

The Trustee Dashboard

Operating Budget

Operating Cash Flow

Admissions Pipeline

Endowment + Debt

Physical Plant

Student Turnover

Financial Aid

Tuition

Net Tuition Revenue

Faculty

Fund-raising

Staffing

Schools spend a lot of time and energy ensuring that staff, board members, and others are kept up-to-date on the health of the school. Most of the key indicators of a school's well-being are easy to identify, but can be hard to either track or summarize briefly. Add to this issue the many different types of individuals trying to ingest the same information and a school can spend multiple hours re-delivering the same data in a myriad of ways. The Trustee Dashboard is designed to pull all of the key areas together in one document, largely for trustee consumption. However, the resultant tool provides schools with the flexibility to use what they wish when they need it, with any number of stakeholders.

Dashboards are not new to the independent school world, and there are many out there. However, this particular version was designed by a business officer, Jim Pugh, with years of experience who was armed with the results of a dozen trustee interviews to ensure that the data pulled together reflected the particular needs of the board. In most cases, board members are often not the ones initiating the design of the report, but receiving it. This interview process resulted in some key findings that helped underscore the helpfulness of such a tool. For example, one trustee noted that a good chunk of a board meeting can be taken up just reminding everyone of what they knew at the end of the last board meeting. These dashboard indicators provide that snapshot in a couple of pages. Another trustee noted that not everyone can readily grasp the issues when looking at columns of numbers. The charts and graphs are designed to increase the working understanding of the group.

As your school reviews this tool, think about when these pieces of information will be most helpful to your administrative team, other parts of your staff, as well as your board. Some schools may find

that the data is a useful review at the beginning of all administrative team meetings. Others will find that several of them will be helpful at all finance committee meetings, and still others may find that another page or two should be designed to meet the particular purposes of the school. The Trustee Dashboard is designed to be downloaded and adjusted for any NAIS school that wishes to use it, so the choice is yours.

Background Information

The Trustee Dashboard was created largely with the independent school trustee in mind. After several years of working with trustees and heads of school on governance issues, the NAIS governance team determined that there was a perceived problem with the wide range of information that trustees get, as well as the understanding that there are some key indicators that trustees should find useful at the beginning of every board or committee meeting. In order to address this issue, there was clearly a need for an experienced business officer to shepherd the project and really pull the dashboard together, so NAIS Legal Counsel Debra Wilson, who is on the NAIS Governance Team, reached out to Jim Pugh, who has had many years in the field and in deep data territory. Together, they discussed the issues involved in getting the often overwhelming amount of data down to simple snapshots that the board and other users can view to understand the current picture of the school's health.

To ensure that the tool was trustee-focused, trustees at a dozen different independent schools were asked about the most useful reports they receive from the administration. Jim conducted all of the interviews by telephone. The schools represent a range from small to large, day and boarding, and are in different regions of the United States and Canada. Each trustee was asked the same, simple, open-ended question: "When you walk into a board meeting, what

information would you like to see regarding the operational and financial health of the school?"

Most of the trustees interviewed are, or have been, the chair of the finance committee. This gave a financial slant to the responses. The group mentioned almost 40 different topics. The dashboard and this overview organize the responses into the dozen areas that received the most mentions.

Purpose of the dashboard

While this project began with some assumptions about the usefulness of a dashboard tool for trustees, it seemed prudent to also get feedback from the trustees on what purpose they felt such a tool would provide for their own boards. Schools that are considering implementing the dashboard may also find that asking their trustees this same question will help the school understand which key data points are most relevant to the board, going forward.

Several trustees described the overall purpose of a trustee dashboard, as their board would use it, to be a tool that:

- Ensures that board members are informed about, and, with repeated viewing, understand the key numbers;
- Provides all the trustees with the same base of information, and gets them on the same page;
- Informs them about changes since the last meeting;
- Reminds trustees what they knew at the end of the prior board meeting — so they don't have to take up meeting time becoming reacquainted with the school's structure and issues.

Format of the dashboard

Beyond the purpose of the tool, many trustees also had strong feelings about what a trustee dashboard might look like, both visually and in

terms of the data included. The overriding themes and conclusions are below. Many of these points have been incorporated into the dashboard as much as possible. However, schools may wish to bear these in mind as they customize the dashboard for their own use.

- **Trends are important.** Schools typically look at historic data over three, five, or 10 years. For projections, five years is the most common timeframe.
- **The board can receive too much information.** Pages filled with rows of numbers are great for the trustee with the time and inclination to drill down into the data. Information should also be presented clearly and succinctly. One school started ambitiously with 100 variables in its dashboard, which it trimmed to 50 variables over time.
- **Information presented visually is particularly effective.** Numbers communicate with, at best, half of the trustees. Simple charts communicate with everyone. One school places at the top of each chart the primary message the chart intends to communicate.
- **Consistency is important.** Definitions and organization of data should stay the same from meeting to meeting and, ideally, year to year.
- **Some information can be provided at certain times of year, as needed, or when available.** Student attrition, for example, can be provided at the end of the school year. Other information, such as an update on the operating budget, should be provided at every meeting.
- **The dashboard should be presented in its entirety at least once each year.** Many schools do this in September, both to orient new trustees and to re-introduce the school to veteran trustees. One school provides the entire dashboard to the board in March on a password-protected page of the school's website.

Twelve topics for the Dashboard

In the various interviews, many topics arose again and again. The topics with the most mentions, in approximate order of frequency, are described below and are therefore the key topics for the dashboard. The questions and comments that accompany each topic give a sense of the discussion each topic generated. These same questions should be used by schools when presenting the data to the board or administrative team.

ONE. The current year's operating budget.

Is it on track? Are there deviations from the plan? Where will the school wind up at the end of the year? Does the board need to approve a new budget?

TWO. Operating cash flow.

What is the anticipated cash flow for the next 12 months? What will be the nadir of the cash position? Will the school have to borrow, and for how long? A couple of trustees criticized the use of Generally Accepted Accounting Principles (GAAP) reporting because of its noncash elements. Some schools may find that this indicator is not necessary at every board meeting, but the visual element of it may be useful to help orient new board members on the cash flow of the school during its yearly cycle.

THREE. The admissions pipeline.

What are the trends in applications, acceptances, and yield? Is there a metric that gives a sense of the admissions flow before applications are received? What is the sustainability of the income stream? Has there been any impact on new marketing or other outreach initiatives in this area?

FOUR. Endowment, debt, and net endowment.

How much leverage should the school take on? In what ways does debt help the school, and

in what ways does it constrain it? What is the capacity to repay debt?

FIVE. The physical plant.

How much should be annually set aside to maintain the campus? The PPRSM or the major capital replacement line is one of the few expenses a school can easily control in the short term.

SIX. Student turnover.

How much attrition is there at the different grade levels? Why? Is the school right-sized for taking on additional students in later grades?

SEVEN. Financial aid.

