

# RSU #57 2024-2025 Budget Review Session

Alfred\*\*\*Limerick\*\*\*Lyman\*\*\*Newfield\*\*\*Shapleigh\*\*\*Waterboro

March 25, 2024

# RSU 57 Strategic Plan **2024-2028**

ACHIEVING  
& ENGAGED  
**STUDENTS**

ATTRACT, HIRE  
& GROW  
**STAFF**



ENGAGED  
& CONTRIBUTING  
**COMMUNITY**

CURRENT &  
EMPOWERING  
**FACILITIES**

*"Preparing students for success in an ever-changing world."*

# Budget Development Process

The Finance Committee and the District's Leadership Team began the budget process in early January, focusing on the goal of providing a quality educational experience for all of our students, while also being fiscally responsible to the taxpayers of the communities.

The budget was developed with the goal of improving the quality of current programs and staffing as well as improving instructional support systems.

A primary focus of the budget development is to ensure that the four focal points of the strategic plan are being met in both the short-term and the long-term.

The District is working diligently on addressing the changing needs of students and allocating personnel and other resources to meet these ever-increasing needs.

A significant concentration in building the budget was to ensure the RSU can retain and attract an appropriate number of qualified staff during a time of labor shortages and increasing costs.

# Budget Development Process

Administrators began the budget process by allocating funds to specific line items for their respective sites.

The Finance Director worked closely with the Superintendent to develop cost center budgets which were then reviewed in detail by the Finance Committee.

The Finance Committee performed a detailed review of the budget throughout the entire process as well as met with all administrators and reviewed their requests.

The Finance Committee also provided oversight to the Superintendent and Finance Director in making changes to the working budget.

Once the Finance Committee completes their work they will present the recommended fiscal 2024-2025 budget to the School Board for their review and approval prior to submission for voter approval.

# What is a Baseline Budget?

- ▶ The baseline budget is the starting point in the budget process
- ▶ The baseline budget utilizes the current year budget as its base
- ▶ The budget is then adjusted for such items as current year expenditures, inflation and future year expenditures and needs
- ▶ The budget is based upon the facts known at the time and is continually adjusted as more data becomes available and the budget process develops
- ▶ The Superintendent and Finance Director also provide updates on the needs of the District to the Finance Committee as well as updates on requests from administrators

# Budget Challenges

- ▶ Over the past fifteen years or more state funding has continued to become a smaller percentage of how the District's overall budget is funded
  - ▶ In FY 2007 the state subsidy was 47% of general fund revenue
  - ▶ In FY 2023 the state subsidy was 35% of general fund revenue
  - ▶ The state funding formula is not based upon the actual costs of running the school district and is not close to keeping pace with increases in costs
  - ▶ The fiscal 2024-2025 working budget projects a small increase in state subsidy of only 1.68% or \$267,531. The small amount of additional state subsidy is due in large part to significant increases in town property valuations
  - ▶ As property values continue to rise and enrollment remains flat (or increases slightly) we expect that future budget increases will need to be funded significantly through local taxation
- ▶ The District is part of a regional service center in order to receive additional funding from the state
- ▶ Increased educational and non-educational mandates as well as new laws continue to put a strain on the District's resources and ability to control costs
- ▶ A significant increase in the needs of students in order to achieve educational goals
- ▶ Attracting and retaining qualified staff

# Budget Challenges

- ▶ The current economy has significantly increased costs for staffing, insurance, fuel, supplies, food and multiple other cost centers
- ▶ The District, and numerous other districts, have continued to see a rise in both needs and costs of servicing special education students
- ▶ Increased cost shifting by the state for funding retirement and other costs
- ▶ Aging buildings and infrastructure which require additional costs to properly maintain
- ▶ Historical decreasing enrollment which is now anticipated to remain flat or even experience some slight increases over the next ten years. With this projected enrollment and increasing town property valuations it is anticipated that state subsidy revenue will remain flat and put increased pressure on funding from the local taxpayers
- ▶ The geographic nature of the District and multiple elementary schools provides a challenge to remain cost efficient in both overhead costs and staffing

