

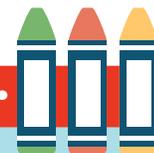
COME AGAIN?

Modernizing the annual re-enrollment drama

By Stacey Freed

THE BOTTOM LINE

- Re-enrollment should be part of a larger retention strategy to get ahead of attrition and/or withdrawal issues.
- Continuous re-enrollment agreements, online enrollment and on-time discounts and incentives are increasingly popular practices aimed at minimizing obstacles to re-enrollment.
- Engaging attorneys to review contract language, combined with systems for tracking families' engagement year-round, can help ensure the success of continuous enrollment.





With re-enrollment around the corner, business officers and admissions staff are working together to retain students, fill open spots as early as possible and manage budgets. If families don't pay on time, you'll have to spend time chasing down checks. If you don't have a wait list, you may have little leverage over families who assume their child has a spot regardless of whether they meet your deadline. And maybe there are larger issues — from parental finances to student disengagement — behind late- or non-payment. Here's a look at a few re-enrollment methods that can help make the process easier for families and schools alike, more flexible and more streamlined.

THE BIG PICTURE

Any kind of re-enrollment strategy should be part of a larger plan. Ian Symmonds, whose consulting and research firm works with independent schools and higher education, suggests looking at the “big picture” surrounding retention and thinking strategically about recruitment, admissions, financial aid, information management, marketing communications and research. For instance, how are you using financial aid to shape classes, provide access and fulfill capacity? Under information management, how effectively are you tracking students through the admissions and enrollment process? Under research, is someone connecting the dots among trends and drawing meaningful insights?

Essentially, Symmonds said, every school should have a strategy to get ahead of any retention and attrition problems before they arise. Re-enrollment is just one piece of a much larger puzzle.

Dave Michelman became head of school at Duke School in Durham, North Carolina, 12 years ago. Early on, he worked to convince staff that the school's attrition rate of about 15 percent was unacceptable. Some insisted that such a rate was the nature of a preK-through-8 progressive school. Others said the school was “in a transient market.” Michelman accessed national attrition data and shared it with the school's leadership team. Some neighboring schools had attrition rates of five to seven percent, as did comparable schools in other markets. “Since I had the evidence, we could no longer hide and say, ‘There is nothing we can do to reduce attrition,’” he said.

Duke's leaders identified several weaknesses to address in order to improve the school's numbers.

For instance, at the time, the school was on two campuses, “and middle school was a completely different program, so parents were making the

middle school choice as something new,” Michelman said. “There was a perception that the middle school program was weaker than the lower school program, and at re-enrollment it wasn't just ‘Should we re-enroll?’ but ‘Do we want to re-enroll at Duke School?’”

Michelman and his leadership team — including directors of development, admissions, curriculum and the divisions, along with the business officer — also created a “watch list.” “We asked employees to let us know when they heard about people who may not have been coming back,” he said. “Every week at a meeting, we would go through the list and ask, ‘What do we know about this person, and what can we do to keep him or her here?’ We decided who should talk with the student, what we should talk about and how we get the information we need.”

Over time, Duke School unified its two campuses. It also developed a stronger orientation program that makes mentor families accountable for two years instead of one. The school then rebranded itself, from reworking its logo to launching a new website to honing the marketing message and talking points so they are always positive — for example, replacing “We don't give grades” with “We employ best practice assessments.” Deepening the personal touch, Michelman himself also invites families to coffees and to sit on committees.

OPTING OUT

Another big change at Duke School involved switching from a traditional enrollment contract to a continuous enrollment contract (other terms include perpetual, evergreen and automatic). “The first year employing the new program, we had the fastest re-enrollment we ever had,” Michelman said.

In this practice, increasingly popular among independent schools, parents or

the other financially responsible party sign the contract only once, when the student enters the school for the first time. The student is automatically re-enrolled for each subsequent year unless the school or parents decide not to continue the agreement. Essentially, continuous enrollment is an opt-out model, like membership in a gym or Amazon Prime, that assumes the customers will be there every year.

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Some schools that use continuous enrollment contracts verify re-enrollment when the tuition deposit is paid. Others debit the amount automatically on the deadline date. Duke School requests a deposit at the traditional re-enrollment time and the rest in June. And today, eight years after launching the model, the school has met its attrition goals. Importantly, Michelman cautioned that continuous enrollment alone is not the reason. “There's no way to tease any of [these decisions] apart. I can't tell you which part had what influence.” That's a cohesive strategy.