What are the trends in need? How much aid is given to families with less than \$40,000 of income? Is financial aid sneaking into higher income brackets? Does the aid program meet the goals of the school?

EIGHT. Tuition.

What is the rate of change? At what point is it too much of a burden for parents?

NINE. Net tuition revenue.

What is the correct balance between tuition and financial aid? What is the break-even cost of a student?

TEN. The faculty.

How well are the teachers compensated relative to peer schools? What is the salary system? What is the age distribution? What retirements are projected during the next several years?

ELEVEN. The annual fund.

What are the trends? What is the alumni participation?

TWELVE. Staffing.

Is the number of FTEs increasing? What is the distribution between instruction, administration, and support? One school looks at 10 categories of employees.

Other Topics for Consideration

As school administrators around the world know, no dashboard is going to please every set of trustees, or even one trustee all the time. There were several topics that came up during the course of the conversations that either could not be incorporated into the dashboard because of measurement challenges, or because the need was particular to a certain school. However, many of these topics should be considered as they may be helpful to your school in how you approach data dissemination.

Some of the areas of interest that were mentioned are difficult to quantify. These include: academic performance, quality of instruction, effectiveness of the faculty evaluation system, and college placement. In this difficult-to-quantify category, several trustees mentioned contingency planning as a key topic. As an example, in one school there is a board president who asks and suggests: "What can go wrong? Let's stress test a part of the program we haven't looked at before." At another school, a trustee regularly asks: "If we were to add five percent to, or take away five percent from the school's revenues, what programs would we add to or reduce?" In other words, what programs and positions are on the bubble if financial circumstances change?

Beyond these areas, and certainly easier to quantify, trustees also mentioned the following:

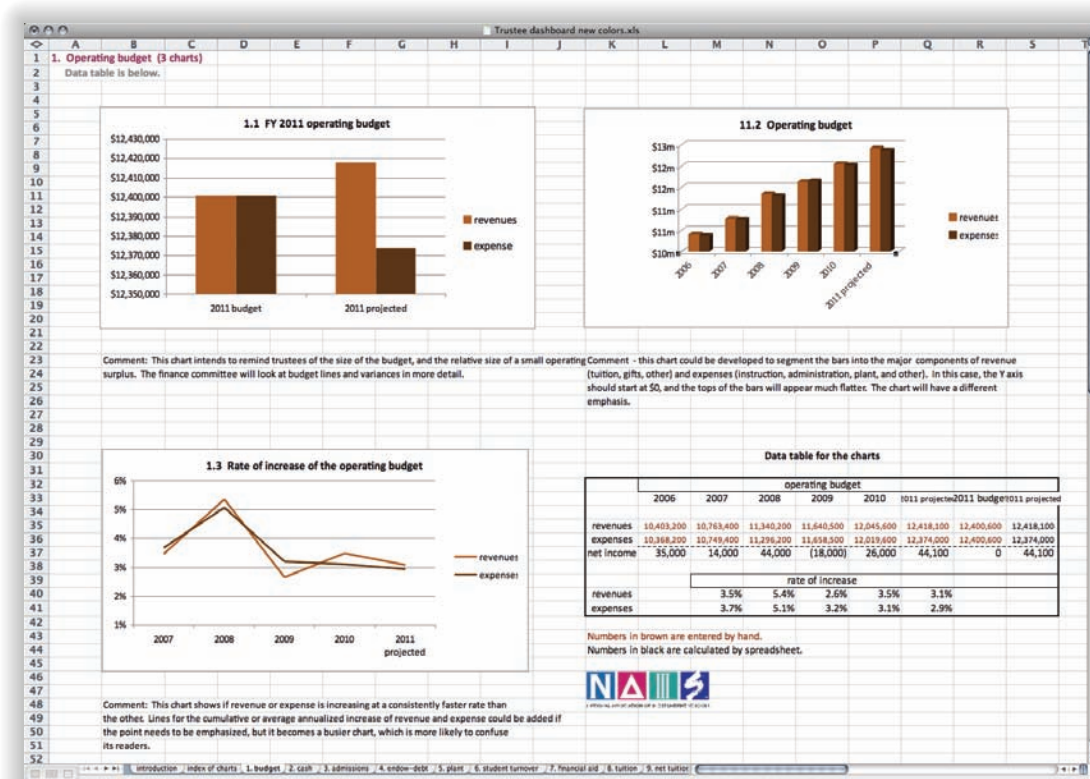
- size of the school,
- diversity of students and employees,
- number of academic sections and the number of students in each section,
- student test scores,
- endowment draw,
- endowment asset allocation and liquidity,
- cash reserves,
- restrictions on funds,
- auxiliary programs,
- the portion of the budget devoted to instruction (and whether it is growing or shrinking),
- pledge reports, including rollovers and write-offs, are important to a school in a campaign, and
- a trustee of a school with a major construction project underway cited the importance of the project and cash flow report.

All of these areas might be important to individual schools, particularly if they are undertaking special action in any of these areas or have special benchmarking or other concerns. In these cases, the school may want to consider creating a special page for any of these topics when approaching the dashboard.

Every school is different

Finally, this project was approached with the basic understanding that any dashboard is going to be a beginning for a school and not an end. Each school is different. It should evaluate its issues, needs, and aspirations in order to determine what information it needs, when it needs it, and in what format. The tool and this overview are discussion pieces that should help the school move forward. The charts created by Jim in the dashboard itself are samples of ways in which the list of the "top 12" topics can be presented. Feel free to adapt them to your school's situation. Be creative!

Operating Budget



QUESTIONS

Is it on track?

Are there deviations from the plan?

Where will the school wind up at the end of the year?

Does the board need to approve a new budget?

CHARTS + GRAPHS

1.1 FY 2011 Operating Budget

Comment: This chart intends to remind trustees of the size of the budget, and the relative size of a small operating surplus. The finance committee will look at budget lines and variances in more detail.