# Cost Containment & Allocation

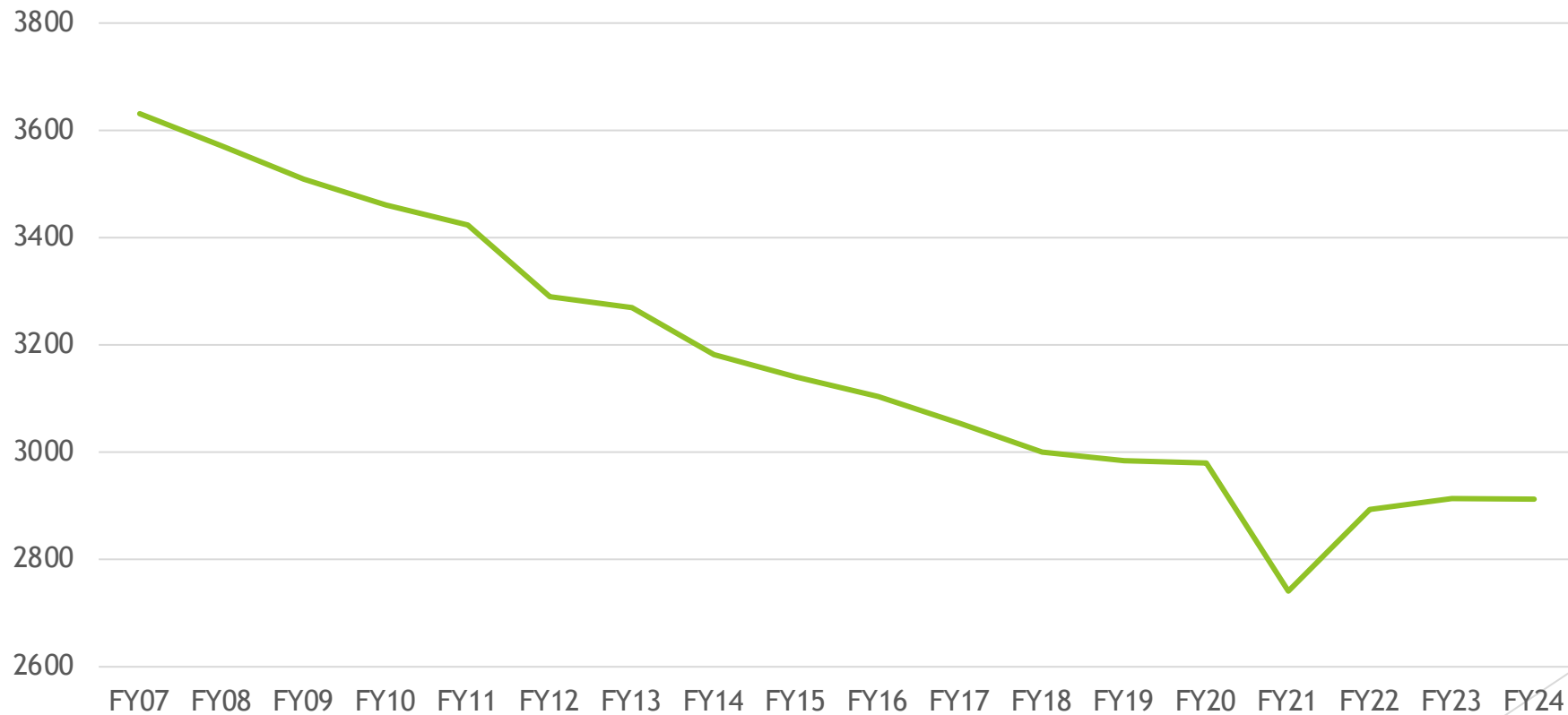
- ▶ Providing necessary staffing through attrition whenever possible in order to maintain appropriate teacher/student ratios while addressing ever increasing student needs
- ▶ Reallocating staffing needs for expanded programs through attrition and retirements
- ▶ The District continues to take proactive steps to meet the needs of special education students in a meaningful yet fiscally responsible manner
- ▶ Continual examination and adjustment of resources in order to obtain the most advantageous state subsidy revenue given an ever-changing subsidy model
- ▶ Think differently about how some services are delivered in order to obtain the most efficient use of resources.
- ▶ Continue proactive planning of building and infrastructure needs to mitigate problems and decrease both short-term and long-term costs
- ▶ Address areas of significant rising costs with alternative options



