

## Myths and facts about setting tuition rates

For some of us, when it is time for our annual discussion: “should we raise our tuition?” the discussion may look more like an argument, particularly if the discussion takes the form of: “I do not feel as if parents can afford what we are charging now.” The discussion may also include “We have to keep our prices low enough so that everyone can afford a Christian education.” An even more suicidal approach may be “Can we find out what the average tuition is in our community and charge a little less?”

Since 1992 Development Testing Services has been providing parent opinion surveys to Christian schools throughout the nation. During the course of these years literally hundreds of thousands of Christian school parents have been surveyed all across the United States. These surveys have shown that such reactive discussions completely miss the point.

In figuring out what “the point” is, let’s look at what PinPoint Parent Opinion Surveys have uncovered as **Myths** and **Facts** about setting tuition.

### Myths

**Myth #1. Tuition must be priced so that everyone can afford a Christian education.**

If the argument is “we do not want to price Christian education out of reach of the average family,” the answer is: you already have. In the average community, nearly ½ of the families make under \$35,000, but in the typical Christian school less than 1/14 of the families fall into the same category. (Five years ago it was 25%.)

Family Incomes	<\$35,000	\$35-50,000	\$50-75,000	\$75-100,000	\$100,000 +
US Average	42%	16%	19%	11%	13%
Average Christian School	7%	16%	24%	22%	31%

**Myth #2. Tuition is a watershed issue when it comes to choosing a Christian school**

When parents are surveyed they are asked to rate the influences that caused them to choose this particular school. Out of twelve choices, tuition came in third from the bottom. On a scale of 1-5, only 12% of the parents rated tuition at a 5 (“very influential”). 21% rated it at a 1 (“not influential”). When parents have made a decision that a Christian education is necessary for their children, often tuition is a minor issue.

**Myth #3. Those who take a long, hard look at tuition rates have the least money.**

Once a parent has decided that a Christian school is right for their child, income has little to do with where tuition falls as an influential factor in the enrollment decision. Parents who reported family incomes of under \$35,000 didn’t rate tuition much differently than those who reported incomes of over \$75,000. The primary difference between these two income groups is in how influential tuition assistance is!

**Myth #4. If tuition is too low, surely we can raise it.**

The issue of tuition corresponds more closely with Financial Value than with almost anything else. Financial value is a complex issue because it involves so many facets of the school’s life. It is strongly recommended that the issue of what parents are willing to pay be discussed only in light of comprehensive survey results. (It is not unusual for a lower tuition to create a situation of lower financial value. This is difficult because often it takes money to raise financial value.

## Facts

**Fact #1. When tuition is a major consideration to a family, it has more to do with financial value than with family income or tuition rates.**

Parents want to know that they are making a good investment in their child's life. It's almost assumed that spiritual training and good academics are present. The following are the items that PinPoint surveys have shown to have the greatest effect on financial value. (This will also provide an agenda for improving your school's perceived value!):

- #1 **Policies.** Particularly financial aid, business, discipline and fund raising policies. Other policies were measured, but these topped the list.
- #2 **Leadership.** The leadership variables that rose to the top are: internal organization, board leadership and administrative leadership.
- Relationships.** First on the list is the parent's relationship with the Administrator, followed by that with teachers and business office; and then student's relationships with each other and teachers. Unlike what is usually the case in public schools, parents desire a relationship with school personnel.
- Atmosphere.** A caring environment: friendliness, responsiveness, sensitivity, school spirit and student behavior are specific factors affecting atmosphere.
- Public Relations.** Both the frequency of your communication with parents and the *quality* (appearance) of what they actually receive.
- Curriculum.** This includes the courses you offer, how creatively they are delivered, how well you integrate a Biblical worldview and how well you prepare children for college and work.
- Parental involvement.** Increased parental involvement yields increased parent pride, a better understanding of the school's mission, and an increase in perceived financial value.

What are all these saying? That these are factors that create and/or destroy financial value in a school.

The part these factors play in determining the value of your education **cannot be overemphasized**. The best way to enhance your school's financial value, begin by developing specific, measurable plans to address each of these critical areas. It is best if these plans are based on measurable objective survey results.

**Fact #2. Tuition does effect perceived financial value.**

It is often true that higher tuition and higher perceived value go hand-in-hand. However, you cannot always raise perceived value simply by raising tuition. **The kinds of things that a school does with increased tuition are what increase perceived value** – unless, of course, financial value is already high. So every increase in tuition should be explained as enabling you to better-accomplish your mission. It's also a good idea to raise salaries and tuition together, so that parents know that at least a portion of their increased payments is going to salaries.

**Fact #3. A good follow-up to facts 1 & 2 – Financial value is measurable, it can be changed, and it must be present to warrant a tuition increase.**

Any significant increase in tuition must be in coordination with a well-orchestrated public relations strategy, and with an appropriate tuition assistance program. These are not incidental to a successful tuition increase; they are essential. Although nearly every Christian school gives out some sort of financial aid, less than 40% have a structured program. A tuition assistance program that utilizes a third-party service (such as Development Testing Service's Confidential Financial Analysis – CFA) to objectively assess family need costs almost nothing and speaks volumes about your school's professionalism.

**Fact #4. You do not have to be in a nice building and have fancy programs to generate financial value.**

PinPoint surveys have shown that buildings and fancy programs do not rise to the top as qualifiers of perceived value. They do obviously have an effect, but they are not among the top factors.

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The sampling of schools that provided this data:

In danger of closing in 2-5 years? Yes – 8% No - 92%

Enrollment is: Stable – 19% Increasing – 75% decreasing – 6%

School size: Average – 408 Range 65 – 1400 (<100 – 3%, 100 to 250 - 28%, 251 to 500 – 38%, 501 to 750 – 21%, 751+ - 10%)

School age: range 2 – 125 years (<10yrs – 14%, 11 to 25yrs – 57%, 26 to 50yrs – 22%, 51+yrs – 7%)

Setting: Rural – 13%, Suburban – 80%, Urban – 7%

Sample size: 10,000 most recent responses.

This data was supplied by Development Testing Services - Decision-Making Solutions® for ministry professionals.

For information about DTS's PinPoint™ series surveys, or Confidential Financial Analysis for tuition assistance assessment, write, call or fax: PO Box 6906, Colorado Springs, Co 80934, 888-685-5783 / fax 719-687-0705, [www.schoolsurveys.org](http://www.schoolsurveys.org)