

Talking Ed w/ G9

## **The Economics of Business Applied to Schools**

While I have very much enjoyed my tenure as an educator, since 1980 I've always been involved in a business of one kind or another outside the school day. I started working on a family farm, then progressed to managing a mobile home park, owning an RV park, and presently am a partner in a restaurant.

Please bear with me as I discuss a part of the restaurant business before I bring it back to its relevance to schools.

With the economic downturn over the past few years and with the cost of gas rising at the same time, most people have less discretionary income – a nice way to say less money to spend eating out. For those of us in the restaurant business that means tightening our belts, being more efficient, and advertising more. Yes, advertising more; because there must be patrons in the seats to turn a profit.

You see, all the costs, rent, labor, utilities, advertising, food, etc., must be paid with the first dollars earned each day. Hopefully, you break even at some time during the day; maybe say by 7:00pm. After you reach the break -even point, since everything else is now paid for, the only cost to serve another meal is the cost of food and utilities. In summary, you can only make a profit by having customers after all expenses are paid.

We, as a community, together, have invested in our schools and, with lots of work from lots of people, have built a system that is safe for kids, clean, provides calm and positive learning environments and has become the envy of many, especially with regard to technology. To quote Chris Knutsen, Principal of Florence HS, "We are winning with kids in academics, the arts, and athletics."

In February of 2010, even though we were still growing in student population, we were informed by the State to expect a cut of a little over \$2 Million; that is after already being cut about \$1.3 Million over the previous two years. At that point, our choices were to cut programs and services to the students of FUSD or to choose to be more business oriented and invite kids to join us from outside the district.

As FUSD was awarded the last school funded by Arizona's School Facilities Board, Magma Ranch, before the funding moratorium, we had available classroom space. As we already had infrastructure in place, principals, teachers, nurses, etc., the only cost of adding kids was the cost of the teacher and a little utility cost, very much like in the restaurant business. So if I added a class of 25 kids to an empty classroom, the cost (teacher plus utilities for the year) is approximately \$50K, while the funding for those students generates approximately \$120K, or a net gain of \$70K. Last year we added 250 students, so we generated a net gain of about \$700K, countering a significant portion

of the cuts from the State, which allowed us to continue all educational programs for the kids of FUSD.

I have been criticized by some who have offered that it is unfair for the citizens of the District to pay for kids from outside the District. I have worked with our Finance Director and found that the average tax paid by a homeowner of the District to educate the out of district students presently attending our schools is 25 cents a week or about \$13/year. While I wholeheartedly agree that this should not be necessary, FUSD has been cut in excess of \$6.2 Million over the last four years, while we have grown by 1,700 students. The students of FUSD have a full slate of academic course offerings, including Advanced Placement and International Baccalaureate, foreign language, band, choir, drama, orchestra, art, culinary arts, agriculture and many others. All kids are motivated differently and great schools offer classes to meet the needs of their students.

We have been creative in finding solutions to the monetary shortfall that has affected all districts in Arizona. We thank you for supporting us during these difficult times and ask for your understanding in why we have invited 350 kids from outside the district to join us. That was done, you now know, so we didn't have to lessen the opportunity of the kids inside the district.

As always, thanks for your continuing support as we work together to make FUSD an exceptional district every day for every child; KIDS FIRST today, tomorrow, and every day.