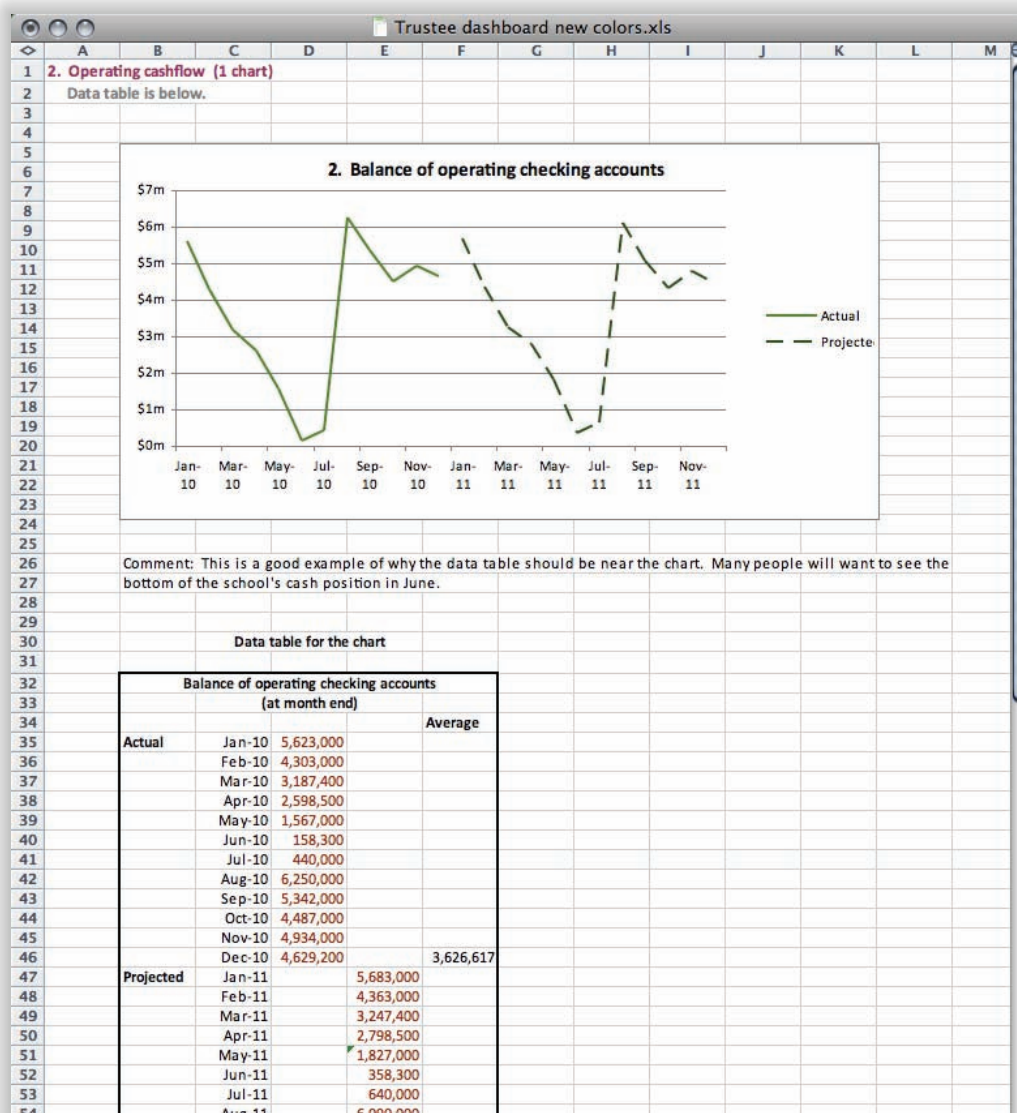
1.2 Operating Budget

Comment: This chart could be developed to segment the bars into the major components of revenue (tuition, gifts, other) and expenses (instruction, administration, plant, and other). In this case, the Y axis should start at \$0, and the tops of the bars will appear much flatter. The chart will have a different emphasis.

1.3 Rate of Increase of the Operating Budget

Comment: This chart shows if revenue or expense is increasing at a consistently faster rate than the other. Lines for the cumulative or average annualized increase of revenue and expense could be added if the point needs to be emphasized, but it becomes a busier chart, which is more likely to confuse its readers.

Operating Cash Flow



QUESTIONS

What is the anticipated cash flow for the next 12 months?

What will be the nadir of the cash position?

Will the school have to borrow, and for how long?

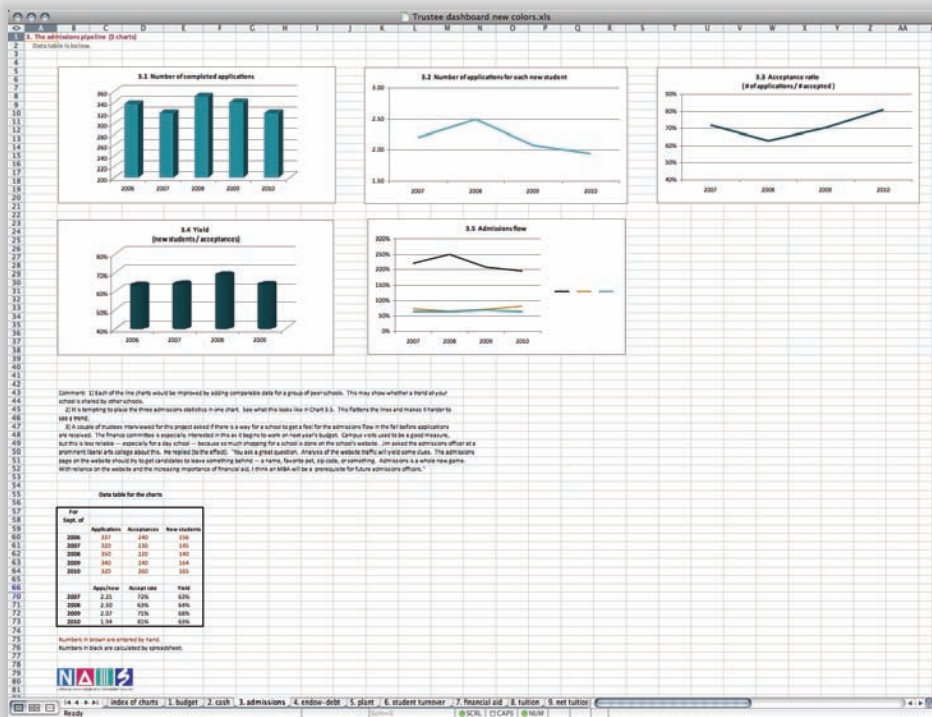
A couple of trustees criticized the use of GAAP reporting because of its noncash elements. Some schools may find that this indicator is not necessary at every board meeting, but the visual element of it may be useful to help orient new board members on the cash flow of the school during its yearly cycle.

CHARTS + GRAPHS

2.1 Balance of Operating Checking Accounts

Comment: This is a good example of why the data table should be near the chart. Many people will want to see the bottom of the school's cash position in June.

Admissions Pipeline



QUESTIONS

What are the trends in applications, acceptances, and yield?

Is there a metric that gives a sense of the admissions flow before applications are received?

What is the sustainability of the income stream?

Has there been any impact on new marketing or other outreach initiatives in this area?

