

MSAD #35

**SUPERINTENDENT'S
RECOMMENDED
BUDGET**

(Revised)

Fiscal Year 2017 - 2018

May 3, 2017

2017-2018
MSAD 35
Budget Timeline

- Jan. 30, 2017 Principals and Directors submit preliminary budget sheets to Supt.
- March 1, 2017 Superintendent presents the budget to the School Board
- March 15, 2017 Two hour School Board and Public Budget Workshop with the Superintendent and Administrative Staff – 5 p.m. to 7 p.m. in the Learning Center at Marshwood High School (Middle School / High School / Athletics)
- April 5, 2017 Two hour School Board and Public Budget Workshop with the Superintendent and Elementary School Administrators - 5 p.m. to 7 p.m. in the Learning Center at Marshwood High School (Eliot Elementary School / Central School / Marshwood Great Works School)
- April 12, 2017 Two hour School Board and Public Budget Workshop with the Superintendent and Middle and High School Administrators - 5 p.m. to 7 p.m. in the Learning Center at Marshwood High School (Central Office / Special Education / Technology / Facilities / Transportation / Federal Grants / Adult Education)
- April 26, 2017 Two hour School Board and Public Budget Workshop if necessary
- May 3, 2017 School Board approves the FY18 Budget
- May 17, 2017 **District Budget Meeting:**** The public approves the district budget warrant articles
- June 13, 2017 **Budget Validation Referendum****

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 35

Serving the communities of ELIOT & SOUTH BERWICK

Mary C. Nash, Ph.D.
Superintendent of Schools

Randy T. Stewart
Business Manager

Carole A. Smith, Ed.D.
Director of Special Services

May 3, 2017

Dear Members of the Board of Directors,

At the March 1st Board meeting, I presented to the Board a recommended budget that was developed from a baseline of zero. This budget assumed level state subsidy funding for the next fiscal year. However, upon reviewing the recommendations of the various cost center managers, the Administrative Team and I reduced the initial budget request by \$375,000 and directed \$50,000 from projected savings in the substitute teacher lines this year to the Fund Balance to lower the district's assessment. As a result of these efforts, the March 1st budget reflected a 0.79% increase in expenditures and a 2.6% increase in the Total District Assessment with level subsidy funding from the state.

However, when the district received its preliminary subsidy printout from the state (which was based on the Governor's Recommended Funding Level for education for next year), MSAD 35 saw a *reduction* in its state subsidy of \$769,000! While this proposed reduction in state subsidy for our district is very troubling, the allocation of state funding for Maine's public schools is a multi-step process. First, the Governor proposes a budget for the next biennium then the Legislature (after much deliberation) enacts legislation allocating funding for the next fiscal year. The Governor has the opportunity to veto the Legislature's enacted budget, but the Legislature can over-ride the Governor's veto with a 2/3-majority vote.

Although the Board is hopeful that the Legislature will return some or all of the district's reduced subsidy as they have done in previous years, there is no clear indication of how much subsidy might be returned to the district or when this might happen.

As a result of this proposed dramatic reduction in state subsidy for our district next year, at the March 15th meeting I presented to the Board a revised recommended budget that took into consideration how to make further significant expenditure reductions. In reviewing the district's expenditure reduction options, the Administrative Team and I analyzed how best to preserve as much of the district's high quality programming as

possible. \$769,000 is a lot of money to cut. In fact, if we cut all of the positions in the Superintendent's office, that would not equal \$769,000. If we cut all five principals, that would not equal \$769,000. Since the district had already reduced the budget by \$425,000 in the March 1st *Recommended Budget* the district could not make the additional cuts necessary to reach \$769,000 if we did not look at class sizes across the district. Therefore, we reluctantly turned to the Board's *Class Size* policy for guidance.

I noted at the March 15th Board meeting that the Board has been very clear over time regarding the implementation of the district's class size policy noting that class size maximums are just that – maximum levels. As a result, our budgeting effort over the years has been to staff our classrooms within the class size policy's minimum and maximum student enrollment levels. If we now considered budgeting under this extreme budget reduction, up to the maximum class size plus 1 student in our elementary classes, and if we rescheduled our middle and high school programming to increase their class sizes, we could make additional reductions in the budget to offset the \$769,000 reduction in state subsidy next year.

