

BEYOND THE PULSE

Next-Level Data Analysis

Navigating the Financial Terrain: Cross-School Trends & Pressures

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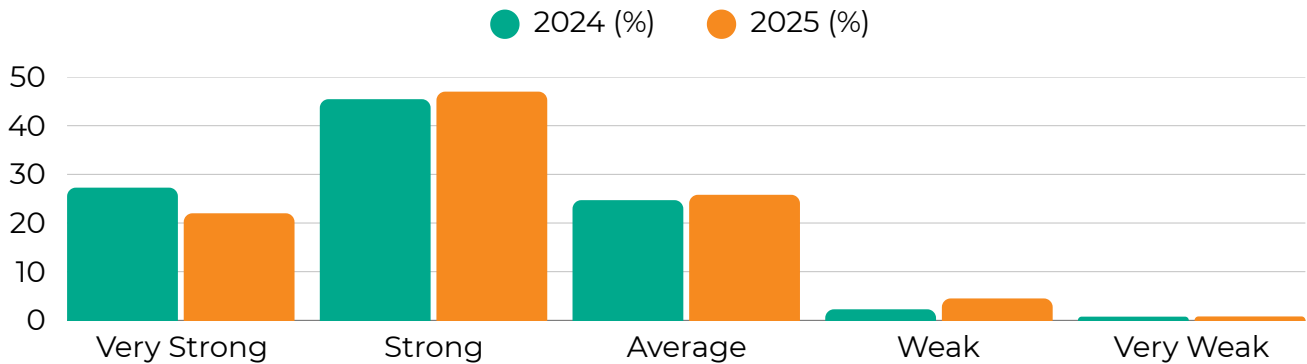
The **November Pulse Perspectives** survey of CFOs | business-office professionals captured a 32% response rate and highlights clear patterns in financial health, emerging risks, and budget pressures facing independent schools across the SAIS region. Key findings include:

- **Financial health** remains strong across the sector, with most schools rating themselves in the strong or average categories and very few reporting weakness. Scale continues to drive stability: 74% of large schools and 94% of extra-large schools report strong or very strong financial health, and 100% of schools with budgets over \$30M describe their financial position as strong. Smaller schools (<\$4M or <400 students) show more vulnerability.
- **Rising operational costs** have become a defining financial threat for schools of all sizes, outpacing every other risk and amplifying pressures on talent and program sustainability. Cost escalation affects 62.9% of all schools, surging to 77.3% among schools with \$20–30M budgets, with deferred maintenance and faculty/staff recruitment and retention following close behind.
- **Deferred maintenance** represents the most widespread and structurally budget vulnerable, pointing to a compounding cycle of underinvestment in facilities. It impacts 34.8% of schools overall, rising to 50% in rural schools and 53.1% in very large schools, yet it remains the top target for budget cuts.

Collectively, the story in the data reveals an increasingly complex financial landscape in which scale, setting, and strategic investment choices play a defining role in each school's stability amid mounting structural pressures.

