

# FAQ Regarding Open Enrollment in Minnetonka

## **Why does the District accept open-enrolled students?**

There are several important benefits for Minnetonka and other school districts to accept the enrollment of non-resident students. The most critical benefit to Minnetonka students is that each non-resident student who enrolls brings their full state aid with them, and it costs far less in incremental costs to educate open-enrolled students than the value of the state aid they bring in. So, resident students benefit from the excess amount of aid for non-resident students. Of the current year's aid brought in by non-resident students (\$26,500,000), only about \$11,000,000 of that revenue is needed to pay for costs added by the non-resident students themselves. The remaining \$15,500,000 enhances the money used for resident students.

There are other important benefits to Open Enrollment. The School District, its students and the community all benefit from Open Enrollment beyond the huge amount of revenue. The significant revenue it brings in each year allows the District to create and support signature programs that provide students with exceptional opportunities such as VANTAGE, Navigators, Wilson Reading, Minnetonka Research, Language Immersion, the Middle School model, accelerated math throughout the schools, RSK, and Tonka Online. It also provides flexibility to hire more teachers and paraprofessionals, where needed, to keep classes small and accelerate learning for all students. Without Open Enrollment over the past thirteen years, there would not have been enough revenue to provide support when class sizes got larger than desired.

Another value of non-resident students is that they help justify the existing number of classrooms and schools by fleshing out the right enrollment in each school. Without the non-resident students, the District would need to close up to three elementary schools and one middle school. Not only would there not be enough students to justify all existing schools, but there would also not be enough money to sustain them. These decisions would drive resident families away.

Finally, an important value is the quality of non-resident students who are coming to Minnetonka. Non-resident students contribute to each classroom and the programs run by the District and, thereby, enhance what resident students experience. They are strong performers academically and do as well on tests as resident students. They are well-behaved students. Often, families who start as non-residents buy homes in Minnetonka.

## **How much in state aid does an open-enrolled student bring to the District?**

This year alone, each non-resident student in Grades K-6 will bring in **\$6,751** in basic aid, and each non-resident student in Grades 7-12 will bring in **\$8,101** in basic aid. After subtracting the cost to educate each open-enrolled student (\$2,958 per student), the District has **\$3,793** for each K-6 student and **\$5,143** for each 7-12 student left to spend on resident students. Those dollars are used to support programs, to lower class sizes and pay staff.

## **How does the District make more money from open-enrolled students than it costs to educate them?**

The basic cost-drivers of the District for the existing buildings and organizational structure were established several years ago with the number of schools, basic programs and overall cost structure that has not increased due to adding students. So, when more students are added beyond the students needing those basic costs, there are just "incremental" increases that vary by student whenever more students are added. It does not matter whether the added students are residents or non-residents beyond that core number of resident students; they all cost far

less than students included in that basic core. Many new students can be added without any more costs for staff. Others can be added to enable the District to split classes that would have otherwise been much larger without the added students and revenue. In the latter case, staff is added, and the cost for that is absorbed by the revenue brought in by non-resident students.

To get the best understanding of this formula for gaining added funding for resident students, consider the following point. There is never a situation when the full cost of an added teacher would be attributed to non-resident students. However, it is very important to realize that even if an entire class of non-resident students were together and the District added the cost of a teacher for that class, there would still be money left from the state aid those students would bring in that could be used for resident students. So, if there were 25 non-resident students in a K-6 class, the cost of the teacher for salary and benefits would be about \$70,000 and the basic state aid for those 25 students would be \$168,775 (\$6,751 each). The costs in addition to the teacher's salary and benefits would be about \$215 per student. The calculation for students in 7-12 is even more favorable at \$70,000 for the teacher and \$215 additional costs against the state aid of \$202,525 (\$8,101 per student in Grades 7-12). That is also the most it would cost for each 25 added students.

Considering the actual situation across the District: The calculated cost to the District for each new student is an average of \$2,958, which recognizes the different situations that exist for the various new students. The difference between costs and the basic aid for a classroom of 25 would be \$94,825 for students in K-6 and \$128,575 for 7-12, which would be available for resident students to have more programs, better teachers and lower class sizes than would have been possible without the dollars from Open Enrollment.

