



MSAD No. 75

FY 2023 Budget Discussion
with Selectmen and
Town Managers

Finance Committee Meeting
March 8, 2022

FY 2023 Maintenance-of-Effort (MOE) Budget

MOE Budget Definition: The level of spending required to maintain the current level of staffing, programs and services and meet required obligations.

Fiscal Year	Total MOE Budget
FY 2022	\$47,300,003
FY 2023	\$48,800,402
\$ Increase	\$1,500,399
% Increase	3.17%

Budget Without Adult Ed

FY22 \$142,428 FY23 \$138,833

Fiscal Year	Budget
FY 2022	\$47,157,575
FY 2023	\$48,661,569
\$ Increase	\$1,503,994
% Increase	3.2%

Budget Without Debt Service*

FY22 \$4,873,504 FY23 \$4,530,276

Fiscal Year	Budget
FY 2022	\$42,426,499
FY 2023	\$44,270,126
\$ Increase	\$1,843,627
% Increase	4.3%

*Debt Service includes state-subsidized and local-only bonds that flow through Articles 10 and 11 of the MOE Budget.

Article	Purpose	FY 2022 Approved	FY 2023 Proposed	\$ Change	% Change
2	Regular Instruction	\$15,457,964	\$15,788,955	\$330,991	2.1%
3	Special Education	\$9,270,012	\$9,413,386	\$143,374	1.5%
4	Career and Technical Education	\$210,942	\$225,000	\$14,058	6.7%
5	Other Instruction	\$787,949	\$787,018	(\$931)	-0.1%
6	Student and Staff Support	\$4,962,931	\$5,903,726	\$940,795	19.0%
7	System Administration	\$1,332,429	\$1,494,506	\$162,077	12.2%
8	School Administration	\$2,221,319	\$2,253,631	\$32,312	1.5%
9	Transportation and Buses	\$3,122,408	\$3,181,782	\$59,374	1.9%
10	Facilities Maintenance	\$4,687,197	\$4,771,744	\$84,546	1.8%
11	Debt Service/Other Commitments	\$4,733,491	\$4,392,485	(\$341,006)	-7.2%
12	All Other Expenditures	\$370,933	\$449,337	\$78,404	21.1%
Total - Operating Budget		\$47,157,575	\$48,661,569	\$1,503,994	3.2%
18	Adult Education/Adult Voc. Educ.	\$142,428	\$138,833	(\$3,595)	-2.5%
Total - All Articles		\$47,300,003	\$48,800,402	\$1,500,399	3.2%



MOE Assumptions and Cost-Drivers

- Salaries & benefits are about 80% of the budget
 - Salaries for teachers are not yet finalized as negotiations are ongoing, but a placeholder of 4% has been used.
 - Salaries for administrators and support staff align to the contract.
 - Health insurance assumes an increase of 6%, and dental insurance assumes an increase of 4%.
 - It is assumed retirement and other payroll taxes shall remain steady.
- The new Maine Earned Paid Leave law will increase substitute costs at an amount as yet to be determined.
- Projects to address critical technology infrastructure and aged-out student devices are included in the budget as lump-sum costs, but could possibly be financed over time to match cash outflows to years of use.
- A needs assessment is underway to review the existing fleet of buses and determine if the existing replacement timeline is sufficient to meet safety and student usage demands.
- There is discussion of a possible School Improvement Bond to perform work at MAMS and other distressed areas of the district, at an amount as yet to be determined, but could be on the BVR in June, thereby increasing this budget.

Notable Line-item Changes [excluding Adult Ed] Increases & (Decreases)

Item	Change	Comment
Personnel Costs	\$472,921	Salary Increases offset by reduced insurance costs
Contract Services	\$137,495	Outside Support Services (legal, property, buses)
Repairs, Property & IT	\$845,954	Tech Devices, Software and Capital Improvements
Insurance & Region 10 Support	(\$40,548)	Insurance savings offset by est. \$10K increase R10
Supplies & Utilities	(\$65,220)	Utilities & Transport (Outsourced) Savings
Equipment, Dues & Fees	\$418,216	DW Tech Projects
Debt Service	(\$343,228)	BCS Bond Paid-off & HS Bond Interest
Fund Transfers & Contingencies	<u>\$78,404</u>	Food Service Local Share; <i>Could be a reduction</i>
Total	\$1,503,994	

Declining Debt Service Costs


- 20-Yr HS Bond is in its 3rd year of repayment; final payment is FY 40
- 10-Yr Roof Bond is in its 3rd year of repayment; final payment is FY 30
- Interest rates and expenses will slowly decline each year
- The bond for BCS has been paid off; state subsidy will also go down

Cost	FY 2022	FY 2023	\$ Decrease
HS Bond - Principal	\$2,943,355	\$2,943,355	\$0
HS Bond - Interest	\$1,504,172	\$1,449,131	(\$55,041)
Roof Bond-Principal	\$118,800	\$118,800	\$0
Roof Bond - Interest	\$21,212	\$18,990	(\$2,222)
BCS Bond - Principal	<u>\$285,965</u>	<u>\$0</u>	<u>(\$285,965)</u>
TOTAL	\$4,873,504	\$4,530,276	(\$343,228)

School Improvement Bond

School / Location	Project	Description	Estimated Cost	Year Estimated	Estimated FY 2023 Cost
Mt. Ararat Middle	Building Envelope, Windows, Water Line		\$ 5,870,766	2022	\$ 5,873,113
Mt. Ararat Middle	Related Required Project Admin Costs		\$ 1,192,338	2022	1,192,338
Mt. Ararat Middle	Paving		\$ 177,558	2022	186,081
District Office	Paving		\$ 93,308	2022	<u>97,787</u>
	Subtotal (ties to Architect's Outline)				\$ 7,349,319
<u>Other Paving Projects Districtwide</u> (listed per RFS Priority designation)*			\$ 1,300,000	2020	<u>\$ 1,650,681</u>
[*Paving Priority Items 1, 2 and 7 are proposed to be paid as a part of FY 2023 Capital Plan Amt of \$385,000]					<u>\$ 9,000,000</u>

Paving Projects include Bowdoin, Bowdoinham, Harpswell, Williams-Cone, Woodside, MAMS, Adult Ed, District Complex & Republic Ave.