CHARTS + GRAPHS

3.1 Number of Completed Applications

3.2 Number of Applications For Each New Student

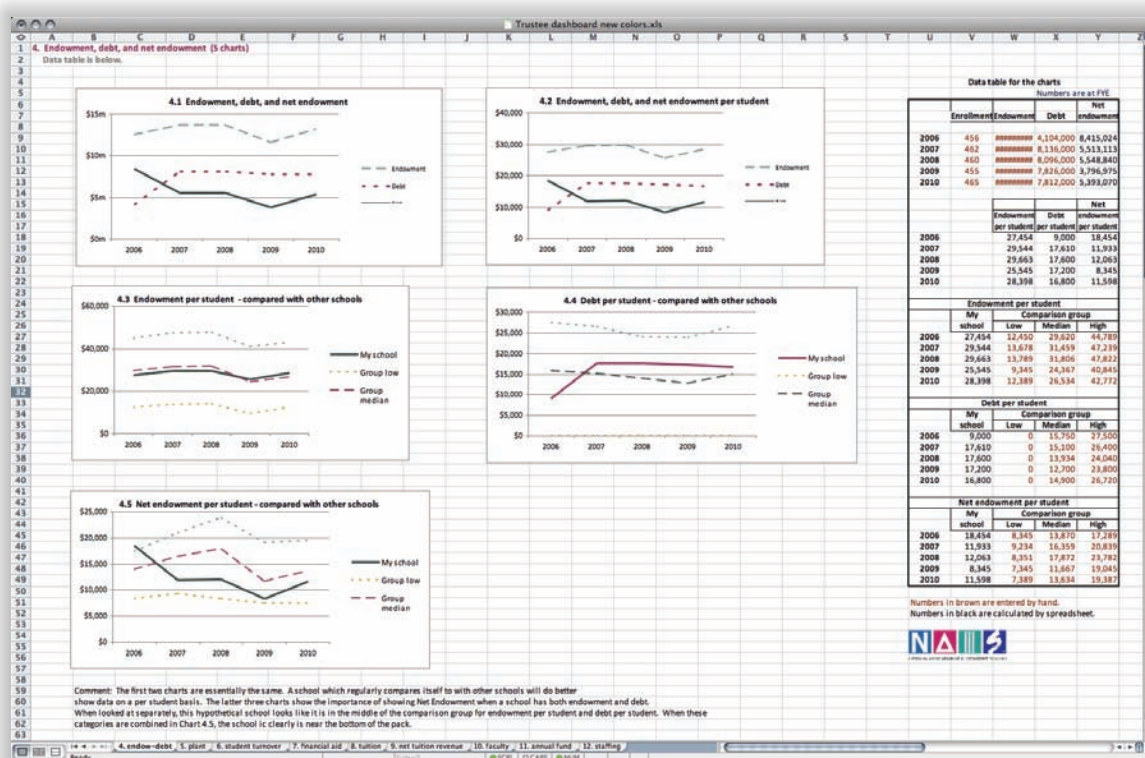
3.3 Acceptance Ratio (# of applications / # of acceptances)

3.4 Yield (new students / acceptances)

3.5 Admissions Flow (The Three Ratios)

Comment: 1) Each of the line charts would be improved by adding comparable data for a group of peer schools. This may show whether a trend at your school is shared by other schools. 2) It is tempting to place the three admissions statistics in one chart. See what this looks like in Chart 3.5. This flattens the lines and makes it harder to see a trend. 3) A couple of trustees interviewed for this project asked if there is a way for a school to get a feel for the admissions flow in the fall before applications are received. The finance committee is especially interested in this as it begins to work on next year's budget. Campus visits used to be a good measure, but this is less reliable — especially for a day school — because so much shopping for a school is done on the school's website. Jim asked the admissions officer at a prominent liberal arts college about this. He replied (to the effect): "You ask a great question. Analysis of the website traffic will yield some clues. The admissions page on the website should try to get candidates to leave something behind — a name, favorite pet, zip code, or something. Admissions is a whole new game. With reliance on the website and the increasing importance of financial aid, I think an MBA will be a prerequisite for future admissions officers."

Endowment + Debt



QUESTIONS

How much leverage should the school take on?

In what ways does debt help the school, and in what ways does it constrain it?

What is the capacity to repay debt?

CHARTS + GRAPHS

4.1 Endowment Debt, and Net Endowment

4.2 Endowment, Debt, and Net Endowment per Student

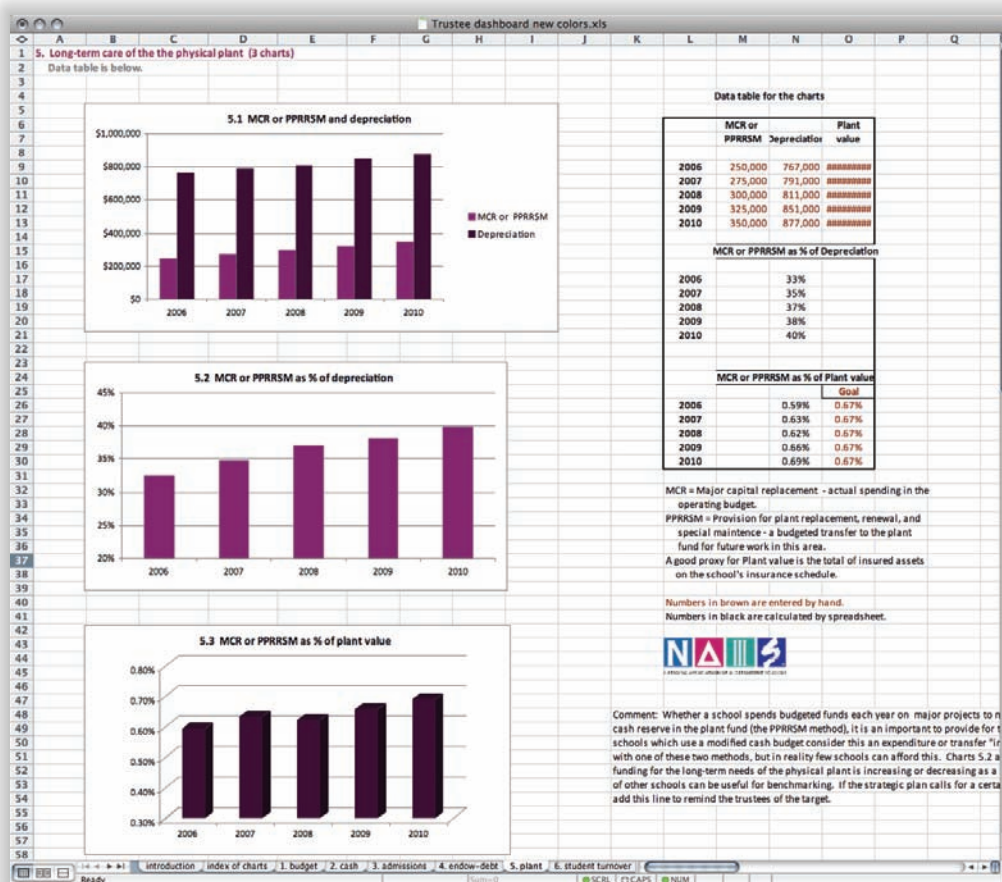
4.3 Endowment per Student — Compared with Other Schools

4.4 Debt per Student — Compared with Other Schools

4.5 Net Endowment per Student — Compared with Other Schools

Comment: The first two charts are essentially the same. A school which regularly compares itself to with other schools will do better show data on a per student basis. The latter three charts show the importance of showing Net Endowment when a school has both endowment and debt. When looked at separately, this hypothetical school looks like it is in the middle of the comparison group for endowment per student and debt per student. When these categories are combined in Chart 4.5, the school is clearly is near the bottom of the pack.

