

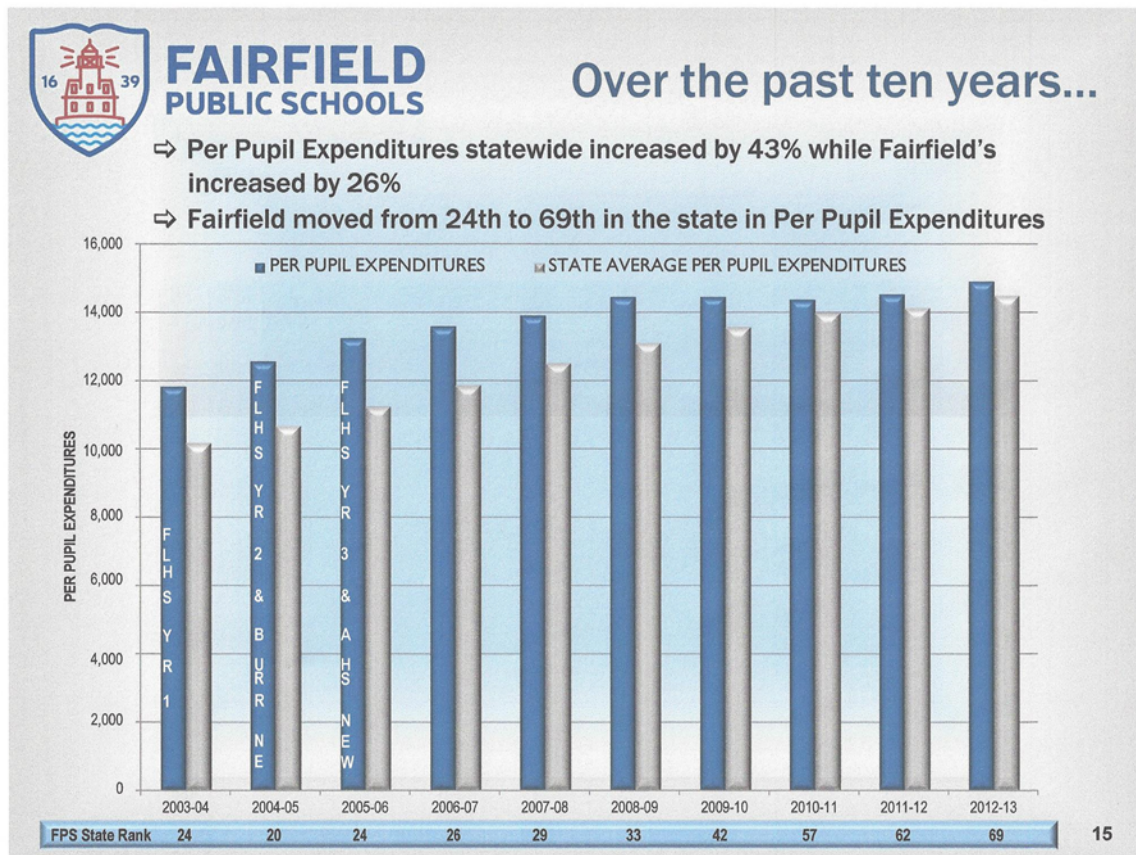
PER PUPIL EXPENDITURES IN FAIRFIELD SCHOOLS:
A RACE TO THE BOTTOM?
WE DON'T THINK SO.

Are we spending enough on our schools?

Superintendent of Schools David Title and BOE Chairman Phil Dwyer think we are not.

Indeed, they recently told the Board of Selectmen and the Board of Finance that Fairfield is in "**A Race to the Bottom**" in school spending because Fairfield's rank in terms of the amount of money we spend per pupil (Per Pupil Expenditure, or "PPE") has fallen 45 places over the last ten years from #24 to #69.

Here is the relevant chart they presented in support of their proposed budget for next year. Fairfield's PPE rank is indicated for each year in the blue horizontal line at the bottom.



Both Dr. Title and Chairman Dwyer referred to this decline in rank as a "**Race to the Bottom**," implying that Fairfield should be worried about this trend. Referring to Fairfield's decline in PPE rank, Dr. Title's exact words were: "**If we keep this up we will win the race to the bottom.**" Chairman Dwyer's comments were: "**Where are we heading in Dr. Title's so-called Race to the Bottom, if in five years we are below the average of the state?**"

Is this a valid argument?

