



How does the district “make money” on Open Enrolled students and other new students?

The reason any district “makes money” on new students (Open Enrolled or otherwise) is that the basic costs of running the district and its programs and services are borne by the initial core group of students and the revenue they bring to the district. In Minnetonka’s case, the district would require \$81,000,000 to operate the district with its current programs and services for the 7,100 resident students. It costs \$85,000,000 for the entire 9,000 students because the added 1,900 students create only incremental cost of about \$4,000,000. However, those additional 1,900 students bring in about \$11,000,000 in state revenue. So, the difference between the incremental additional cost of \$4,000,000 and the revenue of \$11,000,000 is used for all students.

Many of the students are integrated into the system at much less than \$2,000 each. Some add no more than a couple hundred dollars of cost. In the worst case, one might argue that an entire class of Open Enrolled students created the need for another teacher. If that teacher cost \$70,000 and the rest of the costs of a classroom \$3,000, the most extreme case cost would be \$73,000; however the revenue for those 25 more students would be about \$150,000 in state aid. So, even in the worst case, the additional money over cost would be \$77,000 for that class.

While the added classrooms help the district generate \$11,000,000 more per year, they are paid out of a different fund. Even attributing \$500 per student for the life of those classrooms only to Open Enrolled students, would only add about \$950,000 per year in cost against the \$11,000,000 in revenue.

For those who have tried to mislead voters by arguing that Open Enrollment costs the district instead of helping the district, one needs to ask them why are we continuing to get more revenue than we have expenses in each of the last five years while state aid has been mostly static? And, furthermore, how have we added programs for all students during the last five years?

But, one might ask how does that reconcile with the overall cost per student of \$9,500? That is an entirely separate computation that simply takes the total dollars spent and divides by the total number of students. The reality is that resident students are more costly than new students because we already build the district’s structure around them. We have all of the schools to heat and light and operate, all of the administrative structure, and all of the programs and services for 7,100 students.

A more graphic example would be that it costs the same to fly an airplane from one city to another with 25 passengers or 80. So, the first 25 actually cost more than the last 55 because they pay for the basic operation of the plane. The rest are used to bring in revenue that the airplane’s owner uses elsewhere.