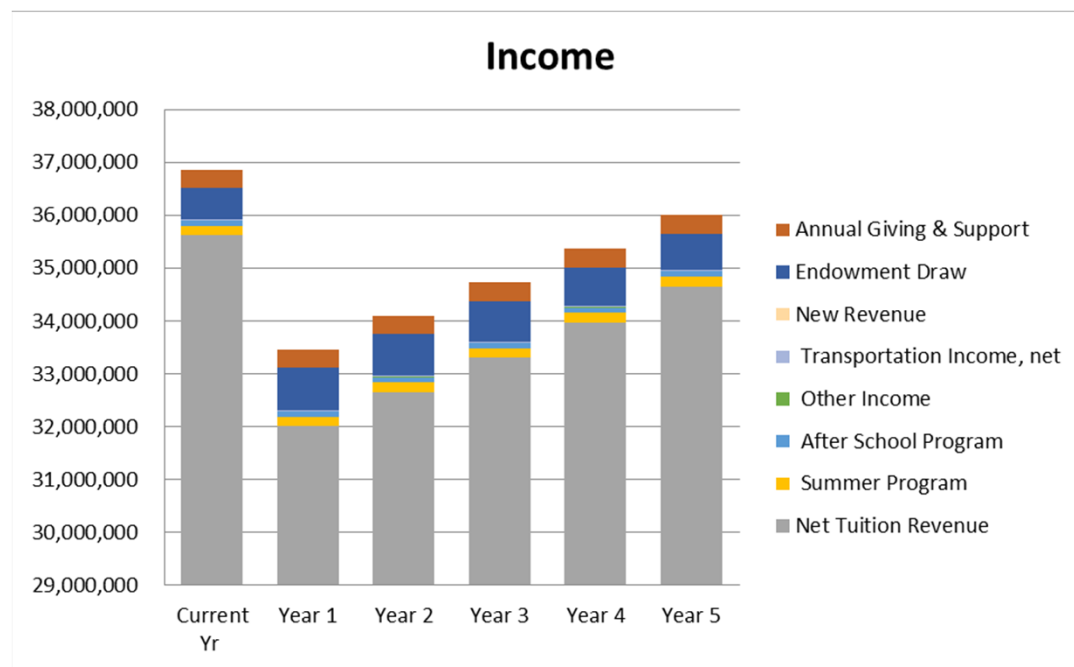
- Enrollment: decreases by 5% or 56 students
- Tuition is flat year over year as is all other non-tuition revenue
- Financial Aid Budget increases by 5% of Gross Tuition
- Salaries increase by 2% for all personnel
- Holds all other expenses flat
- Gap increases to \$4,939/std or 14.4%



NTR = \$30,228 per student

The NBOA School – Scenario 4

- Same as Scenario 3 except:
- Endowment draw increases to 5.5%
- Athletics down 25% and education, administrative and development expense down 5%
- Do not fill 6 faculty, 2 admin and 3 staff positions vacant due to attrition
- Gap decreases to \$3,487/std or 10.3%



NTR = \$30,228 per student

Poll #3

Do you currently use any long-range financial model (3 years or more)?

A) Yes

B) No

C) I can't remember, everything is a blur

Reopening Made Easier with These Other TOP Five Resources (Visit the [NBOA COVID-19 Resources Page!](#))

1. Reopening checklist

Include health, safety, and communication procedures and protocols in reopening plans

2. Employee leave and accommodation flow chart

Easily navigate legislation and myriad scenarios you may face with employees to understand options, best support them and protect the school.

3. Classroom and space planning tool

Engineering tool to determine how many people may safely be in a classroom or other space on campus while remaining physically distant.

4. *Georgia's Path to Recovery for K-12 Schools*

Provides considerations, recommendations, and best practices to ensure a safe and successful 2020-2021 school year. <https://bit.ly/2ZYgkbb>

5. Field Guide for Camps on Implementation of CDC Guidance

A practical guide and tool kit to implement specific recommendations provided by the CDC in relation to risk reduction at camps.

