

## ***Giving Away Money ... and They Still Don't Pay?*** ***Or ... are you looking for future graduates, or just this year's students?***

Okay, a family is considering enrollment at your Christian school. You can be sure that someone is saying "we need to enroll this child in a Christian school." It may be one parent, or both, or a grandparent, or a friend, or maybe even the student.

Some sort of pressure is bringing them to this decision. Maybe it's a bad encounter at another school, or maybe it's concern over bad friendship choices, or maybe it's the best of all reasons: a conviction that it is the parent's God-given responsibility to provide their child with instruction that integrates a Biblical World View into a quality education.

If this family cannot afford a Christian education, you will find them asking for tuition assistance. If the family really wants to enroll in your school, and your tuition assistance offer seems reasonable to them, they will probably enroll. Even if they don't think it is adequate, they may still enroll because they want so badly for their child to be in your Christian school.

Sometimes this happens, and then the family can't or doesn't make their remaining tuition payments, or they're constantly late in making their payments.

### **It may be that this is your fault.**

Families frequently don't know how much they can really afford for tuition. If they are enticed to enroll with inadequate tuition aid, they will often still enroll believing that somehow they will be able to make the payments. Below we will discuss how that can lead them down a path to certain disenrollment.

Our Confidential Financial Analysis (CFA) provides the school with the family's FACT figure (Family Anticipated Contribution Total) - how much they can afford to pay towards tuition. We often cushion this statement by saying "without too much difficulty." What's that supposed to mean?

### **At CFA we divide a family's budget into three categories:**

1. Things that are necessary and are difficult for them to change any time soon  
*(These would be things like mortgage/rent, auto payments, debt payments, child support/alimony, work-related child care, college tuition, reoccurring medical expenses, and utilities.)*
2. Things that are necessary but are things over which the family has some degree of control  
*(These would be things like food, gas/oil/tires, clothing, upgrades of home & auto, emergencies.)*
3. Things that not immediately necessary, and over which the family has a great degree of control.  
*(These would include all the rest – like entertainment, recreation/vacation, savings/investment, furniture, home or auto or personal maintenance, miscellaneous ...)*

The CFA application requests only category one expenses. From this information, we calculate how much they should be able to afford for tuition payments.

For a family to make those tuition payments, sacrifices or adjustments must be made in categories 2 & 3. The greater the portion of their budget taken by category 1, the less room there is for adjustment.

Many families do not understand their finances. So when you offer them tuition assistance that may look reasonable to them, but which is really not adequate, you may be setting them up for financial failure.

**But don't despair, we will mention solutions later.**

Some families can make an adjustment to their expenses and fit tuition payments in without traumatizing their finances. These are families that we would rate as **"healthy."**

Other families have to "squeeze" their budget somewhere to find the money for tuition payments. If they have to squeeze too hard, their enrollment will be short-term because they simply cannot make ends meet. There are three levels of "squeeze."

**Level one:**

The family cuts back on category 2 expenses and cuts out many category 3 expenses. This is what we would rate as **"manageable."**

**Level two:**

The family's category 1 expenses force them to put off category 2 expenses, and eliminate category 3 expenses to make room for tuition. They are hoping that they will have more money in the future to deal with things like furniture, a new roof for their house, a car to replace one that's falling apart, new eyeglasses, etc. They may compensate by buying their clothing at thrift stores, or repairing their car themselves. This is what we would rate as **"struggling."** They may finally be forced to address the "put off" expenditures that can wait no longer, or by an emergency, like a serious illness, or a broken furnace, they may be forced to spend more than they make. If these expenditures are too demanding, tuition may not be paid.

**Level three:**

The family's category 1 expenses leave no spare room for many category 2 expenses, and certainly no room for category 3 expenses. To pay tuition, and maybe even to make ends meet, they have to borrow. Actually, this may be their lifestyle – constantly borrowing, refinancing, selling, restructuring. This is what we would rate as **"unmanageable."** They may run up credit card debt, refinance their house, or invade their retirement account. When this happens, they will not be able to make tuition payments.

When schools "squeeze" families too hard with inadequate tuition assistance they may be forcing healthy families into the manageable category, and manageable families into the struggling category, and struggling families into the unmanageable category. The result? Unpaid tuition bills. The real (and tragic) price paid? Their children do not graduate from your Christian school.

## What can the school do?

### First:

Commit yourselves to finding sufficient funds to adequately provide for each family's financial aid need. In some cases it may be better to give the same percentage of your budget to fewer families if it means that they will be able to survive financially, and remain in the school until graduation. Remember, not all the money has to come from your budget. We would recommend three possibilities.

1. Regularly solicit funds from donors and churches for tuition assistance. You may want to refer to them as "Scholarship Funds." You can find a sample church support proposal in CFA's manual.
2. Find and provide additional income for families who receive financial aid. A couple of suggestions:
  - a. Reserve or designate part-time employment opportunities within your school for families who would need additional income to help them make tuition payments.
  - b. Find someone within the school who is willing to act as a "Job Service Coordinator" – to help families locate part-time employment in your area.
3. Increase the portion of your tuition assistance budget that goes to qualified needy families. Many schools can find extra funds being poorly used for multiple-child discounts or other grants. It may be helpful to look at our article on Budgeting for Tuition Assistance, or request the Budgeting CD.

### Second:

Help families get a better grip on their finances. Don't assume that because a family's finances are healthy that they really understand their financial condition, or that they apply biblical principles to their financial management.

### Three ways you can help:

1. Consider hosting Crown financial seminars or small group studies. You may want to require that all aid recipients attend, or maybe just those whose indicator is "struggling" or "unmanageable."
2. Provide some of Crown Financial's key resources for your financial aid families (free or at a reduced price), or at least familiarize yourself with them and recommend them to your families.
  - Crown Financial Ministries' Seminars
  - Books: Your Money Counts, by Howard Dayton, The Complete Financial Guide for Young Couples, by Larry Burkett, and Making Ends Meet, by Larry Burkett. (*Your CFA manual contains a quiz that focuses on the key points of every chapter of Your Money Counts*)
  - Crown Small Group Studies
  - Crown's trained Volunteer Money Map Coaches. *These are trained individuals, in your community, who work with married couples and individuals, helping them develop a personal budget, apply Biblical principles of stewardship, build a plan to get out of debt, and achieve spiritual and financial freedom. There is no fee for this service.*

You can search for one in your area at:

<http://www.crown.org/financialwisdom/church/budgetcoach.asp>

3. Train a Money Map Coach from within your school, or within your local church. This would be an individual who could counsel families with more severe financial problems.
4. Call CFA (888-685-5783). They'd be glad to discuss your tuition assistance program with you.

**Remember, your goal is to enroll future graduates,  
not just this year's students.**

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