

MSAD #35
2019-2020 Budget FAQ's

The District Budget Meeting is over. What happens next?

So the State is putting in more money and you are expecting fewer students in attendance, but the budget is still going up?

Why is there a difference between the tax assessment increase in South Berwick (3.24%) and Eliot (1.92%)?

Why does the School District need a Central Office if the State is continuing to reduce the State Subsidy to fund Central Office?

Why does the district fund any portion of the teacher retirement cost?

What was the actual State funding in the past 8 years (2012 through 2020) versus what was budgeted for those years?

How much State Subsidy funding has the District lost?

What does "per pupil cost" mean?

If student enrollment has decreased in the District over the past several years, why do tax rates continue to increase?

Where does MSAD 35 stand in terms of educational quality and its per pupil cost compared to other high-performing Districts?

Where does MSAD 35 stand in terms of education quality and its per pupil costs compared to other nearby Districts?

How have per pupil costs changed compared to the per pupil costs of the high performing School Districts and nearby Districts listed above?

How much money per student is Rollinsford paying to our school system to educate their students?

If the District is receiving approximately \$500K in additional money for Special Education costs, why is the District only spending a fraction of that additional money on Special Education?

Can you explain the pay-back of \$90,000 for all-day Kindergarten?

I see that the Superintendent has recommended spending \$180K on a new roof for the Great Works School. Doesn't the District have a capital reserve set up for this purpose?

MSAD #35
2019-2020 Budget FAQ's

How is our state subsidy amount calculated?

Why is the amount shown on the District's Revenue Assessment Summary for State Subsidy increase higher than what is being reported elsewhere?

What if the voters do not approve the School Budget at the Budget Validation Referendum on Tuesday, June 11, 2019?

If the District is receiving approximately \$750,000 in additional State Subsidy and the student enrollment is decreasing, why doesn't the District use the additional money to reduce class sizes?

Why do we need an impact social worker at Marshwood Middle School?

If the District's health insurance costs did not increase 10% (as originally budgeted), why doesn't the District decrease the budget, to alleviate the tax burden on the taxpayers?

Why does the District need time management software?

Can you comment on what actions/concessions (if any) the teachers union are taking to contain budget and expense increases? Despite what was mentioned, one would think that the combination of declining enrollment and increased State subsidy would make a significant impact to eliminate any budget increase? Was a zero based budget methodology used this year?

MSAD #35
2019-2020 Budget FAQ's

The District Budget Meeting is over. What happens next?

On Wednesday, May 15th, the citizens of Eliot and South Berwick overwhelmingly voted to send the district's budget for next year to the voters for final approval.

However, our work is not done! MSAD 35 has a two-step process for approving the budget. The district budget meeting is only the first step in this process. The Budget Validation Referendum is the important second step and voters must approve the budget at each step for the district to have a finalized budget.

The District Budget Validation Referendum will be held this year on June 11, 2019. If the budget fails the referendum vote, the whole budget process starts all over again and here is how it would work. The Superintendent's office would prepare and present a new budget to the Board. The Board would recommend a new budget to the community at another District Budget Meeting, and the budget approved at this new District Budget Meeting would be sent to another Budget Validation Referendum.

According to state law, the School Board must hold additional District Budget Meetings and Budget Validation Referendums until a budget is finally approved by the voters. If the voters do not approve a budget before the beginning of the fiscal year, July 1st, the budget approved at the most recent District Budget Meeting, in this case, May 15th, is automatically considered the budget for the ensuing year until the voters approve a budget at a Budget Validation Referendum.

Because principals need to staff their classrooms, purchase supplies and have their buildings ready to open in September, operating, even for a short time without a finalized budget, would be a nightmare for the entire District.

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!

Please remember to vote on June 11, 2019.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

So the State is putting in more money and you are expecting fewer students in attendance, but the budget is still going up?

Every cost the District has in its budget is tied to the student enrollment, including maintaining and operating facilities for those students to attend. Some of these costs are variable depending on enrollment, and some are fixed.

The initial point that the District is receiving more money this year from the State of Maine is correct. The District stands to receive almost \$750,000 more than it did in the prior fiscal year based on the State of Maine's preliminary ED279. The District is expecting fewer students to be enrolled at the District's schools next year. The District, due to this declining enrollment, is recommending cuts in staffing at both the Middle School and the High School. Due to the Board's class size policy, the District is also having to add several positions at the elementary schools (Central Elementary School and Eliot Elementary School). While the Board class size policy varies by grade level, the class sizes are generally lower at the elementary level and higher at the secondary level.

Finally, while the increase in State funding appears substantial, there were several factors which increased the District's budget over and above the current year.

1. Health Insurance - The District's health insurance increase is 2.847%, which represents an increase of \$274,000.
2. Special Education Costs - The District's special education costs have risen substantially over the past several years. Because of this shift, the District received an additional \$547,000 of State subsidy to offset these additional costs borne by the District. The District is recommending a further budget increase for these costs (primarily to cover out-of-District tuition) of \$200,000.
3. Great Works Roof - The District has a capital reserve account which it uses for the purchase of large capital items, such as the roof at the Great Works School. Due to the significant decreases seen by the District over the past several years in State subsidy, the District has been unable to allocate any funding into its capital reserve. This winter, water intrusion into the Great Works school became a severe problem. As we do not have the money available in our capital reserve account, the District is recommending funding this project using next year's budget at the cost of \$177,000.
4. Other Increases - The District has several other costs which increase year over year. The costs of items such as labor, fuel, electricity, telephones, and supplies increase each year irregardless of student enrollment.