Physical Plant



QUESTIONS

How much should be annually set aside to maintain the campus?

The PPRRSM or the major capital replacement line is one of the few expenses a school can easily control in the short term.

CHARTS + GRAPHS

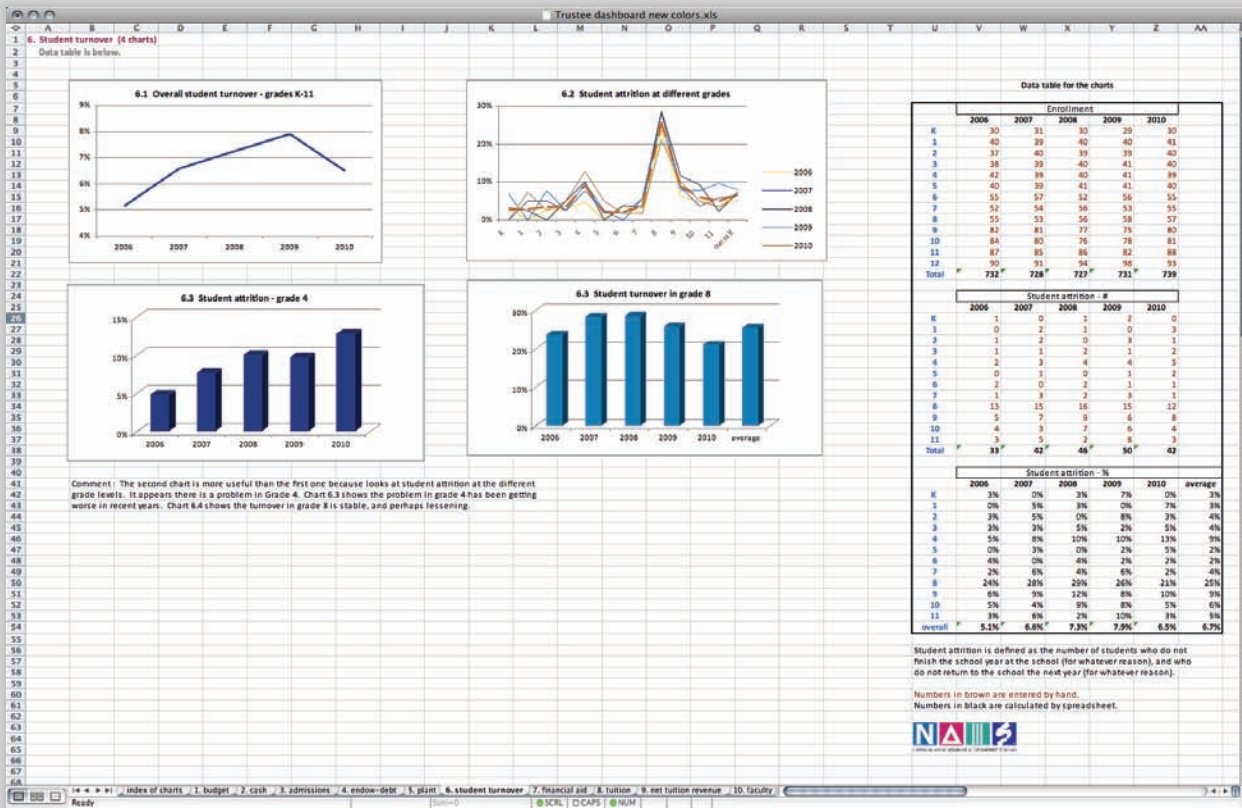
5.1 MCR or PPRRSM and Depreciation

5.2 MCR or PPRRSM as a Percentage of Depreciation

5.3 MCR or PPRRSM as a Percentage of Plant Value

Comment: Whether a school spends budgeted funds each year on major projects to maintain the campus (the MCR method) or sets aside money in a cash reserve in the plant fund (the PPRRSM method), it is an important to provide for the continual wear and tear on the physical plant. Some schools which use a modified cash budget consider this an expenditure or transfer "in lieu of depreciation". Ideally a school will fully fund depreciation with one of these two methods, but in reality few schools can afford this. Charts 5.2 and 5.3 show whether the school's funding for the long-term needs of the physical plant is increasing or decreasing as a percentage of depreciation (Chart 5.2) or plant value (Chart 5.3). Comparative data of other schools can be useful for benchmarking. If the strategic plan calls for a certain level of funding in the future, any of these charts can add this line to remind the trustees of the target.

Student Turnover



QUESTIONS

How much attrition is there at the different grade levels? Why?

Is the school right-sized for taking on additional students in later grades?

CHARTS + GRAPHS

6.1 Overall Student Turnover — Grades K–11

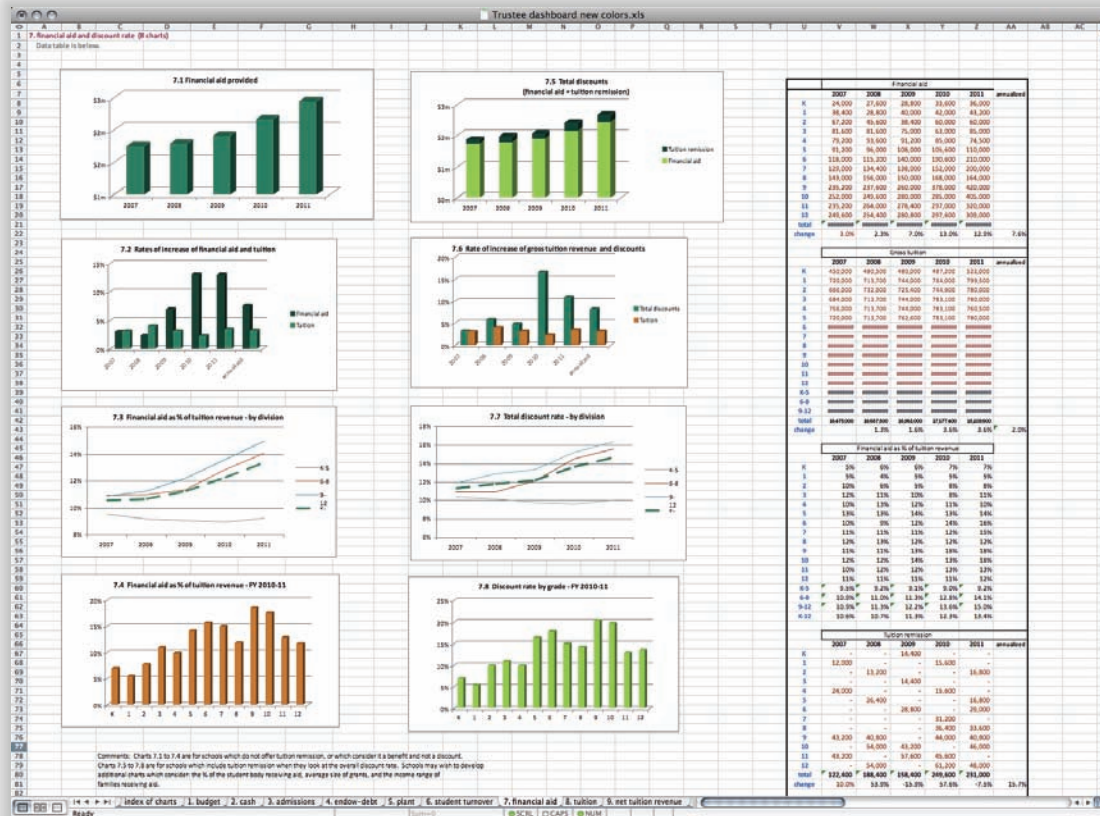
6.2 Student Attrition at Different Grades

