



The Great Myth, the Big Lie, the Grand Deceit-

There's a rumor going around that school districts state losses over the last three years are marginal at best but clearly not cumulative. Some contend recent state aid cuts are simply the same cuts over and over. Further, they reason that any reduction of those cuts are actually a state aid increases. Are these notions true?

Their story goes something like this-

All of those GEA state aid cuts school districts have experienced are just reoccurring parts of the Foundation Aid amount. Thus, the frozen Foundation Aid amount has been adjusted to a new amount every year. As the frozen Foundation Aid amount is lowered by the GEA every year, districts really haven't lost anything since a new amount is conferred. Further, the absence of Federal Stabilization and Jobs Fund moneys were gifts from the Feds so their absence is not a real loss to school districts. Moreover, the loss of FMAP monies in June 2010 wasn't really a loss because the money was never paid to school districts and doesn't count. The logic goes that you can't count fund sources that didn't show up or were only temporary aberrations as revenue. Basically, you can't lose what to never get. Thus they contend, there are no cumulative effects to the GEA, Federal funds, or a frozen Foundation Aid amount. In fact, they claim, school districts now enjoy predictable and large increases in state support.

So let's test these hypotheses. Read the following story and answer the two sixth grade math questions below. Don't forget to show and explain all your work.

Gracie has a job. Her starting pay is \$10 a week for the first week and is promised a scheduled increase of a \$1 per week for the next three weeks thereafter. After the first week her boss gave her \$10. She used it to buy a healthy lunch every day at school and purchased required pencils and notebooks.

At the end of the second week, the boss claimed to be broke and gave Gracie only \$8. The boss acknowledged that he had intended all along to give her \$11 but had his own bills to pay so he only gave her \$8. That week Gracie only bought four school lunches and skipped one lunch to buy a required folder for her social studies essay.

At the end of the third week the boss gave her only \$7 of the \$12 that was due, again citing his own financial issues. That week Gracie only bought lunch three times that week and skipped two lunches as the price of a lunch began to escalate. She also bought a used pencil with no eraser from a classmate. Luckily her Uncle Louie gave her a \$1 to help her cover the cost of a new eraser from the school store.

At the end of the fourth week the boss again gave Gracie only \$7 and Uncle Louie tried to help her by again throwing in another \$1. She also bought some sugar cubes and poster board for her farm diorama. The remainder was just enough to cover another increase in the price of lunches so Gracie's bought two lunches that week and skipped lunch three times.

At the end of the fifth week the boss gave Gracie \$7.25 noting that he was still experiencing financial difficulties but knew he needed to help. Uncle Louie was nowhere to be found. She bought glue and paints to finish her farm diorama project and had enough money left over only one lunch. She had no more money to buy plastic people for her farm diorama so she would get a good grade for the project criteria known as "realistic representation of life on a farm".

- 1.) *After five weeks how much had Gracie lost in personal income that could have been used to sustain her health and school performance needs? (Show your work)*
 - a. *Gracie lost \$2.75*
 - b. *Gracie lost \$8.75*
 - c. *Gracie lost \$17.75*
 - d. *Gracie lost \$19.75*
 - e. *Gracie lost Nothing, in fact she is \$2.75 ahead*

- 2.) Based on her original agreement with her boss, how would you characterize her ability to care for her health and school performance needs?
- She was able to meet all her health and school needs. This was because her boss followed through on his promise to pay her \$10 a week for the first week and \$1 more over the next three weeks.
 - She was able to meet almost all of her school needs and she only sacrificed her needs marginally because her boss paid her what she needed since she was paid correctly in the first two weeks.
 - She was only just able to meet her health and school needs in part due to the extra money from her uncle, while it lasted, because her boss didn't pay her as agreed
 - She was hardly able to meet her health or school needs because her boss didn't pay her as agreed and her Uncle's help was finally lost and rapidly decreased her ability to cope.
 - If lunch costs continue to rise and the boss continues to pay an ever smaller portion of her expenses, Gracie will be unable to eat a healthy school lunch and still meet the costs of supplies for her demanding school work. Her health and school performance will suffer dramatically.

The correct answers are d and e respectively.

The myth de-bugged -the real answers identified: Question #1

Some organizations foster the myth that at worst Gracie is out just \$2.75 (answer a). She was to get paid \$10 a week and in week five she received \$7.25 from the boss. ($\$10 - \$7.25 = \2.75) Besides, they argue, she's really ahead. The \$7.25 is \$.25 more than she was paid in the previous week. ($\$7.25$ (Last Payment) - $\$7.00$ (Previous Payment) = $\$.25$ (ahead)) They claim that it is the current relationship only that describes the current condition. The faulty analysis is summarized below:

Week	Due to Gracie	Boss Paid	Uncle Louie paid	Loss Compared to Due
1	Irrelevant	Irrelevant	Irrelevant	Irrelevant
2	Irrelevant	Irrelevant	Irrelevant	Irrelevant
3	Irrelevant	Irrelevant	Irrelevant	Irrelevant
4	Irrelevant	Irrelevant	Irrelevant	Irrelevant
<u>5</u>	<u>\$10.00</u>	<u>\$7.25</u>	<u>\$0.00</u>	<u>(\$2.75)</u>
Total	\$10.00	\$7.25	\$0.00	(\$2.75)

Another myth would have you believe that at worst Gracie is just out \$8.75 (answer b). The myth indicates that due to the fiscal condition of the boss the wage was never really going to move from \$10 a week. The underpayments of \$8.00, \$7.00, \$7.00 and \$7.25 were temporarily offset by two \$1 gifts from Uncle Louie. Thus, the amount she received was only \$8.75 of what the boss was really able to pay. The defective analysis is summarized below:

Week	Due to Gracie	Boss Paid	Uncle Louie paid	Loss Compared to Due
1	\$10.00	\$10.00	\$0.00	\$0.00
2	\$10.00	\$8.00	\$0.00	(\$2.00)
3	\$10.00	\$7.00	\$1.00	(\$2.00)
4	\$10.00	\$7.00	\$1.00	(\$2.00)
<u>5</u>	<u>\$10.00</u>	<u>\$7.25</u>	<u>\$0.00</u>	<u>(\$2.75)</u>
Total	\$50.00	\$39.25	\$2.00	(\$8.75)

Perhaps Gracie could conclude that she's out \$17.75 over this period of time (answer c). After the first week there was a definite agreement to pay her \$1 more each week for the next three weeks. As the promise to pay her more each week escalated the amount paid to her each week by the boss diminished. However she did receive a \$.25 increase in pay in the last week after being "shorted" in weeks two through four. But that \$.25 increase to her pay in week five still left her "short" compared to the agreed on (promised) amount. Luckily, the good will of her Uncle Louie softened the blow a bit, but that money is now gone; it was used in weeks three and four and the Uncle's largesse did not subsequently return. Please see the flawed analysis below:

Week	Due to Gracie	Boss Paid	Uncle Louie paid	Loss Compared to Due
1	\$10.00	\$10.00	\$0.00	\$0.00
2	\$11.00	\$8.00	\$0.00	(\$3.00)
3	\$12.00	\$7.00	\$1.00	(\$4.00)
4	\$13.00	\$7.00	\$1.00	(\$5.00)
<u>5</u>	<u>\$13.00</u>	<u>\$7.25</u>	<u>\$0.00</u>	<u>(\$5.75)</u>
Total	\$59.00	\$39.25	\$2.00	(\$17.75)

Moreover, the influx of cash from her Uncle was only temporary- the boss really owes her \$19.75 (The correct answer d). It was wholly the boss who had the obligation to make good on his promise to support Gracie. His agreement set up expectations for Gracie that she fully intended to implement. Yet the boss did not pay her as agreed leaving her reasonably anticipated revenues deficient. Her situation became unsustainable as she faced deficient revenues and expense escalations demanded by her school and beyond her control. Uncle Louie's generosity helped her marginally but the effect was small and temporary. Besides he was under no obligation to help her as Gracie is not under his charge, nor is he responsible for her. When one examines the obligation of the boss, as created by the boss, Gracie is clearly owed \$19.75. The amount of money given to Gracie by Uncle Louie was and is still the responsibility of the boss. Please see the complete analysis below:

Week	Due to Gracie	Boss Paid	Uncle Louie paid	Loss Compared to Due	Loss Compared to Due w/o Uncle's Gift
1	\$10.00	\$10.00	\$0.00	\$0.00	\$0.00
2	\$11.00	\$8.00	\$0.00	(\$3.00)	(\$3.00)
3	\$12.00	\$7.00	\$1.00	(\$4.00)	(\$5.00)
4	\$13.00	\$7.00	\$1.00	(\$5.00)	(\$6.00)
<u>5</u>	<u>\$13.00</u>	<u>\$7.25</u>	<u>\$0.00</u>	<u>(\$5.75)</u>	<u>(\$5.75)</u>
Total	\$59.00	\$39.25	\$2.00	(\$17.75)	(\$19.75)

Lastly, there are those who believe Gracie is ahead by \$.25 (answer e) as evidenced by her increase in wages between the fourth and fifth week. Please see the incredulous analysis below:

Week	Due to Gracie	Boss Paid	Uncle Louie paid	Loss Compared to Due
1	Irrelevant	Irrelevant	Irrelevant	Irrelevant
2	Irrelevant	Irrelevant	Irrelevant	Irrelevant
3	Irrelevant	Irrelevant	Irrelevant	Irrelevant
4	Irrelevant	\$7.00	Irrelevant	Irrelevant
<u>5</u>	Irrelevant	<u>\$7.25</u>	Irrelevant	Irrelevant
Total	Irrelevant	\$0.25	Irrelevant	Irrelevant

Conclusion: If you believe Gracie is fine, and/or her situation has had no continuous or cumulative effect on her ability to meet her health and school performance needs– you believe a myth, your reasoning is flawed or you have a vested interest in twisting the truth.

Implications: Gracie's experience and that of a school district is basically the same. Promised money never materialized, yet expectations and the costs to meet additional expectations increased. Over time health and performance were increasingly sacrificed. Such a situation is unsustainable. The shift of financial burden and lack of performance by the responsible party to the dependent party is continuous, cumulative and inexcusable.

The myth de-bugged -the real answers identified: Question #2

Gracie's personal finances demonstrate that had she at least been able to secure that \$19.75 her experience would have been much more healthy and productive. She did without lunches and school supplies and could not meet expectations because the boss didn't pay her as promised. The boss was in a better condition at her expense. The boss is still owes Gracie \$19.75.

Conclusion: Gracie has no ability to recoup her current and newly anticipated future loses. Her health will continue to fail and her performance will never meet expectations. The victim is blamed.

Implications: A big lie is believed by a susceptible public. The responsible are absolved of responsibility yet retain authority. Unless those responsible are held accountable the situation is bleak. Changing Gracie's salary now to \$7.25 a week and claims she got a raise in the last week over the previous week will not change what has happened to her or her health and performance trajectory. So it is with Foundation Aid and the GEA.