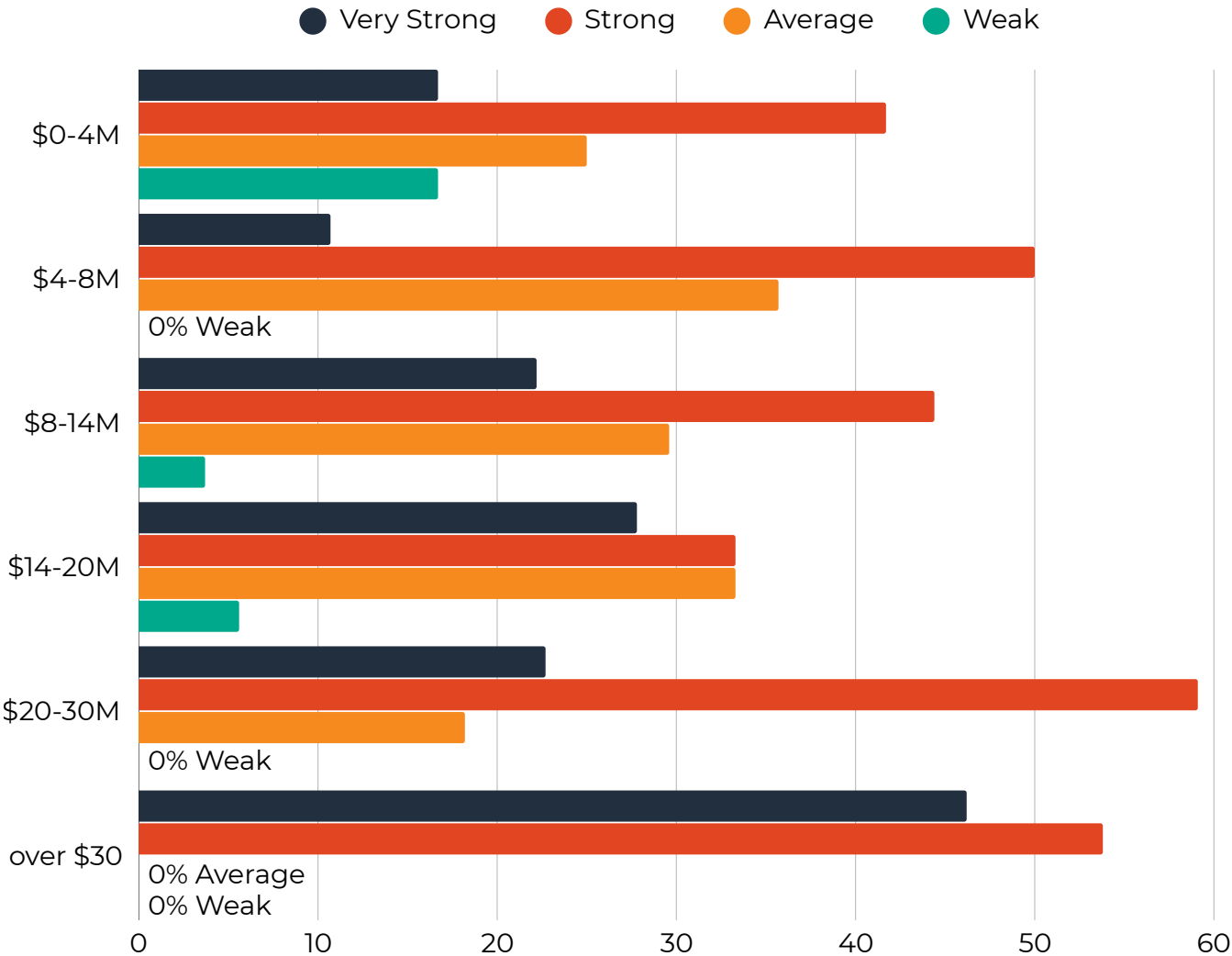
01 Key Finding: Financial Health

How would you rate the current financial health of your school?