However, I underscored my concerns very, very clearly. These were not programmatic recommendations. These were recommendations made as a result of the district not having enough money to operate at previous class size levels, which directly correlated to the proposed \$769,000 reduction in state subsidy. The 10 full time equivalent reductions in staffing and related services that would result in increased class sizes next year would impact every single student enrolled in MSAD 35. I noted that although we would continue to work diligently together throughout the district to preserve the quality programming for which our district is known we were at a tipping point. The Board's policy underscores this belief "...that there is a relationship between class size and pupil achievement that varies across grade levels."

It is in this context that at the April 26th Budget Workshop, the Board closely reviewed 8 different budget scenarios in an effort to identify a budget that would serve our district best next year given the \$769,000 reduction in subsidy proposed by the Governor. The choice was a difficult one! Of the 8 different budget scenarios reviewed at the Budget Workshop, the scenario with the most modest increase in the District Assessment of 2.97% proposed raising the district's class sizes. The scenario with the highest proposed increase in the District Assessment of 7.24% did not increase the class sizes but returned to the staffing levels of the March 1st Recommended Budget.

The dilemma facing the Board was this:

Should the Board recommend a budget with a modest assessment increase of 2.97% thereby increasing class sizes with the recommendation to use any additional subsidy received from the state to lower the class sizes?

OR

Should the Board recommend a budget with a high assessment increase of 7.24% and return to the staffing levels contained in the March 1st Budget with the recommendation to use any or all of additional subsidy to lower the taxpayers burden?

The Board found that the six budget scenarios in the middle of these two budgets would neither generate enough money to hire back all of the staff nor would it appease taxpayers who believe that their taxes are already too high. The “middle budgets” were, therefore, seen as “lose/lose” options and set aside.

After a lengthy and thoughtful discussion, the Board came to consensus at the April 26th workshop that due to the magnitude of the Governor’s proposed reduced subsidy, the budget with a **-1.25% decrease in expenditures** and a **+2.97% increase in the Total District Assessment** was the best way to support our schools at this time given the Board’s desire to use any additional subsidy received from the Legislature to restore class sizes. In recommending this budget, the Board came to a painstakingly unanimous agreement that there shall be a 16th warrant to be voted on at the District Budget Meeting on May 17th designating any additional state subsidy funding received by the district after the Budget Validation Referendum shall be used to lower class sizes. This budget scenario proposes a modest tax increase that the Board hopes the two town’s constituents will approve with the ardent hope that the 10 full-time equivalent positions will be restored upon receiving any additional subsidy from the Legislature.

The Board also directed the Superintendent to place in the Recommended Budget \$35,000 to fund our First Teams and \$35,000 to fund a new replacement water boiler for Eliot Elementary School. It was within this framework that the Board agreed to recommend the budget with the 2.97% increase in assessment.

The budget you have before you includes all of these changes.

Therefore, we can ask: what can we do as a community to support our schools?

First, come to the Budget Meeting on Wednesday, May 17th at 7:00 p.m. @ MHS. Educate your family, friends and neighbors that our schools need their support! The district needs the 16th warrant approved by the voters to ensure that any additional subsidy received is immediately invested in our schools!

Secondly, encourage your family, friends and neighbors to vote on Tuesday, June 13th! If they cannot come to the polls in person, they can sign up at their town hall for an absentee ballot.

Our budget approval process has two steps and the district's budget can be dramatically changed at each step! Our schools need everyone's support!

Please come support our schools at the **District Budget Meeting on May 17th** and vote on the **District Budget Validation Referendum on June 13th!**