Fairfield Taxpayer doesn't think so.

When school enrollment increases, good things happen to Per Pupil Expenditures (PPE). Fixed costs (like the Superintendent's salary) can be spread over more students – economists call this “economies of scale” – thereby resulting in a lower PPE than otherwise. When enrollment shrinks, the opposite happens as fixed costs must be spread over fewer students resulting in “diseconomies of scale,” and a higher PPE than otherwise.

So it is important to understand that over the ten years covered by the chart (FY2004 to FY2013), Fairfield's enrollment increased 16.5%, while enrollment declined in 138 (82%) of the other 168 CT towns. Not only did Fairfield's enrollment rise, but at 16.5%, it had the highest increase in the State; including Fairfield, enrollment was up more than 10% in only seven (4%) of the 169 towns.

But even that is not the full story. In the State of CT, there is a law called the “**Minimum Budget Requirement**,” which basically means that even when their enrollment declines, towns are not allowed to reduce their spending on education, which basically means that ***all their costs are fixed***, which forced PPEs to soar in towns with significant declines in enrollment. The record goes to Cornwall, where enrollment declined 31% (from 220 to 153) and its PPE increased 92%, and the runner-up was Sharon, where enrollment declined 32% (from 355 to 241) and its PPE was up 85%.

If we look at the 46 towns that moved above Fairfield in PPE, their average decline in enrollment was 11%, and by FY 2013 their average enrollment was 2,326, or less than one-quarter Fairfield's enrollment at 10,322.¹

This simple math is the reason Fairfield's state rank in PPE dropped so much over those ten years.

Here is a summary of the numbers for the 46 towns that moved above Fairfield, and the 22 that stayed above it.

TOWNS THAT MOVED ABOVE FAIRFIELD				TOWNS THAT STAYED ABOVE FAIRFIELD			
% Change in Number of Pupils	No. of Towns	Average Change in Pupils	Increase in PPE	% Change in Number of Pupils	No. of Towns	Average Change in Pupils	Increase in PPE
(20%-31%)	7	-24%	67%	(20%-35%)	10	-27%	73%
(15%-20%)	9	-17%	60%	(0%-20%)	10	-7%	41%
(10%-15%)	10	-13%	53%	0%-11%	2	8%	37%
(0%-10%)	14	-7%	51%		22	-15%	55%
0%-14%	6	4%	44%				
	46	-11%	55%	Fairfield	1	17%	26%
				State	169	-6%	43%

¹ The reason 46 towns moved above Fairfield and its rank dropped only 45 places is that one town, New London, moved below Fairfield by going from #23 to #123.

As you can see, the towns that either **moved above** or **stayed above** Fairfield's rank had enrollment declines, on average, of 11% and 15%, respectively. Both groups experienced significant diseconomies of scale with their PPEs up 55%. In contrast, with the benefit of the economies of scale from a 17% increase in enrollment, Fairfield's PPE was up 26%.

Finally, what about the 100 towns that **stayed below** Fairfield's rank (or, in one case, **moved below** it)? As you can see in the following table, this group had a much lower average enrollment decline of only 6%. The nine lucky towns that had average enrollment increases of 11% were able to hold the increase in their PPE to 31%. Once again, Fairfield, with a greater 17% enrollment increase, had a 26% increase in its PPE. Fairfield's PPE rank dropped **45 places** from #24 to #69, and the average change in rank for this lucky group of nine was almost identical at **46 places**.

TOWNS THAT STAYED BELOW FAIRFIELD			
% Change in Number of Pupils	No. of Towns	Average Change in Pupils	Increase in PPE
(15%-25%)	15	-17%	55%
(10%-15%)	22	-12%	52%
(5%-10%)	34	-7%	21%
(5%)-5%	20	1%	39%
5%-15%	9	11%	31%
	100	-6%	46%
Fairfield	1	17%	26%

By the way, in case you were wondering, in order to have ranked #24 in 2012-13, our PPE would have to have been \$17,344 instead of \$14,908, an increase of 16.3%. A 16.3% increase in our 2012-13 BOE budget of \$149 million would represent an additional \$24.3 million in spending, and this increase would have required **a 10% increase our taxes** as of 2012-13.

