# A Simple Financial Model for K-5 Buildings* 

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* Please note, I try hard to provide the source of my numbers and the calculations that I am performing. These numbers were pulled together on the side and fairly quickly. My hope is that, by being transparent about these numbers, any errors that exist can be corrected.


## Goal

- Provide a simple and transparent way to think about structuring K-5 buildings that is financially sound

Three ingredients or assumptions
■ Segment schools into three pieces

- Size of the K-5 population
- The average "classroom" or "teaching unit" size

While these three ingredients are simple and transparent, they are chosen so that

- (a) Our elementary schools fit our middle and high schools
- (b) That the operating costs can be appropriately met


## Assumption 1: 3 parts to school

1. Elementary school students (the K-5 classes)

- Key attributes of these students are that (a) they directly feed into the middle school and high school and (b) tied to costs and revenues in well-understood ways


## 2. Other students (Pre-K and Special Ed)

- Pre-K: finances are much different, and they do not directly affect district size*
- Special Ed: finances are much different, they are generally counted elsewhere, and we must serve them

3. Other school "add-ons"

- We need to think about other things we want to include in our schools, like ELL rooms, given EL context
- We should build with an eye towards flexibility

■ "Add-ons" in 2016 are not the same as "add-ons" in 1950!

* Given that SOC children can choose to stay in the district, adding SOC at the K-5 level will lead to more SOC at the middle and high school levels. Increasing the size of pre-K need not increase the K-5.


## Assumption 2: K-5 size

We should build for 1,632 elementary students

- Our current K-5 elementary population is 1,628
- Why keep it the same? Claims: (a) we are at capacity at the middle school and (b) shrinking would hurt the high school.
- 1,632 / 6 K-5 grades $=272$ students per grade
- This is an input to the planning model and can easily be changed*
- Potential criticism: what if EL grows?

■ Status quo answer: Resident growth declined from 1995 to 2005 and has been flat since then-projecting flat seems reasonable

- High growth answer 1: If annually we had the same residential growth from its lowest level, it would take 24 years for SOC to fall by half**
- High growth answer 2: Design 1 or 2 schools to have wings that could be added in the future if needed
* To be clear, this planning document is taking 1,632 as an input parameter. If the "right number" were different, it would just change the math that follows. My main purpose here is to lay out that assumptions can help us with our planning and show how they can be used to guide our analysis. Ideally, there would be a district-wide, long-range strategic plan that would sketch where the district is headed, so that we can build schools that fit the strategic plan. It doesn't appear that such a strategic plan exists. In absence of that, this specific assumption seemed reasonable given that we have invested heavily in our current middle school and high school facilities, so this assumption is taking those schools as our starting point.
**Our lowest resident enrollment for K-12 was 2,640 in 2011. The 2015 resident enrollment was 2,709 . On average, we added $17.25(=(2,709-2,640) / 4)$ residents between these years. In 2015, the SOC enrollment was 829 . At a growth rate of 17.25 residents per year, it would take 24 years (=(829/2)/17.25) for the SOC to fall by half. Put another way, it is commonly argued that SOC has kept our district strong because it filled in for declining residents-this calculation simply uses that argument in reverse.


## Assumption 3: Average class size

To keep our school system financially sound, we need 24 students per class on average across K-5 grades*
$\square$ This number is about operating costs

- Revenue is primarily generated by students (the per student foundation grant)
- Costs are primarily driven by teachers ( $60 \%$ of costs is instructional labor)
- It's our current average class size in K-5

■ Potential criticism: can't we do better than 24 ?

- Revenue, the foundation grant per student, is not a district choice-it is set by the MI legislature
- A way to start to do better: build our K-5 buildings by paying attention to operating costs

From a budgetary perspective, working with averages is a good way to proceed. Why? If average costs are equal to average revenue, then total costs are equal to total revenues.

From an operational perspective, it is exactly the variation around averages that is so difficult. The district must handle the cohort-to-cohort and year-to-year variation that will always exist. This is a statement not about averages, but about the variability around the average. Some of this variability can be smoothed with the SOC population. Other variability should be included in the planning process, but that planning needs to be about ensuring there is adequate and flexible space in the schools to handle the variability. In other words, variability will exist regardless of the overall population we build for.

