



MSAD #35
FISCAL YEAR
2019 - 2020 BUDGET

FY20 Budget Workshop Schedule

- | | |
|-----------------------|--|
| March 13, 2019 | Superintendent presents recommended budget to School Board
(All administrators present) |
| March 20, 2019 | Budget Workshop (5:00 – 6:30pm)
(High School, Middle School, Athletic, Maintenance budgets) |
| March 20, 2019 | Finance & Facilities Committee Meeting (6:30 – 7:00pm) |
| April 3, 2019 | Budget Workshop (5:00 – 7:00pm)
(Eliot, Central, Great Works, Transportation budgets) |
| April 24, 2019 | Budget Workshop (5:00 – 6:30pm)
(Central Office, Special Ed, Technology, Federal Grant, Adult Ed Budgets) |
| April 24, 2019 | Finance & Facilities Committee Meeting (6:30 – 7:00pm) |
| May 1, 2019 | Budget Workshop (5:00 – 7:00pm)
(If necessary) |
| May 1, 2019 | School Board approves recommended budget
(All administrators present) |
| May 15, 2019 | DISTRICT BUDGET MEETING |
| June 11, 2019 | DISTRICT BUDGET VALIDATION REFERENDUM |

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

March 13, 2019

Dear Members of the Board of Directors,

Over the past three years our district has lost (\$1,240,131) in state subsidy. This has been due to:

- Declining enrollment
- Increased property valuations in both Eliot and South Berwick
- Significant changes in the EPS funding formula

Although the district's enrollment continues to decline and our communities' property values continue to rise, I am happy to report that when the district recently received its preliminary subsidy printout for FY 20, **the district is projected to receive an increase in its share of state subsidy over previous years in the amount of \$749,654.** This increase is largely due to two factors.

First, the state mil rate declined from 8.48 to 8.28.

Secondly, the state increased its share for special education services by \$547,814.

These two major factors largely account for the district's \$749,654 increase in subsidy for next year and we are grateful to the state for these welcomed changes!

As I have noted in previous recommended budgets, in preparing the budget for the next school year, the district employs a zero based budgeting approach. This means that the district's overall budget is driven by student enrollment projections where expenditures and revenue sources follow student enrollment trends from PreK to grade 12.

In building the district's budget for school year 2019-20, the Administrative Team and I started at zero and looked at our projected student enrollments at each of the grade levels. What we found was that our student enrollment will decline at the Great Works School by (18) students; it will decline at Marshwood Middle School by (26) students and it will decline at Marshwood High School by (23) students. We also found that Central Elementary School will see an increase of 3 students and Eliot Elementary School will see an overall increase of 2 students. In total, the district anticipates a student enrollment decline of (62) students.

The Rollinsford student enrollment is projected to decrease next year by (9) students.

As a result of these dynamics, the district will need to cut several positions and we will also need to simultaneously budget new positions where our class size measures indicate we should.

Recommended Increases in Staffing due to Enrollment and Class Size Projections

Once the student enrollment projections are clear, the district then applies the Board's class size policy to staff its classes. As a result of this work, the following staffing increases are recommended:

- 0.5 PreK teacher and 0.5 PreK Ed Tech at CES
- 1.0 grade 3 teacher at CES
- 1.0 grade 3 teacher at EES

Recommended Decreases in Staffing due to Enrollment and Class Size Projections

As a result of declining student enrollment trends, the following positions are recommended to be cut for the following school year:

- 0.5 French teacher at MMS
- 0.5 Spanish teacher at MHS
- 0.5 ELA teacher at MHS
- 0.5 art teachers at MHS
- 1.0 history teacher at MHS

Significant Non-Salary Recommendations for the FY20 Budget

Although the MEA Benefits Trust will not know what the maximum health insurance rate will be for next year (or our district's health insurance rate) they will know in mid-to late March the maximum rate increase and in early April our specific rate. We are hopeful that because both our medical loss ratio is favorable and our performance on 4 of 5 indicators on the clinical risk continuum is favorable, our rate will be favorable too as it was last year [albeit an increased one but not an astronomical rate increase as we had experienced in previous years]. However, upon the advice of the MEA Benefits Trust administrators, we have created a 10% increased cost place holder of \$445,000 for the district's health insurance in the FY20 budget until we are notified of the district's actual health insurance rate increase for next year.

