



# MSAD #35 FY 2018-2019 BUDGET

SUPERINTENDENT'S RECOMMENDATION  
05.02.2018



## FY19 Budget Workshop Schedule

- |                       |  |
|-----------------------|--|
| <b>March 7, 2018</b>  | Superintendent presents recommended budget to School Board<br>(All administrators present)   |
| <b>March 21, 2018</b> | Budget Workshop (5:00 – 6:30pm)<br>(High School, Middle School, Athletic budgets)  |
| <b>March 21, 2018</b> | Finance & Facilities Committee Meeting (6:30 – 7:00pm)   |
| <b>April 4, 2018</b>  | Budget Workshop (5:00 – 7:00pm)<br>(Eliot, Central, Great Works budgets)   |
| <b>April 11, 2018</b> | Meeting Cancelled  |
| <b>April 25, 2018</b> | Budget Workshop (5:00 – 7:00pm)<br>(Central Office, Special Ed, Technology, Facilities, Transportation, Federal Grant, Adult Ed Budgets) |
| <b>May 2, 2018</b>    | School Board approves recommended budget<br>(All administrators present)   |
| <b>May 16, 2018</b>   | <b>DISTRICT BUDGET MEETING</b>   |
| <b>June 12, 2018</b>  | <b>DISTRICT BUDGET VALIDATION REFERENDUM</b>   |

# MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 35

Serving the communities of ELIOT & SOUTH BERWICK

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

**Ryan Cormier**  
*Financial Manager*

**John Caverly**  
*Chief of Operations*

**Heidi Early-Hersey**  
*Director of Teaching & Learning*

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

May 2, 2018

Dear Members of the Board of Directors,

In early February, the DOE notified the district of its preliminary subsidy figure for the next school year. Although the Legislature increased state funding for general K-12 education for FY 19 last summer by \$113.6 million dollars, there was an unanticipated statewide shortfall of \$52 million dollars for public education. Therefore, despite our hope that we would see an increase in our state subsidy for FY 19 of over \$1.2 million dollars, MSAD 35's preliminary subsidy revealed a loss of \$425,000!

The manner in which the Legislature anticipated paying for the \$52 million-dollar statewide shortfall was to raise the mil rate from \$8.19 to \$8.51 ~ the highest mil rate in Maine's history!

In addition to these factors impacting our district, there are two additional dynamics that factored greatly in our reduced preliminary subsidy figure for next year and these two dynamics are: declining student enrollment and increasing property valuation.

- 1) Our district saw a *decrease* of 84 students in its enrollment
- 2) \$71 million dollar *increase* in the community's property valuation.

All of these dynamics factored together yielded a preliminary subsidy decrease of (\$425,000) for next year for our district.

## **What does this mean for the FY19 Budget?**

The first thing we need to focus on is that we are not in the same position we were in last year when we saw a decreased subsidy of (\$769,000) and needed to cut positions equitably based on staffing at the upper limits of our class size policy to reach the magnitude of cuts to balance our budget.

We are fortunate that last May, our community passed a 16<sup>th</sup> warrant at the District Budget Meeting which allowed the Board to restore cut positions if the state restored some of the district's reduced subsidy after the District Budget Meeting last spring. When the Legislature restored \$538,000 in the district's subsidy last July, the Board allocated those funds to restore the district's class sizes to the Board's recommended class size parameters for FY18.

This year, due to our overall declining student enrollment we will need to cut several positions and we will also need to simultaneously budget new positions where our class size measures indicate we should. However, this is part of our normal budget process and nothing even remotely similar to the draconian budget scenarios we went through last year!

### **Enrollment Driven Position Reductions and Increases for FY 19**

In light of these dynamics, I am continuing to recommend that the following positions be cut from the district's budget next year due to declining student enrollment:

#### *Positions Recommended to be Reduced in the FY19 Budget*

- 1.0 Grade 3 teacher at CES
- 1.0 Grade 4 teacher at GWS
- 2.0 8<sup>th</sup> grade ELA teachers at MMS

In addition to these reductions in staffing, because the Sanford Regional Technical Center [SRTC] will be reintegrating all of its off-site positions to its main campus next year, the (1.0) Health Occupations Instructor position will be cut from MSAD 35's budget for FY19 and added to the SRTC budget.

