

***Amity Budget Surplus and Costs Are Reasonable and Compare Favorably with Peers***  
*Common Questions About the Amity Budget and Surplus (Part 2 of 2)*

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Over the last few years, many articles complained that the Amity budget surplus is too high, with high cost to the taxpayer. This is the second of a 2-part article to address common questions and clarify misconceptions about the surplus. The first part with 3 questions was published last month.

4. *What was Amity's surplus this year? How did it compare with previous years?*

The surplus for FY 21-22 was \$1,536,234, much lower than in previous years. An important reason for the lower amount this year is that medical claims were close to what was budgeted. During COVID, staff postponed health visits and treatments, leading to higher unspent amounts in the claims reserve. Also, during the COVID years, the school district operated fewer activities; hence costs were lower than budgeted.

As health insurance claims vary much more than school expenses, a larger reserve (surplus) is needed to cover health insurance claims. In the future, administration will report school-expense-related surplus separately from medical insurance surplus/deficits. This will help taxpayers evaluate the budget surplus better.

5. The opinion pieces in the town news complain that even this year's surplus is high. Can you explain why we have a 1.5 million surplus this year? Is this surplus necessarily bad for taxpayers?

The term "surplus" suggests that more money than needed was budgeted. This is not true; the term "unspent funds" is perhaps more accurate. The three main drivers of this year's unspent funds are

- (1) Salary savings (about 20%, 300K): New staff or replacements take time to hire, so there are periods in which allocated budgets are not used.
- (2) Grants and cost savings (about 20%, 300K): Administration obtains grant money for budgeted items, found cheaper bids and more cost-efficient ways to solve a problem.
- (3) Special Education (about 60%, 900K): This is the biggest chunk. The number of students and their needs vary considerably across years; so, costs are hard to forecast. Further, there is room to optimize costs during the year (e.g., by efficiently grouping students for services and transport) after student needs are known. Services may be moved in-house or outsourced as appropriate. The district should be commended for optimizing costs and finding cost savings.

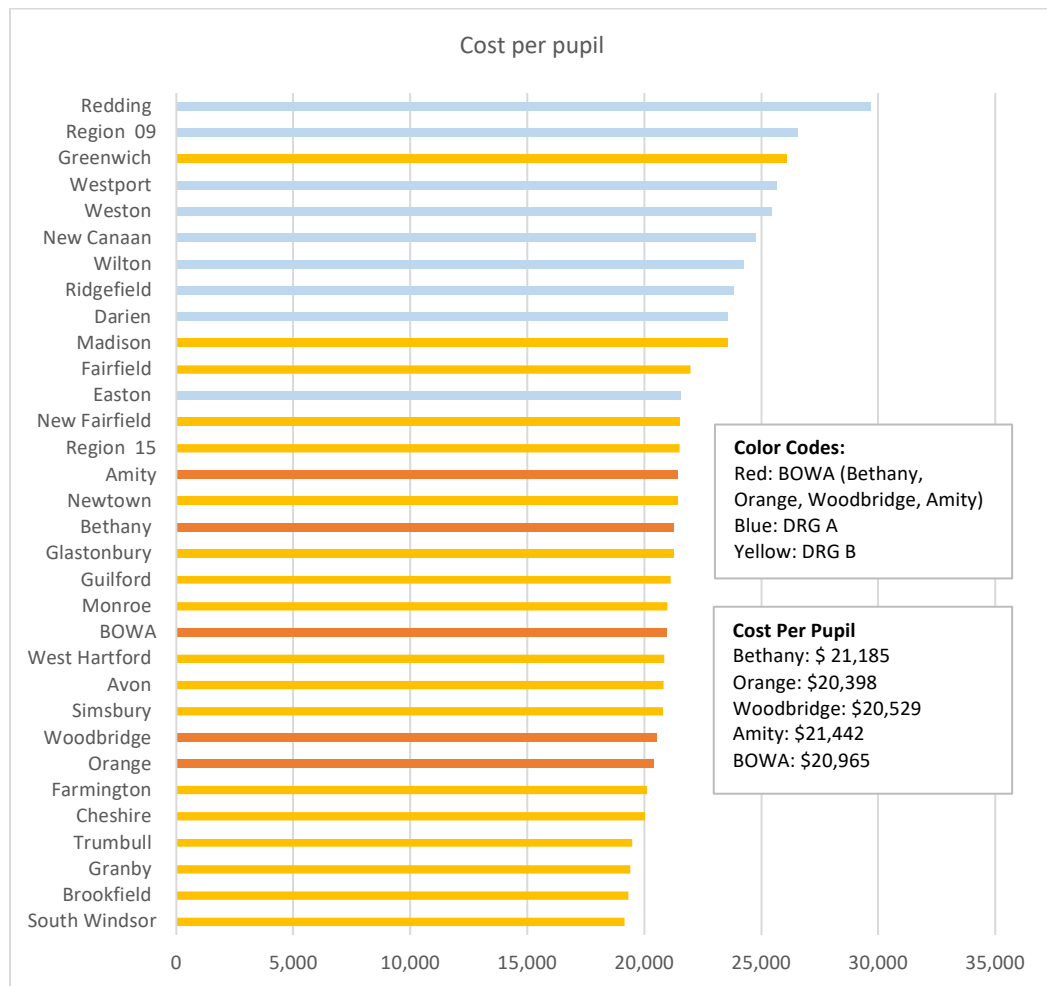
Overall, after a detailed analysis, we found that the unspent funds did not arise from over-budgeting; it arose from savings due to (1) vacant unfilled positions; (2) effective use of grants even after budget was approved; and (3) efficient cost minimization. Also note that over 60% of the surplus is from Special Education, where spend variability is high.