In Texas, Houston Christian High School is also pleased with its decision to go the continuous-enrollment route, which it did for new students in the current academic year. “The primary reason we have evergreen enrollment is the customer service aspect,” said Kelly Biar, director of business affairs. “It's time saving, transparent and predictable for parents.” The model also helps with budget predictability, she added. “We know what to assume, and we only deal with the exceptions who aren't replying.”

Catlin Gabel School, in Portland, Oregon, instituted continuous re-enrollment for the



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CAUTIONARY NOTES ON CONTINUOUS RE-ENROLLMENT

From both the legal and “listening” perspectives, schools are advised to think through how they’ll adopt a continuous re-enrollment policy.

Working with an attorney is key. Among other things, you’ll want to be sure the contract terms are “quite definite on price/ tuition and duration of the contract,” said Susan Schorr, an independent school attorney at McLane Middleton. The language should clearly tell families that tuition prices might change each year, even if they’re signing a contract that lasts until graduation.

Also include language covering students who are dismissed for disciplinary or academic reasons or for non-payment. “The contract has to be flexible enough so that a school can sever the agreement if it has to. An ‘evergreen’ provision is one extra layer

that may make it more difficult for a school to extricate itself,” Schorr cautioned.

And if you’re using an electronic signature process, be sure it’s properly set up, with a process to safely store electronically signed documents. “Everyone signing an electronic enrollment agreement must have a verifiable signature,” Schorr said. That means every person responsible for payment must sign the agreement individually. “In the past, parent number one might sign for parent number two. Things like that can be an issue in a divorce. You need to hold each parent accountable for the enrollment agreement.”

The enrollment agreement is also subject to state law, and “every state will have an opinion about whether a perpetual clause is enforceable. In Massachusetts, for example, the ‘evergreen’ language must be ‘clear and conspicuous,’” Schorr said.

Finally, at the heart of it, the enrollment agreement is a contract with a consumer

and may be subject to the Truth in Lending Act and basic contract law principles. (TILA is a federal law designed to help consumers understand the use of credit by requiring disclosures about its terms and cost. See Risk and Compliance, p. 10.)

As for “listening,” consultant Ian Symmonds points out that continuous enrollment “won’t work if the school has not created good systems and structures to measure student and family engagement with the school. It’s very important the schools develop appropriate measures so that they can rely on other key indicators rather than the enrollment contract to predict retention.”

In addition, Symmonds believes continuous re-enrollment may not be right for your school if it “follow[s] very traditional guidelines and has very established procedures with [its] students and families.”

2013–14 school year. Mary Braun, senior associate director of admissions, said that “even in the first year, the amount of time, energy and resources spent on re-enrollment had been significantly reduced. We don’t spend nearly the amount of time we used to managing [the re-enrollment] process. That time saver is the biggest change and the biggest reason we went down this path.” Braun also noted that Catlin Gabel has tweaked its contract over time — for instance, changing the wording to refer to more than one academic year through the words “while your child is here in good standing.” “We had to make sure it was sound and protected the school and families,” she said.

Both Michelman and Biar wondered why schools wouldn’t just jump on continuous enrollment. “I don’t understand why schools would struggle over it,” Michelman said.

OTHER WAYS TO SHORTEN THE PAPER CHASE

Another increasingly popular trend involves switching to online enrollment contracts, according Susan Schorr, an attorney specializing in independent schools with McLane Middleton. Although

many schools still use paper contracts, snail-mail and handwritten checks, “most of the parents enrolling their children in independent schools are of the age where online is a familiar way to do business — whether it’s online banking or Netflix or ordering food,” she noted.

At Shorecrest Preparatory School in St. Petersburg, Florida, CFO-COO Karen Moore said that moving from paper to electronic re-enrollment helped tremendously. The school started with a system in Blackbaud then switched to inResonance, with which “we can see who hasn’t submitted and send reminder notices every two to three days. After two weeks, we open things up to new enrollment,” Moore said. On-time re-enrollment has improved from 60 percent to 90 percent. “It’s made a huge difference when people can just click and make a payment,” and not having to “chase paperwork” has allowed the school to reduce by one FTE. Plus, “parents love it.”

