



**Board Meeting  
Minutes  
November 7, 2017**

**Present:** The Rev. Robert Bryant, Elizabeth Gewecke, Mary Lou Green, Dan Drinkward, Adam Kobos, Brad Lawliss, Malcolm McIver, Georgina Miltenberger, Pam Hummelt, Nate Schwalbach Chris Riser, Nancy Bryant, Tabon Chang, Paul Ehrlich, Alicia Morissette, The Rt. Rev. Michael Hanley, Nathan LeRud, Kevin Walkush, Jess Wetsel

**Advisors Present:** Mo Copeland, Ben Chessar, Hilary O'Hollaren

**Guest:** Pete Talbot, EAB

**Staff Present:** Phillip Craig, Susie Gundle, Peter Kraft, David Lowell, Liz MacDonell, Gretchen Reed, Ann Sulzer, Jon von Behren, Sage Carter

**Absent:** Moira Buckley, Asha Appel

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The meeting was called to order at 4:03PM, with the invocation given by Phillip Craig.

This year's OES employee holiday party will be Luau themed and trustee attendance is encouraged. Sage will send more information on ideas for the raffle and RSVPs for trustees.

**Consent Agenda**

MOTION: It was moved by Malcolm McIvor and seconded by Kevin Walkush to approve the October 3, 2017 minutes as presented. Brad Lawliss and Jess Wetsel abstained. The motion passed unanimously without discussion.

**Head's Report**

At the Fall Heads NWAIS meeting, Mo worked with the Enrollment Management Association that focuses on enrollment issues in independent schools, and learned more about their data collection and tools for schools. The organization compiles data and looks at trends in enrollment across our industry. She was able to see the new NWAIS core values [[Available here](#)] which is the filter used when any school is going through accreditation. The Association has shifted its focus to financial sustainability which includes the enrollment pipeline. At OES, we have been focused on this as well. The People portion of OES' Strategic Plan includes a commitment to increase cultural, racial and socioeconomic diversity. As of this year, 42% of our students identify as students of color and the socioeconomic diversity numbers are increasing substantially as we offer smaller awards to a larger group of families.

Jon has been going to PAL and PCL meetings to give the same emergency preparedness presentation the Board received last year, letting parents know what they can expect the school to do in emergencies

and, as a byproduct, to get parents thinking about preparedness tips for their own families.

A few years ago the Educational Advisory Board started a forum for independent schools based on their successful models in higher education and the hospital industry. EAB does best practice research in the field based on annual questions and goals created by the CEOs/Heads of School from around the country. A year ago, the heads decided that the two most important topics to consider were financial sustainability and student wellness. Following the presentation here, tomorrow a similar presentation on financial sustainability will be given at PCL.

### **EAB - Financial Sustainability**

Independent education is experiencing ongoing enrollment declines year to year, providing a challenge for financial sustainability. The majority of costs are in salaries and benefits; the majority of revenue comes from tuition. This is in line with the national model in higher education.

There are a few levers that affect sustainability, and EAB concludes from the research that incremental investments are best used in advancement and admissions.

- Advancement is the 2<sup>nd</sup> largest and fastest growing source of revenue. The focus now is engaging millennial parents and alumni.
- Cutting costs. Labor intensive industries such as higher education, nursing, and performing arts reflect increase costs without increase in productivity. Highly trained very specialized individuals are driving these industries and are challenging to automate. The non-labor expense reductions carry its own set of risks to the brand. EAB does not advise cutting instructional or technological advances as it would limit academic innovation opportunities.
- Alternative revenues have been found to be 3.7% of an overall budget. OES has a higher alternative revenue source at 5% because of our large summer program. Alternatively, we do not have room to grow the program substantially.

In order to secure financial sustainability EAB has found that price increases are unavoidable. EAB also found that elementary-only schools are suffering the most losses in enrollment. OES upper and middle school enrollment trends are strong and lower school has seen only a very slight softening. Nationally, schools may choose to shift focus to the upper school in order to increase enrollment but we are unable to do so as we are at capacity. The strong enrollment patterns we've seen reflect the strong national growth rate of upper income families. The trend of decreasing enrollment in lower school could be equated to the "good enough" phenomenon when looking at the overall cost of educating a child.

When measuring a school's long term health, there are 4 factors that dictate the institution's sustainability: finances, demographics, enrollment and competition. For schools who prioritize socio-economic diversity, market specific strategies would be focused on building a high performing enrollment management function, advancement, and managing financial aid for affordability and revenue goals.

The entire presentation is available [here](#).

### **Finance**

The finance team shared the key indicators for the school which were found in the meeting packet.

- P6: Our demand is very strong compared to benchmark schools. We have 4 applications per student. Our selectivity is comparable to the smaller benchmark group.
- P7: The yield rate shows we accept 1 out of 3 kids and that most people stay once accepted. Our tuition is similar to our benchmark groups, with the exception of the number of students on financial aid.

- P10: OES gives back less of its tuition and fee revenue as financial aid than the benchmark groups.
- P13: OES has more staff than the benchmark averages which makes sense given we are a Pre-K-12, have a boarding program, and a religious affiliation.
- P18: Shows a very strong projection of affluent, school age children projected in this market growing faster than the national average.

We will cover tuition projections next meeting.

The meeting was adjourned to Executive Session at 5:50pm.