Finally, remember that the cost of "surplus" is at most the interest on it and not the entire amount, as unspent funds are used to reduce next year's expenses. Further, taxpayers **should want** the administration to aggressively discover cost savings, even if it increases "unspent funds" (surplus) for the year. This is because such cost savings in one year often also reduce costs in future years.

The board's goal is ALWAYS to minimize total taxpayer cost, WITHOUT compromising on the educational mission. It should NOT be to minimize the surplus. A single-minded focus on reducing surplus will hurt taxpayers because it disincentivizes the administration to find cost savings and grant money after the budget has been approved.

- I am a regular taxpayer---I don't understand budget details and processes. Just tell me, how do Amity's costs compare to other schools in CT?

CT groups school districts into tiers called District Reference Groups (DRG) based on their socio-economic profiles. The nine high-income districts of Fairfield County are DRG A. Amity, Orange and Woodbridge are in DRG B, as part of a group of 21 school districts. Bethany is in DRG C. The graph shows the average cost per pupil across DRG A and B districts and Bethany.



Notes: Region 15: Middlebury--Southbury; Region09: Easton-Redding.  
 Data source: WalletHub. The cost per pupil data is based on state guidelines to compute cost per pupil and helps cost comparisons across districts. It is not equal to Budget/Number of Students.

Overall, the average cost per pupil in the BOWA system---Bethany Orange, Woodbridge and Amity (highlighted in red), range from \$20,398 (Orange) to \$21,442 (Amity). The BOWA system (combining Amity and elementary districts) average is \$20,965; it falls between West Hartford and Monroe. Overall, the cost of schools within the BOWA system is towards the lower end of the distribution.

Note that it is more expensive to educate middle and high school students relative to elementary school students, as they have more course and extra-curricular offerings. So, it should be expected that Amity will have higher cost per pupil than the elementary schools in Bethany, Orange and Woodbridge. It is gratifying that Amity's cost per pupil is even below many school districts that combine elementary, middle and high schools.

Given Amity's overall high rankings (10<sup>th</sup> out of 117 CT school districts by Niche.Com), Amity gives excellent value to the taxpayer in terms of great outcomes at mid-range costs.