[Back to top](#)

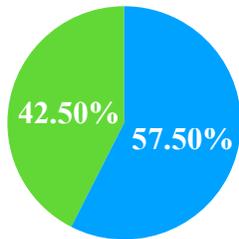
**MSAD #35
2019-2020 Budget FAQ's**

Why is there a difference between the tax assessment increase in South Berwick (3.24%) and Eliot (1.92%)?

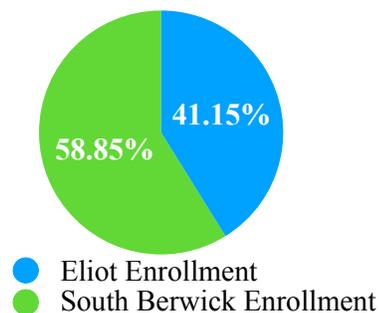
The State of Maine made some changes to the State Subsidy Funding Formula for the 2019-2020 school year. One significant change, as it relates to the breakdown of subsidy, was the decrease in the State's expected mil rate from \$8.48 for the 2018-2019 school year to \$8.28 for next school year. This mil rate is multiplied by the average state valuation in each community to determine each Town's "Required Local Contribution".

In 2018-2019 South Berwick's "Required Local Contribution" was \$5,688,384 and for 2019-2020 the "Required Local Contribution" decreased to \$5,620,326 a 1.20% decrease. In 2018-2019 Eliot's "Required Local Contribution" was \$7,676,520 and for 2019-2020 the "Required Local Contribution" decreased to \$7,603,386 a 0.95% decrease. These decreases in the "Required Local Contribution" are part of the EPS formula and are governed by State statute and cannot be altered, except by special legislation.

- Eliot Valuation
- South Berwick Valuation



The other parts of the tax assessment are the "Additional Local Contribution" and "Local Debt Service" both of which are the communities share of the amount that the District expends in excess of the District's municipal allocation. In most communities these amounts are split based on the same formula as the state subsidy calculation. On November 7, 2006 on a special referendum, the voters in Eliot and South Berwick agreed to split these amounts 50% based on student enrollment and 50% based on property valuation.



Based on the enrollment figures, Eliot makes up 41.15% of the students in the District, but also accounts for 57.50% of the property valuation for the two communities. As stated above, the communities agreed to split the "Additional Local Contribution" and "Local Debt Service" 50% based on enrollment and 50% based on property valuation. This makes Eliot's share of the 49.32% $((41.15\% + 57.50\%)/2)$ and South Berwick's share 50.68% $((58.85\% + 42.50\%)/2)$.

The "Additional Local Contribution" for 2019-2020 is \$4,536,026 and Eliot's portion of the "Additional Local Contribution" is 49.32% or \$2,237,352 (an increase of \$288,731) and South Berwick's portion of the "Additional Local Contribution" is 50.68% or \$2,298,674 (an increase of \$339,111).

The "Local Debt Service" for 2019-2020 is \$237,252. Eliot's portion of the "Local Debt Service" is 49.32% or \$117,022 (a decrease of \$1,272) and South Berwick's portion of the "Local Debt Service" is 50.68% or \$120,230 (an increase of \$1,272).

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Why does the School District need a Central Office if the State is continuing to reduce the State Subsidy to fund Central Office?

- The School District is the largest employer in both South Berwick and Eliot with over 380 full or part-time employees (exclusive of the District's 100+ substitutes). The Central Office manages payroll and human resource for all of these employees.
- In addition to the payroll and human resources functions, the Central Office is responsible for creating and managing the budget for and the daily operation of the following support functions:
 - The District manages five campuses, three properties in South Berwick and two properties in Eliot. These campuses encompass approximately one hundred twenty-four acres, all maintained by the District.
 - On these five campuses, the District operates six buildings totaling 447,337 square feet. The overall appraised value of these facilities is approximately \$80,000,000. Maintenance and operation of these facilities is costly. Each year the District purchases approximately 18,000 gallons of heating oil, 115,000 gallons of propane, 12,000 Dth of natural gas and 2.6 million kWh of electricity.
 - The District also leases a bus maintenance facility, where it stores, operates and repairs 29 buses, and 8 vans. These vehicles travel approximately 450,000 miles per year using 55,000 gallons of diesel fuel and 8,000 gallons of gasoline. These vehicles allow the District to transport over 2,300 students to and from school, to athletic contests, and field trips.
 - The District also operates 5 cafeterias at its schools, which serve approximately 160,000 meals per year to its students.

[Back to top](#)