# Financial Information

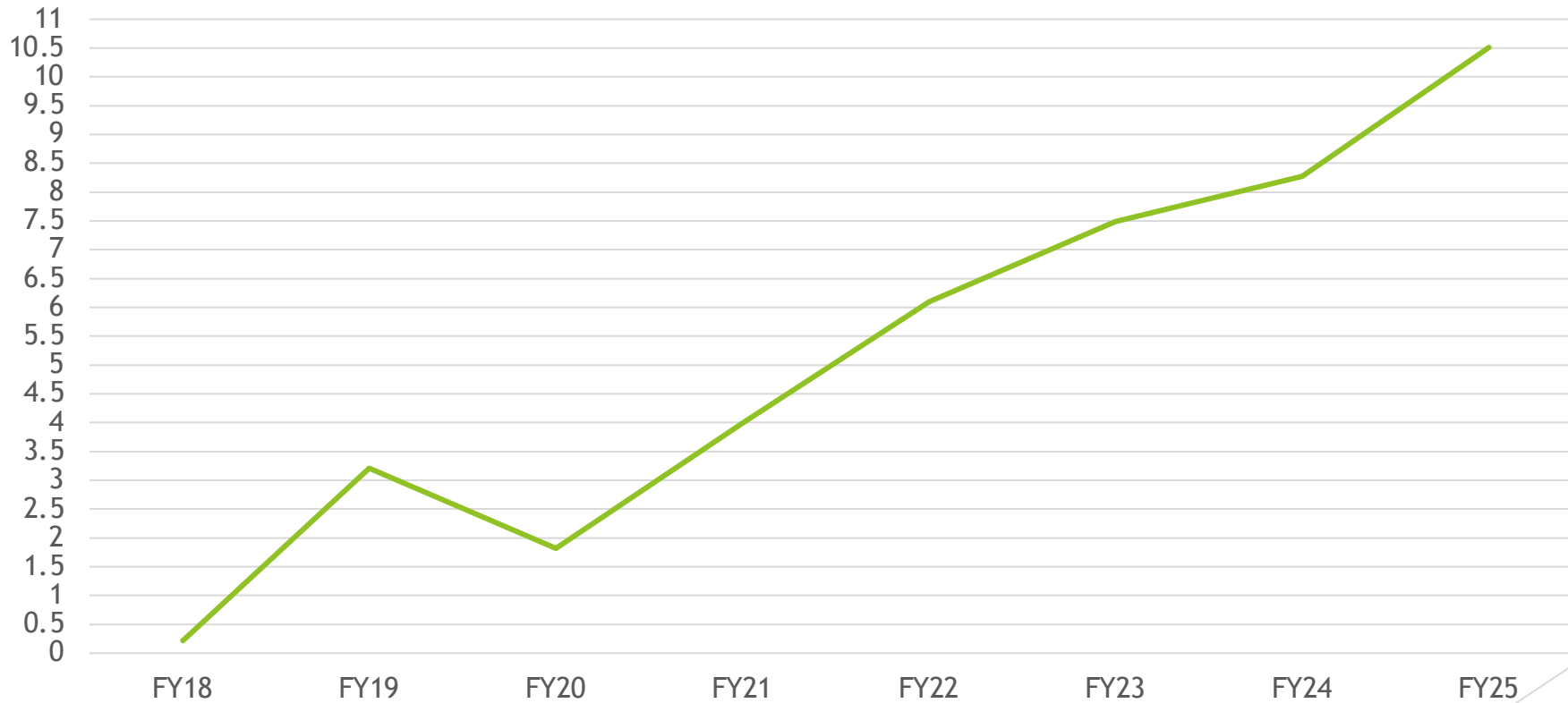


# Historical Enrollment Data



This chart reflects the annual attending enrollment data as of October 1<sup>st</sup> of each respective fiscal year.

