

Sayers, Margery

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To: CouncilMail
Subject: CR-91

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Dear Councilmembers,

The annual "School Capacity Chart" (formerly, the Open/Closed charter) is required by APFO and has been a "hot potato" for almost three decades.

I am glad to see a "fiscal note" attached; I am disappointed that the note reveals only "marginal revenues"—should one assume that there are "no costs" to Howard County from new housing?

This year, "only" eleven homes are being released from the "waiting bin"; \$640,000 of "new" marginal revenue sounds good.

But, we need HS seats. At \$140,000,000 per new HS, that's \$84,848 per seat. Please consider this additional analysis:

CR-91-2020: 11 New Homes

Students Generated	0	3	6	9	12
Annual Education Cost per child					
\$18,000	\$0	\$54,000	\$108,000	\$162,000	\$216,000
Estm. Tax Rev. \$94000+17000	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000
Annual Tax Contribution (shortfall)	\$111,000	\$57,000	\$3,000	(\$51,000)	(\$105,000)
Fixed School Cost-per seat					
\$85,000	\$0	\$255,000	\$510,000	\$765,000	\$1,020,000
Tax Rev: One time fees at closing	\$529,000	\$529,000	\$529,000	\$529,000	\$529,000
	\$529,000	\$274,000	\$19,000	(\$236,000)	(\$491,000)
Total Marginal Revenue (Cost)	\$640,000	\$331,000	\$22,000	(\$287,000)	(\$596,000)

I know the Chart needs to be approved; I trust that the \$640,000 additional revenue is "reasonable."

But is that the number YOU and taxpayers should base decisions upon? I hope future fiscal notes and our thinking about "the cost" of new housing units will change.

If half of the houses have one student (6), then the county is close to break-even---for education costs alone. (Not much left to fund their "share" of libraries, parks, police/fire, general gov't, etc.)

But if "only" 3 of the 11 units have three kids each (9), we are worse off than before these homes came online...and education costs alone will outpace revenues—EVERY YEAR!

That's "negative contribution margin", not positive. Howard County is worse off, not better.

If 4 units have 2 kids plus 4 units have 1 student (12) and the other 3 have no students, we are in a deep red hole.

Schools seats represent a "step-cost function"; I fully realize we don't build new seats for each new home. But we do need to think about the cost of doing so.

Each student will eventually need a ES seat, a MS seat, and a HS seat, and eventually all those "new" buildings will need renovations, and then eventually replacement. Even "relocatables" have costs.

Why has APFO failed to "work"? Because "we" forgot to do this kind of analysis. Build a good school system, and they will come. Our "pricing model" is broken and has been for years.

Thank you for being willing to do this work, but please always consider the BIG PICTURE. It may not really be \$640K of new revenue, but really \$600K of additional costs above that new revenue.

Please think about it.

Carolan Stansky

Ellicott City