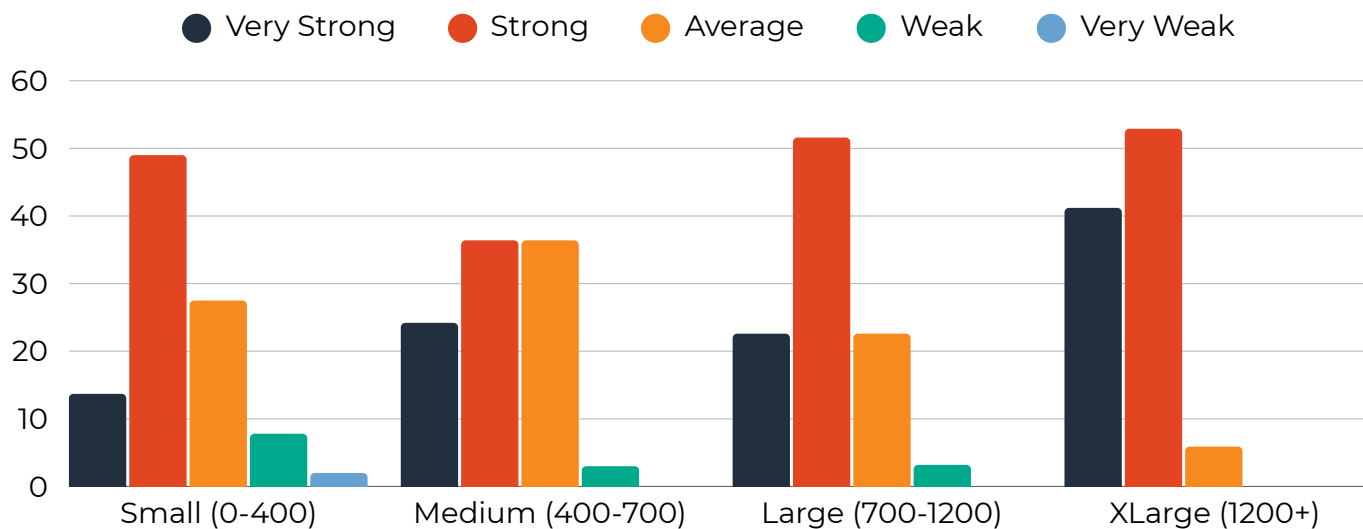
>Budget Size

SAIS schools’ financial health varies by operating budget, with larger budgets consistently reporting stronger stability and resilience. Schools under \$4M show more mixed health, with higher proportions rating themselves average or weak. As budgets increase, particularly beyond \$14M, schools report markedly stronger financial positions, with strong and very strong ratings dominating across these categories. The healthiest segment is schools with budgets over \$30M, where financial strength is overwhelmingly concentrated in the strong and very strong tiers. Overall, financial confidence rises steadily with budget size, highlighting scale as a key driver of fiscal health.



>School Size

Financial health improves as school size increases. Small schools (0–400 students) show the highest concentration of average and weak ratings, with fewer schools reporting strong financial footing. Medium and large schools (400–1200 students) demonstrate a more balanced profile, with significantly more strong ratings and fewer signs of vulnerability. Extra-large schools (1200+ students) stand out with the highest levels of very strong and strong financial health and the lowest incidence of weakness, highlighting the stabilizing impact of scale.