Sincerely,
Mary Nash, Ph.D.
Superintendent of Schools
MSAD 35

**MSAD #35
REVENUE/ASSESSMENT
BUDGET SUMMARY**

	FY17	FY18	Inc/(Dec)	
			Amount	%
<u>DISTRICT EXPENDITURE BUDGET</u>				
District Operating Budget	30,961,228	30,450,082	(511,146)	-1.65%
Teacher Retirement Cost	482,944	602,600	119,656	24.78%
Total District Budget	31,444,172	31,052,682	(391,490)	-1.25%
<u>DISTRICT REVENUE BUDGET</u>				
State Subsidy				
State Subsidy	10,830,068	10,062,765	(767,303)	-7.08%
State Paid Debt Service	1,139,699	1,138,494	(1,205)	-0.11%
Total State Contribution	11,969,766	11,201,259	(768,507)	-6.42%
Local Tax Revenue				
Required Local Contribution	12,233,508	12,475,759	242,251	1.98%
Additional Local Contribution	4,031,455	4,416,695	385,240	9.56%
Local Only Debt Service	370,252	237,252	(133,000)	-35.92%
Total Local Tax Revenue	16,635,216	17,129,706	494,490	2.97%
Local Non-Tax Revenues				
Regular Education Tuition - Rollinsford	1,276,860	1,515,107	238,247	18.66%
Special Education Services - Rollinsford	100,000	100,000	0	0.00%
CTE Tuition - Rollinsford	7,600	7,600	0	0.00%
Regular Education Tuition	11,400	28,950	17,550	153.95%
Community Bus Rentals & Activity Trips	12,000	30,000	18,000	150.00%
Interest Income	5,000	5,000	0	0.00%
Use of Facility Fees	13,000	13,000	0	0.00%
Misc. Receipts and Refunds	25,000	75,000	50,000	200.00%
E-Rate Discount	22,155	15,500	(6,655)	-30.04%
Medicaid Reimbursement	10,000	12,500	2,500	25.00%
State Agency Client Reimbursement	10,000	10,000	0	0.00%
Technology Infrastructure Services	37,200	39,060	1,860	5.00%
Total Local Non-Tax Revenues	1,530,215	1,851,717	321,502	21.01%
Applied Fund Balance				
Fiscal Year End Surplus	400,000	520,000	120,000	30.00%
Prior Year Fund Balance Applied	538,000	350,000	(188,000)	-34.94%
Additional FY16 State Subsidy Applied	370,975	0	(370,975)	-100.00%
Total Local Non-Tax Revenue	1,308,975	870,000	(438,975)	-33.54%
Total Projected Revenues	31,444,172	31,052,682	(391,490)	-1.25%
<u>LOCAL ASSESSMENT</u>				
Total Eliot Assessment	9,068,824	9,399,776	330,952	3.65%
Total South Berwick Assessment	7,566,392	7,729,930	163,538	2.16%
Total District Assessment	16,635,216	17,129,706	494,490	2.97%
<u>ADULT ED ASSESSMENT</u>				
Town of Eliot	45,831	51,841	6,010	13.11%
Town of South Berwick	46,757	52,005	5,248	11.22%
Total Adult Ed Assessment	92,588	103,846	11,258	12.16%

**MSAD 35
EXPENDITURE
BUDGET SUMMARY**

EXPENDITURES:

ELEMENTARY PROGRAM
 PRE-K/KINDERGARTEN PROGRAM:
 SECONDARY PROGRAM:
 GIFTED & TALENTED:
 ESL PROGRAM:
REGULAR INSTRUCTION PROGRAMS

RESOURCE CLASSROOM:
 SPECIAL SERVICES ADMINISTRATION:
 SPECIAL SERVICES: OTHER
 EXTENDED YEAR SERVICES:
SPECIAL EDUCATION PROGRAMS

CTE TUITION:
 HEALTH OCCUPATIONS:
VOCATIONAL EDUCATION PROGRAMS

SUMMER SCHOOL:
 ELEM. CO-CURRICULAR ACTIVITIES:
 ELEM. EXTRA-CURR/INTERSCH. ATH:
 SECONDARY - CO-CURR ACTIVITIES:
 AUDITORIUM:
 SECON-EXTRA CURR/INTERSCH ATH:
EXTRA-CURRICULAR PROGRAMS

GUIDANCE:
 STUDENT HEALTH SERVICES:
 IMPROVEMENT OF INSTRUCTION:
 INSTRUCTIONAL STAFF TRAINING:
 LIBRARY:
 INSTRUCTION - TECHNOLOGY:
 ACADEMIC STUDENT ASSESSMENT:
STUDENT/STAFF SUPPORT SERVICES