#### *Positions Recommended to be Added to the FY19 Budget*

First, due to anticipated increased class sizes and course selections at the high school level in Social Studies, I am recommending that the district add the following position to the budget next year:

- 1.0 History/Social Studies teacher at MHS

Secondly, I have been informed by our Director of Special Services, Dr. Carole Smith, of her intention to retire at the end of the next school year in June 2019. Dr. Smith has led the district's efforts for the past 21 years to provide special services for: the district's students with disabilities, our talented and gifted students, our homeless students and our struggling academic students. All of these areas of service have the potential of impacting the district's budget greatly if they are not managed carefully. Therefore, just as the district provided a clear, year-long transition for the implementation of a succession plan for the district's financial manager two years ago, I am recommending a similar year-long succession plan for the transition from Dr. Smith's leadership to a new Director for Special Services next year. Specifically, I am recommending that the district budget a new *Assistant Director for Special Services* position to facilitate the smooth transition of leadership and management of our special services work upon the retirement of our current Director of Special Services, Carole Smith, at the end of the next school year using federal funding to fully support this new position.

### **Reduction in the District's Health Insurance Costs for FY 19**

When I met in February with representatives from the MEA Benefits Trust to review the district's medical loss ratio upon which our insurance rates will be based next year I learned that the district's medical loss ratio went from 109% in 2016 to a dramatic 89.3% in 2017! This is terrific news and is accompanied by the additional good news that of the five areas on the clinical risk continuum, MSAD 35 had lower costs than the MEA Trust average cost in 4 of the 5 categories!

I am happy to report that the actual rate health insurance increase for the district for FY19 will be 1.44%.

The district budgeted \$412,000 for its projected health insurance costs for FY 19 in the Recommended Budget in March. However, the actual 1.44% increase in health insurance cost for FY 19 will require \$60,000 to be budgeted in the Revised Budget. I am, therefore recommending that the remaining \$352,000 be used to complete contract negotiations and once the contract negotiations are completed I am also recommending that if there are any surplus funds remaining, to allow those funds to fall to the year-end surplus where they will be available to the Board to allocate next spring as part of the FY 20 budget development process.

**Use of the District’s Fund Balance**

In an effort to maintain a District Assessment increase of no more than 2.5%, I am continuing to recommend that a total of \$870,000 (\$520,000 from the year-end surplus and \$350,000 from its Fund Balance) be used to keep the District Assessment at 2.5% for FY19.

**New Students Entering the District from Rollinsford**

The Recommended Budget noted (12) 12<sup>th</sup> grade Rollinsford students graduating from MHS this June. It also noted (14) Rollinsford students entering 7<sup>th</sup> grade next year. However, the district was recently notified that there will be (23) entering 7<sup>th</sup> grade students from Rollinsford. The Revised Budget, therefore, includes increased revenue from these (9) new Rollinsford students by \$91,000 or \$10,168 per new student.

**Programmatic Improvement Plan**

The Recommended Budget included the following initiatives for the Board’s consideration:

Elementary Summer Literacy Program	\$15,000
Civil Rights Team Facilitators	\$15,000
Athletic Coach Stipends	\$20,000
Athletic Uniforms	<u>\$18,500</u>
	\$68,500

As a result of the recommendations at the April 25<sup>th</sup> Budget Workshop, I am also recommending adding:

\$5,000 to the Elementary Summer Literacy Program to support struggling rising second grade readers

\$7,000 for the district wide *Crisis Go* emergency management software

With these two additions to the Programmatic Improvement Plan the total cost for Recommended Programmatic Improvement Plan Items = \$80,500. I am recommending that the Board fully fund these programmatic improvements using the increased revenue from the 9 new students entering the district from Rollinsford in September.

