

Cost per Student at the Elementary School—based on revised projection, FY 08 budget figures

What does it cost to run the elementary school? This has been a vexing question in the community, in part because of the different ways of calculating the amount—based on the purpose for which the number is being used.

First and foremost, there is the “announced tuition.” This is the preliminary maximum that a school district can charge pupils who are tuitioned there from another district. It is calculated early in the year and corrected as necessary when the school year is complete—the new figure being the so-called “allowable tuition.” The allowable tuition may be higher, lower or the same as the announced tuition. Any discrepancy between the two is adjusted between the sending and receiving districts.

Because of a drop in enrollment in 2006-2007 without a commensurate drop in expenditures, Peacham’s announced tuition rose to \$18,4442 for the ’07-’08 school year. The amount of announced tuition is arrived at through a formula mandated by the DOE, which divides announced tuition expenses for Peacham (then \$663,912) by the number of students (then 36). Although it gives a general sense of what it costs the town in tax dollars, announced tuition excludes certain costs (and revenues) from the calculation. This can skew the number so that it does not accurately reflect the true cost to the town of running the elementary school. The announced tuition, moreover, does not reflect any changes that may have occurred in the interval between the end of one school year and the beginning of the next. These changes (which will eventually be reflected in the *allowable* tuition rate) can, in the case of a small school like Peacham, be quite significant.

New Figures Projected—Changes at the elementary school

Several things have changed since the budget was developed. One teacher resigned to take a position at another school, and the Peacham position was filled by a teacher at a lower point on the salary scale. One paraprofessional position has been eliminated, at least for the time being. A number of other smaller reductions are projected in guidance, speech, professional development, transportation, and principal’s office. The new projected total expenditure budget is \$1,453,897 (down from \$1,555,767). At the same time, student enrollment increased by 7 (from 36 to 43 K-6 students). If these projections hold true, the *allowable* tuition in Peacham for FY 08 would be \$13,542.

As mentioned earlier, however, the announced/allowable tuition figures do not necessarily provide the most accurate reflection of what it costs Peacham

taxpayers to run the elementary school. As has been pointed out, the town receives grant money from both state and federal sources (so-called “local revenue”), virtually all of which goes to defray costs at the elementary school. Local revenue amounts vary from year to year, but are generally in the \$150-200,000 range. Rob Billings’ forecast in the FY 08 budget was \$172,334. This amount now stands at \$178,733, due to a \$6399 increase in the Small Schools Grant, which is awarded each year.

The simplest and most meaningful way to calculate the cost of elementary education and compare the cost of different models of structuring education in Peacham has three steps:

- (1) Begin with the **net** education spending in the budget (the total budget minus the local revenue). This is the amount which determines the town’s tax liability for education—the amount we raise from taxes.
- (2) Subtract the amount spent on tuition to secondary schools.
- (3) The remainder is the amount spent on the elementary school. This is still not entirely accurate (in that it allocates all of the CCSU assessment, cost of tax anticipation notes and bookkeeping expenses to the elementary side of the ledger), but it is difficult to estimate exactly what portion of those expenses should be assigned to elementary vs. secondary.

Now we could compare the original school budget adopted in March with the revised projections as of August, 2007.

Original budget, FY 08

Expenditures:	1,555,767
Local revenue:	172,334
Net education spending:	1,383,434
Tuition amount:	744,484
Elementary amount:	638,950
Divided by 36 K-6	17,749 (cost per elementary student)*

*As mentioned above, there should be some further per-student reduction based on allocating part of CCSU and other expenses to the secondary side of the equation—perhaps \$500?

Revised budget projection, as of 8/13/07

Expenditures:	1,453,897
Local revenue:	178,633
Net education spending:	1,275,164
Tuition amount:	740,131
Elementary amount:	535,033
Divided by 43 K-6:	12,443* (ditto, see above)

These changes do not alter the budget that was passed, or the tax rate that resulted. They do mean that the district may, at the end of the fiscal year, have carry-forward revenue to help offset any unbudgeted secondary tuitions for FY 08, or to offset the deficit from FY 07. At this point, there are at least four secondary school students who moved into Peacham over the summer of 2007 and were therefore not included in the original budget, but until the CCSU receives invoices from all the receiving schools (October/November) we will not have the final cost for tuition for FY 08).

The above numbers give a “then and now” comparison for costs at the elementary school. In analyzing costs for the three other scenarios being examined by the workgroups (choice, expansion and merger) the same template can be used.

Respectfully submitted,

Peacham School Board