Three years ago, as a result of the Kindergarten Task Force Recommendations, the Board approved creating an all-day Kindergarten experience for our 5 year old students. Part of the budget strategy to create these new classes was to borrow money from the district's Fund Balance which would be paid back over time. As noted above, the district has seen a \$1.2 million dollar loss of subsidy over the last three years and has been unable to pay any of these funds back to the Fund Balance account. Due to the increase of state subsidy

next year for our district, I am recommending that the Board allocate \$90,000 to its Fund Balance to begin repaying the borrowed funds.

As noted above, the district is receiving over \$500,000 of its anticipated \$750,000 increase in subsidy from special education costs. However, the district anticipates spending an additional \$200,000 in special education costs in the coming school year due to the increased costs for out of district placements.

Finally, the roof at the Great Works School needs to be replaced. The roof is currently in poor condition and the temporary patches that have been made over the years to extend its life are now not able to meet the demands of regular water intrusion into the school. The cost of replacing the roof is \$177,000 and I recommend that the School Board include this capital cost in its FY 20 budget.

Summary

The district has worked hard to prepare the FY20 budget for the Board's review where student enrollment drives the budget and where the Board's class size policy is maintained as the foundation of its zero-based budgeting process for the next school year.

The FY20 budget is also crafted in the context of a dramatic increase of \$750,000 in the state's subsidy for our district and that dynamic is coupled with a dramatic decrease in the state's mil rate for our taxpayers where the state's mil rate decreases from 8.48 to 8.28.

In light of all these dynamics, the FY20 recommended budget preserves on the one hand the district's commitment to high quality programming for its students while at the same time recognizes its duty to be fiscally responsible to its taxpayers.

In an effort to develop a sufficient and sustainable recommended budget each fiscal year, the district established a goal three years ago to increase the annual budget by no more than 5% with an estimated annual appropriation increase of 2.5%. This FY20 recommended budget recommends an overall increase of 4% and stays true to its promise of an estimated appropriation increase of 2.5%.

Thank you all for your continued support. I have attached to this document for your review the recommended *Capital Improvement Plan* and the *Programmatic Improvement Plan* for FY20 along with a calendar for the Board's upcoming budget workshops. I look forward to discussing the recommended FY20 budget with you and members of our community over the next several months as we prepare for the district's budget validation process.

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

Recommended Capital Improvement Plan Items for FY20

➤ EES Boiler Replacement cost	<u>\$185,000.</u>
<i>Total Capital Improvements:</i>	<i>\$185,000.</i>

Note: These funds may be able to be allocated from the district's end of year FY 19 surplus.

Recommended Programmatic Improvement Plan Items for FY20

➤ 1.0 Impact Social Worker position for MMS	\$ 85,000.
➤ 0.5 Bus mechanic	\$ 25,000.
➤ Increase Board's Contingency Fund	\$ 50,000.
➤ Increase in professional development	\$ 15,000.
➤ Fund for Teachers	<u>\$ 12,500.</u>
➤ <i>Total Programmatic Improvements:</i>	<i>\$ 187,500.</i>

Notes:

- The 1.0 Impact Social Worker for MMS is similar to the two Impact Social Worker positions currently budgeted at MHS where social workers are assigned students who are at risk for significant mental health issues.
- The 0.5 bus mechanic position will be paired with an existing 0.5 bus mechanic position to create one full-time additional bus mechanic for our fleet of buses and vans.
- The \$50,000 increase in the Board's contingency fund is recommended to restore the Board's contingency fund balance to the \$100,000 level which was cut in half three years ago when the district experienced significant cuts in its subsidy allocation. The Board's contingency fund is used only in emergencies such as when a boiler fails but the current \$50,000 level of funding is not sufficient to meet the needs of a crisis should one emerge.
- Since the district's federal grants have been reduced by (\$100,000) over the past four years, the \$15,000 increase recommended above will augment our existing federal funding for our teachers' professional development.
- The Fund for Teachers is a proposed \$25,000 joint funding partnership with the MEF whereby teachers design learning experiences for themselves during school breaks and summer months to pursue skills and knowledge that will transform their classrooms for years to come. The district's share of the proposed cost is \$12,500.