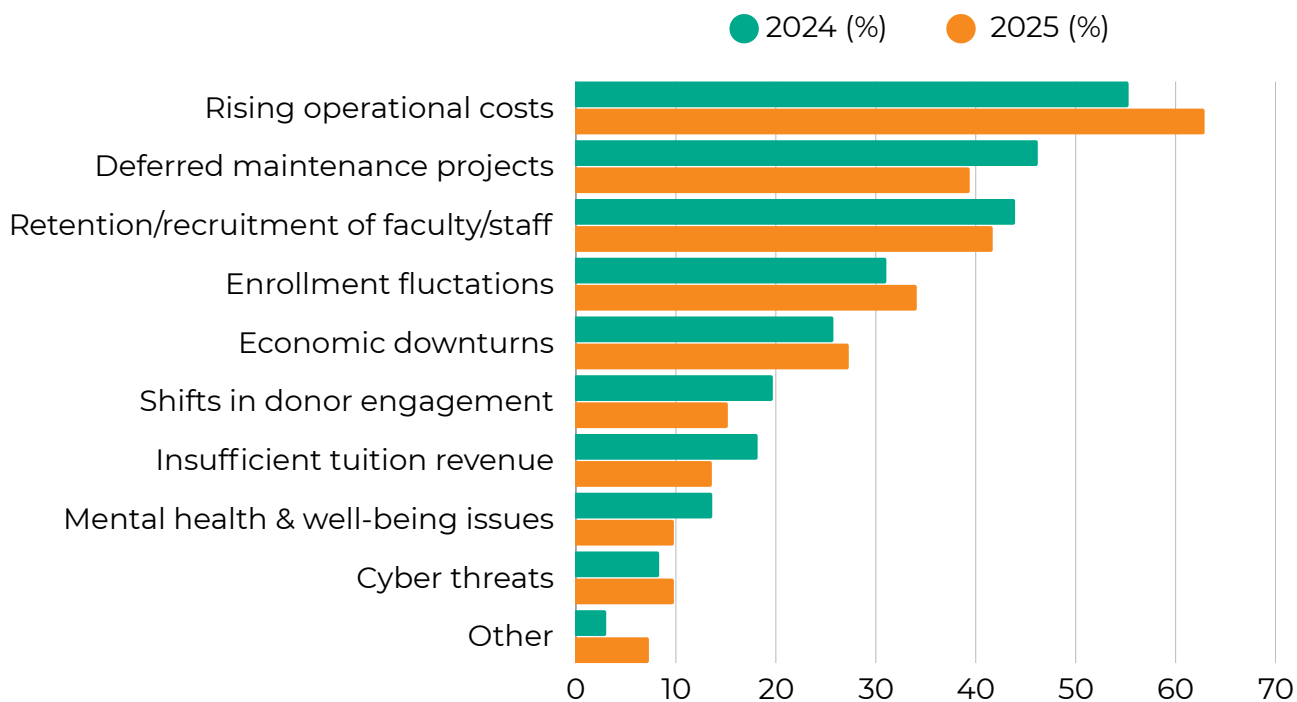


>School Setting

Financial health varies noticeably by setting, with urban schools showing the strongest overall profile, nearly 70% report very strong or strong financial health and none fall into the weak categories. Suburban schools present a more mixed picture, with nearly half rating as strong but a sizable portion (about 25%) in the average range and some reporting weak or very weak health. 80% of rural schools report very strong or strong, while 20% reported average financial health.

02 Key Finding: Financial Risks

What are the top financial risks (or concerns) your school is focusing on this year?



>Budget Size

Across all budget levels, rising operational costs are the dominant financial risk, peaking in the \$4–8M (71.4%) and \$20–30M (77.3%) budget bands, where schools face both scale-related expenses and inflationary pressures. Smaller-budget schools (\$0–4M) show a more fragile risk profile, with notable concerns around economic uncertainty, insufficient tuition revenue, and retention/recruitment, reflecting tighter margins and limited buffers. Mid-sized budgets (\$8–20M) experience elevated risks around deferred maintenance and enrollment fluctuations, suggesting capital strain and competitive pressures as programs expand. Larger-budget schools (\$20M+) continue to face significant operational and maintenance costs but report fewer concerns about tuition revenue or economic volatility, highlighting their stronger financial resilience and diversified revenue streams.

>School Size

Across all school sizes, rising operational costs and faculty/staff recruitment and retention consistently emerge as the top financial risks, though the intensity varies by enrollment band. Smaller schools (under 400 students) report particularly high vulnerability to enrollment fluctuations, insufficient tuition revenue, and economic downturns, reflecting tighter margins and greater sensitivity to market shifts. Mid-sized schools (400–700 students) show elevated concern around deferred maintenance and donor engagement, suggesting growing capital and advancement pressures as they scale. Larger schools (700–1200+ students) face a broader but less acute risk landscape, with notable concerns around operational costs, deferred maintenance, and mental health/well-being issues, but far fewer worries about enrollment or tuition stability.

1200+	72%	53%	41%	25%	28%	13%	6%	13%	22%	0%	3%
901-1200	80%	53%	33%	33%	40%	13%	13%	7%	13%	0%	7%
701-900	63%	19%	31%	44%	31%	19%	0%	0%	6%	13%	19%
501-700	50%	65%	45%	30%	10%	20%	25%	5%	20%	0%	5%
401-500	69%	31%	54%	23%	23%	15%	8%	23%	0%	0%	0%
301-400	53%	29%	59%	53%	29%	18%	6%	6%	0%	0%	0%
201-300	79%	36%	43%	43%	29%	7%	21%	0%	0%	0%	0%
100-200	42%	33%	25%	25%	42%	8%	33%	25%	0%	8%	17%
0-100	75%	13%	25%	40%	40%	25%	25%	13%	13%	0%	0%
	Rising ops costs	Deferred mainten projects	Reten Recruit of staff	Enroll flux	Eco flux	Shifts in donor engage	Insuffic tuition revenue	Mental health issues	Cyber threats	Endow flux	Other