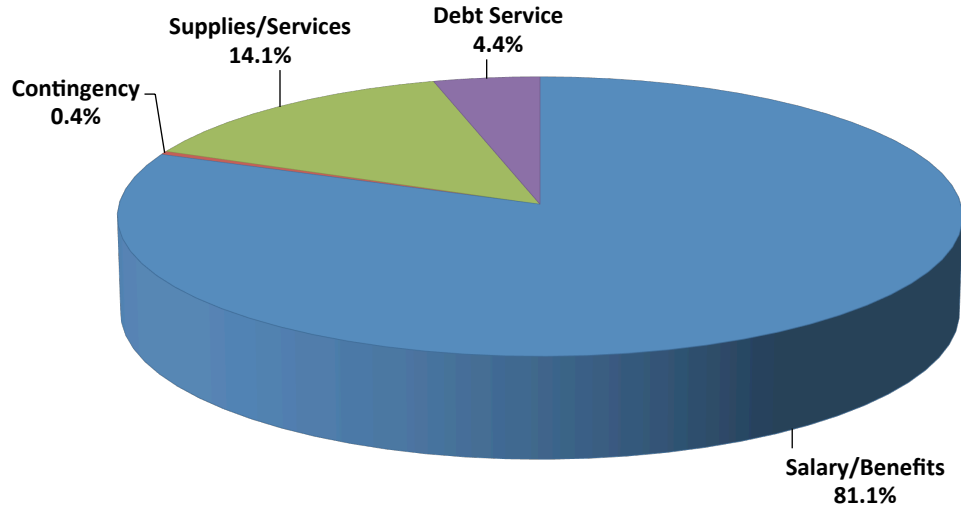
BOARD:
 ELECTION SERVICES:
 SYSTEM ADMINISTRATION:
 BUSINESS MGR:
SYSTEM ADMINISTRATION

	FY17 BUDGET	FY18 BUDGET	Inc-/Dec	
			Amount	%
	8,709,726	8,940,364	230,638	2.65%
	519,641	518,278	-1,363	-0.26%
	4,348,735	4,236,487	-112,248	-2.58%
	212,404	292,562	80,158	37.74%
	101,703	71,419	-30,284	-29.78%
	13,892,209	14,059,110	166,901	1.20%
	2,463,481	2,726,664	263,183	10.68%
	992,687	997,077	4,390	0.44%
	403,518	471,317	67,799	16.80%
	34,251	35,000	749	2.19%
	3,893,937	4,230,058	336,121	8.63%
	70,900	71,400	500	0.71%
	88,782	98,903	10,121	11.40%
	159,682	170,303	10,621	6.65%
	12,362	0	-12,362	-100.00%
	106,207	147,090	40,883	38.49%
	109,037	104,069	-4,968	-4.56%
	121,141	148,860	27,719	22.88%
	37,488	35,400	-2,088	-5.57%
	479,026	536,430	57,404	11.98%
	865,261	971,849	106,588	12.32%
	1,075,626	1,049,008	-26,618	-2.47%
	465,342	435,316	-30,026	-6.45%
	213,800	157,955	-55,845	-26.12%
	43,968	30,500	-13,468	-30.63%
	287,293	280,731	-6,562	-2.28%
	877,855	767,048	-110,807	-12.62%
	146,433	67,750	-78,683	-53.73%
	3,110,317	2,788,308	-322,009	-10.35%
	54,454	54,342	-112	-0.21%
	2,500	2,500	0	0.00%
	457,544	464,532	6,988	1.53%
	404,886	420,156	15,270	3.77%
	919,384	941,530	22,146	2.41%

