

# Windham School District

School Administrative Unit #95

Winfried Feneberg  
Superintendent

Adam Steel  
Director of Business, Finance, and Operations

Kori Alice Becht  
Director of Curriculum, Instruction, and Assessment

Rosalyn Moriarty  
Director of Student Services

Carol St. Pierre  
Director of Human Resources

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To: Winfried Feneberg, Superintendent  
From: Adam Steel, Business Administrator  
RE: Proposed Charter School Impact Projections

Friday, August 08, 2014

Dear Mr. Feneberg,

Per the proposal received by the Board from the Educational Choices Foundation (“ECF”) dated June 27, 2014, I have compiled financial impact projections for FY16 for consideration by the Board and the community. My projections are based on many assumptions which I have identified. Whenever possible, I have relied on data provided by the ECF and have assumed their projections to be accurate in terms of enrollment and the breakdown between students who reside in Windham and those who do not.

Table 1 provides an overview of the estimated effect (net increase to District budget) for the first three years of the proposed charter school. Years four and five are similar in estimated effect given the stable enrollment projections provided by the ECF. A detailed copy of all of my calculations are available here:  
<https://docs.google.com/spreadsheets/d/1mEmzS9yPNNJikvFX46Gj2cMFFOiJF7EXDC93r8jV-QQ/pubhtml>

The way the charter school law is written (RSA 94-B), the District will be required to submit a tuition payment to the ECF based on a minimum of 80% of the cost per pupil as calculated by the Department of Education using the most recent data. Cost per pupil is a rough calculation of all expenses by the District minus transportation, tuition, construction, and a few other items (see <http://education.nh.gov> for a detailed explanation of the cost per pupil calculation) divided by the average daily membership in attendance. The projections included in this document do not take into account the potential effect of the charter school and its effect on future cost per pupil calculations.

The District will be required to budget for the tuition payment to the ECF based on projections completed by the school board with those costs included in the warrant article that would be placed on the ballot for voter consideration in March, 2015.

Assumptions included in the calculations are as follows:

Assumptions
1. Cost per pupil increases 2% per year (does not incorporate compound effect of removing students from District calculation)
2. 10% of charter school students are not from Windham.
3. Even distribution of students from District going to charter school (e.g. 18 per grade in first year)
4. Average teacher salaries are eliminated
5. One teacher per grade level eliminated in first year, 1.5 for the second year, and 2 for years 3-5.
6. Each elementary bus will add 1 hour of driving time to each route per day (1/2 hour AM, 1/2 hour PM)
7. The District will save \$400 per student in consumables and other miscellaneous costs for each student no longer attending
8. Three special educators will travel an average of 20 miles per day to service students at the charter school.
9. The enrollment projections provided by the ECF are accurate.

**Table 1 - Estimated Net Effect of Years 1 - 3**

Item	FY16	FY17	FY18
Projected Charter School Enrollment	160	260	320
% of Windham Students	90%	90%	90%
Total Windham Students enrolled in the Charter	144	234	288
Windham Cost per Pupil Projection	\$12,632	\$12,884	\$13,142
Windham Tuition Fee to Charter School	\$10,105	\$10,307	\$10,514
Windham Tuition Payment to Charter School	\$1,455,164	\$2,411,934	\$3,027,905
Average Students per Grade from Windham	18	29	36
Average Fully Loaded Teacher	\$88,642	\$90,415	\$92,223
Teacher Reduction Factor	20	20	20
Number of teaching positions RIF'd (aggregate)	7	12	14
Teacher Savings	(\$620,494)	(\$1,084,978)	(\$1,291,124)
Supply/Consumable Savings Amount	\$400	\$400	\$400
Supply/Consumable Savings to the District	(\$57,600)	(\$93,600)	(\$115,200)
Special Education Travel Costs	\$5,940	\$5,940	\$5,940
<b>Estimated Net Cost to the District</b>	<b>\$783,010</b>	<b>\$1,239,296</b>	<b>\$1,627,521</b>
Transportation Cost Estimate (borne by Charter School)	\$146,025	\$150,390	\$154,890

The net cost to the District will experience volatility based on actual enrollment and the breakdown between Windham residents and non-Windham residents. For example, if 100% of the students enrolled in the ECF school are from Windham, the net effect the first year increases

to \$849,653 (an 8.5% increase). Conversely, if only 50% of the students are Windham residents, the net effect decreases to \$427,796 (a 45% decrease). Total enrollment of the school provides proportional effect to the District.

The only two costs identified in these projections that represent a potential savings to the District to offset the tuition payment to the ECF include a reduction of teachers and a potential savings in consumable supplies. I do not project the District saving money on transportation, utilities, administrative overhead, equipment, or ancillary services.

The projected teacher reductions assume the elimination of one teaching position for every 20 students who leave the Windham School District to attend the ECF school. These projections do not account for Windham residents who do not currently attend a Windham School District school who begin to attend the ECF. For example, if a current Windham resident is either home schooled, attends another charter school, or a private school enrolls in the ECF school, the District would still be responsible for making an 80% tuition payment to the ECF, but would not realize a reduction in enrollment in the District.

The net effect of the elimination of teaching positions in the District to reduce the effect of the ECF tuition payment will have a positive effect on the number of classrooms needed throughout the District, but will increase class size for the classes that remain unless the District chooses not to eliminate as many teaching positions, thereby increasing the financial impact of the ECF.

For example, in year three (FY18), it is assumed the ECF will meet their targeted enrollment of 320 students with 90% (288) students being Windham residents. Assuming 275 of those students are students who were in the Windham School District prior to enrolling in the ECF, that results in a reduction of approximately 34 students per grade level in the District. In my projection, I assumed that 2.5 teaching positions per grade level are eliminated with 3 teachers being eliminated in some grades while only 2 being eliminated in others, based on size of cohort. In this scenario, the number of 4<sup>th</sup> grade teachers would be reduced from 10 to either 7 or 8 which would have a net effect increase in class size from 23 students to class to either 24.5 or 28. (Calculation is based off of NESDEC enrollment projections dated 11/5/2013 of 230 students in grade 4 during the 2017-2018 school year).

### **Requested Board Actions**

1. None.

Attachment(s)