Checklist for Reopening Independent School Campuses

- Includes operations concerns ranging from coordination to physical space, financial, and administrative considerations
- Unique boarding and residential considerations called out
- Fillable
- Assignable by department or by individual
- Blank spaces to add steps unique to your school

Updated and re-released late last week!



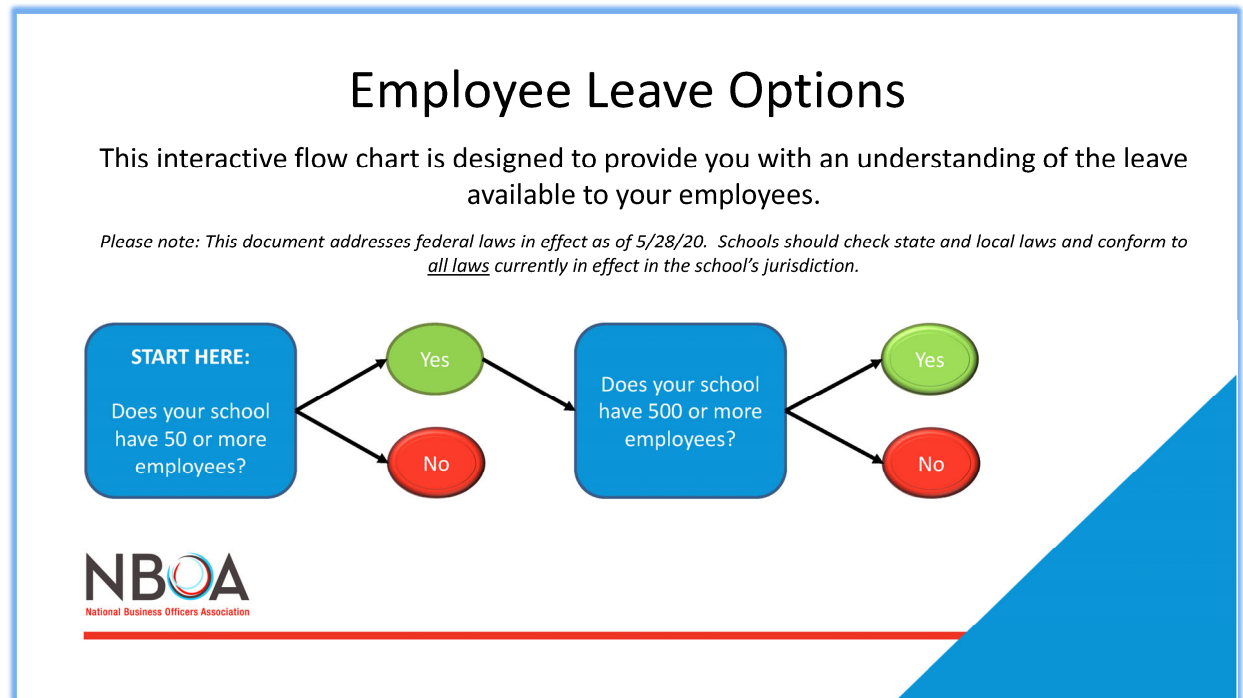
Establish Physical Safety Protocols

Department: _____

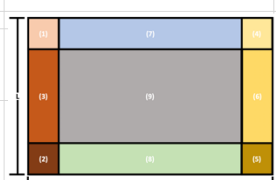
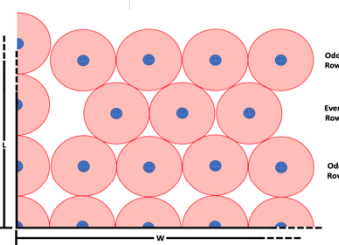
<i>Assignee</i>	<i>Due</i>	<i>Item</i>
<input type="checkbox"/> _____	_____	Review the current safety requirements in your locality and the school's ability to meet those requirements.
<input type="checkbox"/> _____	_____	Provide personal protective equipment (PPE) to all employees and train them on its use.
<input type="checkbox"/> _____	_____	Monitor lead times for resupply of PPE and disinfecting products and adjust inventory as necessary.
<input type="checkbox"/> _____	_____	Close shared spaces and communal services that are not absolutely necessary.
<input type="checkbox"/> _____	_____	Remove non-essential shared objects from shared spaces.
<input type="checkbox"/> _____	_____	Remove public computers.
<input type="checkbox"/> _____	_____	Disable public touch monitors.
<input type="checkbox"/> _____	_____	Provide disinfecting products in all shared spaces.
<input type="checkbox"/> _____	_____	Provide hand sanitizer by frequently touched public surfaces such as door handles and handrails.

