



# MSAD No. 75 FY 2019 Budget Process Beginning Overview

January 25, 2018

# Budget Development & Approval



# Finance Committee Members

- Kimberly Totten (Bowdoin), Chair
- Susan Brown (Bowdoinham)
- David Johnson (Harpowell)
- Jane Scease (Topsham)
- Joanne Rogers (At-Large)

# Superintendent's Budget Development Process

- The Superintendent and Business Manager develop a “maintenance of effort” budget based on current personnel and programs
  - Factor in changes in costs such as negotiated salary increases, benefit and insurance increases, projected utility costs, etc.
  - Some costs will not be known until contracts are negotiated or third parties inform us of new rates
- The Superintendent considers requests for changes in resources from school and district administrators based on student needs, District goals, anticipated state funding and projected tax impacts

# Finance Committee's Budget Review Process

- School Administrators present budget recommendations to the Finance Committee, with time for questions and discussion
- The first meeting on the budget was held on November 6<sup>th</sup>; seven meetings are scheduled between January 29<sup>th</sup> and April 2<sup>nd</sup>
- The Finance Committee will also host three public forums in March
- All Finance Committee meetings are noticed, open to the public and videotaped. All Board members are encouraged to attend

# Key Meetings in the Budget Process

| Date                             | Meeting                           | Agenda   |
|----------------------------------|-----------------------------------|--|
| February 25                      | Board Meeting                     | Overview of budget process   |
| Jan. 29 –April 2                 | Finance Comm.                     | Budget review discussions  |
| March 12                         | Board Workshop                    | Budget meeting with Town Selectmen   |
| March 26<br>March 27<br>March 29 | Community<br>Workshops            | Public Forum – Harpswell Community<br>Public Forum – Woodside Elementary<br>Public Forum – Bowdoin Central |
| April 26                         | Public Hearing &<br>Board Meeting | Budget hearing (beginning at 6:00);<br>Board approves budget (6:30)  |
| May 24                           | District Budget Mtg.              | Orion Performing Arts Center (6:30)  |
| June 12                          | Individual Towns                  | Budget Validation Referendum   |

# The Current (FY 2018) Budget at a Glance

## Significant Expenditure Categories

| Item                    | Amount       | % Budget | Comment   |
|-------------------------|--------------|----------|---|
| Total Budget            | \$38,043,490 |          | Excludes Adult Education support of \$139,152   |
| Salaries & Benefits     | \$30,355,388 | 79.8%    | FY 2019 salary agreement for teachers & support staff in place; negotiations will begin soon for principals |
| Debt Service            | \$ 1,763,008 | 4.6%     | Includes school bonds & capital leases  |
| Region Ten              | \$ 846,983   | 2.2%     |   |
| Utility Costs           | \$ 752,151   | 2.0%     | Natural gas, heating oil & electricity;   |
| Transfer to Other Funds | \$ 336,684   | 0.9%     | Includes Food Services (\$240,453); capital projects (\$89,731); and School-based Health Center (\$6,500)   |

# The Current (FY 2018) Budget at a Glance

## Revenues

- The state establishes a state contribution and required local share.
- District communities make an additional contribution through a local cost sharing formula.
- Other Revenue primarily includes fund balance carry-over, facility rentals, and gate receipts.

| Revenue | Amount              | % Total       |
|---------|---------------------|---------------|
| State   | \$14,786,224        | 38.9%         |
| Local   | \$23,076,646        | 60.6%         |
| Other   | <u>\$ 180,620</u>   | <u>0.5%</u>   |
|         | <b>\$38,043,490</b> | <b>100.0%</b> |

The local cost sharing formula is based 50% on property valuation and 50% on student enrollment.



# Challenges & Opportunities

- Investment Requirements for Infrastructure
- The School-Based Health Center
- New Program for Preschool Services
- Region Ten Costs and Revenues
- State Funding Uncertainties
- Student Enrollment Projections

# Investing in Infrastructure

- The District has made significant investments in infrastructure
  - Examples include new HVAC systems and the new High School
- Requirements for investment in infrastructure are still increasing as facilities/vehicles age
  - Examples include replacing buses, phone systems and parking lots
- There is a back-log in roof replacements totaling at least \$1.4 million (an estimate)
  - The Administration is proposing the Board bring a roof replacement bond before voters at the District Budget Referendum on June 12

# The School-based Health Center & Preschool Services

- The State has eliminated funding for school-based health centers
  - The current District contribution is \$6,500; this must increase to \$41,829 in FY 2019 to maintain the current model/staffing
  - Legislation may restore funding in the coming year, but this is uncertain
- The District is currently finalizing a proposal to expand preschool services in the coming year
  - Costs are unknown at this time

# Region Ten

- The MOE Budget assumes a 5% increase, but this is likely to change
- The State is implementing a new funding model similar to the EPS model for public school systems, so funding is uncertain
  - The state subsidy for CTE centers and regions will now go directly to those organizations
- The Region Ten budget must factor in the cost of replacing the remainder of its roof in FY 2019

# Changes in the FY 2019 State Funding EPS Formula

- There have been many changes to the EPS formula for the coming year. A sampling of changes include:
  - An increase in funding the EPS formula from 97% to 100%
  - A basic pupil count based on a 2-year average of the October 1<sup>st</sup> count, rather than the average of the most recent October and April counts
  - Calculation of state valuation for determining required local share based on a 2-year average rather than a 3-year average
  - A reduction in the system administration allocation from \$138/pupil to \$92/pupil (with an additional \$46/pupil if the RSU joins a regional center)

# Student Enrollment Changes

| SY           | Actual 13-14 | Actual 14-15 | Actual 15-16 | Actual 16-17 | Actual 17-18 | Projected 18-19 | Projected 19-20 | Projected 20-21 |
|--------------|--------------|--------------|--------------|--------------|--------------|-----------------|-----------------|-----------------|
| BCS          | 219          | 220          | 195          | 207          | 208          | 210             | 204             | 202             |
| BHM          | 182          | 168          | 179          | 165          | 162          | 152             | 151             | 141             |
| HCS          | 163          | 191          | 164          | 182          | 157          | 151             | 146             | 126             |
| WCS          | 228          | 227          | 229          | 245          | 250          | 266             | 275             | 288             |
| WES          | 323          | 332          | 342          | 340          | 319          | 326             | 329             | 316             |
| MAM          | 572          | 552          | 559          | 582          | 579          | 548             | 536             | 548             |
| MTA          | 798          | 783          | 734          | 720          | 708          | 742             | 766             | 775             |
| <b>Total</b> | <b>2485</b>  | <b>2473</b>  | <b>2402</b>  | <b>2441</b>  | <b>2383</b>  | <b>2395</b>     | <b>2407</b>     | <b>2396</b>     |

# The FY 2019 Budget Process

## Desired Outcomes

- A budget that is centered on the needs of students
- A budget that supports the goals of the District and our individual schools
- A budget that strikes the right balance between the needs of students and the needs of taxpayers within the context of state down-shifting of financial responsibility to the local level

# Questions and Discussion

