



MARANACOOK AREA SCHOOLS

A Caring School Community Dedicated to Excellence

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Budget Update #5 – RSU #38 Budget Workshop, March 15, 2017

To view the video as well as all supporting materials, please go to www.maranacook.org/budget

“Promoting student success in all areas as we strive for academic excellence while maintaining fiscal responsibility”

The fourth annual joint meeting of the RSU #38 School Board and the Select Boards of the four towns took place at 6:30 pm on March 15, 2017. These meetings are held to share information about the development of the RSU #38 Budget.

The meeting started with a review of some of the successes that our students have had in the past year as a result of the many opportunities that the citizens of RSU #38 have provided in budgets of the past years.

In addition several new documents were presented in our continued effort to make the budget process transparent to the members of the RSU #38 community. These documents represent work on the two aspects of the budget, expenditures and revenues.

The updated **Budget/Subsidy History** includes expected subsidy based on the preliminary ED279 that we received from the state last month. This chart shows the history of state subsidy since FY01. Of particular concern to us is the removal of systems administrative costs from the subsidy formula. Responsibility for this cost is now on local taxpayers. In all, RSU #38's preliminary state subsidy for FY18 represents an actual decrease of \$228,268.21. The projected FY18 state subsidy represents the lowest amount of state subsidy received to date.

Expenditures

The **2017-2018 Budget Progression Chart** shows the work on the RSU #38 FY18 Budget to date. RSU #38 administrators began the budget development process by examining their needs in order to provide the optimal conditions for student success. As we examined this budget, identified as the Original Request Budget 1, we realized that an expenditure budget that represented an expenditure increase of 1.4 million over FY17, an 8.55% expenditure increase, was not fiscally responsible nor sensitive to the needs of the RSU #38 citizens. First round revisions were made to the Original Request Budget 1 based on revisions in the projected cost of maintenance projects. These revisions are reflected in **Original Request Budget 2**.

In an effort to reduce the budget, administrators met and developed a list of proposed items to eliminate. During this time period we received our experience rating for health benefits that indicated we might lower our expected rate of increase from 10% to 9%. We also were notified that our Maine PERS rate of increase was lowered from 18% to 17%. First round revisions were also made to the Original Request Budget 2 based on a decision the RSU #38 School Board made regarding pursuing the bond process for major maintenance projects. Included in Version 1 is additional money for legal fees and architect fees, both of which will be needed as first steps of the bonding process. Based on the revisions and the new information, **Version 1 Draft** of the FY18

budget was presented to RSU #38 Board members and Select Boards on March 15. Increases and decreases to the budget draft, as well as proposed cuts are listed on the **Summary of Budget Changes** chart. Maintenance projects included in the Version 1 Draft are listed on the **RSU #38 Maintenance Project 2017-2018 document**.

Also included in the Version 1 Draft are several proposed staff increases and the cost of those additions. These increases are listed on the **Summary of Staff Increases** Chart.

The **Debt Retirement** chart lists local bonds and lease agreements that the district is paying and the dates that those obligations will be paid. The payment of debt is reflected in the expenditure budget.

Revenues

The Revenues Areas: Version 1 Draft/Preliminary ED279 was developed based on the subsidy report provided to our district by the state. (Systems administration funds are not included in this subsidy projection.) This chart outlines the revenues received by RSU #38, the required local dollar amount set by the state based on a 8.29 mill rate (except for Wayne whose enrollment is below state requirements), and the additional local dollars needed to fund the expenditure budget, by town. **A Required Mill Rate History in EPS** was also presented at the March 15 meeting.

The **Local Dollar Calculation** chart breaks down the required local contribution (8.29) and the required additional local dollars by town. This chart also describes the local dollars contributed for each student based on the preliminary subsidy report.

Version 1 Draft/Preliminary ED279 w/System Admin Added Back In offers the valuation scenario if systems administration were to be added back in to state subsidy. The elimination of the cost for systems administration has a tremendous impact on the anticipated revenues for RSU #38 and on the citizens of RSU #38.

District administrators will continue to work on the budget and hopefully we will soon receive our health insurance figures. In addition, we are hearing from the legislature that they believe there will be more money allotted for districts in the budget. However, we are under a time constraint, with our Board budget vote on April 12, and our District Annual Meeting on May 17. I urge you to contact your legislators to ask them to take swift action on school subsidy decisions. Contact information for Senators and Representatives from the RSU #38 communities, RSU 38 Legislative Delegation is posted on our website.

Please make every effort to attend the remaining budget workshops. The RSU #38 Board will be discussing budget priorities and making difficult decisions about what to eliminate in order to support our students while offering a fiscally responsible budget. The budget will be reviewed, as in past years, through the following lenses:

1. What is best for our students?
2. What will move us toward the goals of the RSU #38 Strategic Plan?
3. What is fiscally responsible?

There will be an opportunity for citizens to speak at each meeting. We look forward to your input.

Sincerely,

Donna H. Wolfrom, Ed.D.
Superintendent of School