

The purpose of this Pro Forma is to present options that faith-based schools are using to fund the innovation of adding online courses to their face to face schools.

Key Point 1:

It is usually not possible to keep doing something that is not working, even work harder at it, and expect better results. The financial model of faith-based schools is not sustainable. We won't examine that here but school leaders either realize that from experience or could read about in this [NAIS publication](#): "The Independent School Financial Model is Broken." Some radical changes need to happen in how we finance faith-based schools.

Key Point 2:

How much is one student worth to your school? I know there are a lot of ways of answering this. But think of a financial number. Let me help. What if one student left your school because you did not offer a class they or their family felt they needed (that happened to me even at a large school)? A Memphis school leader told me that the financial number was a multiple of his tuition. The student might have siblings that would leave, the student would not be there until graduation and the student may influence others. That student may have been saved by using one of the 100 online courses Sevenstar offers. The same math can work if an online course attracts a new student that comes in with academic needs, is out of sequence with other students, or has special interests. By offering online courses, you now have an answer you did not have before that could **easily be worth \$10,000.**

Key Point 3:

None of the ideas below will work without a successful marketing plan and an entrepreneurial spirit. Schools have relied on a "business" model that may have worked when tuitions/salaries were lower and the middle class chose to afford the private school. Changes are needed for a school to thrive in the future. Sevenstar offers a 10+ step planning model to successfully launch an online school. One of these steps, done in consultation, is planning how this will work financially at your school.

Key Point 4:

If we really make decisions based on what is best for the students, then offering online courses is, as one leader said, "a smart decision." The online courses prepare students for the online courses they will likely face in college and in their career. The courses personalize education in ways not possible just a few years ago. They appeal to the natural interest most students have in technical devices and make use of the 1-to-1 tools we have invested in. So the decision about online education is not just a financial one.

Once those points are understood (especially point 2), the financial expectation for making this work at your school is a little different. However, we want to provide three goals we commonly see and then examples we have seen working at faith-based schools. We can consult with you if you wish. You can determine what would work at your school.

Goal 1: To Reduce Salaries as a Percent of the Total Budget

One school found they did not need a Health teacher when they only offered Health online during the summer. Parents were willing to pay for it since it freed up their child's schedule for fine arts or possibly eased it for the athlete in season. The school chose not to add anything to the Sevenstar cost of the course and to use Sevenstar teachers. Both choices reduced the financial opportunity to generate a profit for the school. Still, **the school saved \$42,000** by not having to hire a health teacher for the 150 students a year that took health.

Another school had a Latin teacher that was costing \$100,000 a year for the 50 students that were enrolled. They had the opportunity to **save about \$75,000** and offer a quality online Latin course sequence.

Finally, a school began to use the adjunct model (like colleges) for their online program. They paid teachers a stipend per student per class when teaching online. They had many local teachers that wanted this part-time work. Changing the unsustainable salary scale model helped them prepare for a better future. If they charged \$100 more than they pay Sevenstar for each course and had just 25 students, they **could have \$5,000 to give to their teacher (\$200 per student per course) and generate \$2,500 to fund programs.**

Goal 2: Offer Online Courses at No Cost to the School

Of course, the first solution usually explored is to offer it as an extra option that parents pay for. Schools do this for many other programs already. There can also be a case made that parents should pay when it is an option they want that directly benefits their child.

Our experience has been that without marketing and some education from the school, the online program is not sustained with this method alone. However, there are schools making it work this way for certain classes. One school reports they have parents pay for classes 75% of the time. What those parents pay could easily fund the 25% that the school pays for **and would save the school about \$10,000.**

A practice that helps a school in many ways is to add an amount to the actual online course cost, maybe \$100. This helps pay the annual Custom Partner renewal fee and also provides some money that goes to the coordinator's salary. Enrolling 50 students in online courses **would generate \$5,000 in new income.**

Goal 3: Make \$10,000 in Profit to Help Another Area of the School

To accomplish this goal, a school would market the program to the school's own students, to local public-school students in the summer, to international students and missionary kids, and to local home school students. The school would set a goal of enrolling 10 full-time (FT) students and 70 students that take one class. The tuition for the full-time students would be set at \$4,450 (and the school would allow participation in some face to face school activities to make this attractive). They would set the price for an individual class at \$789. The ROI (return on investment) for the FT students totals to \$10,000 after paying Sevenstar for the course and teacher. The ROI for the students taking one class is \$11,500 after paying Sevenstar for the course and teacher. This \$11,550 can be used to cover the annual renewal costs of \$1,500 for the Sevenstar Custom Partnership and to pay the Coordinator \$10,050. **The \$10,000 profit** from the FT students can be used in another area of the school.

A relevant quote comes from a school that reported they made \$30,000 profit each year and that that profit was not even why they offered online classes—they did it for the students.

“I can certainly say that we have found our online program to easily fund itself as well as the staff required to give oversight to the program. The demand is high as there is an ever-increasing interest in customizing educational experiences and programs. It is not hard to establish a fee system as the class costs are clear and it is not difficult to ascertain the cost of staff oversight.”

Andrew Hasz
Superintendent
Faith Christian Academy

We know your goals and your numbers will be different.

Could we help you strategize and develop a financial model that works in your setting?