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

	FY19	FY20	Inc/(Dec)	
			Amount	%
<u>DISTRICT EXPENDITURE BUDGET</u>				
District Operating Budget	\$ 29,974,912	\$ 31,175,778	\$ 1,200,866	4.01%
Teacher Retirement Cost	\$ 612,815	\$ 652,500	\$ 39,685	6.48%
Total District Budget	\$ 30,587,727	\$ 31,828,278	\$ 1,240,551	4.06%
<u>DISTRICT REVENUE BUDGET</u>				
State Subsidy				
State Subsidy	\$ 10,175,733	\$ 10,972,668	\$ 796,935	7.83%
Total State Contribution	\$ 10,175,733	\$ 10,972,668	\$ 796,935	7.83%
Local Tax Revenue				
Required Local Contribution	\$ 13,412,186	\$ 13,223,706	\$ (188,480)	-1.41%
Additional Local Contribution	\$ 3,908,184	\$ 4,536,026	\$ 627,842	16.06%
Local Only Debt Service	\$ 237,252	\$ 237,252	\$ -	0.00%
Total Local Tax Revenue	\$ 17,557,622	\$ 17,996,984	\$ 439,362	2.50%
Local Non-Tax Revenues				
Regular Education Tuition - Rollinsford	\$ 1,616,712	\$ 1,643,380	\$ 26,668	1.65%
Special Education Services - Rollinsford	\$ 100,000	\$ 125,000	\$ 25,000	25.00%
CTE Tuition - Rollinsford	\$ 7,600	\$ 10,000	\$ 2,400	31.58%
Regular Education Tuition	\$ 45,000	\$ 55,000	\$ 10,000	22.22%
Community Bus Rentals & Activity Trips	\$ 45,000	\$ 50,000	\$ 5,000	11.11%
Interest Income	\$ 5,000	\$ 30,000	\$ 25,000	500.00%
Use of Facility Fees	\$ 13,000	\$ 13,000	\$ -	0.00%
Misc. Receipts and Refunds	\$ 75,000	\$ 75,000	\$ -	0.00%
E-Rate Discount	\$ 15,500	\$ 15,500	\$ -	0.00%
Medicaid Reimbursement	\$ 12,500	\$ 12,500	\$ -	0.00%
State Agency Client Reimbursement	\$ 10,000	\$ 10,000	\$ -	0.00%
Technology Infrastructure Services	\$ 39,060	\$ 39,246	\$ 186	0.48%
Total Local Non-Tax Revenues	\$ 1,984,372	\$ 2,078,626	\$ 94,254	4.75%
Applied Fund Balance				
Fiscal Year End Surplus	\$ 520,000	\$ 520,000	\$ -	0.00%
Prior Year Fund Balance Applied	\$ 350,000	\$ 260,000	\$ (90,000)	-25.71%
Total Local Non-Tax Revenue	\$ 870,000	\$ 780,000	\$ (90,000)	-10.34%
Total Projected Revenues	\$ 30,587,727	\$ 31,828,278	\$ 1,240,551	4.06%
<u>LOCAL ASSESSMENT</u>				
Total Eliot Assessment	\$ 9,770,593	\$ 9,957,757	\$ 187,164	1.92%
Total South Berwick Assessment	\$ 7,787,029	\$ 8,039,227	\$ 252,198	3.24%
Total District Assessment	\$ 17,557,622	\$ 17,996,984	\$ 439,362	2.50%
<u>ADULT ED ASSESSMENT</u>				
Town of Eliot	\$ 52,319	\$ 53,146	\$ 827	1.58%
Town of South Berwick	\$ 52,625	\$ 54,603	\$ 1,978	3.76%
Total Adult Ed Assessment	\$ 104,944	\$ 107,749	\$ 2,805	2.67%