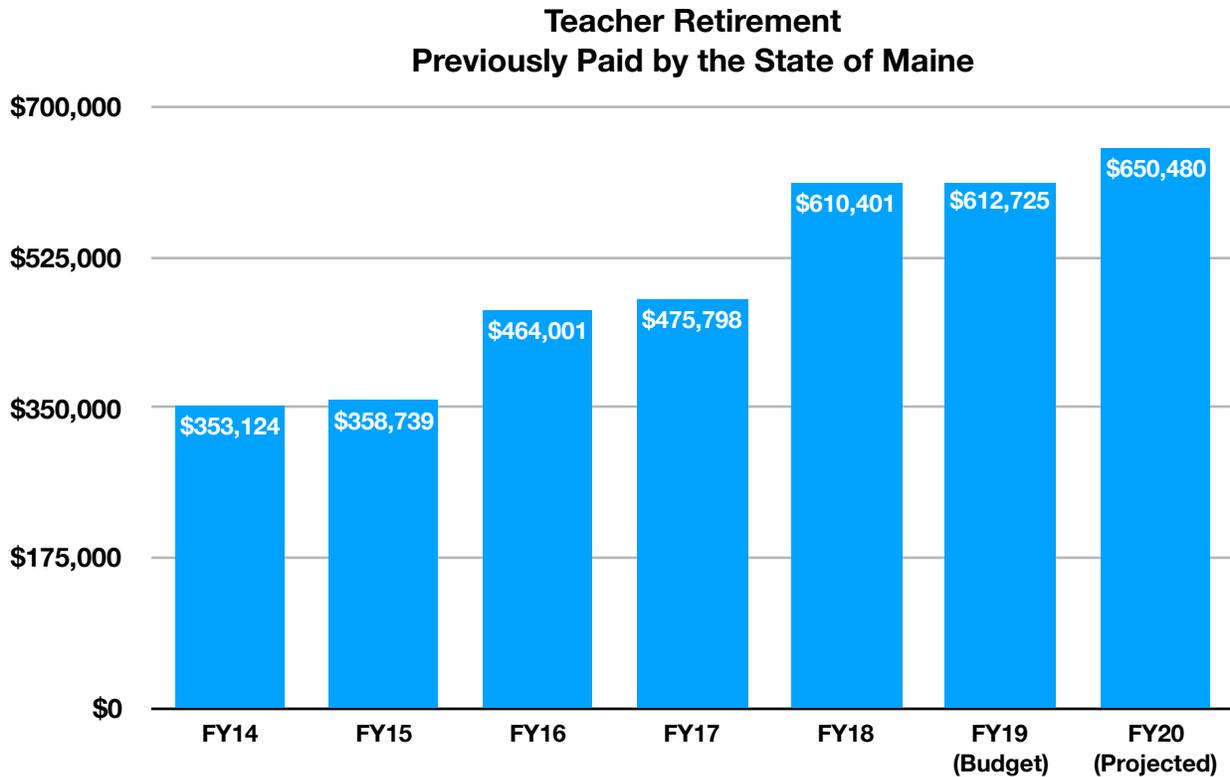
**MSAD #35
2019-2020 Budget FAQ's**

Why does the district fund any portion of the teacher retirement cost?

There are three components of the employer portion of the teacher retirement contribution. The contribution percentages are set by the MePERS Board and have increased over time. These are the rates for FY 20:

Normal retirement contribution	4.16%
Unfunded Actuarial Liability (UAL) contribution	14.33%
Administrative contribution	0.62%
Total Contribution	19.11%

Prior to fiscal year 2014 the state paid all three contribution components to the retirement fund. Beginning in FY14 the state passed on the normal retirement contribution component to the local districts. From the chart below you can see that this has amounted to a shift of over \$3.5 million from the state to the local taxpayers.



In addition, the teachers contribute 7.65% of their salary to the retirement fund. They are exempt from the Social Security program. They do not contribute to social security and therefore do not qualify for social security benefits upon retirement.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

What was the actual State funding in the past 8 years (2012 through 2020) versus what was budgeted for those years?

<u>Fiscal Year</u>	<u>State Funding (per ED279)</u>	<u>State Funding (debt service)</u>	<u>State Funding (excluding debt service)</u>	<u>Total Budget</u>	<u>Percent State Funded</u>
2012 - 2013	\$11,915,605	\$1,451,821	\$10,463,784	\$26,785,591	44.49%
2013 - 2014	\$12,734,919	\$1,381,796	\$11,353,123	\$28,129,397	45.27%
2014 - 2015	\$12,384,588	\$1,318,591	\$11,065,997	\$29,782,485	41.58%
2015 - 2016	\$12,570,638	\$1,196,691	\$11,373,947	\$30,314,047	41.47%
2016 - 2017	\$11,969,766	\$1,139,699	\$10,830,067	\$31,444,172	38.07%
2017 - 2018	\$11,742,475	\$1,138,493	\$10,603,982	\$31,590,682	37.17%
2018 - 2019**	\$10,223,014	\$0	\$10,223,014	\$30,587,727	33.42%
2019 - 2020*	\$10,972,668	\$0	\$10,972,668	\$31,828,278	34.47%

