

Navigating the DOE “template”

Question: *We have printouts for education cost sharing for consolidation from State. I can not make sense of the formula. I asked one of our SAD Directors and she said it made no sense to her either. Is there a formula or is it just too complicated for us to comprehend?*

Answer: I believe the printouts you refer to are also called the financial “templates” by the Department of Education. My experience with the template for the reorganized system proposed in our area suggests the following:

1. You need to work with the template and plug in your own school-specific data for this current school year budget (FY 08) before the template is useable.
2. The overall goal of all of this exercise is to compare what each municipality's school assessment would be if the proposed consolidation was already in place this year, compared to each municipality's actual school assessment (or local share, for municipal school systems) this year.
3. What is obviously outside the scope of this analysis is what probable changes to the overall school budget would likely occur after the consolidation. As far as overall costs, those impacts cut several ways. It would be reasonable to predict, for example, that the labor contracts would harmonize toward the richer contracts and the school's programmatic offerings would harmonize toward the most expansive programs. On the other hand, over time there should also be opportunities for reductions in work force, certainly at the administrative level (which is the underlying theory of the entire law) and potentially at the instructional level.
4. To complete the analysis, the 5 areas where you need to identify actual school budget numbers before you can proceed are:
 - total amount in dollars that all participating systems are over EPS this year;
 - individual school system appropriations for school lunch programs ("nutrition");
 - individual school system appropriations for this year's "balance forward" or "carryover";
 - individual school system appropriations for their tuition costs ("choice"), if any; and
 - individual school system appropriations for local-only debt, if any.

Your superintendent should have all of those numbers for this year's budget.

5. Specifically, you need to find out how many dollars all the participating school systems were over EPS for this current school year and plug that number in rather than whatever dollar amount over EPS that the template plugged in as a proxy. (In our case the "proxy" over-EPS number that was plugged in was \$1 million even though our combined school systems are closer to \$3 million over EPS.) It is very important to get the accurate

over-EPS numbers for all school systems in the proposed consolidation, or this exercise becomes meaningless.

6. You will at that point have the gross amount of dollars (both within EPS and over EPS) that would need to be collected from each of the participating municipalities this year if the consolidation was already in place. In general, this gross amount would be assessed to each of the participating municipalities in the following way: (1) the within-EPS local share would be assessed as each municipality's required local share, which is given to you on the template; and (2) the over-EPS amount would be assessed according to the within-EPS local-share percentage distributions. Those percentage distributions are also calculated for you on the template. BUT THERE IS ONE MORE STEP.

7. Before you do the final math, you need to find out how many dollars, if any, each individual school system appropriated this year for the four specific subcategories (school lunch, carryover, tuition, and local-only debt) because for the purpose of this exercise these four subcategories should be reviewed to see if they should be assessed to the individual appropriating school system rather than shared among all the participating municipalities according to the percentage-based assessing system. Therefore, for each of these four subcategories, the specific individual appropriation should be: (1) subtracted from the aggregate over-EPS amount; and (2) ascribed to the specific school system/municipality that appropriated those funds.

8. I know this sounds hyper-complicated, but here is the example of why this is necessary that was given to me. Some school systems appropriate out of taxation next to nothing for school lunch because it is all paid for by lunch fees. Other school systems almost totally subsidize their lunch programs through taxation. For the purpose of this exercise, in order to more fairly compare the impacts of consolidating compared to the status quo, funding the school lunch program out of taxation is considered a local option, and the schools that appropriate money out of taxation for that program will not be able to get that expenditure shared by the other schools in the proposed consolidation. The same individual-assessment theory applies to the other three categories (carryover, tuition, and local-only debt), and may apply to some other categories of spending as well (e.g., “contingency” accounts).

9. The fair distribution of tuition costs, and perhaps others of these locally-ascribed costs, may have to be finessed depending on whether it is a single municipality or a multi-municipal school district that is now participating in the new regional school unit, because the multi-municipal school district already ascribes these costs to each municipality according to certain formulas which might change under this new law. The goal is to understand how the new regional school unit's entire local share will be allocated among the participating municipalities and match that in a fair way with each municipality's actual local costs this year. Common sense should be liberally applied to conduct this analysis fairly.

10. Therefore, after parsing out what should be ascribed as purely local charges for the purpose of this analysis, and after applying the appropriate local-share percentages to the

remaining over-EPS value, you should add up each municipality's: (1) required local share; (2) over-EPS assessment; and (3) specific individual assessments. At that point, you should be able to get a snapshot of each municipality's local costs for education under the proposed consolidation versus that municipality's actual local costs for education for this year and as though the consolidation has already occurred.

BUT REMEMBER, this analysis does not take into account any changes that would likely occur to the overall budget as a result of programmatic changes within the new school district, the impacts on salaries associated with integrated labor contracts, changes in work force, changes in contracted services, etc.

I hope this helps.