* This number is an average over all six elementary grades (K-5). We may not necessarily want to distribute these classes equally across all grades. For example, we currently have more classes for the K-2 grades (12 across all schools) than we have the $5^{\text {th }}$ grade ( 10 across all schools), which delivers smaller classes sizes for $\mathrm{K}-2$ than for the $5^{\text {th }}$ grade. Such considerations can and should be taken into account when we distribute these classes across buildings, but that doesn't affect the basic math: On average, we need 24 students per class in the K-5, which will deliver us 68 classrooms.


## Example of aimplified school

| 1. Elementary | 12 K-5 classrooms (288) |  |
| :--- | :--- | :--- |
| 2. Other | 1 pre-K s.e. (16 FTE) <br> 3 pre-K rms (48 FTE) | 1 dev-K <br> 1 s.e. |
| 3. Add-ons | Gym/cafeteria/library <br> Music room | Art room <br> Office space |

## Part 1: Elementary comilguration

- Three basic assumptions
- Keep 3 parts of schools separate for planning
- K-5 size is 1,632
- Average class size is 24

■ Implication: We need 68 (= 1,632 / 24) elementary classrooms across the schools we build
H How does this compare to where we currently stand?*

|  | Donley | Glenc. | Marble | Pine. | W Hills | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| 2016 classrooms | 12 | 12 | 14 | 16 | 14 | 68 |
| 2016 enrollment | 266 | 303 | 359 | 385 | 284 | 1,628 |
| 2016 stud/teacher | 22.2 | 25.3 | 25.6 | 24.1 | 20.3 | 23.94 |
| Model enrollment | 288 | 288 | 336 | 384 | 336 | 1,632 |

* These numbers come from the September $9^{\text {th }}, 2016$ enrollment numbers. See appendix. Note that the Dev-K are not included here because they do not necessarily increase middle and school class sizes.

It should be noted that, although 24 matches the district average, it doesn't match a school average or a class average. There will always be year-to-year, cohort-tocohort, and catchment-to-catchment variation that poses a difficult operational challenge to a district. We need to build schools that can handle this variation-but such variation will exist whether we shrink or grow our district.

## The real question...

■ How are these 68 classrooms distributed across elementary buildings A through F?

- The model allows us to consider potential options
- Remember, we are only talking about K-5 grades here-we will come to pre-K shortly

| Options | A | B | C | D | E | F |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 12 | 12 | 12 | 12 | 12 | 8 |
| 2 | 16 | 16 | 12 | 12 | 12 | 0 |
| 3 | 14 | 14 | 14 | 14 | 12 | 0 |
| 4 | 18 | 18 | 18 | 14 | 0 | 0 |

The actual choice is a programming issue, of courseI'll come back to this

These are just options, all of which assume we want to retain K-5 configurations. If we were to move away from all schools being K-5, it would open up many more potential configuration options. Here is the rationale behind these potential options.

Option 1: Uses six schools, keeping 2 classes per grade in as many schools as possible. Implication, school F cannot 2 of each grade K-5.

Option 2: Uses five schools, building two sizes of schools. $A$ and $B$ are similar to Pinecrest, and D-F are similar to Donley or Glencairn.

Option 3: Uses five schools, keeping more buildings of similar size.

Option 4: Uses four schools if one wants to have 3 classes per grade, delivering schools of 432 .

## Evaluating potential conaligurations

Financial considerations

- The K-5 instructional costs are relatively equal across these options.
- Cost differences will arise due to "fixed" costs related to the number of buildings and the add-ons we want
- These are fairly straightforward to assess-more below.


## Pedagogic considerations

- Larger schools lead to less classroom variability, but may be less personal//fewer neighborhood schools*
- Is at least two classes per grade a minimum?
- Do we want to keep K-5 elementary schools?
- How costly is it move class rms between grades?
- How much of a premium should be placed on smaller classes for K-2?**
- These are difficult questions, but principals could be asked to evaluate the configurations directly
* There is more variability in smaller schools because there are fewer options to smooth enrollment spikes.
** Smaller equally sized schools limit the ability to vary class size by grade. For example, if we build 5 schools with 12 classes each, it is not possible in these schools to have more classes for K. Right now, we have more classes for K because we have schools that have more than 12 classes (Marble, Pinecrest, Whitehills),


## Part 2: Other students

- We heard from the pre-K committee

■ They believe pods of 64 FTE work*

- They thought 2 pods would be fantastic**
- They want the pods located at the K-5 buildings
- The pods would be comprised of ECSE, GS, HS, and feebased components
- We have not heard as much about Special Ed needs
- We currently have 2 pre-school classes (Pinecrest and Donely), which should be ignored if it is included in pre-K
- We currently host an ISD provided autism class at Pinecrest
- We currently have 3 additional special ed rooms (Basic at Glencairn, El and ASD rooms at Marble)
* NOTE: FTE is important because ECSE is half-day, meaning a 16 FTE classroom serves 32 ECSE children
** If we used series bonds, we could plan for multiple pods at various schools, but then build them as they make sense. For example, the district could build 1 pod, assess how it works, and then build another at another site as it makes sense. This would seem to be straight forward if the initial blueprints allowed space for a pre-K pod.