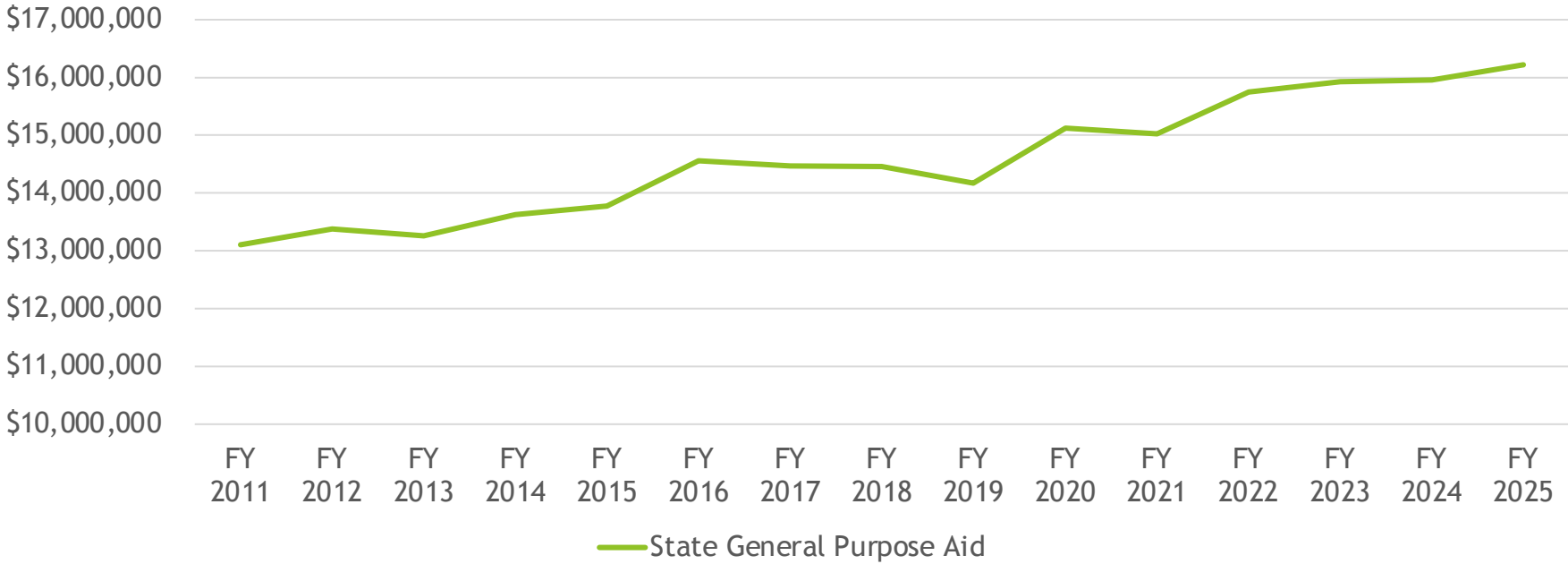
# Town Valuation Total % Increase



Source: Maine DOE ED-279 reports

This chart reflects the total valuation percentage increase among the 6 towns used in the state subsidy calculation

# Historical State Education Funding



Starting in FY 2014 part of the retirement costs are being passed on to school districts.

FY 2025 is based upon preliminary amounts provided by Maine DOE.

# Capital Reserve Funding

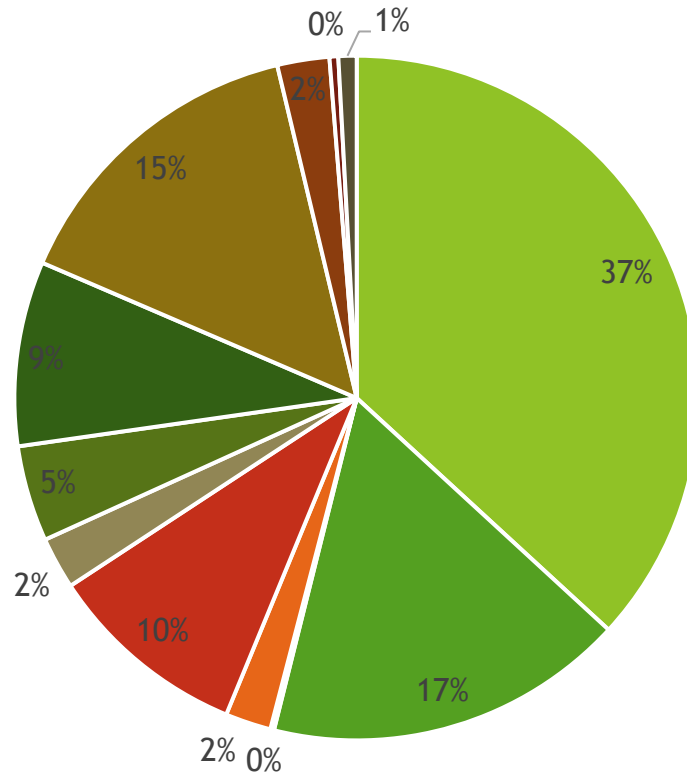
The Maine Department of Education recommends that school districts reinvest 2% of the current replacement value of buildings and infrastructure into capital improvements. With a current replacement value of over \$200,000,000 the District would need to invest in excess of \$4,000,000 per year. This amount is well above the amount currently being funded through the annual budget process.