**MSAD 35
EXPENDITURE
BUDGET SUMMARY**

	FY 19 BUDGET	FY 20 BUDGET	+INC / -DEC	
			AMOUNT	%
<u>EXPENDITURES</u>				
ELEMENTARY PROGRAM	\$ 9,118,140	\$ 9,288,999	\$ 170,859	1.87%
PRE-K/KINDERGARTEN PROGRAM	\$ 653,976	\$ 744,114	\$ 90,138	13.78%
SECONDARY PROGRAM	\$ 4,404,993	\$ 4,284,006	\$ (120,987)	-2.75%
GIFTED & TALENTED	\$ 296,985	\$ 307,140	\$ 10,155	3.42%
ESL PROGRAM	\$ 72,719	\$ 73,856	\$ 1,137	1.56%
REGULAR INSTRUCTION PROGRAMS	\$ 14,546,813	\$ 14,698,115	\$ 151,302	1.04%
RESOURCE CLASSROOM	\$ 2,772,523	\$ 2,899,121	\$ 126,598	4.57%
SPECIAL SERVICES ADMINISTRATION	\$ 999,782	\$ 1,206,121	\$ 206,339	20.64%
SPEICAL SERVICES OTHER	\$ 478,531	\$ 491,159	\$ 12,628	2.64%
EXTENDED YEAR SERVICES	\$ 35,000	\$ 35,000	\$ -	0.00%
SPECIAL EDUCATION PROGRAMS	\$ 4,285,836	\$ 4,631,401	\$ 345,565	8.06%
CTE TUITION	\$ 72,400	\$ 72,400	\$ -	0.00%
VOCATIONAL EDUCATION PROGRAMS	\$ 72,400	\$ 72,400	\$ -	0.00%
ELEM. CO-CURRICULAR ACTIVITES	\$ 159,890	\$ 160,390	\$ 500	0.31%
ELEM. EXTRA CURR/INTERSCH ATHLETICS	\$ 104,538	\$ 106,271	\$ 1,733	1.66%
SECONDARY CO-CURR ACTIVITIES	\$ 151,860	\$ 151,860	\$ -	0.00%
AUDITORIUM	\$ 35,400	\$ 35,400	\$ -	0.00%
SECON-EXTRA CURR/INTERSCH ATHLETICS	\$ 578,723	\$ 586,317	\$ 7,594	1.31%
EXTRA-CURRICULAR PROGRAMS	\$ 1,030,411	\$ 1,040,238	\$ 9,827	0.95%
GUIDANCE	\$ 1,064,262	\$ 1,114,043	\$ 49,781	4.68%
STUDENT HEALTH SERVICES	\$ 442,555	\$ 489,804	\$ 47,249	10.68%
IMPROVEMENT OF INSTRUCTION	\$ 159,202	\$ 224,936	\$ 65,734	41.29%
INSTRUCTIONAL STAFF TRAINING	\$ 30,500	\$ 30,500	\$ -	0.00%
LIBRARY	\$ 290,553	\$ 330,330	\$ 39,777	13.69%
INSTRUCTION TECHNOLOGY	\$ 803,547	\$ 828,278	\$ 24,731	3.08%
ACADEMIC STUDENT ASSESSMENT	\$ 80,925	\$ 80,725	\$ (200)	-0.25%
STUDENT/STAFF SUPPORT SERVICES	\$ 2,871,544	\$ 3,098,616	\$ 227,072	7.91%
BOARD	\$ 54,342	\$ 54,342	\$ -	0.00%
ELECTION SERVICES	\$ 2,500	\$ 2,500	\$ -	0.00%
SYSTEM ADMINISTRATION	\$ 465,955	\$ 472,400	\$ 6,445	1.38%
BUSINESS MANAGER	\$ 426,089	\$ 462,289	\$ 36,200	8.50%
SYSTEM ADMINISTRATION	\$ 948,886	\$ 991,531	\$ 42,645	4.49%

