

Endowment Commonly Asked Questions

If the gap between tuition revenue and expense is being successfully bridged by annual fundraising efforts, why do we need to add one more source of income?

Though our school does currently bridge the gap between tuition revenue and operating expense through our Annual Giving and fundraisers, Endowment serves as our "nest egg," allowing the school to augment its operating budget with interest income from the Endowment. Continuing to build the corpus means that the school will have access to greater interest income, serving as an insurance policy, ensuring financial stability in times of less robust economic growth or extreme circumstances.

Endowment lessens our school's exclusive dependence on tuition increases and yearly fund raising events to bridge our operating gap by providing a reliable source of income year in and year out. It provides our school with the flexibility to pursue its mission regardless of economic conditions.

If the gap between tuition revenue and operating expenses becomes so large, why don't we simply raise tuition?

The Montessori School makes a deliberate, philosophical commitment to keep tuition rates as low as possible and to provide a tuition assistance program to encourage a diverse a community. Our tuition assistance program has supported, at some level, up to 34% of our students and their families. Offering the finest in Montessori education to as many as possible at an affordable rate has always been part of our [school's mission](#).

By comparison with other Fairchester private schools and Montessori schools of a similar size and in the same geographic region, we are very successful in this endeavor. Raising tuition and therefore excluding a significant portion of families who would like to attend is not consistent with who we are and what we are all about. We have always maintained that it takes more than writing a tuition check to live meaningfully in this community.

How does an economically diverse school benefit my child?

Dr. Montessori called her approach to learning Education for Peace. She saw the true work of education as establishing a peace that begins with respectful environments where meaningful relationships can grow. We seek to instill in our children a sense of what it means to be a "citizen of the world", to give them a global view and to work together as a community of students and families with a range of resources, gifts and talents.

How are expenses controlled at The Montessori School?

Our success in controlling operating expenses is conscious and clear. Our tuitions are substantially below other schools, while we offer a superior academic program. We achieve such a degree of low operating expense in large part due to effort and commitment by our entire community.

When families gather to work at Clean-Up days, volunteer to repair and maintain classroom material, give their time and dollars toward the success of our many educational programs and social activities, we are all actively contributing to the financial health of our school. During our accreditation by the Connecticut Association of Independent Schools, The Montessori School was consistently praised for controlled expenses.

I understand that the proceeds of Annual Giving and the Spring Auction go into the operating budget. How will Endowment dollars be handled?

Our Endowment is intended to exist in perpetuity; this means endowment principal is never touched. By definition, this money represents the school's "nest egg". A portion of the investment return (5% of total market value or less) from this principal is contributed to the annual operating budget. Currently approximately \$50,000 annually is contributed to the operating budget from endowment.

What are the planned provisions for investment and spending from Endowment?

The investment of the Endowment fund is overseen by our Investment Committee, a subcommittee of our school's Finance Committee of the Board of Trustees. With regard to spending, Endowment principal is never touched and only a portion of the total investment return (5% of total market value or less) will be contributed to the annual operating budget. Both the investment and spending policies for Endowment are compatible and support the overall mission of the school.

In managing the Endowment, the Board of Trustees seeks to maintain "generational neutrality". In other words, the objective of the Endowment is to provide at least the same level of support to future generations of students as the current students receive. The implications of this objective are:

- An annual transfer from Endowment to the operating budget
- This annual transfer, or spending, must keep pace with inflation
- The principal or corpus of the Endowment must also keep pace with inflation

We have always thought of endowment as being the long-term funds that "preserve the school" in perpetuity. We love the school and want to assure that the good work it does exists for future generations; however, our primary concern is for the quality experience our child is having here now. How does an endowment benefit the present?

Our goal in managing the Endowment fund is to maintain generational neutrality and thereby ensure that both current and future generations of students benefit equally from Endowment.

A healthy endowment strengthens our school's balance sheet by helping build equity and creating a capital structure attractive to commercial lenders so that reasonable debt financing can be secured when necessary. This benefits our children immediately.

An endowment is ultimately one of the most reliable sources of income for the school, year in and year out. It provides a school with operating flexibility so that it can exercise its own judgment about academic and other mission-critical priorities. In contrast, schools that lack endowments may be more likely to elevate economic considerations above mission-critical issues.