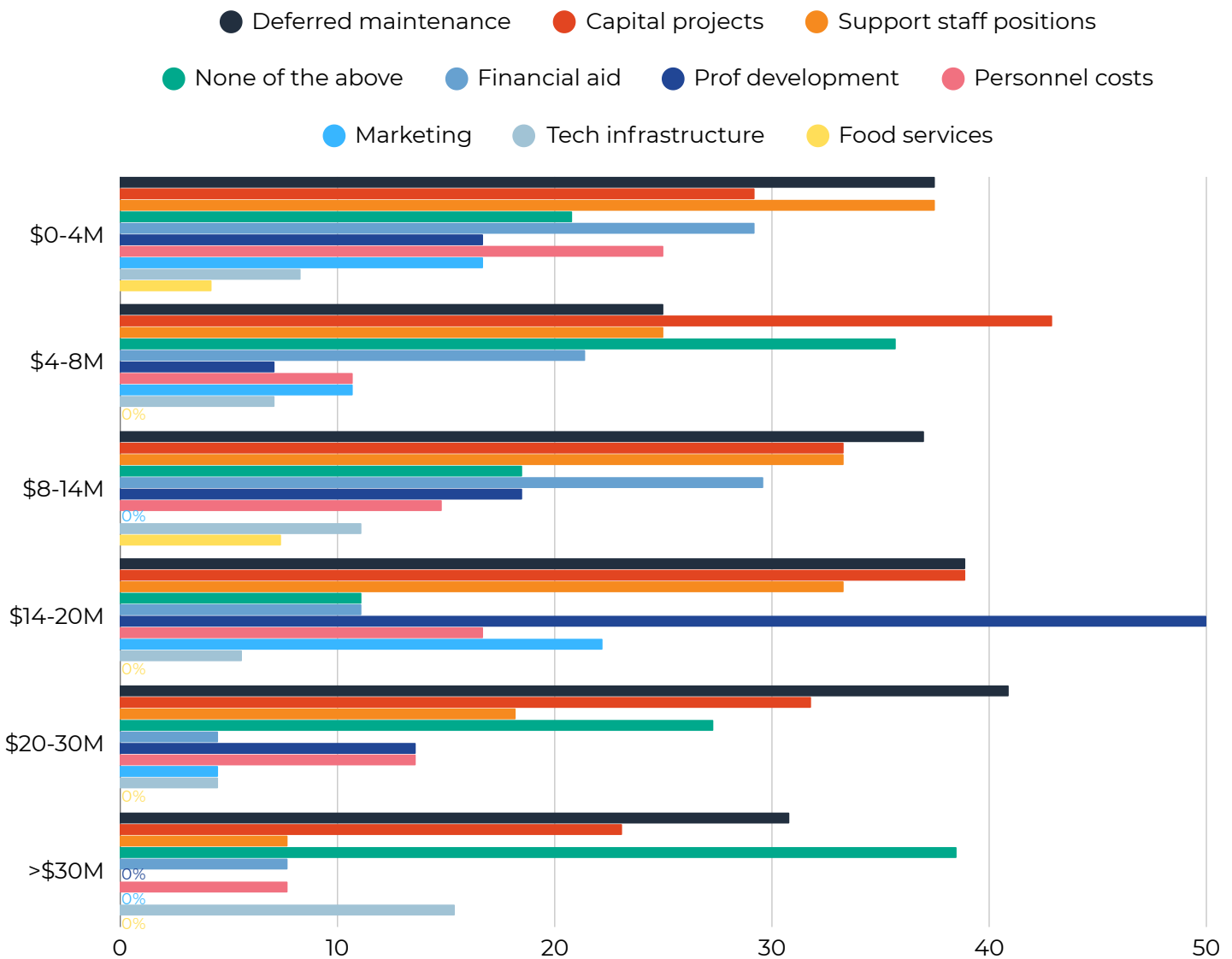
>School Setting

Rising operational costs are the top financial risk across all settings, but they are felt most acutely in suburban (65.8%) and urban (60.5%) schools. Rural schools, while smaller in number, show equal concern across three core risks—operational costs, faculty/staff recruitment, and deferred maintenance—all at 50%, signaling broad and structural vulnerability. Urban schools stand out with elevated concern around shifts in donor engagement (25.6%) and mental health and well-being issues (14%), reflecting more complex community and advancement dynamics. Suburban schools show the most dispersed risk profile, with notable concerns in economic uncertainty and enrollment fluctuations, suggesting sensitivity to local demographic and market changes.