## Our current conffiguration

- Below is the best information I could cobble together
- Pre-K kept separate, assuming that they go into pod configuration

|  | Donley | Glenc. | Marble | Pine. | W Hills | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| 2016 K-5 rooms | 12 | 12 | 14 | 16 | 14 | 68 |
| 2016 pre-K rooms | 1 |  |  | 2 |  |  |
| 2016 dev-K* rooms | 1 |  |  |  | 1 | 2 |
| 2016 special ed |  | 1 | 2 | 1 |  | 4 |
| Totals | 14 | 13 | 16 | 17 | 15 | 74 |

■ If we strategically place these additional classrooms across the buildings, we can provide the district additional flexibility for programming. See below.

* I put the Developmental Kindergarten in with Special Ed because there wasn't talk of incorporating these into the pods. With that said, they are similar to the pre-K enrollment because they do not necessarily increase the size of the district. However, they are different from the special ed classrooms because they are listed separately in the enrollment numbers.


## Needed information

■ Pre-K information
■ How many ECSE have we served each year for the last five years?

- Has any ECSE student not been served for the last five years?
- What do we know about the number of Great Start kids in our community? Heat Start kids in our community?
- The fee-based component....*


## Special Ed information

- How many dedicated elementary S.E. classrooms do we have in the district over the last five years?
- How many elementary S.E. students have we served over the last five years?
- Do we need more S.E. classrooms (rather than just better classrooms)?
* Speaking as an economist, please do not mistake the survey data for the demand for feebased pre-K. Why? Putting aside the important survey-related questions that were raised, key product characteristics couldn't be spelled out in the survey.
-Price. Would individuals Radmoor tuition for ELPS pre-K?
-Location. Would a Marble parent bypass East Minster for Pincecrest?
-Half-day/full-day. Would working parent households consider half-day?


## Part 3: Add-ons

The architects will tell us the basics that schools must have-and what typical schools now have
■ Size of hallways, number of bathrooms, standard office space, gym, library, etc.

- These add-ons are meant to detail those additional features we would like given the ELPS context
E ELL room?, STEAM room?
- "Flex Rooms" could help tremendously*
- Two questions to think about regarding how they will affect costs
- Are they roughly fixed per building?**
- Do they come with additional operating expenses, beyond standard maintenance/electricity costs?***
* Suppose we added on the room to accommodate those programs that we must accommodate on a regular basis. Imagine then building a "Flex Room" that would serve two purposes: (a) on those rare years where another classroom was needed, it could be used as a classroom and (b) on other years, it would be functional to handle those activities that would be nice to handle, perhaps with the inclusion of expansive closets and dividers.
** GMB appears to vary the size of cafeterias by the number of students, but not the size of gyms. So, the cost of a gym is fixed per building, where the cost of a cafeteria is not.
** Keep in mind that some additional costs are already built into the 24 student per teacher amount. For example, we are already providing art and music teachers in our schools, which is captured in this number. So, we do not need to add in additional operating costs for these types of rooms. If a STEAM room would need an additional, dedicated staff member, that room would come with additional operating costs.


## The cost of add-ons

- Rule-of-thumb numbers are available to help us translate these add-ons into capital costs and operating costs
- Key questions
- Size?

■ Additional operating costs?

- Do we need it in every building?

|  | ELL <br> room | STEAM <br> room | Flex <br> classroom |
| :--- | :---: | :---: | :---: |
| Square feet estimate | 900 | 990 | 1200 |
| Capital costs $(\$ 200 / \mathrm{sq} \mathrm{ft})^{*}$ | $\$ 180 \mathrm{~K}$ | $\$ 198 \mathrm{~K}$ | $\$ 240 \mathrm{~K}$ |
| M\&O costs $(\$ 6 / \mathrm{sq} \mathrm{ft})^{* *}$ | $\$ 5.4 \mathrm{~K}$ | $\$ 5.9 \mathrm{~K}$ | $\$ 7.2 \mathrm{~K}$ |
| Additional operating costs? | No | $? ?$ | No |
| Do we need in every building? | $? ?$ | $? ?$ | Yes |

* This number was $\$ 250$ in GMB estimates. Should this be replaced by that?
** A 2008 American School \& University study suggested the number was \$5. I placed it at 6 to be conservative in the sense I think it is important to protect operating costs to pay teachers (and thus I rounded up this figure).