* Proposed

** State paid Debt Service Payments ended

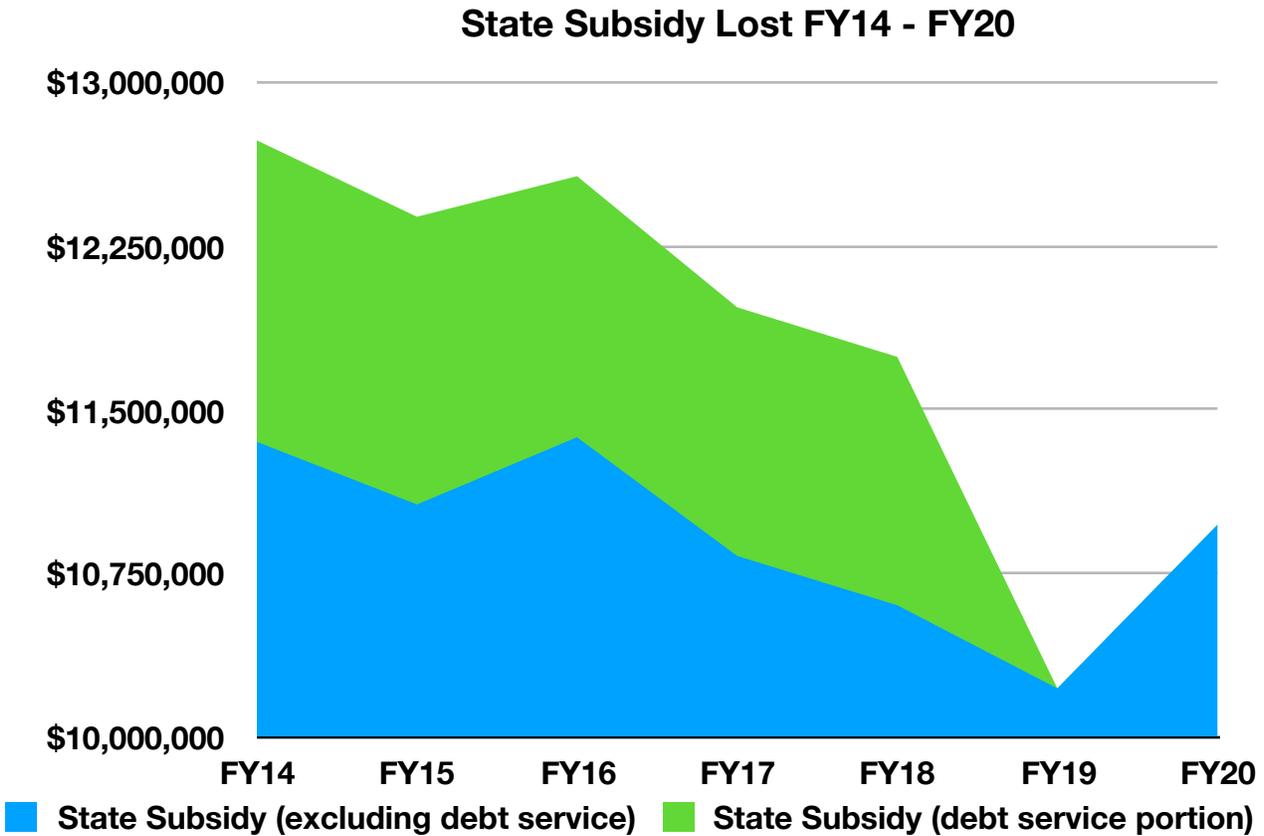
[Back to top](#)

**MSAD #35
2019-2020 Budget FAQ's**

How much State Subsidy funding has the District lost?

From our 2013-2014 high point until the 2016-2017 fiscal year, the District lost approximately \$523K of State Subsidy. As this overall decrease in subsidy occurred, the average State of Maine per pupil costs increased almost 10%. Currently, the 2016-2017 fiscal year per pupil costs are the most recent available on the State of Maine's website so any further assumptions beyond 2016-2017 regarding the State average per pupil costs cannot be made.

From the 2016-2017 fiscal year to the 2018-2019 fiscal year the District lost an additional \$600K of State Subsidy exclusive of the removal of the State paid debt service of \$1.139 million. In the current year, the District received an increase in State Subsidy for the first time since 2015-2016. This increase, while substantial, did not even restore funding back to the 2015-2016 levels (see chart below).



Budgeting each year begins with student enrollment. Enrollment has been decreasing year over year, but since the 2015-2016 fiscal year, the enrollment trend has been relatively flat. In 2015-2016 the certified attending enrollment as of October 1, was 2,298 students. In 2018-2019 the certified attending enrollment as of October 1, was 2,294 students.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

What does “per pupil cost” mean?

The state calculates a “per pupil cost” for each district each school year. All expenditures except the following are included in calculating a per pupil cost:

- Major Capital Outlays
- Debt Service
- Transportation
- Food Service
- Adult Education
- State and Federal Grant Expenditures

The total amount of district expenditures, excluding those listed above, is divided by the average annual enrollment. The total per pupil cost is an efficient means of comparing schools with differing enrollments and overall costs, and it is how the State determines subsidy.

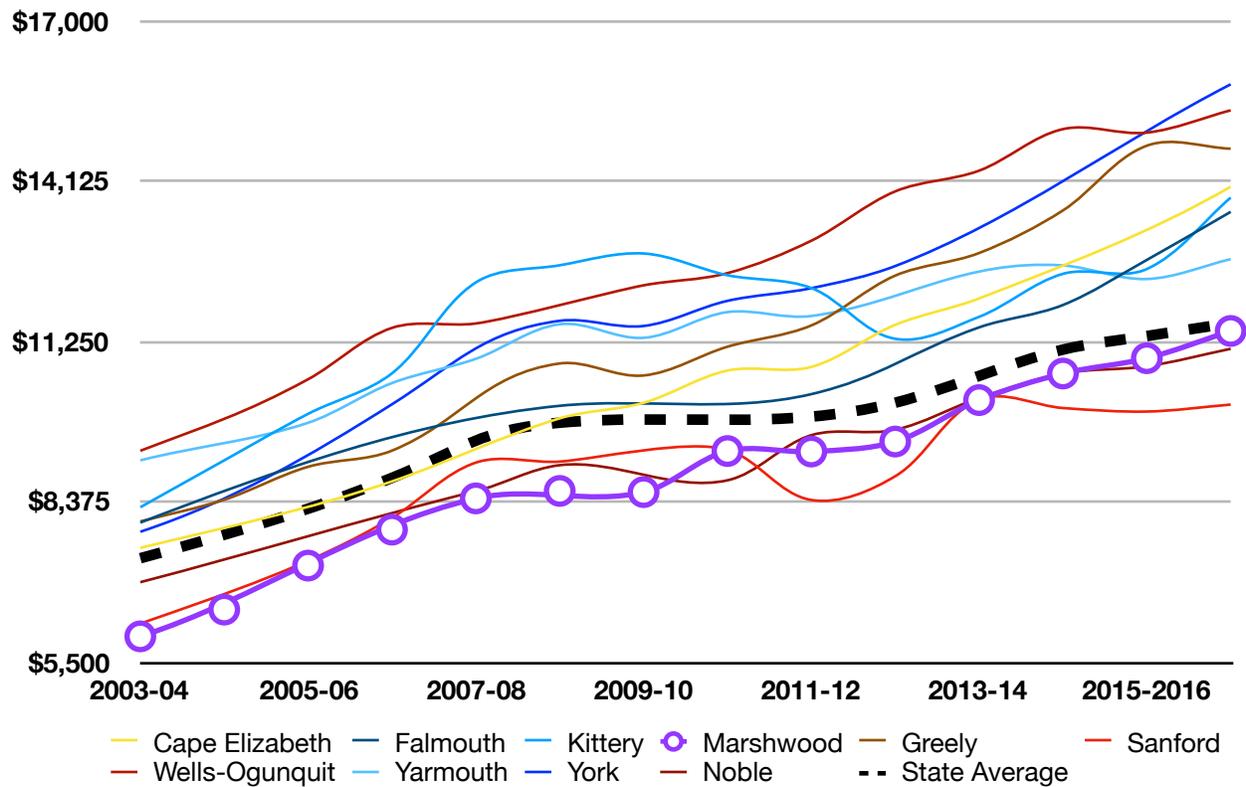
[Back to top](#)