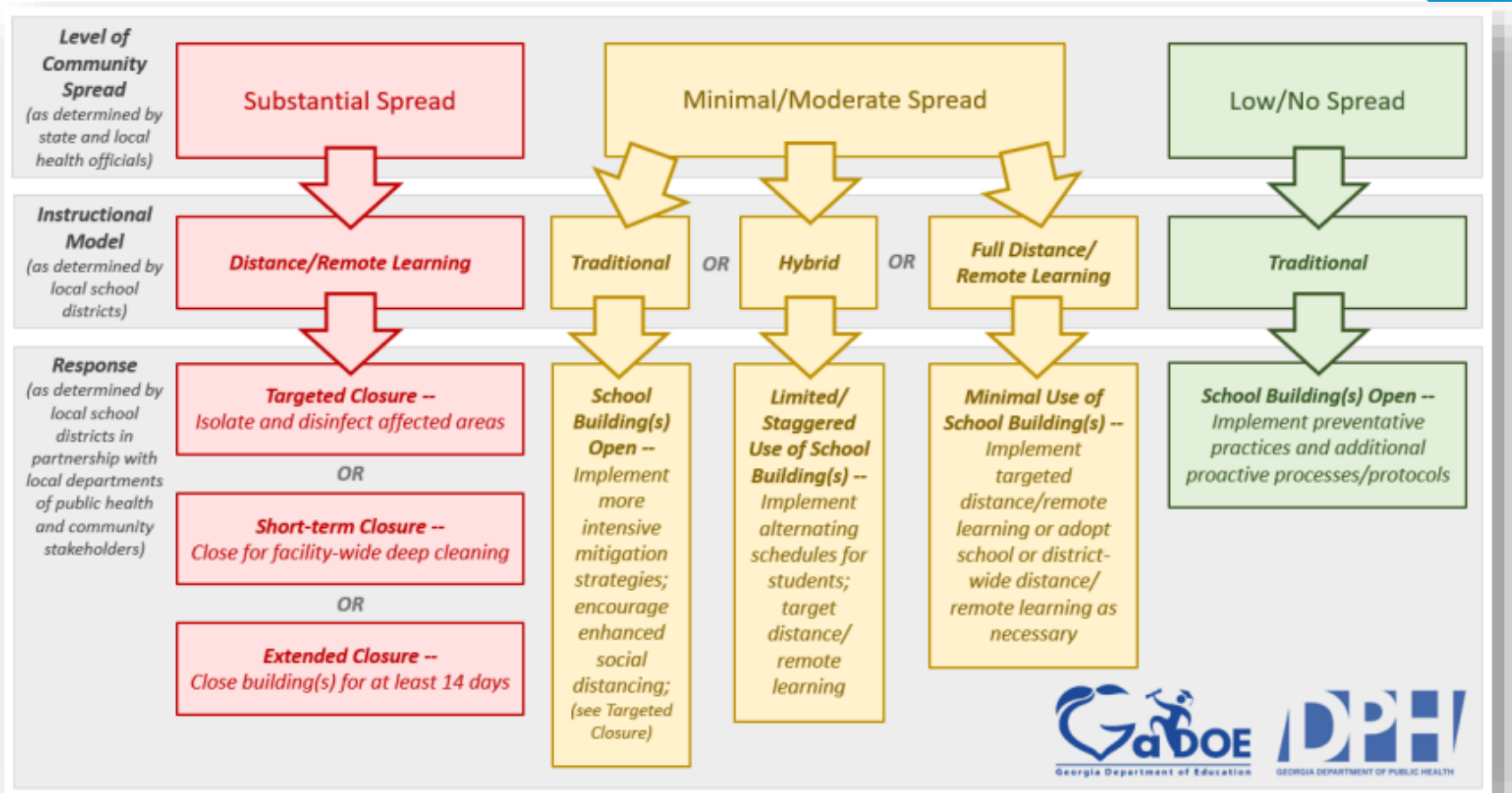
Interactive Employee Leave Flow Chart

- Includes emergency leave laws under the FFCRA
- Point and click to follow steps
- Clarifies misconceptions
- Links to further guidance