NOTE: It is an obvious point, but keep in mind that we may incurring these costs at five schools. Thus, five flex classrooms cost $\$ 1.2 \mathrm{~m}$ in capital costs and $\$ 36 \mathrm{~K}$ a year in operating costs. In other words, M\&O on the flex classrooms takes $\$ 36 \mathrm{~K}$ that could otherwise be spent on teachers.

## The planning problem: Bulild schools that

- Contain 68 classrooms for the elementary students
- This is easily changed if the assumed parameters needs to be changed (1,632 and 24)
■ Contain (6?) classrooms for Special Ed and Dev-K
- Contain (4?) classrooms for pre-K

■ Contain the add-ons that are necessary for East


## Some final details

- We can minimize location issues by building schools as similar as feasible
■ The district can then move programs around as needed
- We can design schools that can be expanded if necessary
- Site a school so that a pre-K or an additional wing can be added later
- This hedges against growth and avoids M\&O costs when it is not needed

These numbers are motivated by actual operating costs and differ from state planning numbers**

* If you examine the 2012 Application for Pre-Qualification, you will find that the "capacity" for grades K-2 is 20 kids and for grades $3-5$ is 25 kids. We generally far exceed these "capacity" numbers. These figures are specified by the state to provide consistent planning across schools and are not updated to reflect current costs and revenue numbers. The new application will need to use these same numbers. Do not mistake them for actual capacity.


# My hope: This simple firamework will give us an easy way to think about designing buildings that fitt our district 

## What I have learnedl-1

- 1. Even five of the buildings that the architects priced are way too big
- We currently have 68 K-5 classroom and 6 other classrooms
- GMB have 16 K-5 classrooms plus 3 others ( 2 special ed, 1 Spanish/STEAM) per building
- Scaling their numbers down, our final budget could be about $15 \%$ (12 extra rooms / 80 rooms) less than $\$ 75 \mathrm{~m}$, or $\$ 64 \mathrm{~m}$ ignoring the pre-K rooms*
- This calculation intentionally keeps everything else in proportion because....

| Option | A | B | C | D | E | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Elem <br> Pre-K | 16 | 16 | 16 | 16 | 16 | 80 |
| Other | 3 | 3 | 3 | 3 | 3 | 15 |
| Total | 19 | 19 | 19 | 19 | 19 | 95 |

* To get the community on board, I think it will be important to talk about the cost of replacing what we have (the K-5) versus adding on the pre-K. It should help make the case that we are getting a lot more for the dollars.


## What I have learnecl-2

Modern schools, which is what GMB is appropriately designing for us, already have a lot more space

- The square foot per student is much greater in the GMB school than all of our current schools*
- To be consistent, I think GMB-24 is the right column to consider-it assumes that the average class size is 24
- Implication 1: Don't pad the student population numbers to get more space-the architects are appropriately putting it in
■ Implication 2: Don't specify too many "add-ons" until the modern school is understood **

|  | GMB | GMB-24 | Don | Glen | Marb | Pine | White |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Students | 360 | 384 | 283 | 303 | 359 | 385 | 326 |
| Sq. Ft. | 61408 | 61408 | 42,120 | 35,560 | 44,490 | 44,740 | 38,970 |
| SF/stud | 170.6 | 159.9 | 148.8 | 117.4 | 123.9 | 108.6 | 119.5 |

* I am using higher enrollments for the schools than reported earlier because I am now factoring in Dev-K and ECSE. If we're trying to get a sense for crowdedness, that only seems fair. Also, I took the square feet from the previous bond application. I do not know if the figure includes portables.
** As an example, GMB includes 2 special ed classrooms per school, which would give us 10 district wide. Currently we have 4 outside pre-K. Do we have demand for 6 more classrooms? We have demand for larger special ed classrooms, of course, but this is about the number of classrooms. Two of these additional classrooms could be applied to Dev-K. Perhaps these other four classrooms could be dedicated to pre-K. The GMB drawings also include one classroom for Spanish or STEAM. Might that mean that no "add-ons" are necessary?


