

Core Question

Todd Morris challenged school leaders to think beyond next month's payroll and next year's budget.

The central question of his presentation was:

How do independent schools build the financial capacity necessary to sustain their mission for generations rather than simply survive year to year?

Drawing on more than three decades at UMS-Wright Preparatory School, Morris argued that financial sustainability is not accidental. It is the result of deliberate decisions, patience, disciplined planning, and a willingness to think long term.

Sustainability Is a Mission Issue

Morris connected financial stewardship directly to mission.

A mission is not intended merely for today's students. It is a commitment to students five, ten, twenty, and even one hundred years into the future. Schools that fail to build financial sustainability eventually lose the ability to fulfill their mission.

Key Insight

Mission without sustainability is aspiration.

Sustainability without mission is simply accounting.

The responsibility of school leadership is to ensure that financial decisions support both current operations and future generations of students.

The Long View Matters

Morris recounted the history of UMS-Wright's formation through the merger of two struggling schools in the 1980s.

The merger itself was not driven primarily by educational philosophy. It was driven by financial necessity. Leaders at the time recognized that neither school could thrive independently and chose to make difficult decisions to ensure long-term survival.

Key Insight

Todd Morris: Financial Sustainability and Building Operating Reserves Intentionally

Many of today's opportunities exist because previous leaders made hard choices decades ago.

Current leaders have the same responsibility to prepare their institutions for future generations.

The Dunning-Kruger Lesson for Leaders

Morris introduced the Dunning-Kruger effect as a reminder that confidence and expertise are not the same thing.

He described how leaders often begin with high confidence and limited knowledge, only to discover the complexity of an issue as they learn more. True expertise eventually leads to humility.

Key Insight

Good financial leadership requires intellectual humility.

The more leaders understand about finance, strategy, investments, and sustainability, the more cautious and thoughtful their decisions become.

Perception Matters

A recurring theme was that schools must actively manage how stakeholders perceive value.

Parents rarely ask whether tuition is expensive.

They ask whether it is worth it.

Morris emphasized the importance of telling the school's story clearly and helping families understand the value being delivered.

Key Insight

Financial sustainability depends partly on financial performance and partly on stakeholder confidence.

Schools must continuously communicate the connection between tuition, mission, programs, and outcomes.

The Three Levers of Independent School Finance

Borrowing from Independent School Management (ISM), Morris highlighted three financial levers:

- Salaries
- Class size
- Tuition

The challenge is that schools generally want:

- Higher salaries
- Smaller classes
- Lower tuition

But schools can realistically maximize only two of those three at any given time.

Key Insight

Financial decisions always involve tradeoffs.

Leaders must be honest about those tradeoffs rather than pretending they can achieve all objectives simultaneously.

The Role of Strategic Planning

Morris argued that sustainability begins with strategic clarity.

At UMS-Wright, strategic plans established key commitments, including:

- Becoming a family-centered school
- Retaining excellent faculty
- Maintaining an intentionally capped enrollment
- Reducing dependence on annual fundraising for operating expenses

These strategic decisions became the framework for future budgeting and resource allocation.

Key Insight

Budgets should follow strategy.

Schools often fail when budgets become disconnected from long-term priorities.

Understanding the Financial Equation

Morris described school finances as a balance between expenses and revenue.

Expense Drivers

- People
- Place
- Programs

Revenue Drivers

- Tuition
- Auxiliary programs
- Fundraising
- Endowment support

Because enrollment is intentionally stable, the school cannot simply grow its way out of financial challenges.

Instead, leaders must continuously evaluate how expenses and revenues remain in balance.

Why Operating Reserves Matter

The central focus of the presentation was the importance of building reserves intentionally.

Morris identified several reasons reserves are critical:

- Reducing future financial risk
- Stabilizing tuition growth
- Supporting strategic initiatives
- Addressing deferred maintenance
- Managing emergencies
- Sustaining mission during economic downturns

Key Insight

Reserves create options.

Schools without reserves become reactive.

Schools with reserves can act strategically.

Lessons from Past Financial Challenges

Drawing on historical records, Morris identified several causes of financial difficulty experienced by schools:

- Declining enrollment
- Weak cost controls
- Deferred maintenance
- Adding programs without funding plans
- Adding staff without sustainable revenue
- Incurring debt without a clear repayment strategy

Key Insight

Most financial crises are not surprises.

They are the result of decisions made years earlier.

Building Reserves Intentionally

Morris outlined a practical framework for creating long-term sustainability.

Step 1: Identify the Challenge

Schools should determine which recurring pressures create the greatest risk:

- Financial aid
- Deferred maintenance
- Technology replacement
- Faculty compensation
- Professional development
- Insurance deductibles
- Athletics or special programs

Step 2: Create Dedicated Funding Sources

UMS-Wright built specific reserves and endowments around identified challenges, including:

- Financial aid
- Athletics
- Technology

Todd Morris: Financial Sustainability and Building Operating Reserves Intentionally

- Deferred maintenance
- Academic initiatives

Step 3: Commit to Consistent Contributions

Rather than relying on occasional windfalls, the school systematically directs funds toward reserves and endowment growth each year.

The Deferred Maintenance Lesson

One of Morris's strongest recommendations involved deferred maintenance.

He argued that every school should establish a dedicated deferred maintenance fund rather than waiting for major repairs to become emergencies.

Examples included:

- HVAC replacement
- Roofing projects
- Technology infrastructure
- Facility improvements

Key Insight

Deferred maintenance does not eliminate costs.

It simply postpones them while making them larger.

Endowment as Strategic Infrastructure

Morris described endowment not as a luxury but as infrastructure.

The school's endowment supports:

- Professional development
- Technology investments
- Financial aid
- Risk management
- Strategic initiatives

He noted that UMS-Wright's endowment grew from distributions of approximately \$95,000 annually in the early 1990s to more than \$800,000 annually today.

Key Insight

Endowments are built slowly but become powerful over time.

Patience and consistency matter more than speed.

The Three Project Constraints

Morris also applied a broader leadership lesson to financial planning.

Every major initiative is constrained by three factors:

- Time
- Speed
- Money

Leaders can usually optimize two of these factors, but rarely all three.

Key Insight

Understanding constraints helps leaders make realistic decisions and avoid frustration when progress appears slower than desired.

Legacy and Stewardship

Morris concluded by describing leadership as a bridge between past and future.

The goal is not simply to maintain what previous leaders built, but to leave the institution stronger than it was received.

Final Takeaway

Financial sustainability is not achieved through a single campaign, budget cycle, or strategic plan.

It is built through decades of intentional decisions that align resources with mission, protect the institution from foreseeable risks, and create opportunities for future generations.

The most important financial question is not whether a school can afford something today.

It is whether today's decisions will leave the school stronger tomorrow.