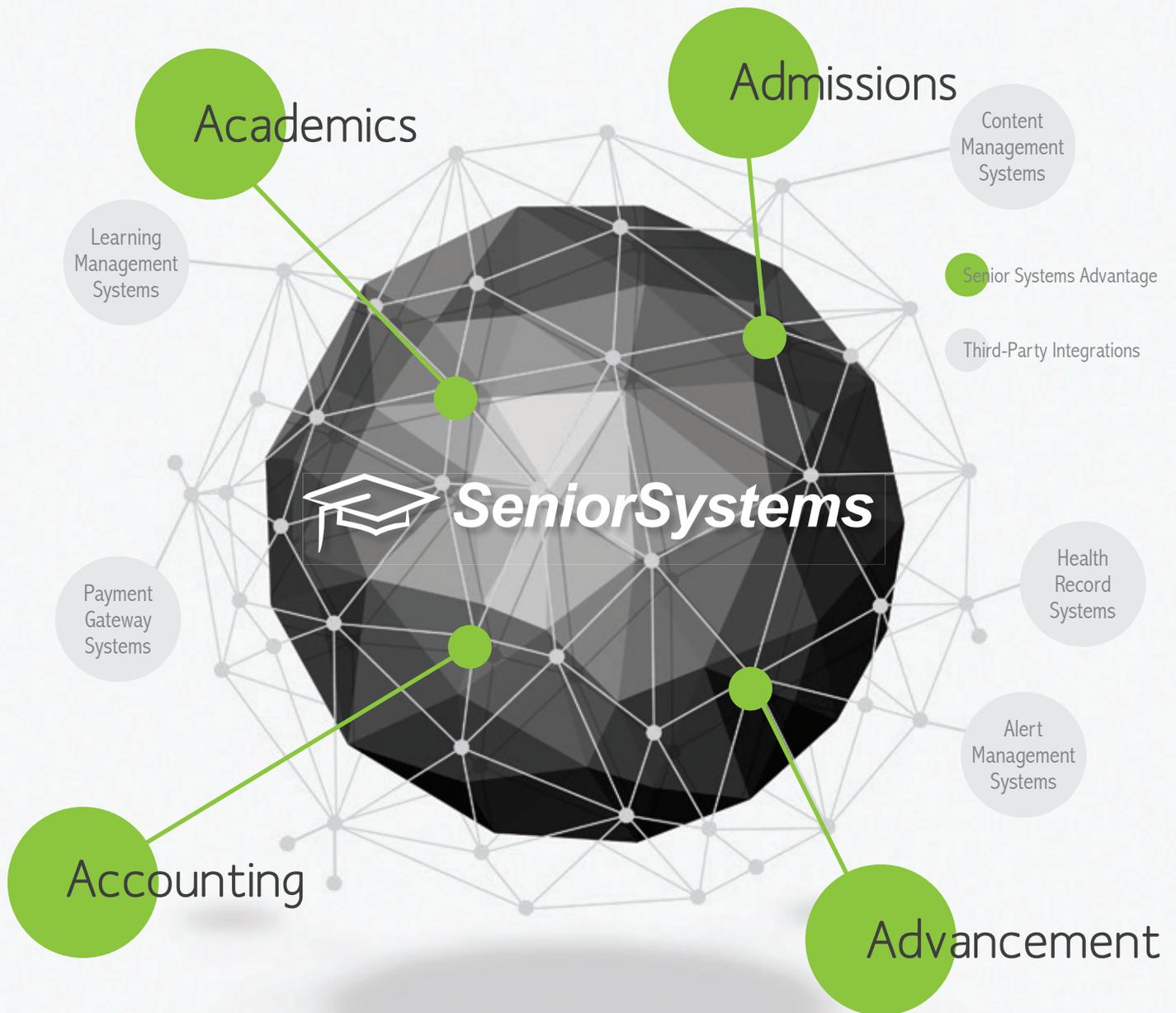
Or how about incentives? North Cross School in Roanoke, Virginia, with preK–12 day and boarding, holds a random drawing for five families to get a \$1,000 tuition discount for re-enrolling on time. “We

always have a lot of families who don’t enroll by the deadline, and we don’t have a waiting list, so we don’t have leverage,” said Karen List, associate head of school for finance and operations. The incentive increased the number of people who re-enrolled by the deadline “by about 15 percent, which thrilled us,” said List, who budgeted ahead of time for the \$5,000 tuition discount.

In addition, North Cross’s drawing occurred in conjunction with a move to Smart Tuition, another third-party online billing and payment system. To be eligible for the drawing and enroll on time, families must get all their pertinent information into the system. Families are charged a fixed fee for using the system, and the company follows up with those who are delinquent on tuition. List said parents like the convenience, and she likes the third-party system — among other reasons — because “I might be sitting next to a person at a basketball game who I just called to collect late payments from. This helps with changing the face of collections.”