In conclusion, we believe it is misleading to argue that Fairfield is in a Race to the Bottom in its spending on schools because its PPE rank has fallen from #24 to #69 over the latest ten-year period for which data are available. We believe that the drop in Fairfield's rank reflects instead the diseconomies of scale that most CT towns are dealing with due to enrollment declines, the effect of which is being compounded by the Minimum Budget Requirement that prevents them from compensating by reducing their spending on education.

Each town should be able to decide how much it wants to spend on its school system and on every other public service. However, in order to make those decisions, we need good information and valid arguments about the consequences of our choices. Hopefully, we will not hear this "Race to the Bottom" argument again, but if necessary we will keep on refuting it.² Sometimes, repetition is required for learning.

² For last year's commentary on this subject, please see: *"You Can Fool Some of the People."*
<http://www.fairfieldtaxpayer.com/f2015-boe-budget-you-can-fool-some-of-the-people.html>

TOWNS THAT MOVED ABOVE FAIRFIELD IN STATE RANKING OF PPE
(From Highest to Lowest % Change in Pupils)

	<u>TOWN</u>	<u>2012-13</u>			<u>2003-04</u>			<u>Change</u>	<u>Change</u>
		<u>RANK</u>	<u>PPE</u>	<u>PUPILS</u>	<u>RANK</u>	<u>PPE</u>	<u>PUPILS</u>	<u>Pupils</u>	<u>PPE</u>
1	Bethlehem	36	16,305	428	90	9,618	621	-31.1%	69.5%
2	Columbia	65	15,085	722	130	8,948	946	-23.6%	68.6%
3	Hartland	63	15,111	300	72	9,987	392	-23.5%	51.3%
4	Litchfield	43	16,023	1,060	86	9,744	1,382	-23.3%	64.4%
5	Ashford	45	15,841	643	116	9,284	831	-22.6%	70.6%
6	Preston	30	16,844	609	70	10,020	779	-21.8%	68.1%
7	Kent	9	19,912	317	30	11,503	403	-21.3%	73.1%
	Group Avg.							-23.9%	66.5%
8	Winchester	34	16,535	1,303	46	10,780	1,624	-19.8%	53.4%
9	Willington	49	15,587	738	47	10,762	908	-18.7%	44.8%
10	Woodbury	36	16,305	1,268	90	9,618	1,546	-18.0%	69.5%
11	Bloomfield	15	18,444	2,261	29	11,550	2,754	-17.9%	59.7%
12	Norfolk	16	18,342	222	28	11,606	267	-16.9%	58.0%
13	Woodbridge	40	16,109	1,464	42	10,809	1,762	-16.9%	49.0%
14	So. Windsor	60	15,148	4,425	140	8,842	5,272	-16.1%	71.3%
15	Bolton	66	15,050	815	62	10,181	969	-15.9%	47.8%
16	Westbrook	21	17,493	889	92	9,549	1,057	-15.9%	83.2%
	Group Avg.							-17.3%	59.6%
17	Windsor	48	15,590	4,020	55	10,398	4,714	-14.7%	49.9%
18	Canterbury	24	17,344	704	48	10,758	823	-14.5%	61.2%
19	Colebrook	54	15,393	221	39	10,931	257	-14.0%	40.8%
20	Wallingford	62	15,129	6,289	117	9,274	7,284	-13.7%	63.1%
21	Bozrah	58	15,225	343	100	9,460	395	-13.2%	60.9%
22	No. Canaan	14	18,567	439	40	10,891	505	-13.1%	70.5%
23	Eastford	29	16,989	218	27	11,688	246	-11.4%	45.4%
24	Milford	44	15,924	6,754	59	10,365	7,573	-10.8%	53.6%
25	Putnam	56	15,252	1,222	34	11,319	1,367	-10.6%	34.7%
26	Branford	64	15,107	3,353	81	9,835	3,739	-10.3%	53.6%
	Group Avg.							-12.6%	53.4%
27	Wind. Locks	33	16,580	1,835	61	10,243	2,027	-9.5%	61.9%
28	Middlefield	41	16,029	688	56	10,381	758	-9.2%	54.4%
29	Voluntown	68	14,910	416	79	9,859	458	-9.2%	51.2%
30	Windham	46	15,691	3,255	32	11,444	3,574	-8.9%	37.1%
31	Durham	41	16,029	1,304	56	10,381	1,428	-8.7%	54.4%
32	Old Saybrook	51	15,445	1,477	64	10,159	1,588	-7.0%	52.0%
33	Chester	50	15,531	513	41	10,882	550	-6.7%	42.7%
34	Union	53	15,414	100	165	8,381	107	-6.5%	83.9%
35	Hamden	55	15,349	6,763	44	10,784	7,141	-5.3%	42.3%
36	Mansfield	52	15,424	1,972	36	11,195	2,074	-4.9%	37.8%
37	Deep River	59	15,220	656	33	11,407	686	-4.4%	33.4%
38	Orange	67	14,963	2,438	73	9,941	2,551	-4.4%	50.5%
39	Ridgefield	57	15,241	5,287	63	10,168	5,503	-3.9%	49.9%
40	Easton	39	16,272	1,479	54	10,434	1,515	-2.4%	56.0%
	Group Avg.							-6.5%	50.5%
41	Stamford	35	16,457	15,491	26	11,741	15,487	0.0%	40.2%
42	East Granby	38	16,300	901	45	10,782	896	0.6%	51.2%
43	Norwalk	47	15,640	11,241	25	11,780	11,145	0.9%	32.8%
44	Wilton	28	17,020	4,297	35	11,252	4,230	1.6%	51.3%
45	Essex	61	15,138	968	50	10,667	916	5.7%	41.9%
46	Darien	32	16,719	4,874	31	11,462	4,281	13.9%	45.9%
	Group Avg.							3.8%	43.9%
	FAIRFIELD	69	14,908	10,322	24	11,831	8,857	16.5%	26.0%
	New London	123	13,333	3,577	23	11,873	3,567	5.0%	12.3%
	STATE	na	14,500	533,201	na	10,166	567,399	-6.0%	42.6%