There are several analogies that can be used to explain why the incremental costs are so much lower than the basic costs, but one the District has used over time is that of a commercial airplane. The airline plans its costs for each flight based upon filling part of the plane in order to meet the basic costs of flying the plane. So, once it has the number of passengers signed up for the flight, any added passengers are all profit. If they can fill the flight so no passenger is negatively impacted, they make the maximum amount from the flight. If a larger plane can be added for the flight and mostly filled, the airline makes even more. So, any added classrooms at a Minnetonka school have enabled even more income than would have been the case without the additions.

### **What happens if the amount of overall enrollment in the District is reduced?**

The greatest threat to the quality of the District's schools is an enrollment decrease. Already, the District anticipates financial challenges if current enrollment numbers become unavailable in some future year, but for the School Board to deliberately decrease enrollment—because someone thinks there are too many students in any school—would be even more devastating to resident students. A decrease of just 100 students in the District would cause a budget shortfall of \$928,200 (in addition to the state aid lost, there are local resources that would be reduced as well; so the total per student lost is \$9,282), and many outspoken critics of current enrollment levels would probably seek to decrease by much more than 100 students. It needs to be realized that a loss of \$928,200 in year one becomes \$1,856,400 in year two if another 100 students are reduced and \$2,784,600 in year three if still another 100 students are reduce; so after just three years of being down 300 students, the lost revenue would be \$5,569,200. Furthermore, costs would hardly be reduced at all with 300 students across an 11,000-student district. A reduction of that amount of revenue means that some schools would eventually close. The District would not have the financial ability to keep all of its elementary schools and middle schools open. Teaching staff, para-professionals and specialists, administrative staff, support

staff (and others, including counselors, social workers, maintenance workers, kitchen staff and more) would all be reduced. As schools closed and teacher layoffs occurred, class sizes would grow; the District would be forced to put children into a shrinking number of classrooms with fewer teachers and paras in each room. A decrease of even that much would start a process for raising class sizes and for program reductions. A decrease of 100 students *per school* would reduce the budget by about \$9 million annually and send a clear message that programs would need to be reduced and class sizes increased quickly to preserve the District's financial ability to maintain a level of reduced quality. Enrollment, budget and quality of program are all intertwined. This year alone, open enrollment has brought \$26.5 million to Minnetonka Schools. The only way the District can bring in that additional amount—which allows it to maintain the excellence in programs, support and opportunity that students and parents have come to expect—is through Open Enrollment. Furthermore, there would be a ripple effect on future years if revenue is reduced that would compound the problem. That much reduction would cause serious changes for every student in the District, and, inevitably, home values in the community would be impacted as well.

### **What is the current enrollment capacity of the District (based on classroom space/building capacity)?**

Current enrollment capacity is approximately 12,000 students, and there are 11,066 students enrolled for 2019-20. The capacity of the High School is 3,800, with 3,399 currently enrolled. The capacities of both MME and MMW are 1,350 with 1,322 at MME and 1,252 at MMW. The capacity of Clear Springs is 920, with 881 there now; the capacity of Deephaven is 745, with 647 there now; the capacity of Excelsior is 901, with 813 there now; the capacity of Groveland is 912, with 899 there now; the capacity of Minnewashta is 1,024, with 946 there now; and the capacity of Scenic Heights is 963, with 907 there now. No school in the District is at its capacity, but all are close to their respective 'target' enrollment, which is what principals and the Superintendent agree should be the limit for each school. The capacity of a school is determined by the number of classrooms and the target enrollment for each classroom, and target enrollment then considers the ability of other facilities in the school to accommodate the respective overall number of students.

The principal of a school and the Superintendent are the only ones who can truly judge from all factors what the target enrollment should be. No school is deemed "over-crowded" by either the principal of that school or the Superintendent. Furthermore, no outside expert would have the knowledge to determine the appropriate enrollment number for any school. People both inside and outside of schools may have opinions on what target enrollment size is appropriate, but they have little basis for such judgments other than their own sense of the matter.