New Covenant Academy in Springfield, Missouri, has offered families an on-time discount for about 10 years. “It began at

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a time when our classes weren't as full as we needed and we wanted an incentive for payments to come in early," said CFO Marlys Schoenwetter.

Between February 1 and March 1, families can enroll for \$200 instead of \$400. Re-enrollment in the 550-student school was at 97 percent last year, and the school had and still has a waiting list. The discount amount might sound low, but some families have three children enrolled, and spending \$600 instead of \$1,200 can be a considerable difference. "We looked at our demographics and chose an amount that would show there's a commitment," Schoenwetter said.

And in Athens, Georgia, Athens Academy uses something akin to a "forever deposit." Basically, students pay a \$750 deposit once — when they enroll — and never again. The school holds the money in an escrow account from which the school collects interest until the student leaves at

graduation. There are contractual rules in place if students leave for other reasons.

When they do leave for whatever reason, "any outstanding charges — they're usually just incidental expenses — are applied to the deposit and we refund the balance," said Alan Weiler, director of finance and operations. Sometimes families donate the money back to the school. "[This method] makes re-enrollment seamless and we no longer have to chase people for checks."

"It's too bad we have to incentivize [some] parents to meet the deadlines," said consultant and former business officer Palmer Ball. But that being the unfortunate reality, she believes positive reinforcement is the way to go. In her own experience at an independent school, offering a \$100 credit for on-time pay led to an improvement from 30 percent of families re-enrolling by deadline to 60 percent.

She also likes the forever deposit because families no longer face the "double whammy" of deposit and tuition. "That's an obstacle to re-enrollment." And an obstacle is the last thing you want at re-enrollment time. **N**



Stacey Freed is a frequent contributor to Net Assets.

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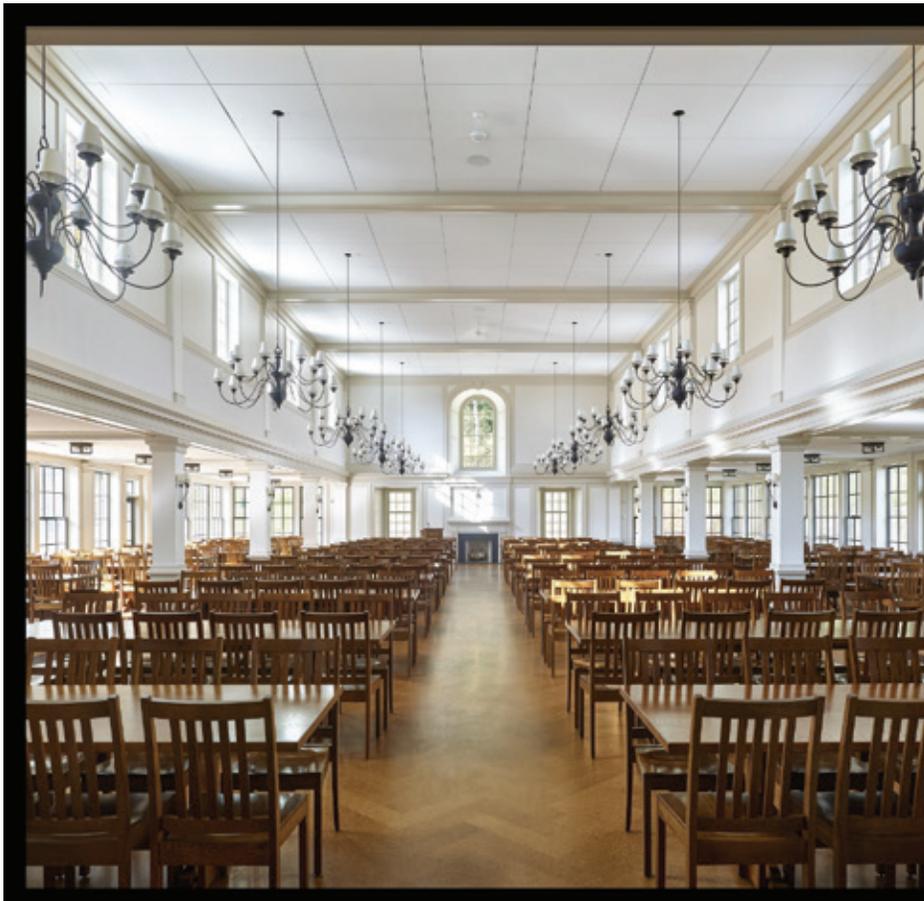
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