Comment : The second chart is more useful than the first one because looks at student attrition at the different grade levels. It appears there is a problem in Grade 4. Chart 6.3 shows the problem in grade 4 has been getting worse in recent years. Chart 6.4 shows the turnover in grade 8 is stable, and perhaps lessening.

6.3 Student Attrition — Grade 4

6.4 Student Turnover — Grade 8

Financial Aid



QUESTIONS

What are the trends in need?

How much aid is given to families with less than \$40,000 of income?

Is financial aid sneaking into higher income brackets?

Does the aid program meet the goals of the school?

CHARTS + GRAPHS

7.1 Financial Aid Provided

7.2 Rates of Increase of Financial Aid and Tuition

7.3 Financial Aid as Percentage of Tuition Revenue (By Division)

7.4 Financial Aid as Percentage of Revenue (By Grade)

7.5 Total Discounts

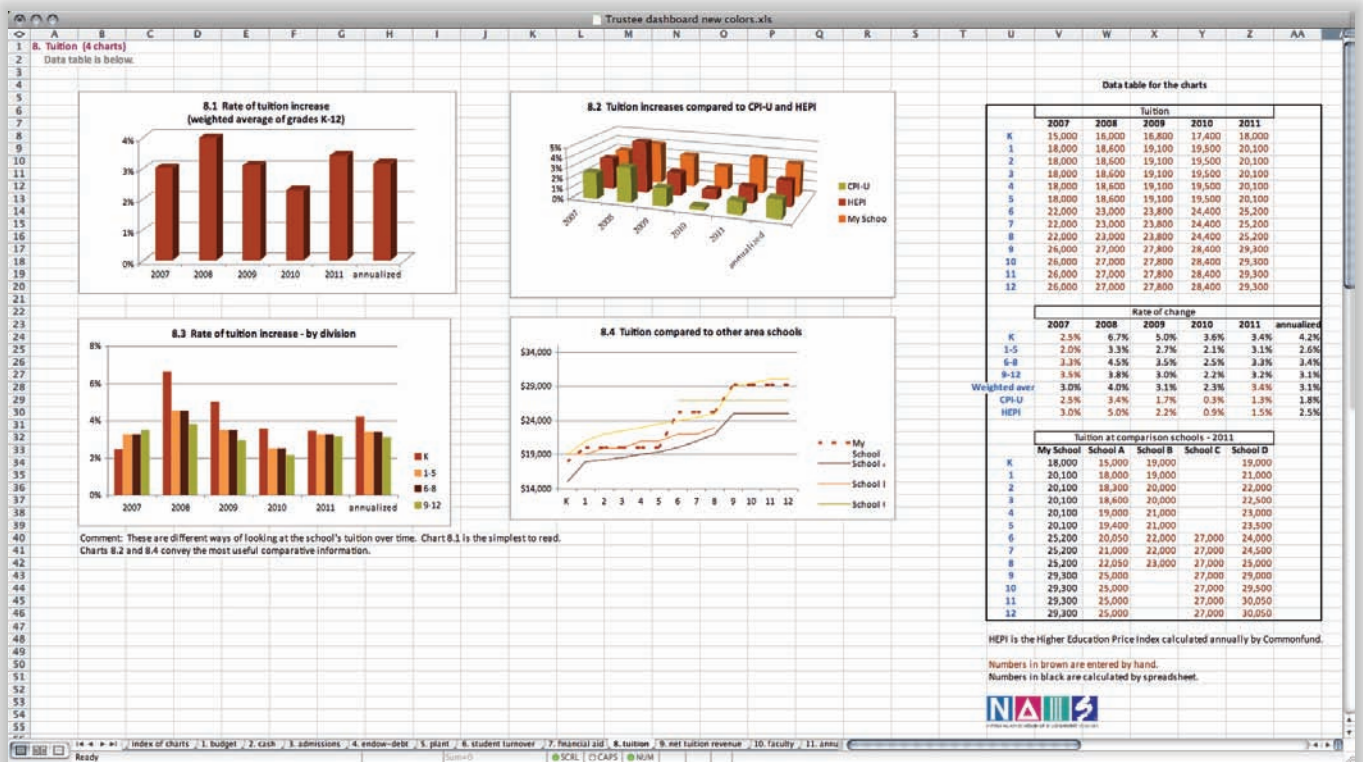
7.6 Rate of Increase of Gross Tuition Revenue and Discounts

7.7 Total Discount Rate — By Division

7.8 Discount Rate — By Grade

Comments: Charts 7.1 to 7.4 are for schools which do not offer tuition remission, or which consider it a benefit and not a discount. Charts 7.5 to 7.8 are for schools which include tuition remission when they look at the overall discount rate. Schools may wish to develop additional charts which consider: the % of the student body receiving aid, average size of grants, and the income range of families receiving aid.

Tuition



QUESTIONS

What is the rate of change?

At what point is it too much of a burden for parents?