**TOWNS THAT STAYED ABOVE FAIRFIELD IN STATE RANKING OF PPE
(From Highest to Lowest Change in Pupils)**

	<u>TOWN</u>	<u>2012-13</u>			<u>2003-04</u>			<u>Change</u>	<u>Change</u>
		<u>RANK</u>	<u>PPE</u>	<u>PUPILS</u>	<u>RANK</u>	<u>PPE</u>	<u>PUPILS</u>	<u>Pupils</u>	<u>PPE</u>
1	Canaan	2	24,768	117	1	14,473	177	-33.9%	71.1%
2	Sharon	3	23,881	241	9	12,938	355	-32.1%	84.6%
3	Cornwall	1	25,718	153	4	13,365	220	-30.5%	92.4%
4	Bridgewater	4	23,178	197	6	13,038	280	-29.6%	77.8%
5	Hampton	7	20,942	196	16	12,274	277	-29.2%	70.6%
6	Roxbury	4	23,178	269	6	13,038	362	-25.7%	77.8%
7	Washington	4	23,178	372	6	13,038	499	-25.5%	77.8%
8	Scotland	10	19,659	212	18	12,172	279	-24.0%	61.5%
9	Salisbury	8	20,090	385	11	12,810	484	-20.5%	56.8%
10	Chaplin	13	18,795	299	19	12,065	354	-15.5%	55.8%
	Group Avg.							-26.7%	72.6%
11	Warren	25	17,054	171	20	11,935	196	-12.8%	42.9%
12	Morris	25	17,054	336	20	11,935	381	-11.8%	42.9%
13	Hartford	19	17,929	21,658	15	12,429	24,066	-10.0%	44.3%
14	Old Lyme	21	17,493	1,167	13	12,586	1,289	-9.5%	39.0%
15	New Haven	31	16,805	18,412	12	12,627	20,221	-8.9%	33.1%
16	Redding	11	19,024	1,663	17	12,249	1,802	-7.7%	55.3%
17	Goshen	25	17,054	405	20	11,935	423	-4.3%	42.9%
18	Greenwich	17	18,297	8,710	2	13,819	9,034	-3.6%	32.4%
19	Weston	12	18,927	2,421	5	13,304	2,492	-2.8%	42.3%
20	Lyme	21	17,493	311	13	12,586	314	-1.0%	38.9%
	Group Avg.							-7.2%	41.4%
21	New Canaan	20	17,837	4,221	10	12,813	4,004	5.4%	39.2%
22	Westport	18	18,173	5,762	3	13,455	5,184	11.1%	35.1%
	Group Avg.							8.3%	37.2%
	FAIRFIELD	69	14,908	10,322	24	11,831	8,857	16.5%	26.0%