**MSAD #35
2019-2020 Budget FAQ's**

If student enrollment has decreased in the District over the past several years, why do tax rates continue to increase?

Every cost in the District is tied to student enrollment. If there were zero students to educate, the District budget would be \$0. Over the past 14 years, the District's per pupil spending has increased, but not disproportionately in comparison with the State average. [See below] As this spending is on a per pupil basis, the decline in the District's enrollment has been taken into account.

Per Pupil Costs 14 Year Comparison



In the past 4 year's the District's State Subsidy has decreased more than \$400,000.

The only mechanism to raise additional funds with the decrease in State funding is to raise the money through local taxation. As seen above, the District remains high performing even though the per pupil spending remains below the State average. The District is efficient and mindful of every dollar spent to educate its students, but cannot continue to make additional cuts to reduce the tax burden of its constituents as it would irreparably harm the educational core of our District.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Where does MSAD 35 stand in terms of educational quality and its per pupil cost compared to other high-performing Districts?

Here is how MSAD 35's per pupil cost compares to other high-performing schools as well as the corresponding testing results for English, Mathematics, and Science. The information below is the for the 2017 - 2018 fiscal year, the most recent available.

<u>District</u>	<u>Per Pupil Costs</u>	<u>% of Students at or above State Expectations (English)</u>	<u>% of Students at or above State Expectations (Math)</u>	<u>% of Students at or above State Expectations (Science)</u>
RSU 35 / MSAD 35 (Marshwood)	\$ 11,519	63.25%	52.22%	69.94%
Cape Elizabeth	\$ 14,057	76.38%	64.76%	79.05%
Falmouth	\$ 13,611	81.13%	71.67%	83.53%
RSU 51 / MSAD 51 (Greely)	\$ 14,811	75.56%	68.88%	78.81%
Scarborough	\$ 12,733	73.70%	58.35%	78.78%
Wells - Ogunquit	\$ 15,395	65.11%	47.96%	61.25%
Yarmouth	\$ 12,789	80.57%	72.48%	82.56%
York	\$ 15,869	74.14%	58.02%	76.81%
State Average	\$ 11,860	52.56%	38.54%	61.07%

As you can see, the District compares favorably to other high-performing schools in the State in terms of academic proficiency even while being out-spent by as much as \$4,350 on a per pupil basis. Per pupil spending does have a strong correlation to the academic results for the related District.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Where does MSAD 35 stand in terms of education quality and its per pupil costs compared to other nearby Districts?

Here is how MSAD 35's per pupil costs compared to nearby schools as well as the corresponding testing results for English, Mathematics and Science. The information below is for the 2017-2018 fiscal year, the most recent available.

<u>District</u>	<u>Per Pupil Costs</u>	<u>% of Students at or above State Expectations (English)</u>	<u>% of Students at or above State Expectations (Math)</u>	<u>% of Students at or above State Expectations (Science)</u>
RSU 35 / MSAD 35 (Marshwood)	\$ 11,519	63.25%	52.22%	69.94%
Kittery	\$ 13,831	60.56%	42.88%	65.92%
RSU 60 / MSAD 60 (Noble)	\$ 11,198	61.33%	45.50%	64.00%
Sanford	\$ 10,757	45.85%	34.15%	56.67%
Wells - Ogunquit	\$ 15,395	65.11%	47.96%	61.25%
York	\$ 15,869	74.14%	58.02%	76.81%
State Average	\$ 11,860	52.56%	38.54%	61.07%

As you can see, not only are MSAD 35's per pupil costs below the State's average, we are also one of the lowest per pupil costs of the nearby School Districts, while our academic performance is among the highest of the nearby School Districts!

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

How have per pupil costs changed compared to the per pupil costs of the high performing School Districts and nearby Districts listed above?

<u>District</u>	<u>Per Pupil Costs 2016-2017</u>	<u>Per Pupil Costs 2017-2018</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
RSU 35 / MSAD 35 (Marshwood)	\$ 10,952	\$ 11,519	\$ 567	5.18%
Cape Elizabeth	\$ 13,153	\$ 14,057	\$ 904	6.87%
Falmouth	\$ 12,712	\$ 13,611	\$ 899	7.07%
Kittery	\$ 12,549	\$ 13,831	\$ 1,282	10.22%
RSU 51 / MSAD 51 (Greely)	\$ 14,757	\$ 14,811	\$ 54	0.37%
RSU 60 / MSAD 60 (Noble)	\$ 10,808	\$ 11,198	\$ 390	3.61%
Sanford	\$ 9,997	\$ 10,757	\$ 760	7.60%
Scarborough	\$ 12,007	\$ 12,733	\$ 726	6.05%
Wells - Ogunquit	\$ 15,000	\$ 15,395	\$ 395	2.63%
Yarmouth	\$ 12,370	\$ 12,789	\$ 419	3.39%
York	\$ 15,085	\$ 15,869	\$ 784	5.20%
State Average	\$ 11,349	\$ 11,859	\$ 510	4.49%

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

How much money per student is Rollinsford paying to our school system to educate their students?

