The Art of K–12 School Finances and Financial Aid

blackbaud®

Managing the complex inner workings of a private K–12 school is challenging, to say the least. Rarely is there an easy and quick way to make improvements, or even know how to identify the areas that need improvement. Those who do it well recognize it as a true 'art and science.'

Blackbaud is the world's leading cloud software company powering social good, and we know that K–12 private schools are building a better world by preparing learners for lifelong success. We equip these schools to deliver on that mission by providing software, services, data intelligence and expertise.

In partnership with Educational Collaborators, a national consulting organization providing edtech and professional learning services to schools and districts, we created an exclusive eBook, *The Art and Science of Running a K–12 School*, to provide a holistic view of the qualitative and quantitative aspects of school operations. Released individually, chapters are dedicated to typical school offices: Admissions, Student Management, Financial Aid, Tuition and Finance, and Advancement or Fundraising. This chapter contains insights, trends, and real-life examples of how K–12 finance and business offices are using technology to operate more efficiently.

Schools that used paper-based systems hoped that moving to electronic systems would increase efficiency in the financial office. The idea that information would be entered once and used both for financial systems and for financial aid—and where they intersected —was appealing, but not easy to achieve in a school using multiple different systems.

"Trying to manage tuition had been a nightmare for us because we were using a couple of products that weren't integrated," said Technology Director **Jeff Gaier, Archbishop Moeller High School**. "The shift to Blackbaud solutions for enrollment and tuition management and our new use of contracts made a huge difference for the admissions and financial offices and has allowed us to better manage and track tuition dollars."

For **Joyce Longwell**, staff accountant at Moeller, adding Blackbaud Enrollment Management™ and Blackbaud Tuition Management™ has been a game changer that allows her to set up tuition accounts for the next school year by April rather than in August. "My time touching those accounts went from maybe 5 minutes to 2 to 3 seconds, so my time really freed up," she said.

"I've picked up a lot of other general ledger work and accounting work because of it." Archbishop Moeller High School is an all-male, college-preparatory high school in the suburbs of Cincinnati, Ohio.

With Blackbaud Tuition Management™ already in place, **The Dunham School** moved to a fully integrated contract management process several years ago. They implemented and connected Blackbaud Enrollment Management System, Blackbaud Tuition Management, and the Blackbaud Financial Edge NXT accounting platform. The process is now seamless, significantly reducing time and errors.

"They tell you that you punch a button and it's done, and that is the absolute truth," reported **Grady Hazel**, Director of Finance and Operations at The Dunham School. "You punch a button, and it's there."

"We previously entered billing details manually," she said. "We used to create spreadsheets with everybody's tuition and everybody's tuition discounts, then enter it manually into the tuition system." The Dunham School is an independent, inter-denominational, Christian, college-preparatory, coeducational day school in unincorporated East Baton Rouge Parish, Louisiana. Founded in 1981, it serves 825 students from PK through grade 12.

In addition to reducing time, an integrated system can help schools reduce delinquent accounts, also saving staff time. After transitioning its tuition management to Blackbaud, **Gonzaga College High School** experienced an 11% increase in tuition revenue in just a few months. In the first year after implementation, they had a 50% reduction in delinquent tuition payments. Gonzaga College High School saved more than $20,000 in printing and mailing costs, as well as two full days of staff time, after moving its summer mailing online. Student applications grew 13% after going live on the new website. Founded in 1821, Gonzaga is Washington, D.C.'s only Jesuit high school, enrolling 960 male students in grades 9-12.

A 50% decrease in delinquent tuition was the experience at Belen Jesuit School in Miami as well. Belen Jesuit had mailed coupon books to parents, and parents would then either mail back their tuition checks one-by-one, or bring them to the school. With Blackbaud Tuition Management™, Belen Jesuit not only handles nearly all payments online but also eliminated nearly all paper checks.

"It definitely helped with delinquency," said IT Support Administrator **Bryan Lorenzo**. "Before, parents would have to go in and manually pay online," Lorenzo added. "When we switched to automatic payments, it drafts to a bank account or charges to a credit card automatically." Belen Jesuit, reestablished in Miami in 1961 after more than 100 years of operation in Havana, Cuba, enrolls 1,373 male students in grades 6-12.

Coming from the corporate world and accustomed to using powerful financial tools there, **Dan Yacoviello** was pleased to find Blackbaud tools that powered the finance office and financial aid process at the school he joined. Yacoviello is Executive Director of Finance at **Southside Christian School**, southeast of Greenville, SC, which enrolls about 1,250 students in PK2-grade 12.

"The numbers are always right, debits and credits coming over from tuition management," he said. "That's a huge plus in my mind. I have confidence that billing comes over directly to the general ledger."