Ballot Question __: Do you favor authorizing the School Board of School Administrative District No. 75 (“District”) to issue bonds or notes in the name of the District in an amount not to exceed \$9,000,000, for the construction, repair, renovation and improvement project at Mt. Ararat Middle School, as well as paving and related improvements across the District, as described below?

Project Description: The primary focus of the project involves replacing the building envelope and windows at Mt. Ararat Middle School, as well as a water line repair. The project also involves parking lot paving and related site improvements to sidewalks, roads and playground surfaces at facilities across the District, including Bowdoin Elementary School, Bowdoinham Elementary School, Harpswell Elementary School, Williams-Cone Elementary School, Woodside Elementary School, Mt. Ararat Middle School, Mt. Ararat High School, the SAD 75 District Office including Republic Avenue and Merrymeeting Adult Education.

If the voters approve a school improvement bond at the June 2022 Budget Validation Referendum, then the Maine Municipal Bond Bank would issue the bonds and release the funds in the Fall of 2022 (October). Principle payments would not commence until November 2023, so FY23 would only include an interest payment in May 2023. \$9Million Bond over 10 Years totals \$9,549,635 : \$955K per year; FY23 interest = \$43,430.

FY 2023 State Subsidy: Essential Programs & Services (EPS)

Cost	FY 2022 Prel.	FY 2023 Prel.	\$ Difference
Total EPS Allocation (Cost of Services)	\$35,836,165	\$36,685,043	\$848,878
Less Municipal Contributions	(\$16,903,500)	(\$16,419,710)	(\$483,790)
Harpswell Debt Service Circuit Breaker	\$114,840	\$66,034	(\$48,806)
Total State Subsidy	\$19,047,505	\$20,331,367	\$1,283,862
Less Debt Service Allocation	(\$4,192,843)	(\$3,880,810)	\$312,032
State Subsidy Excluding Debt Service	\$14,854,662	\$16,450,557	\$1,595,895 10.74%

- The subsidizable student count has dropped slightly from 2,424 to 2,406.5
- The mill rate for local contributions is decreasing from 7.9 to 7.1, largely offset by increases in state valuation.

Funding and Revenue Sources to meet the FY 2023 MOE Budget including Adult Ed

Description	FY 2022	FY 2023	\$ Increase (Decrease)	% Increase (Decrease)
State Contribution (Prel. EPS)	\$19,047,505	\$20,331,368	\$1,283,863	6.74%
Local Share - Total	\$26,687,673	\$27,469,034	\$781,361	2.93%
Other Revenues	\$164,825	\$0	(\$164,825)	-
Fund Balance Carry-Over	\$1,400,000	\$1,000,000	(\$400,000)	-40%
Total Revenue	\$47,300,003	\$48,800,402	\$1,500,399	3.17%

FY Budget	Total Budget	Increase over PY	Use of Fund Balance
FY 20	\$42,279,971	\$4,300,803 (13.2%)	\$400,000 (208%)
FY 21	\$46,200,245	\$3,920,453 (9.3%)	\$1,100,000 (175%)
FY 22	\$47,300,003	\$1,099,578 (2.4%)	\$1,400,000 (27%)

FY 2023 MOE Budget – Impact on Local Assessments

Town	FY 2022	FY 2023	\$ Increase	% Increase
Bowdoin	\$3,191,370	\$3,211,277	\$19,907	0.62%
Bowdoinham	\$3,436,654	\$3,557,303	\$120,649	3.51%
Harpswell	\$8,725,238	\$9,249,436	\$524,199	6.01%
Topsham	\$11,334,411	\$11,451,018	\$116,607	1.03%
Total Revenue	\$26,687,673	\$27,469,034	\$781,361	2.93%

FY 2023 MOE Budget	Bowdoin	Bowdoinham	Harpswell	Topsham	Total
Calculating the Tax Impact on an Average Home:					
Local Valuation of Town Property*	\$232,413,875	\$313,040,728	\$1,967,787,328	\$1,189,706,852	\$3,702,948,783
Change in Assessments to Towns	\$19,907	\$120,649	\$524,198	\$116,607	\$781,361
Change in mill rate per \$1,000 of valuation	0.0857	0.3854	0.2664	0.0980	0.2110
Local assessment of a typical home by community*	\$122,200	\$176,800	\$445,120	\$248,248	\$248,092
Average annual tax change for a typical home	\$10	\$68	\$119	\$24	\$52
*Assumes 4% increase over January 2021 numbers provided by the four towns for local valuation and typical home value					



Budget Review and Finalization Timeline

- Administrators have compiled a list of needs for additional resources totaling approx. \$1.1M in Personnel Costs, plus \$100K for other requests excluding buses.
- The Superintendent is reviewing these requests, identifying priorities and searching for potential reductions.
- The Superintendent is scheduled to make budget recommendations at the March 14th Finance Committee Meeting.
- The Finance Committee is scheduled to make final budget recommendations to the Board at their April 4th meeting.
- The Board of Directors is scheduled to meet on April 14th to approve a budget for presentation to the voters.
- The District Budget Meeting is scheduled for May 19th followed by the Budget Validation Referendum on June 14th.