For the 2019-2020 budget, we are projecting a total of 156 students.

To calculate a tuition amount for these students, the district takes the prior year operating budget (\$30,587,727), and removes the following items: Student Transportation (\$1,799,731), Special Education Costs (\$3,587,731), Vocational Education Costs (\$72,400), and Out of District Tuition (\$698,105). This remaining amount (\$24,429,760) is then divided by the April 1, 2018 MSAD #35 Subsidizable Enrollment (2,149) and the Rollinsford Enrollment for 2019 (156).

$$\$24,429,760 / (2,149 + 156) = \$10,598.59$$

This \$10,598.59 is multiplied by the projected enrollment for our 2019-2020 budget (156) and amounts to \$1,653,380.

Additional costs for special education are billed separately on a fee for service basis. A copy of the Rollinsford agreement is available on the District's website.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

If the District is receiving approximately \$500K in additional money for Special Education costs, why is the District only spending a fraction of that additional money on Special Education?

State funding for Special Education is generally based on the amount of money spent in last fiscal year. Therefore increases in State Subsidy for Special Education, are based on increases in the prior year's expenditures. Put simply the funding for Special Education costs is on a reimbursement basis. Additional funding from the State of Maine is not received until the District demonstrates the need for additional funding by expending more.

What also benefitted the District for the 2019-2020 fiscal year, was that the State increased Special Education Cost reimbursement from 40% to 45%.

These two factors resulted in the District receiving an additional \$500K funding for Special Education in 2019-2020. Because some of the additional funding received was for expenditure increases which had taken place in the previous year, the District did not need to increase its overall budget the full \$500K.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Can you explain the pay-back of \$90,000 for all-day Kindergarten?

Three years ago, the District implemented a full school day for all of its Kindergarten students. This had a significant financial impact on the District, essentially doubling the costs of its Kindergarten program as twice as many teachers were needed to meet the students needs. As the District also has half-day programming for its Pre-K students, transportation costs were not significantly reduced as a result of this change, as the mid-day transportation runs still needed to be completed.

When the Board made the decision to change from a half-day to a full-day program for Kindergarten, the financial impact could not all be put on the tax payers in the year of implementation as the increase in the tax assessment would have been too costly. Therefore, as a way to mitigate the tax impact of full-day Kindergarten the Board increased its use of fund balance, approximately \$350,000 with the intent that this increase would be reduced each year moving forward until the money was able to be borne by the citizens of South Berwick and Eliot.

The following three years the District lost approximately \$600K of state subsidy, and did not want to compound this increased strain on the tax payers with the reduction in the use of the District's fund balance. Moving forward, the District cannot continue to use \$350,000 each year from its fund balance without crippling the District's operations. Therefore the Superintendent has asked the Board to reduce this amount from \$350,000 in the current year to \$260,000 for the 2019-2020 fiscal year, with the intent to continue to reduce this use of fund balance further in future years.

Due to budget constraints, this \$90,000 payback was originally part of the March 1, 2019 recommended budget, but has been removed from the May 1, 2019 School Board approved budget.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

I see that the Superintendent has recommended spending \$180K on a new roof for the Great Works School. Doesn't the District have a capital reserve set up for this purpose?

The District does have a capital reserve account set up for capital expenditures. However, the District has not had any money available to put into the Capital Reserve account for the past two years. Historically the District would place a warrant article for approval at the District Budget meeting to put excess money the District anticipated being leftover at year-end into the Capital Reserve account which could be used by the Board to fund capital projects.

In order to properly run a District the size of MSAD #35, significant capital reserves are needed in order to fund projects (like the roof repair at the Great Works School). Due to the constraints on the budget in the past few years, any surplus identified at the end of the year, has been used to help reduce the tax burden in the subsequent year.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

How is our state subsidy amount calculated?

The Maine Department of Education uses the following seven step process to calculate our state subsidy amount:

Step #1 - Using the EPS formula and the financial and staffing data from each district, the Maine Department of Education calculates the minimum amount that each district should be spending on PK-12 education and adds these individual district amounts together to come up with a state-wide amount.

Step #2 - In accordance with state law, the State legislature should fund 55% of the number arrived at in Step #1, however the governor and the legislature agree on an amount they feel the state can afford to contribute towards education, but this amount has never reached the required 55% mark.

Step #3 - The Maine Department of Education calculates the total amount that all local districts must contribute by subtracting the state contribution arrived at in Step #2 from the statewide recommended expenditure amount from Step #1.

Step #4 - The Maine Revenue Service provides the Maine Department of Education the certified full-equalized value of all real personal property subject to taxation in the State of Maine.

Step #5 - The Maine Department of Education uses the property value amount in Step #4 to calculate a minimum required mil rate that each local district should use to raise taxes in support of education in its district by dividing the statewide local district contribution from Step #3 by the statewide property valuation.

Step #6 - The Maine Department of Education calculates the minimum required contribution by multiplying the minimum required mil rate established in Step #5 by the state certified property value in each town.

Step #7 - Each district's subsidy is the difference between the amount the EPS formula recommends is spent from Step #1 and the minimum required contribution calculated in Step #6.