CHARTS + GRAPHS

8.1 Rate of Tuition Increase

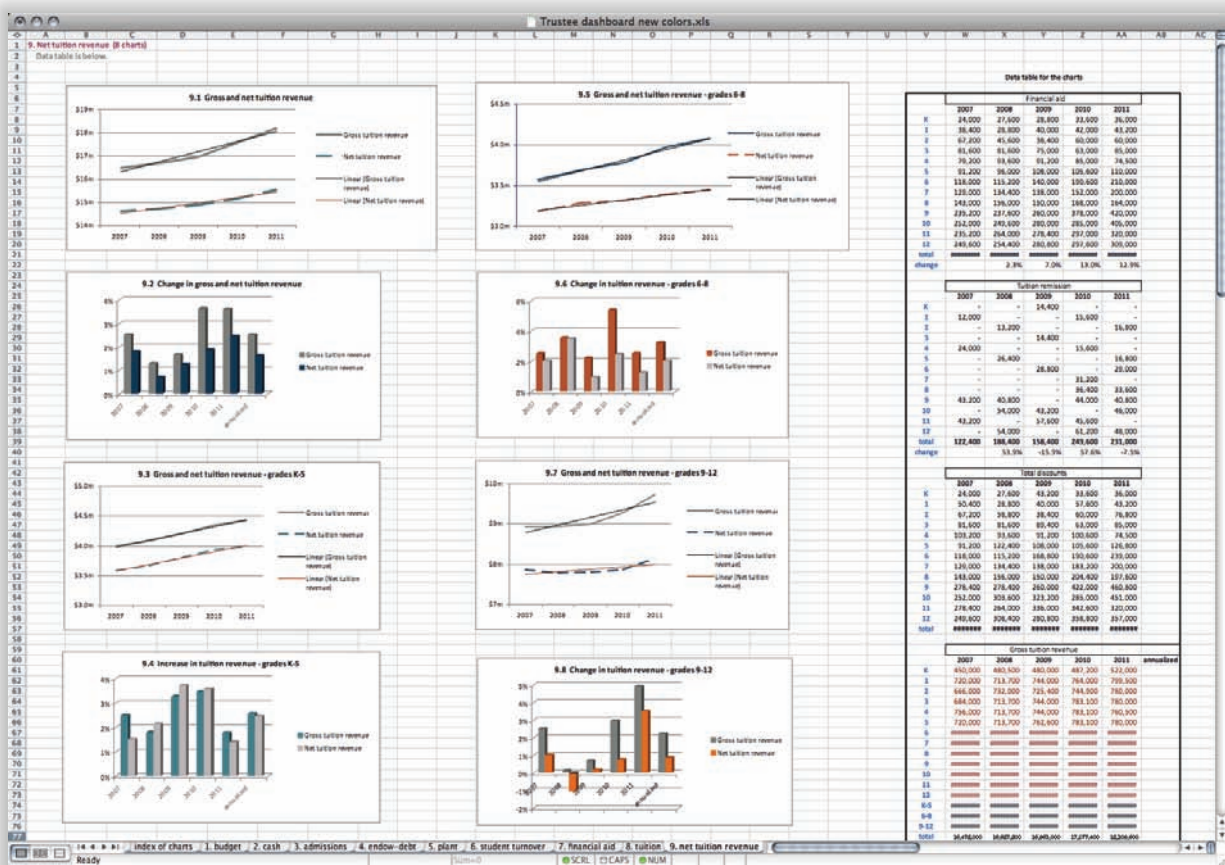
8.2 Tuition Increases Compared to CPI-U and HEPI

8.3 Rate Of Tuition Increase — By Division

8.4 Tuition Compared to Other Area Schools

Comment: These are different ways of looking at the school's tuition over time. Chart 8.1 is the simplest to read. Charts 8.2 and 8.4 convey the most useful comparative information.

Net Tuition Revenue



QUESTIONS

What is the correct balance between tuition and financial aid?

What is the break-even cost of a student?

CHARTS + GRAPHS

- 9.1 Gross and Net Tuition Revenue
- 9.2 Change in Gross and Net Tuition Revenue
- 9.3 Gross and Net Tuition Revenue — Grades K-5
- 9.4 Increase in Tuition Revenue — Grades K-5

- 9.5 Gross and Net Tuition Revenue — Grades 6-8

- 9.6 Change in Tuition Revenue — Grades 6-8

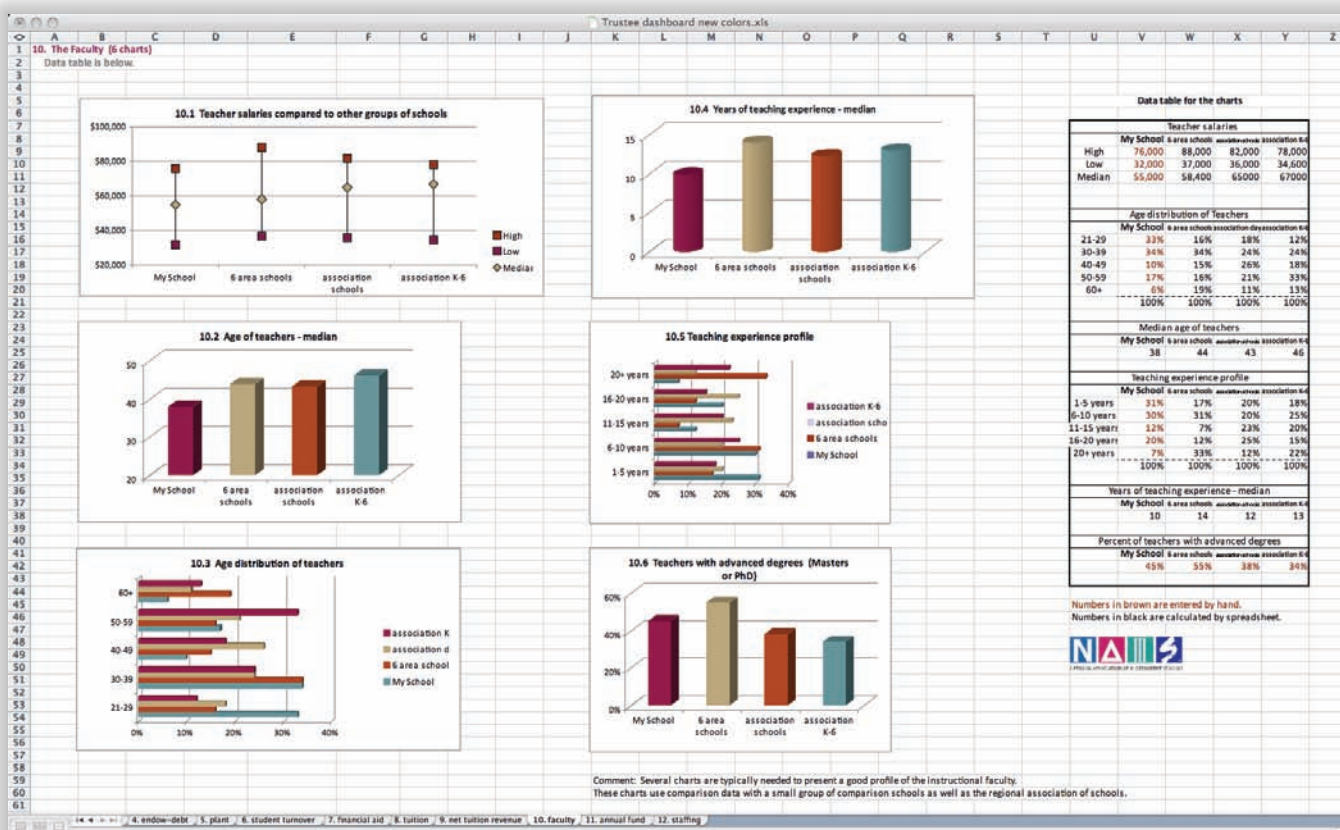
- 9.7 Gross and Net Tuition Revenue — Grades 9-12

- 9.8 Change in Tuition Revenue — Grades 9-12

Comment: How fast is net tuition revenue increasing? Charts 9.1 and 9.2 look at the school as a whole.