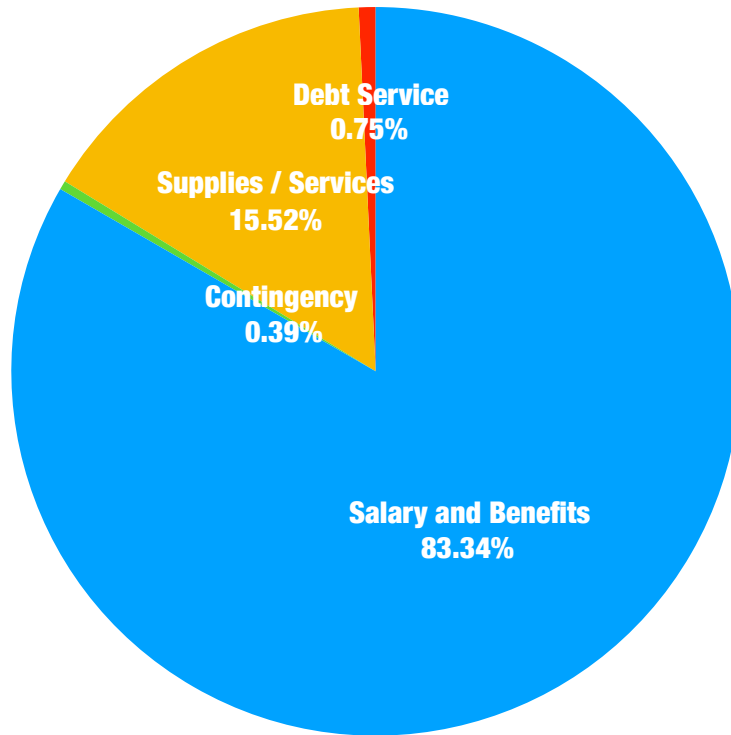
**MSAD 35
EXPENDITURE
BUDGET SUMMARY**

	FY 19 BUDGET	FY 20 BUDGET	+INC / -DEC	
			AMOUNT	%
<u>EXPENDITURES</u>				
SCHOOL ADMINISTRATION	\$ 1,766,416	\$ 1,821,926	\$ 55,510	3.14%
SCHOOL ADMINISTRATION	\$ 1,766,416	\$ 1,821,926	\$ 55,510	3.14%
OPERATIONS & MAINTENANCE	\$ 472,809	\$ 492,833	\$ 20,024	4.24%
CARE OF BUILDINGS	\$ 1,592,912	\$ 1,677,906	\$ 84,994	5.34%
BUILDING MAINTENANCE	\$ 514,525	\$ 707,876	\$ 193,351	37.58%
GROUNDS MAINTENANCE	\$ 252,622	\$ 266,059	\$ 13,437	5.32%
EQUIPMENT MAINTENANCE	\$ 44,300	\$ 44,300	\$ -	0.00%
VEHICLE MAINTENANCE	\$ 29,500	\$ 29,500	\$ -	0.00%
FACILITIES OPERATIONS/MAINTENANCE	\$ 2,906,668	\$ 3,218,474	\$ 311,806	10.73%
STUDENT TRANSPORTATION	\$ 283,126	\$ 336,062	\$ 52,936	18.70%
VEHICLE OPERATIONS	\$ 888,195	\$ 1,028,302	\$ 140,107	15.77%
MONITORING SERVICES	\$ 16,566	\$ 2,000	\$ (14,566)	-87.93%
VEHICLE MAINTENANCE	\$ 299,197	\$ 309,517	\$ 10,320	3.45%
SPECIAL ED TRANSPORTATION	\$ 162,771	\$ 150,897	\$ (11,874)	-7.29%
CTE TRANSPORTATION	\$ 149,876	\$ 66,547	\$ (83,329)	-55.60%
STUDENT TRANSPORTATION	\$ 1,799,731	\$ 1,893,325	\$ 93,594	5.20%
QSCB - LOCAL	\$ 229,522	\$ 229,522	\$ -	0.00%
QSCB - INTEREST	\$ 4,500	\$ 7,730	\$ 3,230	71.78%
DEBT SERVICE	\$ 234,022	\$ 237,252	\$ 3,230	1.38%
BOARD CONTINGENCY	\$ 50,000	\$ 50,000	\$ -	0.00%
FOOD SERVICES OPERATIONS	\$ 75,000	\$ 75,000	\$ -	0.00%
ALL OTHER EXPENDITURES	\$ 125,000	\$ 125,000	\$ -	0.00%
TOTAL EXPENDITURES	\$ 30,587,727	\$ 31,828,278	\$ 1,240,551	4.06%