## Summary

Despite our hope that we would see an increase in our state subsidy next year of over \$1.2 million dollars, MSAD 35's preliminary subsidy revealed a *loss* of \$425,000! Nevertheless, the district has worked hard to prepare the FY19 budget for the Board's review that returns to using the Board's class size policy as the foundation of its zero-based budgeting process request for the next school year.

I wish to reassure the Board and our community that the budget presented to you tonight is not at all driven by the draconian dynamics we saw in development of the FY18 budget last year. This year, due to our declining student enrollment we will need to cut several positions and we will also need to simultaneously budget new positions where our class size measures indicate we should. However, this is part of our normal budget process and nothing even remotely similar to the draconian budget scenarios we went through last year!

The FY19 budget is also crafted in the context of a dramatic increase in the state's mil rate for our taxpayers where the state's mil rate rises dramatically from \$8.19 to \$8.51 ~ the highest mil rate in Maine's history!

In summary, over the past seven years the district has worked hard to provide our community with a budget that is predictable and sustainable ~ mindful that the budget must balance reasonable expenditures that maintain the district's high performance on one hand with many other demands on our taxpayers on the other hand.

Remarkably, the FY19 budget includes an overall (-3.17%) *reduction* in the district's expenditure budget next year (which includes the retirement of the high school bond debt and a relatively flat level of other expenditures.) Even with the loss of (\$425,000) in state subsidy the FY19 revised budget stays true to the district's effort to develop a sufficient and sustainable budget by continuing to recommend using \$870,000 from the district's Fund Balance to keep the District Assessment at 2.5% for FY19.

The people of Eliot and South Berwick are hard-working people who play by the rules and try to make ends meet. Over the past 50+ years, the people of our community have built and developed a school district that is one of the top performing districts in the state. Let us continue to work together to keep Marshwood strong!

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 16th** and vote on the **District Budget Validation Referendum on June 12<sup>th</sup>**!