Previously using the tools of the corporate world, with massive ERP systems and links with Excel, he says Blackbaud is comparable. "I'm in Excel all the time," he said. "I do a data dump of GL accounts by month and account and manipulate the data." He likes having a status report at any given moment and finds it helpful for long-term planning as well. "I'm a financial planner with long-term modeling in my background."

He wants to get to Power BI for graphical reporting. He said the tuition assistance committee meetings can easily see all data from last year and this year and some of the metrics of tuition assistance. "We want to move in that direction for internal financial reporting," he added.

Southside's Accounting Assistant **Jackie Blanton**, who has handled accounts receivable, billing and tuition at the school for six years, can compare life before and after the full integration with Blackbaud. "Before it was painful," she said. She cited the benefit on the billing side, for example, the contracts. "I bill with a lot of discounts and tiers," she explained. "Because we tier our discounts, these are put in manually before the contract is sent to the parent. Then the contract – with all applicable discounts – is automatically populated into Blackbaud Tuition Management once the parents sign."

It was designed with **Sheila Wyer**, the school's IT Support Specialist, to work with their specific billing policies.

A big challenge of the switch to a fully integrated Blackbaud system was that it started in March 2020, just as Southside shut down during the pandemic. Wyer worked in the school office while everyone else worked remotely. Even with that challenge, Blanton started getting payments through the new system in June.

Parents appreciate when she gives them a quick overview of tuition management and the itemized bill. She said, "Right now I can hit billing detail and export to a spreadsheet and send that to a parent. This shows discount, tuition assistance, etc., which parents can't see from their account."

Parents can use credit cards or ACH (bank withdrawal) to pay. "We absorbed the fees for a few years on credit card use, and it cost us $40,000 a year. Now we make them pay the credit card fees. Now almost everyone uses ACH," Wyer said.

Wyer also said that Southside parents don't worry about putting money on the lunch system as everything is on one bill. "We compile charges monthly, then send them to tuition management to collect them. We do a lot of incidental billing, making it easy for parents to pay monthly," she said.

Blackbaud informs decisions on financial aid/tuition assistance but it is not the only thing considered, said Yacoviello. "We go case by case," he explained. "Blackbaud tells us what they can afford, but it's not the only decision point. Amounts might change each year if a parent lost a job or life circumstances change. We take it into account every year."

Southside's accountant, **Kelli Marquez**, says that FENXT has what she needs to do her job well. Accounts payable, accounts receivable, payroll, fixed assets and student billing all feed into FENXT, creating a powerful combination of tools for the finance office.

"Watching all the training videos isn't required but they help to extend my knowledge," she said.

"After using it for a year, it's going great for what we are going to do," said Yacoviello, the finance head. "We are learning, and moving to PowerBI will be a huge win for us. We are pleased with it. Some things will get better over time."

Financial Edge NXT simplifies fund accounting and has pre-integrated services, secure data, and rapid, automatic updates. When integrated with Blackbaud Tuition Management and Blackbaud Financial Aid Management, together these provide seamless, cloud-based tools for the finance and financial aid offices.

NAIS estimated, from a survey of their membership serving about 700,000 students, that about a quarter of students in day schools received financial aid, an average of $11,500. They also estimated that nearly half of students at boarding schools received financial aid, averaging about $25,000.

Tips

1   Encourage a new administrator in the business office to get to know the department heads around the school who are affected by the office's work. For the CFO, this is every department head who supervises a budget.

2   Encourage a new administrator in the business office to meet with the chairs of board committees between meetings. For the CFO: the Finance, Audit, Facilities, and Investment Committee chairs. These relationships are vital.

3   Start thinking of Microsoft BI as soon as you can -- there's great power there.

4   Release information incrementally in a timely manner to avoid overwhelming families with too much information at once. Recognize that onboarding means that parents are moving from interactions with admissions staff to other school staff.

5   On initial setup, consider setting up billing months with a two-month extension at the end of the year for additional collections.

6   Watching all the training videos isn't required, but they really help to extend the user's knowledge of the system's capabilities.

7   Look at what credit card fees are costing you. Can you add them as a fee or give preference to another form of payment that won't cost as much, such as ACH? One school found they were paying more than $40,000 in credit card fees one year.

8   Create folders that group your reports by task. Some reports run monthly, others weekly.

9   Make the budget a strategic planning tool. See variance amounts and what percentage various accounts are over budget.

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Financial Edge NXT is almost self-intuitive. Blackbaud has done a good job of simplifying the software while still addressing the intricacies of the financial needs we have.

Neal Pike, Chief Financial Officer, The Heritage School, Newnan, GA

About Blackbaud
Blackbaud (NASDAQ: BLKB) is the world's leading cloud software company powering social good. Serving the entire social good community—nonprofits, higher education institutions, K–12 schools, healthcare organizations, faith communities, arts and cultural organizations, foundations, companies, and individual change agents—Blackbaud connects and empowers organizations to increase their impact through cloud software, services, data intelligence, and expertise. Learn more at www.blackbaud.com.

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