## What I have learned-3a

- Five K-5 schools are more easily programmed and are more flexible
- This example is based on assuming two smaller schools for the small sites, and three larger schools
$\square$ School C is denoted "14(18)" because it has $14 \mathrm{~K}-5$ classrooms and 4 additional pre-K classrooms. If these pre-K classrooms were built with the footprint of a K-5 classroom and with re-K fixtures, then schools $A$ through $C$ can be thought of as interachangable

| Option | A | B | C | D | E | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Elem | 16 | 16 | 12 | 12 | 12 | 68 |
| Pre-K |  |  | Yes |  |  |  |
| Other | 2 | 2 | 2 | 0 | 0 | 6 |
| Total | 18 | 18 | $14(18)$ | 12 | 12 | 74 |

## What I have learned-3b

- Five K-5 schools provide lots of programming flexibility
- The superintendent could decide from at least these two options, plus move them around the physical buildings as needed if the schools were built more similarly*

| Option | A | B | C | D | E | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Elem <br> Pre-K | 16 | 16 | 12 | 12 | 12 | 68 |
| Other | 0 | 0 |  | 3 | 3 | 6 |
| Total | 16 | 16 | $12(16)$ | 15 | 15 | 74 |


| Option | A | B | C | D | E | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Elem | 14 | 14 | 12 | 14 | 14 | 68 |
| Pre-K |  |  | Yes |  |  |  |
| Other | 2 | 2 |  | 1 | 1 | 6 |
| Total | 16 | 16 | $12(16)$ | 15 | 15 | 74 |

* To be clear, the flexibility arises from many sources:
-The buildings are similar sized, so programming can be shifted between them (perhaps reacting to changes in the distribution of families).
-The buildings are large enough that multiple programming options exist within each building.
-There is flexibility within buildings to shift classrooms around-something that is less likely in a 12 or 13 room school.


## What I have learned-4

## Six buildings are not flexible

- We can't have 2 classes per grade in every school

■All K-5 config: School F is missing four K-5 grades
■ School F made K-3: Sister school is missing two K-3 grades*

- It takes away possibility of systematically increasing class size from K to 5 as we currently do
- And the point of this exercise is that adjusting the elementary classrooms from 68 isn't an option **

| Option | A | B | C | D | E | F | Total |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Elem <br> Pre-K <br> Other | 12 | 12 | 12 | 12 | 12 | 8 | 68 |
| Total | 1 | 1 | 1 | 1 | 1 | 1 | 6 |

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* If we stay with a catchment area system, then school F will need to be paired with another school to serve the $4^{\text {th }}$ and $5^{\text {th }}$ graders. Specifically, suppose School E was paired with School F, so that the K-3 were split between the two schools, but all $4^{\text {th }}$ and $5^{\text {th }}$ graders then went to School E . The total classrooms serving this larger catchment area is 20 . That would mean we could have 3 classrooms per grade, with 2 left over. If we put 2 classes each of K-3 in School F, we would necessarily need 3 classes each of grades 4 and 5 in School E . That would mean there would be 6 classrooms left in School E to serve K-3. Thus, you can't have 2 classrooms of each grade K-3 (which would take 4 classrooms) in School E. Bottom line: The desire to have two grades per class at School $F$ undoes the ability to have two grades per class at School E.
** Grow School F to 12 elementary classrooms would add 96 students to our elementary system ( $=4 \times 24$ ), which will push 48 more students into the middle school and grow our SOC by over 200 students long term ( 96 in grades K-5, 48 in grades 6-8, and 64 in grades 9-12).


## Where I am

- K-5 schools that fit ELPS should cost appreciably less than \$75m
E Even 5 of the GMB school are too big
- This statement is likely to be true even if we built 6 smaller schools

Five K-5 schools are easily programmable, but six are not
■ I've tried to fit the puzzle pieces together and I cannot-l'd be happy to be proven wrong

- Perhaps rehabbing Red Cedar for MSU childcare needs is the best use of the sixth site if six sites are to be used

Let's design with room for growth

- We are unlikely to see appreciable growth, but we could-so let's build schools that allow for it
- Little reason to pay M\&O on such space until we need it