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

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

	FY18	FY19	Inc/(Dec)	
			Amount	%
<b><u>DISTRICT EXPENDITURE BUDGET</u></b>				
District Operating Budget	30,988,082.00	<b>29,985,127.00</b>	(1,002,955)	-3.24%
Teacher Retirement Cost	602,600.00	<b>602,600.00</b>	0	0.00%
<b>Total District Budget</b>	<b>31,590,682.00</b>	<b>30,587,727.00</b>	<b>(1,002,955)</b>	<b>-3.17%</b>
<b><u>DISTRICT REVENUE BUDGET</u></b>				
<b>State Subsidy</b>				
State Subsidy	10,600,826.20	<b>10,175,733.00</b>	(425,093)	-4.01%
State Paid Debt Service	1,138,493.88	<b>0.00</b>	(1,138,494)	-100.00%
<b>Total State Contribution</b>	<b>11,739,320.08</b>	<b>10,175,733.00</b>	<b>(1,563,587)</b>	<b>-13.32%</b>
<b>Local Tax Revenue</b>				
Required Local Contribution	12,475,759.17	<b>13,412,185.50</b>	936,426	7.51%
Additional Local Contribution	4,416,694.95	<b>3,908,184.61</b>	(508,510)	-11.51%
Local Only Debt Service	237,251.89	<b>237,251.89</b>	0	0.00%
<b>Total Local Tax Revenue</b>	<b>17,129,706.01</b>	<b>17,557,622.00</b>	<b>427,916</b>	<b>2.50%</b>
<b>Local Non-Tax Revenues</b>				
Regular Education Tuition - Rollinsford	1,515,107.00	<b>1,616,712.00</b>	101,605	6.71%
Special Education Services - Rollinsford	100,000.00	<b>100,000.00</b>	0	0.00%
CTE Tuition - Rollinsford	7,600.00	<b>7,600.00</b>	0	0.00%
Regular Education Tuition	28,950.00	<b>45,000.00</b>	16,050	55.44%
Community Bus Rentals & Activity Trips	30,000.00	<b>45,000.00</b>	15,000	50.00%
Interest Income	5,000.00	<b>5,000.00</b>	0	0.00%
Use of Facility Fees	13,000.00	<b>13,000.00</b>	0	0.00%
Misc. Receipts and Refunds	75,000.00	<b>75,000.00</b>	0	0.00%
E-Rate Discount	15,500.00	<b>15,500.00</b>	0	0.00%
Medicaid Reimbursement	12,500.00	<b>12,500.00</b>	0	0.00%
State Agency Client Reimbursement	10,000.00	<b>10,000.00</b>	0	0.00%
Technology Infrastructure Services	39,060.00	<b>39,060.00</b>	0	0.00%
<b>Total Local Non-Tax Revenues</b>	<b>1,851,717.00</b>	<b>1,984,372.00</b>	<b>132,655</b>	<b>7.16%</b>
<b>Applied Fund Balance</b>				
Fiscal Year End Surplus	520,000.00	<b>520,000.00</b>	0	0.00%
Prior Year Fund Balance Applied	350,000.00	<b>350,000.00</b>	0	0.00%
<b>Total Local Non-Tax Revenue</b>	<b>870,000.00</b>	<b>870,000.00</b>	<b>0</b>	<b>0.00%</b>
<b>Total Projected Revenues</b>	<b>31,590,743.09</b>	<b>30,587,727.00</b>	<b>(1,003,016)</b>	<b>-3.18%</b>
<b><u>LOCAL ASSESSMENT</u></b>				
<b>Total Eliot Assessment</b>	<b>9,399,775.63</b>	<b>9,770,341.31</b>	<b>370,566</b>	<b>3.94%</b>
<b>Total South Berwick Assessment</b>	<b>7,729,930.38</b>	<b>7,787,280.69</b>	<b>57,350</b>	<b>0.74%</b>
<b>Total District Assessment</b>	<b>17,129,706.01</b>	<b>17,557,622.00</b>	<b>427,916</b>	<b>2.50%</b>
<b><u>ADULT ED ASSESSMENT</u></b>				
Town of Eliot	51,840.89	<b>52,318.73</b>	478	0.92%
Town of South Berwick	52,005.11	<b>52,625.27</b>	620	1.19%
<b>Total Adult Ed Assessment</b>	<b>103,846.00</b>	<b>104,944.00</b>	<b>1,098</b>	<b>1.06%</b>