03 Key Finding: Impact to Budget

>At-Risk by Budget Size

Across all budget levels, deferred maintenance and capital projects are the most consistently at-risk areas, with mid-to-large budget schools (\$14M–\$30M) reporting the highest strain as facility needs scale faster than available funding. Smaller-budget schools (\$0–4M) face a different pressure point: high vulnerability in support staff positions, reflecting tight operating margins and limited flexibility in personnel spending. Mid-sized schools (\$8–20M) show growing concern around professional development and personnel costs, suggesting tension between program expectations and workforce investment. The largest-budget schools (\$30M+) report far fewer areas at risk, with most responses concentrated in deferred maintenance and capital needs, underscoring that even well-resourced schools struggle to keep pace with investments.



>At-Risk by School Size

Across school sizes, deferred maintenance emerges as the most common budget area at risk, especially for medium (42.4%) and large schools (35.5%), reflecting growing facility demands as campuses expand. Capital projects are a significant pressure point at the extremes: high for small schools (31.4%) trying to modernize infrastructure and highest for XLarge schools (41.2%) managing large-scale campus improvements. Smaller schools also show elevated concern for support staff positions and financial aid, indicating tighter operating margins and greater sensitivity to staffing and enrollment needs. In contrast, a large share of XLarge schools (41.2%) underscore greater financial flexibility and resilience relative to smaller peer schools.

Budget Area	Small	Medium	Large	XLarge
Deferred maintenance	33.30%	42.40%	35.50%	23.50%
Capital projects	31.40%	36.40%	32.30%	41.20%
Support staff positions	31.40%	27.30%	32.30%	5.90%
None of the above	21.60%	27.30%	19.40%	41.20%
Financial aid	33.30%	15.20%	6.50%	5.90%
Professional development	17.60%	24.20%	16.10%	5.90%
Personnel costs	17.60%	6.10%	22.60%	11.80%
Marketing	15.70%	6.10%	3.20%	5.90%
Technology infrastructure	7.80%	12.10%	6.50%	5.90%
Food services	3.90%	3.00%	0.00%	0.00%

>At-Risk by School Setting

Deferred maintenance is the top budget area at risk across all settings, but it is most acute in rural schools (50%), where aging facilities and limited capital capacity create persistent pressure. Capital projects emerge as a major concern for suburban (35.4%) and urban schools (37.2%), reflecting ongoing campus growth and modernization needs in more competitive markets. Rural schools also report higher vulnerability in support staff positions and technology infrastructure, signaling tighter operational margins and resource constraints. Urban schools, by contrast, show a more distributed risk profile with more moderate concerns across categories, indicating comparatively stronger flexibility in managing budget pressures.

04 Guiding Questions

As schools navigate an increasingly complex financial environment, it's essential to create intentional spaces for reflection and dialogue among leadership teams, finance committees, and boards. These guiding questions are designed to prompt deeper thinking about financial health, long-term stability, and the strategic choices that shape a school's future. Whether used in leadership retreats, budget-planning sessions, or board discussions on risk and resource allocation, these questions offer a framework to ensure decisions are both data-informed and mission-aligned.

-  **Financial Health & Long-Term Stability:** Do we have the reserves, liquidity, and margin needed to sustain our mission during volatility? What leading indicators should we monitor monthly (not just annually) to assess financial strength?
-  **Enrollment, Tuition & Value Proposition:** Are our enrollment trends stable enough to support our current program and staffing model? What signals might indicate early shifts in demand, affordability, or enrollment risk?
-  **Workforce & Talent Sustainability:** What adjustments are needed in compensation, benefits, or workload to ensure sustainability? Which roles or departments are most vulnerable if financial pressure increases?
-  **Capital Needs & Deferred Maintenance:** Do we have a sustainable plan for capital reinvestment that aligns with enrollment and program needs? Where are we underinvesting today that may become a costlier problem tomorrow?
-  **Risk, Resilience & Scenario Planning:** Which risks (operational costs, donor shifts, cyber threats, economic downturns) are most likely to affect our school? Do we have clear contingency scenarios for enrollment, staffing, and facilities?
-  **Governance & Strategic Alignment:** Does our board have a clear picture of our financial reality beyond the budget summary? Are our strategic priorities appropriately resourced, sequenced, and monitored?