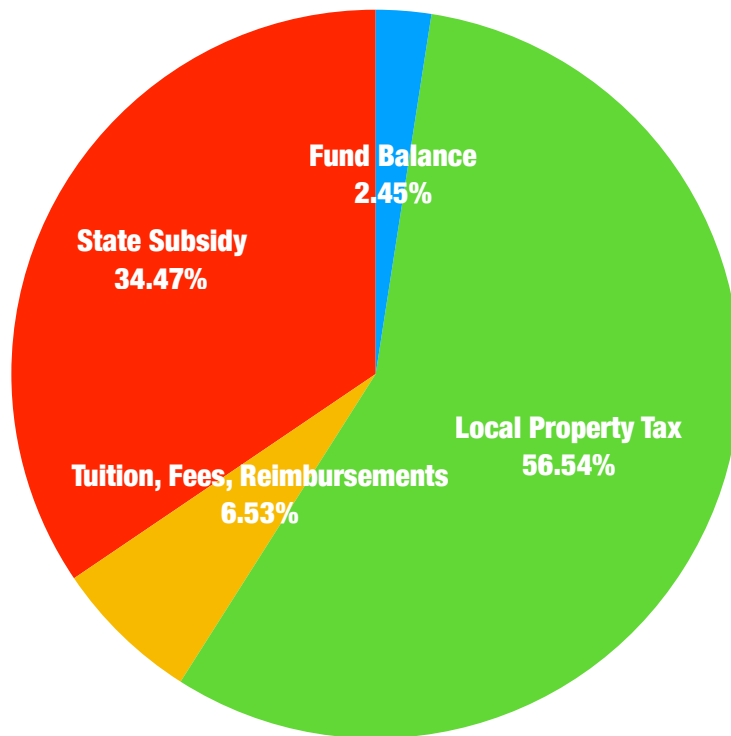
INSTRUCTIONAL EXPENDITURE TARGET

STATE REQUIREMENT (PL 2017 CHAPTER 284)	61%	63%
ACTUAL	65%	64%

FY2020 Expenditures



FY2020 Revenues



Five Year Budget Comparison

	FY2016	FY2017	FY2018	FY2019	FY2020
Student Enrollment (October 1)	2,357	2,373	2,369	2,294	2,236
Expenditure Budget	\$29,983,334	\$30,961,228	\$30,988,082	\$29,985,127	\$31,175,778
Teacher Retirement Cost	\$465,713	\$482,944	\$602,600	\$602,600	\$652,500
Total Expenditure Budget	\$30,449,047	\$31,444,172	\$31,590,682	\$30,587,727	\$31,828,278
\$ change from prior year =	\$0	\$995,125	\$146,510	-\$1,002,955	\$1,240,551
% change from prior year =	0.0%	3.3%	0.5%	-3.2%	4.1%
State Subsidy	\$12,291,975	\$11,969,766	\$11,739,706	\$10,175,733	\$10,972,668
\$ change from prior year =	\$0	-\$322,209	-\$230,060	-\$1,563,973	\$796,935
% change from prior year =	0.0%	-2.6%	-1.9%	-13.3%	7.8%
Eliot Assessment	\$8,816,932	\$9,068,824	\$9,399,776	\$9,770,341	\$9,957,757
\$ change from prior year =	\$0	\$251,892	\$330,952	\$370,565	\$187,416
% change from prior year =	0.0%	2.9%	3.6%	3.9%	1.9%
South Berwick Assessment	\$7,412,778	\$7,566,392	\$7,729,930	\$7,787,281	\$8,039,227
\$ change from prior year =	\$0	\$153,614	\$163,538	\$57,351	\$251,946
% change from prior year =	0.0%	2.1%	2.2%	0.7%	3.2%
District Local Assessment	\$16,229,710	\$16,635,216	\$17,129,706	\$17,557,622	\$17,996,984
\$ change from prior year =	\$0	\$405,506	\$494,490	\$427,916	\$439,362
% change from prior year =	0.0%	2.5%	3.0%	2.5%	2.5%