**MSAD 35  
EXPENDITURE  
BUDGET SUMMARY**

<u>EXPENDITURES</u>	FY 18 BUDGET	FY 19 BUDGET	+INC / -DEC	
			AMOUNT	%
ELEMENTARY PROGRAM	\$ 9,271,865	\$ 9,118,140	\$ (153,725)	-1.66%
PRE-K/KINDERGARTEN PROGRAM	\$ 645,779	\$ 653,976	\$ 8,197	1.27%
SECONDARY PROGRAM	\$ 4,236,487	\$ 4,404,993	\$ 168,506	3.98%
GIFTED & TALENTED	\$ 292,562	\$ 296,985	\$ 4,423	1.51%
ESL PROGRAM	\$ 71,419	\$ 72,719	\$ 1,300	1.82%
<b>REGULAR INSTRUCTION PROGRAMS</b>	<b>\$ 14,518,112</b>	<b>\$ 14,546,813</b>	<b>\$ 28,701</b>	<b>0.20%</b>
RESOURCE CLASSROOM	\$ 2,726,664	\$ 2,772,523	\$ 45,859	1.68%
SPECIAL SERVICES ADMINISTRATION	\$ 997,077	\$ 999,782	\$ 2,705	0.27%
SPECIAL SERVICES OTHER	\$ 471,317	\$ 478,531	\$ 7,214	1.53%
EXTENDED YEAR SERVICES	\$ 35,000	\$ 35,000	\$ -	0.00%
<b>SPECIAL EDUCATION PROGRAMS</b>	<b>\$ 4,230,058</b>	<b>\$ 4,285,836</b>	<b>\$ 55,778</b>	<b>1.32%</b>
CTE TUITION	\$ 71,400	\$ 72,400	\$ 1,000	1.40%
HEALTH OCCUPATIONS	\$ 98,903	\$ -	\$ (98,903)	-100.00%
<b>VOCATIONAL EDUCATION PROGRAMS</b>	<b>\$ 170,303</b>	<b>\$ 72,400</b>	<b>\$ (97,903)</b>	<b>-57.49%</b>
ELEM. CO-CURRICULAR ACTIVITIES	\$ 149,090	\$ 159,890	\$ 10,800	7.24%
ELEM. EXTRA CURR/INTERSCH ATHLETICS	\$ 104,069	\$ 104,538	\$ 469	0.45%
SECONDARY CO-CURR ACTIVITIES	\$ 148,860	\$ 151,860	\$ 3,000	2.02%
AUDITORIUM	\$ 35,400	\$ 35,400	\$ -	0.00%
SECON-EXTRA CURR/INTERSCH ATHLETICS	\$ 536,430	\$ 578,723	\$ 42,293	7.88%
<b>EXTRA-CURRICULAR PROGRAMS</b>	<b>\$ 973,849</b>	<b>\$ 1,030,411</b>	<b>\$ 56,562</b>	<b>5.81%</b>
GUIDANCE	\$ 1,049,008	\$ 1,064,262	\$ 15,254	1.45%
STUDENT HEALTH SERVICES	\$ 435,316	\$ 442,555	\$ 7,239	1.66%
IMPROVEMENT OF INSTRUCTION	\$ 157,955	\$ 159,202	\$ 1,247	0.79%
INSTRUCTIONAL STAFF TRAINING	\$ 30,500	\$ 30,500	\$ -	0.00%
LIBRARY	\$ 287,531	\$ 290,553	\$ 3,022	1.05%
INSTRUCTION TECHNOLOGY	\$ 765,048	\$ 803,547	\$ 38,499	5.03%
ACADEMIC STUDENT ASSESSMENT	\$ 67,750	\$ 80,925	\$ 13,175	19.45%
<b>STUDENT/STAFF SUPPORT SERVICES</b>	<b>\$ 2,793,108</b>	<b>\$ 2,871,544</b>	<b>\$ 78,436</b>	<b>2.81%</b>
BOARD	\$ 54,342	\$ 54,342	\$ -	0.00%
ELECTION SERVICES	\$ 2,500	\$ 2,500	\$ -	0.00%
SYSTEM ADMINISTRATION	\$ 464,532	\$ 465,955	\$ 1,423	0.31%
BUSINESS MANAGER	\$ 420,156	\$ 426,089	\$ 5,933	1.41%
<b>SYSTEM ADMINISTRATION</b>	<b>\$ 941,530</b>	<b>\$ 948,886</b>	<b>\$ 7,356</b>	<b>0.78%</b>



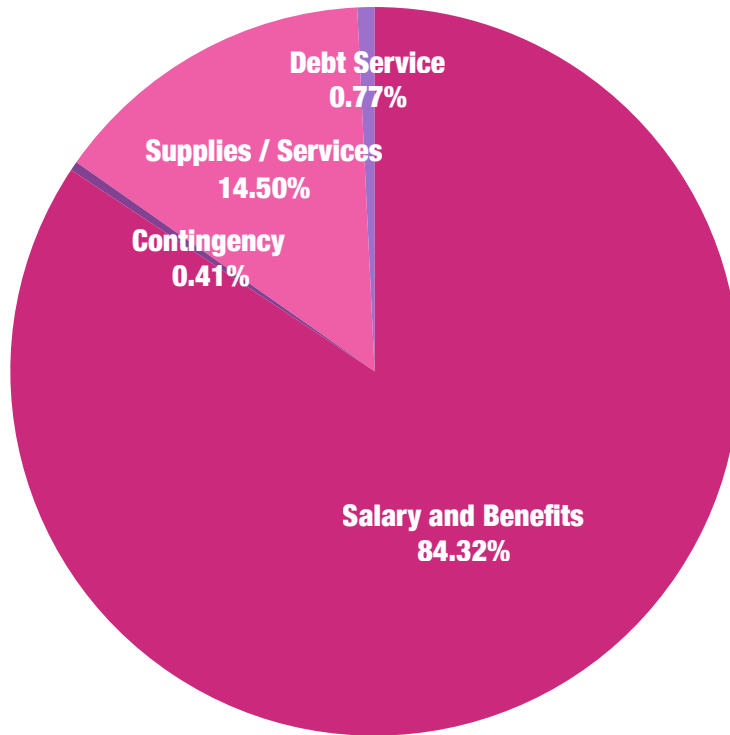
**MSAD 35  
EXPENDITURE  
BUDGET SUMMARY**