	<u>FY 2018-2019</u>	<u>FY 2019-2020</u>	<u>Change</u>
EPS Minimum Recommended Amount	\$23,587,919	\$24,196,380	\$608,461
District Certified Property Value	\$1,576,050,000	\$1,597,066,666	\$21,016,666
Minimum Required Mil Rate	\$8.48	\$8.28	-\$0.20
Minimum Required Local Contribution	\$13,364,904	\$13,223,712	-\$141,192
State Subsidy	\$10,223,014	\$10,972,668	\$749,654

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

Why is the amount shown on the District's Revenue Assessment Summary for State Subsidy increase higher than what is being reported elsewhere?

The District begins working on its budget in January. The District starts with its current enrollment figures and uses these numbers to project the next year's enrollment. Staffing and supplies are always based 100% on these enrollment projections. In mid to late February, the District receives its preliminary ED 279 report detailing the following year's general purpose aid from the State of Maine. Using the District's enrollment projections to determine expenditure needs and the preliminary state subsidy figure to determine projected revenues the Superintendent develops the District's projected tax assessment. Between March and May, the District holds several budget workshops where individual parts of the budget are discussed between the Superintendent, Chief Operations Officer, Financial Manager, Administrators and the School Board. Changes occur during this time frame, until the School Board presents its budget at the first School Board Meeting in May. This School Board recommended budget is then brought before the voters at the District's Budget Meeting.

After the budget has been approved at the District Budget Meeting it cannot be changed and must be approved either yay or nay at the District Budget Validation Referendum. Between mid-February and mid-July, the State is still working on finalizing the ED 279. In 2018, this process resulted in the District receiving an additional \$47K in state subsidy. This state subsidy, (as it was not included in the District's expenditure budget) could not be spent in the 2019-2020 school year, and will lapse to the District's undesignated fund balance at the end of the year.

Because the District's final 2018-2019 budget is what is reflected on the revenue assessment summary, the District chose to keep the State Subsidy figure consistent with how the budget was presented in the prior fiscal year, rather than show the actual amount received. That is why the District is reporting an increase of \$750K in State Subsidy, rather than the \$797K reported on the District's Revenue Assessment Summary.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

What if the voters do not approve the School Budget at the Budget Validation Referendum on Tuesday, June 11, 2019?

Budget Timeline:

- May 1, 2019 - School Board approves the FY20 Recommended Budget warrant articles that are presented for approval at the District Budget Meeting.
- May 15, 2019 - District Budget Meeting, public approves budget warrant articles that establish the FY20 School District Budget which goes to a referendum vote.
- June 11, 2019 - Budget Validation Referendum, public votes to approve FY20 School District Budget established at the District Budget Meeting.

According to state law, Title 20A section 1487, if the voters do not approve the budget submitted for validation on Tuesday June 11, 2019, the School Board must hold additional District Budget Meetings and Budget Validation Referendums until a budget is finally approved by the voters. If the voters do not approve a budget before the beginning of the fiscal year (July 1, 2019), the budget approved at most recent District Budget Meeting (not the prior year's budget) is automatically considered the FY20 budget until the voters approve a budget at a Budget Validation Referendum.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

If the District is receiving approximately \$750,000 in additional State Subsidy and the student enrollment is decreasing, why doesn't the District use the additional money to reduce class sizes?

The District begins each year of the budget process looking at student enrollment as that is what drives the budget process. While the schools would not be open without students to educate, there are several costs around the District which are essentially fixed, and do not depend on student enrollment. Things like electricity, heating oil/propane, snow plowing, maintenance, transportation, are not necessarily driven by student enrollment. The only way to save a substantial amount of money in these areas is if the student enrollment were to drop significantly enough to physically close a school building. Of course while these costs are fixed, the District does see an increase in these costs annually, as the costs for things like electricity, heating oil/propane and maintenance increase.

While \$750,000 is a lot of money, and the District is grateful to the State of Maine for allocating this money to the District, the District needs that additional money in order to keep the District operating. The District is required to increase its share of qualified employees retirement from 3.97% in 2018-2019 to 4.16% for 2019-2020, an increase of approximately \$50,000. Special education costs are rising with the District having to allot approximately \$400,000 in additional monies for Special Education program next year.

Other increases come in the form of scheduled increases to employee wages. Every third year, the majority of the District's employees collectively bargain new employee contracts for the following three years. These negotiations were held in the Spring of 2018, and serve the 18-19, 19-20 and 20-21 school years. These contracts included a 2% COLA for the District's employees. This 2% increase amounts to an additional \$180,000 in wages over the prior year.

Just looking at the COLA, health insurance increases, retirement increases and rising special education costs, the District's expenditures have increased \$875,000 over the prior year. This is not even taking into account the rising costs for fuel, electricity, heating oil/propane, maintenance, contracted services etc. The District also needs to replace the roof membrane at the Great Works School at an estimated cost of \$177,000.

Again while student enrollment is decreasing, the District looks at staffing at each individual grade level to ensure that student needs are met. While the District was able to reduce 3 positions at the Middle School and High School, 3 positions needed to be added at the Elementary Schools, effectively making this change budget neutral.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Why do we need an impact social worker at Marshwood Middle School?

Over the past seven years, a new program was implemented at Marshwood High School to benefit students who were struggling at school. Instead of outsourcing clinical mental health services to an outside vendor, the District employed two certified social workers to help students struggling at Marshwood High School.