Independent School Space Planning Tool

Room Name/Number	Room Length	Room Width	Person Radius	Desk Radius		Square Packing	No Wall Square Packing	Perfect Hexagonal Packing	No Wall Hexagonal Packing	Hexagonal Packing																				
1	20	15	3	2		6	2	6	2	6																				
2	25	30	3	2		12	6	12	6	12																				
3	30	45	3	2		20	12	21	13	20																				
4	35	60	3	2		28	18	28	18	28																				
5	40	75	3	2		40	28	41	28	40																				
6	45	90	3	2		50	36	57	43	53																				
7	50	105	3	2		66	50	66	50	66																				
8	20	15	3	1		6	2	9	4	6																				
9	25	30	3	1		16	9	18	10	17																				
10	30	45	3	1		24	15	30	20	28																				
11	35	60	3	1		40	28	41	28	40																				
12	40	75	3	1		60	45	61	45	60																				
13	45	90	3		Length (ft)	Width (ft)	Person Radius (ft)	Desk Radius (ft)	COVID19 room packing efficiency excel spreadsheet made by Ari Rosner © 2020																					
14	50	105	3		40	30	3	1	For questions, comments, feedback, suggestions, or distribution questions, please email arirosner@gmail.com																					
15	20	15	3		Must fill room using "First-in last-out" method		Hexagonal Packing (0.91)		My LinkedIn																					
16	25	30	3				Number of People: 27		Number of People: 8																					
17	30	45	3		Notes:				# of People in Odd Rows: 2																					
18	35	60	3		For a circle, the most efficient packing is a hexagonal arrangement (0.91)				# of People in Even Rows: 2																					
19	40	75	3		When the size of the circles to be packed is large compared to the box, hexagonal packing efficiency leads to additional work that results in the highest packing				Total # of Rows: 4																					
20	45	90	3		To use this spreadsheet simply input the dimensions of the room and the desired radius (yellow). The total number of people will be shown, with the number of people in each quadrant shown below.																									
21	24	28	3		This model assumes that we can put people along the wall and in the corner of a room.																									
																														
																														
									<table border="1"> <thead> <tr> <th colspan="2"># of people in:</th> </tr> </thead> <tbody> <tr><td>Area (1)</td><td>1</td></tr> <tr><td>Area (2)</td><td>1</td></tr> <tr><td>Area (3)</td><td>4</td></tr> <tr><td>Area (4)</td><td>1</td></tr> <tr><td>Area (5)</td><td>1</td></tr> <tr><td>Area (6)</td><td>4</td></tr> <tr><td>Area (7)</td><td>2</td></tr> <tr><td>Area (8)</td><td>2</td></tr> <tr><td>Area (9)</td><td>11</td></tr> </tbody> </table>		# of people in:		Area (1)	1	Area (2)	1	Area (3)	4	Area (4)	1	Area (5)	1	Area (6)	4	Area (7)	2	Area (8)	2	Area (9)	11
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Area (9)	11																													



Georgia's Path To Recovery for K-12 Schools

[The Field Guide for Camps on Implementation of CDC Guidance](#)

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ENVIRONMENTAL HEALTH & ENGINEERING, INC.



Don't Miss These [Upcoming NBOA Programs](#)

- Conquer the Changing Landscape of Philanthropy
Thursday, June 25, 2020, 4 p.m. ET
 - Managing Expenses and Spending with Purpose
Thursday, July 9, 2020, 4 p.m. ET
 - Confronting Crisis and Securing the Future
Thursday, July 23, 2020 — 4 PM ET
-

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Visit the NBOA website: www.nboa.org

Visit our [COVID-19 Resources page](#) for much

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