	FY 18 BUDGET	FY 19 BUDGET	+INC / -DEC	
			AMOUNT	%
<b>EXPENDITURES</b>				
SCHOOL ADMINISTRATION	\$ 1,736,354	\$ 1,766,416	\$ 30,062	1.73%
<b>SCHOOL ADMINISTRATION</b>	\$ 1,736,354	\$ 1,766,416	\$ 30,062	1.73%
OPERATIONS & MAINTENANCE	\$ 491,245	\$ 472,809	\$ (18,436)	-3.75%
CARE OF BUILDINGS	\$ 1,593,819	\$ 1,592,912	\$ (907)	-0.06%
BUILDING MAINTENANCE	\$ 548,417	\$ 514,525	\$ (33,892)	-6.18%
GROUNDS MAINTENANCE	\$ 233,505	\$ 252,622	\$ 19,117	8.19%
EQUIPMENT MAINTENANCE	\$ 44,300	\$ 44,300	\$ -	0.00%
VEHICLE MAINTENANCE	\$ 29,500	\$ 29,500	\$ -	0.00%
<b>FACILITIES OPERATIONS/MAINTENANCE</b>	\$ 2,940,786	\$ 2,906,668	\$ (34,118)	-1.16%
STUDENT TRANSPORTATION	\$ 339,335	\$ 283,126	\$ (56,209)	-16.56%
VEHICLE OPERATIONS	\$ 858,597	\$ 888,195	\$ 29,598	3.45%
MONITORING SERVICES	\$ 16,771	\$ 16,566	\$ (205)	-1.22%
VEHICLE MAINTENANCE	\$ 264,856	\$ 299,197	\$ 34,341	12.97%
SPECIAL ED TRANSPORTATION	\$ 161,484	\$ 162,771	\$ 1,287	0.80%
CTE TRANSPORTATION	\$ 148,023	\$ 149,876	\$ 1,853	1.25%
<b>STUDENT TRANSPORTATION</b>	\$ 1,789,066	\$ 1,799,731	\$ 10,665	0.60%
CAPITAL PROJECTS - STATE	\$ 1,138,494	\$ -	\$ (1,138,494)	-100.00%
QSCB - LOCAL	\$ 229,522	\$ 229,522	\$ -	0.00%
QSCB - INTEREST	\$ 4,500	\$ 4,500	\$ -	0.00%
<b>DEBT SERVICE</b>	\$ 1,372,516	\$ 234,022	\$ (1,138,494)	-82.95%
BOARD CONTINGENCY	\$ 50,000	\$ 50,000	\$ -	0.00%
FOOD SERVICES OPERATIONS	\$ 75,000	\$ 75,000	\$ -	0.00%
<b>ALL OTHER EXPENDITURES</b>	\$ 125,000	\$ 125,000	\$ -	0.00%
<b>TOTAL EXPENDITURES</b>	\$ 31,590,682	\$ 30,587,727	\$ (1,002,955)	-3.17%