In order for the District to be fiscally prudent and work towards achieving the District's strategic plan the Finance Committee is recommending the transfer of \$1.0M into the capital reserve fund. This will be accomplished through the utilization of fund balance and will not increase taxation.

# General Fund Budgeted Expenditures

<u>Article #</u>	<u>Program</u>	<u>Approved 2023-2024 Fiscal Budget</u>	<u>Working 2024-2025 Fiscal Budget</u>	<u>Diff</u>	<u>% Diff</u>
1	Regular Instruction	18,437,364	19,525,928	1,088,564	5.90
2	Special Education	8,393,591	9,039,300	645,709	7.69
3	Career & Tech Ed	45,000	92,000	47,000	104.44
4	Other Instruction	1,199,027	1,145,791	-53,236	-4.44
5	Student & Staff Support	4,945,116	5,054,924	109,808	2.22
6	System Administration	1,141,537	1,299,617	158,080	13.85
7	School Administration	2,268,385	2,401,952	133,567	5.89
8	Transportation	4,223,298	4,624,558	401,260	9.50
9	Facilities & Maintenance	7,509,325	7,845,243	335,918	4.47
10	Debt Service	1,339,472	1,303,072	-36,400	-2.72
11	Other & School Lunch	<u>280,000</u>	<u>220,000</u>	<u>-60,000</u>	<u>-21.43</u>
	<b>TOTALS</b>	<u>49,782,115</u>	<u>52,552,385</u>	<u>2,770,270</u>	<u>5.56</u>

# Expenditure Allocation



## Key Indicators

Instruction	66%
School & System Admin	7%
Transport & Maintenance	24%
Debt Service & Other	3%

- Regular Instruction
- Special Education
- Career & Tech
- Other Instr
- Support
- System Admin
- School Admin
- Transportation
- Facilities
- Debt Service
- Other
- Adult Education

# District Maintenance & Improvement Projects

- ▶ District has performed many improvements over the past several years as part of the annual budget.
- ▶ District has already performed a leachfield analysis, masonry analysis, paving analysis, HVAC analysis and a roofing analysis in order to assist in its capital planning.
- ▶ District finished a significant energy conservation project in June, 2021. This project included major upgrades to HVAC and air handling systems, new windows, an improved HVAC control system, domestic hot water improvements, more energy efficient lighting and new fire alarm systems throughout the District.
- ▶ Annual roof replacement project - FY 2025 the fourth phase of a multi-year project at Lyman Elementary School.
- ▶ Over the past several years the District has performed septic and leachfield improvements at Massabesic High School, Massabesic Middle School and Waterboro Elementary School. Improvements are still needed at the remaining four elementary schools but this is not part of the fiscal 2025 budget.
- ▶ In fiscal year 2020 and 2021 the District did a major parking lot/student drop off & pick up expansion at Waterboro Elementary School. This project also included major upgrades to the school's septic system, leachfield and grease trap.



# District Maintenance & Improvement Projects

- ▶ The RSU utilized federal grant monies from Covid to replace numerous windows and ventilation units in the District over the past several years.
- ▶ In addition, the District has benefited from the Maine Revolving Renovation Fund by making building safety improvements, masonry upgrades, improved security systems at both the high school and middle school, asbestos flooring replacement at the high school and well water improvements at Shapleigh Memorial School.
- ▶ Currently we are using ESSER III federal funds to construct a needed district storage building as well as a new high school modular building.
- ▶ The Finance Committee and administration are continually updating their detailed listing of building needs as well as an implementation timeline. In addition, the Finance Committee continues to work on its capital plan for building and facility improvements.

# Per Pupil Total Operating Costs vs State Average

	STATE AVERAGE	RSU #57	% BELOW STATE AVERAGE
2022-23	\$17,655	\$15,206	-13.9%
2021-22	\$16,248	\$14,439	-11.1%
2020-21	\$15,648	\$15,326	-2.1%
2019-20	\$14,943	\$14,337	-4.1%
2018-19	\$14,569	\$13,864	-4.8%
2017-18	\$13,863	\$13,124	-5.3%
2016-17	\$13,473	\$12,675	-5.9%
2015-16	\$12,940	\$12,001	-7.3%
2014-15	\$12,551	\$11,456	-8.7%
2013-14	\$12,056	\$10,778	-10.6%