The next two charts look at the Lower School (where net tuition revenue is holding its own). The next two charts look at the Middle School (where increases in financial aid are cutting into net tuition revenue). The last two charts look at the Upper School (which also shows a low rate of increase in net tuition revenue — also because of financial aid).

Faculty



QUESTIONS

How well are the teachers compensated relative to peer schools?

What is the salary system?

What is the age distribution?

What retirements are projected during the next several years?

CHARTS + GRAPHS

10.1 Teacher Salaries Compared to Other Groups of Schools

10.2 Age of Teachers — Median

10.3 Age Distribution of Teachers

10.4 Years of Teaching Experience — Median

10.5 Teaching Experience Profile

10.6 Teachers with Advanced Degrees

Comment: Several charts are typically needed to present a good profile of the instructional faculty. These charts use comparison data with a small group of comparison schools as well as the regional association of schools.

Fund-raising



QUESTIONS

What are the trends?

What is the alumni participation?

CHARTS + GRAPHS

11.1 Annual Fund Results

11.2 Change in the Annual Fund

11.3 Annual Fund as Percentage of Operating Revenues

11.4 Major Gifts Share of the Annual Fund

11.5 Alumni Participation in the Annual Fund

11.6 Share Of The Annual Fund — 2006 And 2011

11.7 Total Gifts — Cash

11.8 Total Gifts — GAAP

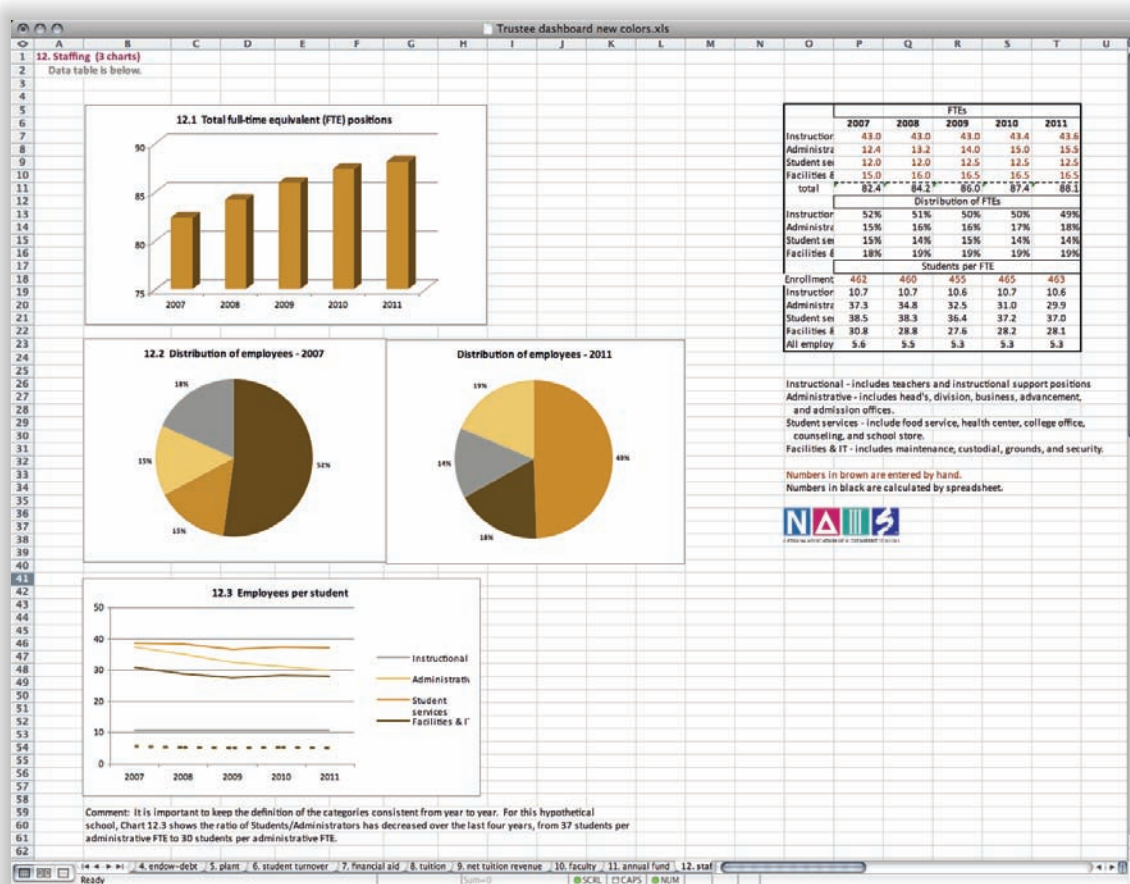
11.9 Cost of Raising \$1 — Cash Basis

11.10 Cost of Raising \$1 — GAAP Basis

11.11 Cost of Raising \$1 (5 Years)

Comment: The first six charts look at the annual fund. The other charts look at total gifts and the cost of fundraising. Some schools prefer to look at total gifts on a cash basis, and others prefer to look at total gifts on a GAAP basis (which includes pledges the year they are received).

Staffing



QUESTIONS

Is the number of FTEs increasing?

What is the distribution between instruction, administration, and support?

One school looks at 10 categories of employees.

Comment: It is important to keep the definition of the categories consistent from year to year. For this hypothetical school, Chart 12.3 shows the ratio of Students/Administrators has decreased over the last four years, from 37 students per administrative FTE to 30 students per administrative FTE.

CHARTS + GRAPHS

12.1 Total Full-Time Equivalent (Fte) Positions

12.2 Distribution Of Employees — 2007 and 2011

12.3 Employees Per Student

The authors wish to thank the schools and trustees who contributed to this project. The trustees were from the following schools: Culver Academies (IN), The Episcopal Academy (PA), Hawken School (OH), Kent School (CT), The Lawrenceville School (NJ), Providence Day School (NC), St. Andrew's School (DE), Saint George's School (WA), St. Stephen's Episcopal School (TX), Sidwell Friends School (DC), Toronto French School (ON), The Center for Early Education (CA), and Lakeside School (WA).

Jim Pugh served as the business manager for Brooks School (MA), The Hill School (PA) and Winchester Thurston School for 25 years. He is a consultant assisting schools with finances and operations. One of his specialties is surveys and data analysis, which provide benchmarking guidance. Contact Jim at jimpugh46@gmail.com or visit his website at www.jamespughassociates.com.

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