### **How does Open Enrollment of additional students actually reduce class sizes—not increase them?**

It may seem counter-intuitive, but additional students in a school actually enables the District to decrease the average class size in that school. Because more students bring in added revenue, that enables the District to have more sections of a grade and, thereby, reduce class sizes in that grade. In fact, Minnetonka consistently has the smallest—or nearly the smallest—average class sizes in the Metro area because of this financial ability. This would not be possible without Open Enrollment. One might argue that when the school adds students to already established classes that the class sizes are increased, but it must be recognized that without the Open Enrollment revenue that those initial class sizes would not have been established as low as they are in the first place. Another important point is that all of the added enrollment enables the District to add support to a classroom that might be larger than the established target.

### **What is Minnetonka Schools' current enrollment strategy?**

For the last three years, Minnetonka has sought to keep its enrollment at the level of the immediate prior year. That said, there is an ongoing effort to avoid falling short each year and losing the revenue necessary to sustain the District. The District needs to, at least, maintain enrollment year-over-year in order to avoid serious financial consequences. At slightly over 11,000 students, the District is at an enrollment level that allows it to have the financial flexibility to offer resident students an outstanding experience, innovative programming, small class sizes and the best and brightest teachers in the state.

### **How are non-resident students accepted for enrollment in Minnetonka and who decides?**

Open Enrollment has been in place in Minnesota for many years, and the state prescribes how it is to be done. Most families apply for Open Enrollment in December, January and February each year, but there are many parents of young children who apply for their child to be accepted in Kindergarten years before they are eligible to start because the District approves applications and placement offers in the order of application. Although parents may apply for specific schools, the District is only required to offer a school in the District. The deadline for the first round of applications is January 15 in the year for which they are applying. Parents who apply for their children to enroll after January 15 do not have to be offered a placement. If there is room, those students who apply later may be accepted. No child is placed in a school without the approval of the Superintendent and the respective principal involved. Parents may express a preferred choice of Minnetonka's schools; however, those choices often cannot be fulfilled. Since enrollment applications are, technically, for a specific grade in the District's schools and not for a specific school, the Superintendent determines which school will be offered to a specific student, and the respective principal determines if the proposed placement will fit within the class size limits available. If a principal believes there is not room in a specific classroom, that principal may ask the Superintendent to offer the student to another school within the District. There are several ways to determine if a specific student should be placed in one of the schools, including the current number of students in a particular classroom and how many future openings in that classroom are likely to become available through withdrawals of current students. Neither the Superintendent nor any principal would accept more students than the school should reasonably have.

### **How does the District decide how many non-resident students to allow in?**

The School Board has adopted an overall enrollment limit of 11,100 students in Grades K-12, and it has adopted sub-limits for each school and each grade. Part of the challenge of balancing the enrollment at each school so there is no increase from one year to the next is that most applications for Open Enrollment occur in the winter and spring before the next school year, and withdrawals do not, generally, occur until late summer. That means the District must constantly estimate grade-by-grade and school-by-school how many openings there will be six to eight months later. If the District waited until late summer, when it knew exactly how many withdrawals there would be, all of the applicants to fill enrollment vacancies to the desired target levels would have gone elsewhere. Any time the District fails to reach the target enrollment, there will be a revenue shortfall of millions of dollars. So, the District is at risk in those situations that staff, programs and services would need to be reduced. Falling short of the target by just 100 students would cost the District \$928,200, with no real reduction in costs. That balancing act each year matters greatly to resident students and families. If the District were to make a mistake and did not accept enough non-resident students to fill openings by withdrawals, the financial consequences would be severe.

It is important to note that for the past three years, Minnetonka Schools has been flattening out its enrollment, as its schools are nearing capacity. Most schools are already near their target levels, due to the number of both resident and non-resident students. That means that overall class sizes will remain relatively flat, going forward. Right now, the District does not have more children than it can handle, because there are about 800 students graduating each year and another 350 students withdraw over the summer. The students need to be replaced by the following school year in order to maintain overall and school enrollments. Year-over-year, the

### **What happens if the District cannot accept all of the students who apply by January 15 in any year for any grade in the District's schools?**

Minnesota law provides two different open-enrollment options for school districts to follow, depending upon whether or not the district can accept all students in a specific grade who apply by the January 15 prior to the year of enrollment. If the district is able to accept all students in a specific grade who apply for open enrollment by January 15, there is no requirement to have a lottery to determine who is allowed to enroll. If the district is not able to accept all students in a specific grade who apply by January 15, Minnesota law requires the district to hold a lottery to select which students are going to be offered enrollment. In the case where a lottery is held, the law provides that a priority for selection must be given to the siblings of currently enrolled open-enrollment students and the children of district employees. Minnetonka has not had to do a lottery to date, because the District has always had room for all students who applied by January 15, but it is possible that could change in the future.

