

2017-18 Tuition Increase
Frequently Asked Questions (FAQ)
Craig Jeffery, Konos School Board

Why are we having increases?

For those who missed the presentation at our last parent's meeting, I, as both parent for several years and now board member, want to answer this question. Some necessary fee increases have been implemented to ensure Konos can meet its obligations and have staying power.

1) Balance Is Vital

As a board member and parent, there are two perspectives that must be balanced: 1) As a parent – we want to keep costs low and affordable while having a great program. We want great value for our children today and for children in the future. 2) As a board member – we need to ensure that the school is both sustainable in the long-term and fair or equitable to those who pour their lives into the children using the school.

2) Things have changed and we needed to catch up

Balance is vital, and things have been changing. Konos has grown significantly over 15 years. From KA to KJ, to KK, and now KKidlets, we have seen more families and more students. We have gone from having our classes held in buildings that were nearly rent-free, to our current situation where we are renting entire buildings and are in the process of building our own facilities. During the first part of this transition, we were blessed with some temporary donations to help us cover rent costs without impacting the fees we charged. The gift was temporary, and we need to cover that cost as well as other costs related to our growth. Additionally, some donations that covered expenses cannot be counted on in the future. For example, one donation that covered \$2,000 of costs per month expires in May 2017.

3) We needed to ensure Konos was sustainable

It has taken a few years to get our tuition in line with our cost structure as we have moved through several growth stages. This is part of a graduated plan that is necessary to make sure Konos will continue strongly. Ensuring this sustainability requires taking several exciting and critical steps.

- *Multi-year transition plan between the Thaxtons and Lees.* We are well into our multi-year transition plan of the Konos leadership from the Thaxtons to the Lees. The vital aspect of making this a graceful transition has been communicated in detail at other times and forums.
- *Facility needs.* From a single school room to two major buildings.... and eventually to our own buildings. In the early days of Konos, it was far easier to find housing. Less was needed. As Konos has grown, so have the expectations and needs. Overhead has increased.
- *Unsurprising surprises.* Having a rainy day fund, we are always told, is safe, smart, and prudent. Every year there will be surprises. You may not know what the actual expense may be, but an expense or loss of income will happen. In the past Konos has budgeted tightly. And surprises have come placing strains on the organization.

What is the increase and how does the increase work?

The tuition increase is roughly 10-11% for those who pay over the course of the year. This is mainly accomplished by extending the payments over 10 months from the original nine-month timeframe. The extension of the timeframe should help most families that pay monthly.

Importantly, if you pay for the year in advance there is a 3% discount for doing so. This would translate to a 7-8% increase in tuition this year.

Are we going to have school for one more month if the tuition payments are going to be for one month more?

No. The 10-month timeframe is meant to accommodate families who need to spread payments out over the year. It is preferable to have tuition paid prior to the start of the school year, which is how all colleges, and many private schools are financed. We encourage families to pay their full tuition bill and realize a 3% reduction in the bill.

Why isn't tuition just being raised 7-8% and let us pay over time?

The discount for prepayment helps Konos. First, there is the cost of managing a billing and collection process. The 3% difference covers those costs. Second, there is the cost and distraction when families stop paying or can't pay any longer. Collection activity takes an excessive amount of time and impacts cash flow and the health of the school. Third, Konos is a private school and not a finance company. People have chosen to delay payments, which triggers all sorts of actions and issues at the school. That has been a challenge. Families are free to decide which option suits them best.

Are we going to have another increase in tuition next year?

In the future, if there is an increase, we expect smaller annual increases that are more reflective of cost-of-living adjustments rather than larger corrections.

Was there consideration of having math, science and foreign language included in the pricing increase?

No, we believe the individual tuition rates of those classes are satisfactory.

Is this a price increase with no additional value or incentives?

The school has expanded over its life and what began as a cooperative is now a much larger, accredited, academic institution. As the school has grown over the last 15 years, additional programs have been added (the sports program is growing, many optional courses in math, science, foreign language, the arts, and the drama program is dynamic). Those familiar with the program will attest to its quality. It has been said that beauty is in the eye of the beholder. Perceived value is subjective, but we believe Konos provides a multi-faceted educational experience that is exceptional. Tuition rates have not been commensurate with the value of Konos.

What is the sustaining fee for? Could this create a hardship for families?

The sustaining fee is a common fee for private schools. The purpose is to provide financial stability to cover various expenses and costs such as maintenance and repairs. In thinking

about our building, we are trying to raise funds for the construction and expansion of the school over time. That facility needs to be maintained. The fee will help provide funds for that in an orderly manner. We want to avoid surprise 'assessments' that really aren't a surprise at all.

Let us discuss hardship first. We have taken a very serious look at value and concerns about hardship on Konos staff and families. Historically, the hardship has been heavily borne by the staff and leadership. Several of our highly educated teachers are underpaid. Surprise expenses and reduction in income, or great delays, have been a significant problem at the school. As described in the meeting, the school needed to be put on a more secure financial footing while offering great value. We believe this has been accomplished. The sustaining fee is structured as a single annual fee per family.

For families that are challenged or hard-pressed, there are several things Konos has been doing to help. First, the GOAL Scholarship program has been pushed very hard in our organization and last year over 50 students were able to receive partial scholarships from the program. We continue to see this as a great way to help those who need it. There can be other situations that put the costs out of reach of some families. While everyone is responsible for managing their choices and cashflow, we do recognize that there can be some situations that make it just out of reach even with strong efforts being made to reduce family costs and increase income. If a family encounters a dire situation where they won't be able to attend, can't use the GOAL Scholarship, but really want to be part of Konos, please see John Lee to explore the possibility of another solution. There may be the possibility of a partial waiver of some of the costs. If this is the case, you should schedule a time to meet as soon as possible.

Other nearby programs offer full curriculums for pricing that may seem more affordable. Will this harm or threaten our enrollment going forward?

One intention of the school, besides the general mission, is to provide an excellent value. Cost is only one aspect of this. The school administration and the board continue to monitor what is being charged for many of the various alternatives. We do not believe parent-taught classes are appropriate cost-benchmarks to the Konos highly experienced instructor model.

We continue to believe that there are families that are committed to the Konos model and others that are committed to another model. Additionally, some families will make decisions based upon distance, cost, whether a particular sports team is active, or something else. Konos is unique in many ways and intends to continue to be a great value for those who believe in its mission, purpose and methods.

Having a building as an anchor point, we are told by many, will attract many more families and students. We are excited about having an impact and reasonable growth. Our families, staff, student and alumni all help to make Konos the experience it is today...and tomorrow.