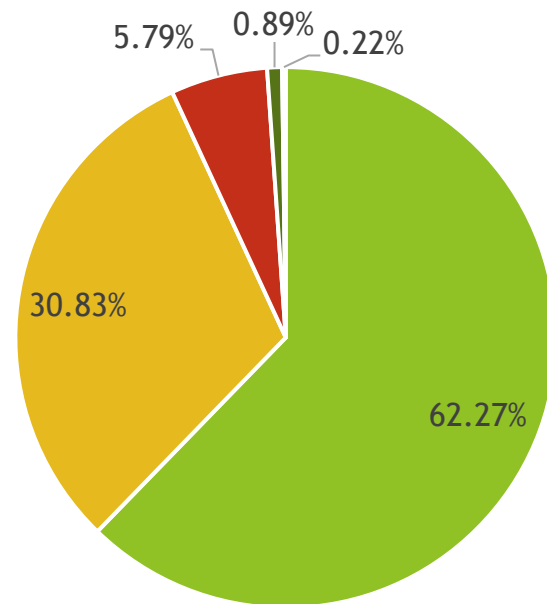
**\*\* Per Maine Department of Education**



# General Fund Revenues

- ▶ Approximately 93% of funding for the District comes from state subsidy and local taxation. Approximately 1% comes from other external revenue sources.
- ▶ The state has reported in its current state funding calculation that RSU #57 will have an increase of approximately \$268,000 (1.67%) in state funding for FY 2025 as compared to the FY 2024 state funding amount. The reason for the small increase is due in large part to increases in town valuations over the past year.
- ▶ Although the state calculation of Essential Programs and Services (EPS) has increased slightly, this increase is still significantly less than the cost to operate the District.
- ▶ The District is working diligently to analyze the funding formula each year and take advantage of as much subsidy as possible.
- ▶ The District continues to take advantage of the Medicaid billing program as well as participation in education service centers in order to obtain the best financial benefit possible for the District.
- ▶ The recommendation of the Finance Committee is to utilize fund balance of \$3.0M in the fiscal 2025 budget.

# General Fund & Adult Education Budgeted Revenue Allocation - Fiscal 2025



- Local Assessments
- State Subsidy
- Use of Fund Balance
- Non-Tax Revenues
- AE Non-Tax Revenues

# General Fund Budgeted Revenue

	<u>Approved 2023-2024 Budget</u>	<u>Working 2024-2025 Budget</u>	<u>Difference</u>	<u>Increase</u>
Local Assessments	30,406,557	32,861,296	2,454,739	8.07%
State Subsidy	15,952,058	16,219,589	267,531	
Pay to Play & ROTC	88,500	86,500	(2,000)	
Medicaid	210,000	110,000	(100,000)	
Other	125,000	275,000	150,000	
Use of Fund Balance	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	
	<u>49,782,115</u>	<u>52,552,385</u>	<u>2,770,270</u>	

# Adult Education Budget Revenues & Expenditures

	<b>Approved 2023-2024 <u>Budget</u></b>	<b>Working 2024-2025 <u>Budget</u></b>
<b><u>Revenue</u></b>		
Town Allocation	205,575	146,598
State Subsidy	77,863	122,850
Tuition Revenue	60,000	115,600
Use of Fund Balance	<u>65,000</u>	<u>70,000</u>
	<u>408,438</u>	<u>455,048</u>
<b><u>Expenditures</u></b>		
	<u>408,438</u>	<u>455,048</u>

# PROJECTED LOCAL ASSESSMENTS \*



*\*Includes Adult Education*

Town	Actual Local Share 2023-2024	Working Budget Local Share 2024-2025	\$ Difference 2024-2025	% Difference 2024-2025
ALFRED	\$ 3,577,089	\$ 3,934,970	\$ 357,881	10.00%
LIMERICK	\$ 3,983,863	\$ 4,262,309	\$ 278,446	6.99%
LYMAN	\$ 5,597,245	\$ 5,990,603	\$ 393,358	7.03%
NEWFIELD	\$ 2,344,400	\$ 2,532,465	\$ 188,065	8.02%
SHAPLEIGH	\$ 4,640,462	\$ 5,100,116	\$ 459,654	9.91%
WATERBORO	\$ 10,469,073	\$ 11,187,431	\$ 718,358	6.86%
<b>TOTALS</b>	<b>\$ 30,612,132</b>	<b>\$ 33,007,894</b>	<b>\$ 2,395,762</b>	<b>7.82%</b>

Projections are based upon the current working budget

# Public Questions & Input