### **When does enrollment "close" for out-of-district students?**

The District has closed enrollment for various classes at each school over the past seven years. It is difficult to close an entire school because it could cause potential Open Enrollment students to not even apply in the future; thereby driving down enrollment and revenue. The plan going forward is to maintain enrollment numbers at all schools, keeping them flat from one year to the next. That means the District will continue to open-enroll enough Kindergarteners to reach about 900 each year (as the District does not have enough resident Kindergarteners to remain anywhere close to its target levels). For grades 1-12, the District will allow new open-enrolled students, only as space allows within the expectation of keeping enrollment flat.

### **Why did the District embrace open enrollment in the first place?**

In the early years of this century, Minnetonka Schools' enrollment was about 7,500 and declining. The District had to cut its budget 14 years out of the 15 years prior to 2006. The District was close to closing two or three elementary schools and one middle school because of the budget and the empty classrooms. There were large numbers of resident students who did not attend District schools because their parents did not believe the schools were good enough. In addition to improving the program and attracting strong teachers to appeal to those resident students, the District sought to appeal to non-resident students to improve finances and to fill classrooms.

Minnetonka Schools' resident student population first declined and then leveled off over the past 12 years. The current number of resident Kindergarten students is 576, even with the great interest by families to buy homes in the District. The District cannot maintain all of its current schools, the current staffing levels that provide small class sizes, retain its exceptional teachers, its wonderful support staff or the amazing educational opportunities resident students currently benefit from if the District were to lose the millions of dollars it receives each year through Open Enrollment. Without it the current level of enrollment, *the District would be back to cutting budgets every year.*

### **Do Minnetonka property taxpayers pay for the education of non-resident students?**

No, they do not pay **for** the **education** of non-resident students, because the state aid is far more than enough to pay **for** the cost of non-resident students. An article in the *Star Tribune* a couple years ago tried to argue that Minnetonka taxpayers were being forced to pay higher local property taxes **for** non-resident students because of a recent statutory change. The article's point was that the new formula the state adopted now includes paying basic state aid for all students enrolled in a district (resident and non-residents), so the article stated that meant local taxpayers were paying **for** non-resident students. However, the essential point the article missed was that it cannot cost local taxpayers more for non-resident students if the amount of state aid received by the District for the non-resident students is much more than it actually costs to educate the non-resident students. Local residents who insist on the article's point are ignoring the facts and are, perhaps, being motivated by other goals. However, because of the new state formula, Minnetonka taxpayers do pay a higher amount due to non-resident students

Since 2007, the amount of state aid specifically for students open-enrolled in Minnetonka totals more than \$200,000,000, which has made a huge difference in the quality of schools and the availability of lower class sizes over the past 13 years. In 2019-20, non-resident students will bring in \$26.5 million to Minnetonka Schools, or nearly 20% of the District's total annual revenue of \$133 million. Any reduction in enrollment would immediately reduce the amount of revenue for the District, which would reduce quality and raise class sizes.

### **Why do non-resident families seek opportunities in Minnetonka for their children?**

There are several reasons why non-resident families seek to enroll their children in Minnetonka's schools, but the biggest reason is the quality of schools, programs and the quality of staff throughout the District. The large interest by parents outside of the District from 46 districts across the Metro should be the greatest assurance to resident families that Minnetonka schools are seen as excellent by the larger community.