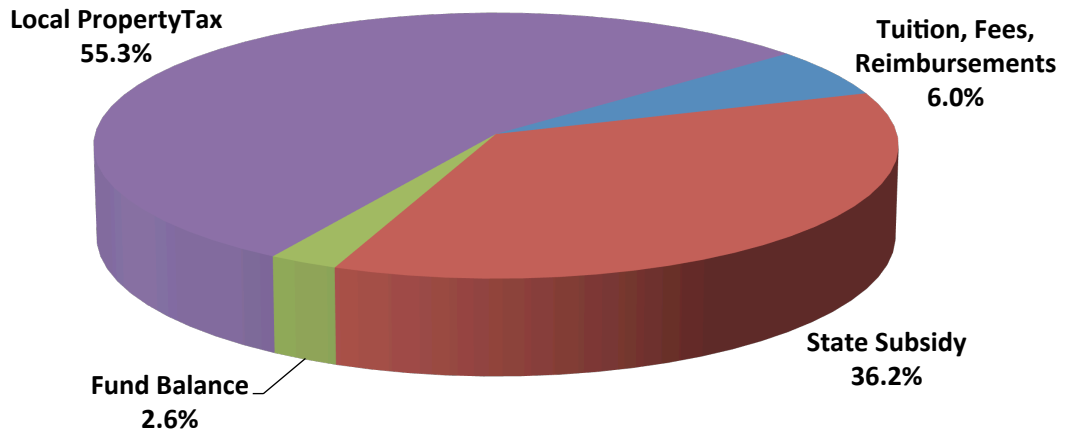
**MSAD 35
EXPENDITURE
BUDGET SUMMARY**

	FY17 BUDGET	FY18 BUDGET	Inc/Dec	
			Amount	%
SCHOOL ADMIN:	1,727,807	1,736,354	8,547	0.49%
SCHOOL ADMINISTRATION	1,727,807	1,736,354	8,547	0.49%
OPERATION & MAINTENANCE:	499,507	481,745	-17,762	-3.56%
CARE OF BUILDINGS:	1,650,383	1,569,819	-80,564	-4.88%
BUILDING MAINTENANCE:	809,223	545,717	-263,506	-32.56%
GROUNDS MAINTENANCE:	217,210	216,505	-705	-0.32%
EQUIPMENT MAINTENANCE:	44,300	44,300	0	0.00%
VEHICLE MAINTENANCE:	10,500	10,500	0	0.00%
FACILITIES OPERATION/MAINTENANCE	3,231,123	2,868,586	-362,537	-11.22%
STUDENT TRANSPORTATION:	366,354	339,336	-27,018	-7.37%
VEHICLE OPERATIONS:	891,690	858,598	-33,092	-3.71%
MONITORING SERVICES:	26,554	16,771	-9,783	-36.84%
VEHICLE MAINTENANCE:	280,684	264,856	-15,828	-5.64%
SPECIAL ED TRANSPORTATION:	281,896	161,484	-120,412	-42.72%
CTE TRANSPORTATION:	91,806	148,023	56,217	61.23%
STUDENT TRANSPORTATION	1,938,984	1,789,068	-149,916	-7.73%
CAPITAL PROJECTS - STATE:	1,199,699	1,138,494	-61,205	-5.10%
CAPITAL PROJECTS - LOCAL:	137,247	0	-137,247	-100.00%
QSCB - LOCAL	229,522	229,522	0	0.00%
QSCB - INTEREST	4,000	4,500	500	12.50%
DEBT SERVICE	1,570,468	1,372,516	-197,952	-12.60%
BOARD CONTINGENCY	100,000	50,000	-50,000	-50.00%
FOOD SERVICES OPERATIONS:	35,000	75,000	40,000	114.29%
BOARD CONTINGENCY	135,000	125,000	-10,000	-7.41%
TOTAL EXPENDITURES	31,444,172	31,052,682	-391,490	-1.25%
REVENUES IN EXCESS OF EXPENDITURES	0	0		

FY 2018 Expenditures



FY 2018 Revenues



5 YEAR BUDGET COMPARISON

	FY2014	FY2015	FY2016	FY2017	FY2018
Student Enrollment (October 1)	2325	2313	2357	2373	2369
Expenditure Budget	\$28,129,397	\$28,860,884	\$29,983,334	\$30,961,228	\$30,380,082
Teacher Retirement Cost	\$353,124	\$358,739	\$465,713	\$482,944	\$602,600
Total Expenditure Budget	\$28,482,521	\$29,219,623	\$30,449,047	\$31,444,172	\$31,052,682
\$ change from prior year =	\$1,696,930	\$737,102	\$1,229,424	\$995,125	(\$391,490)
% change from prior year =	6.3%	2.6%	4.2%	3.3%	-1.25%
State Subsidy	\$12,360,419	\$12,384,588	\$12,291,975	\$11,969,766	\$11,201,259
\$ change from prior year =	\$307,964	\$24,169	(\$92,613)	(\$322,209)	(\$768,507)
% change from prior year =	2.6%	0.2%	-0.7%	-2.6%	-6.42%
Eliot Assessment	\$8,192,600	\$8,596,286	\$8,816,932	\$9,068,824	\$9,399,776
\$ change from prior year =	351,657	403,686	220,646	251,892	330,952
% change from prior year =	4.5%	4.9%	2.6%	2.9%	3.65%
South Berwick Assessment	\$7,005,940	\$7,298,388	\$7,412,778	\$7,566,392	\$7,729,930
\$ change from prior year =	459,147	292,448	114,390	153,614	163,538
% change from prior year =	7.0%	4.2%	1.6%	2.1%	2.16%
District Local Assessment	\$15,198,540	\$15,894,675	\$16,229,710	\$16,635,216	\$17,129,706
\$ change from prior year =	810,804	696,135	335,035	405,506	494,490
% change from prior year =	5.6%	4.6%	2.1%	2.5%	2.97%
% Increase in Salaries	2.00%	2.50%	1.50%	2.00%	2.50%
% Increase in Health Insurance	13.0%	5.0%	1.1%	5.4%	10.0%