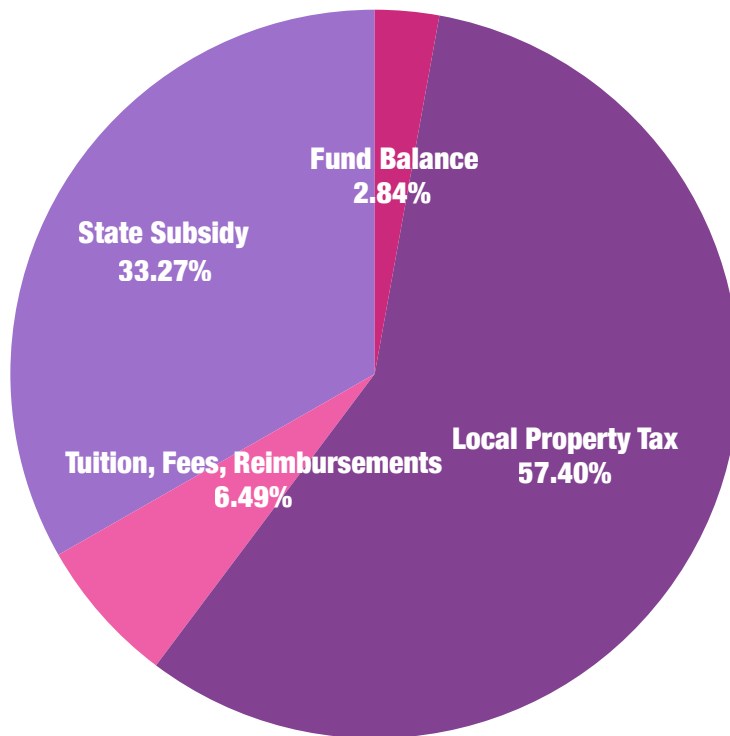
**INSTRUCTIONAL EXPENDITURE TARGET**

<b>STATE REQUIREMENT (PL 2017 CHAPTER 284)</b>	<b>N/A</b>	<b>61%</b>
<b>ACTUAL</b>	<b>N/A</b>	<b>65%</b>

### FY2019 Expenditures



### FY2019 Revenues



## Five Year Budget Comparison

	FY2015	FY2016	FY2017	FY2018	FY2019
Student Enrollment (October 1)	2,313	2,357	2,373	2,369	2,315
Expenditure Budget	\$28,860,884	\$29,983,334	\$30,961,228	\$30,988,082	\$29,985,127
Teacher Retirement Cost	\$358,739	\$465,713	\$482,944	\$602,600	\$602,600
Total Expenditure Budget	\$29,219,623	\$30,449,047	\$31,444,172	\$31,590,682	\$30,587,727
\$ change from prior year =	\$737,102	\$1,229,424	\$995,125	\$146,510	-\$1,002,955
% change from prior year =	2.6%	4.2%	3.3%	0.5%	-3.2%
State Subsidy	\$12,384,588	\$12,291,975	\$11,969,766	\$11,739,706	\$10,175,733
\$ change from prior year =	\$24,169	-\$92,613	-\$322,209	-\$230,060	-\$1,563,973
% change from prior year =	0.2%	-0.7%	-2.6%	-1.9%	-13.3%
Eliot Assessment	\$8,596,286	\$8,816,932	\$9,068,824	\$9,399,776	\$9,770,341
\$ change from prior year =	\$403,686	\$220,646	\$251,892	\$330,952	\$370,565
% change from prior year =	4.9%	2.6%	2.9%	3.6%	3.9%
South Berwick Assessment	\$7,298,388	\$7,412,778	\$7,566,392	\$7,729,930	\$7,787,281
\$ change from prior year =	\$292,448	\$114,390	\$153,614	\$163,538	\$57,351
% change from prior year =	4.2%	1.6%	2.1%	2.2%	0.7%
District Local Assessment	\$15,894,674	\$16,229,710	\$16,635,216	\$17,129,706	\$17,557,622
\$ change from prior year =	\$696,134	\$335,036	\$405,506	\$494,490	\$427,916
% change from prior year =	4.6%	2.1%	2.5%	3.0%	2.5%