Unfortunately, struggling students do not begin struggling when they reach Marshwood High School. The need for this type of work has been on the rise both within the Marshwood Community and around the State of Maine. The District recommended, through its programmatic improvement list, adding an impact social worker at Marshwood Middle School so students who were struggling could access social work services before reaching Marshwood High School. While the District did not have funds earmarked for this position at the March 1, 2019 budget presentation, the District has been able to earmark money for the position and it has been included in the Superintendent's May 1, 2019 Recommended Budget.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

If the District's health insurance costs did not increase 10% (as originally budgeted), why doesn't the District decrease the budget, to alleviate the tax burden on the taxpayers?

Six years ago, the District endeavored to cap expenditure increases at 5% and endeavored to cap the District Tax Assessments at 2.5%. With changes in State Subsidy funding, this has created a real challenge for the District, especially given the fluctuations in State subsidy over the past 6 years.

The District has two obligations. The first and foremost, is to provide a high quality education to its students. The other is to remain fiscally responsible to its citizens. Therefore, almost every year when the Superintendent unveils the budget at the first School Board Meeting in March, there is a list of items attached, called the programmatic improvement list. This programmatic improvement list contains items that the District would recommend investment in, but due to limited fiscal resources the District could not place in the recommended budget. This list is presented as an attachment to the recommended budget, with the hope that if additional money is identified through the budgeting process, it could be immediately allocated for the specific purposes on the programmatic improvement list.

This year, when the health insurance rate came in at 2.48%, the Board elected to use the savings from the originally budgeted 10%, in order to fund most of the original programmatic improvement list, and also adding time management software and an Odyssey of the Mind experience at the Great Works School and Middle School.

[*Back to top*](#)

MSAD #35
2019-2020 Budget FAQ's

Why does the District need time management software?

Currently all of our 327 hourly employees fill out a manual timesheet every other week and sign the bottom. Administrators around the District then need to review the hourly timesheets for each of the hourly employees that work in their school building and initial their approval. These hourly timesheets are then delivered to the payroll clerk where they are reviewed, and manually entered into the accounting software in order to process payroll. The manual review of the timesheets includes reviewing leave balances for applicable employees, (i.e. ensuring an employee has enough paid leave time to cover an absence etc.)

The proposed new software would completely eliminate the need for manual paper timesheets. Employees would be able to log into a portal and enter time from any electronic device which could connect to the internet including their smartphone. They would be able to enter their time, check leave balances in real time, and electronically sign their timesheet. Administrators would have access to electronically summarized reports (or individual electronic timesheets) which would allow them to review and approve time much more efficiently. The information would then be electronically imported into the District's accounting software, completely eliminating the need for the payroll clerk to do manual time entry. This software would create efficiencies throughout the process, and reduce the potential for mistakes.

[Back to top](#)

MSAD #35
2019-2020 Budget FAQ's

Can you comment on what actions/concessions (if any) the teachers union are taking to contain budget and expense increases? Despite what was mentioned, one would think that the combination of declining enrollment and increased State subsidy would make a significant impact to eliminate any budget increase? Was a zero based budget methodology used this year?

The District historically uses a zero-based budgeting model every year when preparing its budget. Beginning in October, the District reviews student enrollment figures for the current year and starts building a model for the projected enrollment for the following school year.

Grades 1 - 12 have historically been fairly easy to predict as you just move the cohort of students up one grade level. The Kindergarten and Pre-K programs are a little more difficult to predict, but the District has had success using a two-year average to help smooth out any fluctuations in enrollment.

Once the number of students at each grade level is determined, the District reviews the School Board's class size policy and uses those class sizes to determine the number of positions that are going to be required at each grade level throughout the District. When possible, the District attempts to staff classes at the mid-point in the range, but sometimes the class sizes may be lower or higher depending on the number of students at each individual grade level. Generally, the class size policy stipulates for smaller class sizes at the elementary level, with higher class size limits at the Middle and High School. Some High School classes will have lower enrollment figures, depending on the rigor of the curriculum (i.e. AP classes) or the course offering. Once the number of classroom teachers has been determined at each school, the District uses that knowledge to staff for art, music, physical education etc., which is also dependent on the number of classes at each school.

The District then looks at overall enrollment at each school building, and allocates a certain dollar amount (lower at the elementary level, higher at the secondary level), per student, to each school. This dollar amount typically varies slightly year to year, but has been held constant for the past 3 years.

The items noted above make up the 5 individual school cost centers and are 100% dependent on student enrollment, and make up approximately \$18,670,000 of the District's \$31,970,000 budget. (58.40%) However, there are several other factors that are not 100% based on the enrollment.

Special Education costs have been rising steadily over the past several years. Special Education costs are 100% determined by individual student need. Salary and benefit increases for Special Education staff increased \$113,653 with an additional \$400,000 being added to the District's budget for Out of District placements. This department alone accounted for a \$513,653 increase in the District's budget. (1.68%)

Another large expenditure increase (\$177,000) for the FY19-20 school year was the inclusion of a new roof membrane at the Marshwood Great Works School. Regular yearly maintenance on

MSAD #35
2019-2020 Budget FAQ's

the roof has not been able to completely stop water intrusion into the school, which needs to be addressed now before water damage and mold compound the problem.

Overall, the District's overall budget increased 4.51% or \$1,380,793. Just the items listed above and summarized below, total \$1,144,253:

- salaries and benefit increases for the all employees, (\$567,253 or 1.85% of total budget increase)
- additional Out of District placements (\$400,000 or 1.31% of total budget increase)
- roof repairs at the Great Works school (\$177,000 or 0.58% of total budget increase)

The cost of items such as fuel, repairs, electricity, and contracted services are not fixed and generally increase year over year. To hold these items flat, cuts would need to be made elsewhere in the budget to account for these cost increases.

[Back to top](#)