### **How does a school keep classrooms, hallways and parking lots from being crowded?**

The respective principal works closely with the Superintendent to determine the class sizes at each grade level and in each language program within their buildings, using the target enrollments by grade. It is important to also consider physical classroom space sizes, of course, as well as best practices for learning and for the quality of student experience as principals make these decisions. When a class is slightly over where the principal believes it would be best, they add a teacher or para-professional in the class. The input of teachers is really important in making those decisions in order to give them the support they believe they need. There is never a classroom with so many students that it impedes learning in that classroom.

With parking, the District has provided sufficient parking spacing for the needs of each school. Of course, no school anywhere will have parking available for the largest possible crowd for events. There are sufficient staff and parent volunteers to assist with keeping traffic flowing as smoothly as possible at the beginning and end of the school day. The District communicates about the flow of traffic at buildings where there are more traffic flow challenges, and it makes improvements where it can to keep parking lots safe and the flow of traffic moving along. The District appreciates all parents do to follow the guidelines principals provide, as this also helps to keep everything working well and to keep lots safe.

Additionally, schools' driveways and parking lots have been expanded significantly to accommodate the traffic that comes to each school. Parents are respectful of each other in making the flow of traffic work. It is also clear that the maximum amount of traffic is an issue for only about 20 minutes in the morning and about 20 minutes in the afternoon, and any parent who arrives earlier in the morning and comes slightly later in the afternoon has few traffic challenges.

Where it makes sense for the flow of people and traffic, the schools stagger events like curriculum nights and open houses by grade level. The schools also have staff, when needed, helping to direct traffic at these events.

### **Does Open Enrollment increase our diversity as a district?**

Parents in districts throughout the Metro area want the best possible education for their children. The District welcomes families of all racial/ethnic backgrounds as students—resident or non-resident. The state requirements for accepting open-enrolled students specify that students must be accepted in the order of their application. The District cannot deliberately attempt to either accept students based on various racial/ethnic characteristics or reject students based on such characteristics. The percentage of non-resident students-of-color is well above the

percentage of resident students-of-color, because Open Enrollment has increased diversity of students in the District. As of the 2018-19 school year, Open Enrollment (22.4% students-of-color) had increased the diversity of Minnetonka Schools' student body from 12.3% for resident students to over 16% who self-identify as persons-of-color. The Minnesota Department of Education has data through 2018, which show the percentage of students of color (K-12) in Minnetonka rising from 8.75% in 2008 to 16.38%. It is recognized that some opponents of Open Enrollment are concerned about this very point.

**Did the District construct additions to existing schools to accommodate the increase in student numbers?**

It is a good point that someone might raise regarding this situation, but they also need to realize that the schools would not be nearly as good without the financial benefits non-resident students bring to them. So, the District has used the District's Aaa bond rating to finance a few of the additions. There have been some classrooms added for just the growth in enrollment at various schools in the District; however, most added rooms were to make the schools more accommodating of resident students. Minnetonka property taxpayers are paying for the debt incurred for some additions to address population growth. However, those additions could have been paid for out of the state aid received for non-resident students, but the District decided that it was better for the future to keep that excess state aid from non-residents to meet future operating funds budgets over a ten-year period, and it paid for the debt out of future tax levies. There would have been enough revenue from non-resident students to pay for their instructional costs and the construction of added rooms, and there would still have been enough revenue left over to give more support to resident students. Residents need to realize that non-resident students generate revenue that enables resident students to have a stronger academic program, better teachers and much lower class sizes, all of which enhance their property values and that revenue for the operating fund is precious.

**What is the answer to residents who believe it is not fair that they pay taxes locally for schools while non-residents do not have to live in the District in order to benefit from the high quality schools?**

It is understandable that someone might resent this situation, but the schools would not be nearly as good without the benefits non-resident students bring to them. Residents need to realize that non-resident students generate revenue that enables resident students to have a stronger academic program, better teachers and much lower class sizes, all of which enhance their property values. Furthermore, those non-residents are paying property taxes in another district without benefitting from those schools.

**How are the costs of non-resident Special Education students handled?**

Minnetonka gets regular state aid for each student enrolled in the District's schools. Minnetonka then receives Special Education aid based on the cost of the specific program involved. Finally, the District is also able to charge the resident school district of the respective student for costs in excess of what costs all students incur (90% of actual costs).