## Appendix Material

## 2016:17 enrollment and clase rms

| Students per grades |  |  |  |  |  |  | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\underline{K}$ | $\underline{1}$ | $\underline{2}$ | $\underline{3}$ | 4 | $\underline{5}$ |  |
| Donley | 43 | 35 | 48 | 41 | 43 | 56 | 266 |
| Glencairn | 50 | 49 | 46 | 49 | 50 | 59 | 303 |
| Marble | 63 | 52 | 73 | 59 | 55 | 57 | 359 |
| Pinecrest | 67 | 62 | 69 | 54 | 76 | 57 | 385 |
| Whitehills | 42 | 54 | 50 | 62 | 52 | 55 | 315 |
| Total | $265^{\prime \prime}$ | 252 | 286 | $265{ }^{\prime \prime}$ | 276 | 284 | 1628 |
| Teaching units per grade |  |  |  |  |  |  |  |
|  | K | $\underline{1}$ | $\underline{2}$ | $\underline{3}$ | 4 | $\underline{5}$ | Total |
| Donley | 2 | 2 | 2 | 2 | 2 | 2 | 12 |
| Glencairn | 2 | 2 | 2 | 2 | 2 | 2 | 12 |
| Marble | 3 | 2 | 3 | 2 | 2 | 2 | 14 |
| Pinecrest | 3 | 3 | 3 | 2 | 3 | 2 | 16 |
| Whitehills | 2 | 3 | 2 | 3 | 2 | 2 | 14 |
| Total | $12^{\prime}$ | 12 | 12 | 11 | 11 | 10 | 68 |

This table comes from ***

## Quick overview of costs

## - Capital costs

Generally speaking, this is the cost of building the schools

- We can use sources such as those raised by a bond


## - Operating costs

■ These are largely funded by the per student foundation grant, set by the state
■Bond proceeds cannot be used for operating costs*

- For our purposes, there are two main types of operating costs
-Those that that don't vary by the number of buildings, or called "fixed costs" (example: teachers)
Those that vary by the number of buildings, or "variable costs" (example: library)**
- Basic components: $80 \%$ personnel ( $3 / 4$ of which is instructional staff), $20 \%$ other***
* To facilitate districts that choose to renovate buildings, there is a way to use bond proceeds to cover some capital-related operating costs through the establishment of a "sinking fund"
**This breakdown is not exact. For example, bigger schools often build bigger libraries. Still, for planning purposes, it is useful to keep in mind that some costs increase by the number of schools that are built.
** These percentages are district wide, not just K-5, and are for 2014/15. Some of the $20 \%$ other is for labor services that are outsourced ("other purchased services"), so the $80 \%$ number is probably low. Here is district wide information that breaks it down by source:
- http://elps.us/downloads/budget_transparency__current_operating_expenditures̄/operating_expenditures1415.pdf
- http://elps.us/downloads/budget_transparency__personnel_expenditures/personnel_expenditures1415.pdf.


## Pre-K finances

## Costs

- \$10K per FTE pre-K or $\$ 640 \mathrm{~K}$ for 64 FTE pod of 4 classes
- Est. foundation grant is $\$ 8,167$, but class sizes are MUCH smaller for pre-K
- Why so high? we pay pre-K teachers on the same scale


## Revenues

■ ECSE children receive full grant for half-day. Break even?

- GS grant is $\$ 6.8 \mathrm{~K}$ per child. We lose $\$ 3.2 \mathrm{~K}$ per GS child.*
- HS grant is $\sim \$ 6.8 \mathrm{~K}^{* *}$ We lose $\$ 3,2 \mathrm{~K}$ per HS child*
- If we charge Radmoor tuition on the fee-based side, we lose \$3,7K per child.***

Bottom line

- IF we charge Radmoor prices and IF we can fill all 64 FTE, the district will lose $\$ 161 \mathrm{~K}(=32 \times \$ 320 \overline{0}+16 \times \$ 3655)$ per pod
- The pod will cost $\$ 640 \mathrm{~K}$ regardless--so the losses will be greater to the extent those assumptions are not met

NOTE: These numbers are based on providing pre-K services for the school year, 8:30 to 3:30. If these services were expanded to be more like childcare, covering 50 weeks of the year and from 8 to 5 , both the costs and revenues should be adjusted upward appropriately.

* Keep in mind that GS and HS children are poor/disadvantaged families, meaning that these students are less likely to go to preschool. Thus, the subsidy of $\$ 3.2 \mathrm{~K}$ for GS and HS delivers a full \$10K of services to a child that might not otherwise go to pre-school, whereas the subsidy of $\$ 3.7 \mathrm{~K}$ to non-poor families through fee-based service is more likely to displace other pre-school services.
** I could not put my hands on Head Start grant level. I have heard it is more than Great Start and less than Great Start. I simply assume Great Start level because I don't have better information.
*** Radmoor charges \$6,345 for FT in 2016/17.

