

# Regional School Unit #50

Superintendent of Schools

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March 25, 2014

Dear RSU #50 Municipal Officials,

As you are well aware, the state of Maine continues to be in a financial crisis. State revenues continue to be far below what is budgeted, resulting in the state's inability to fund its obligation to public education.

The pattern is a shifting of costs from the state to the locals with little or no relief from the mandates and rules that require the spending. RSU #50 receives around 53% of its funding from the state general-purpose aid, and the effect of all of this has a serious impact.

As we continue the budget preparation for FY15, I wish to share with you several key points impacting the budget as we proceed.

- Original ED279 indicates our state subsidy is currently scheduled to be reduced by \$267,866.00.
- The mill rate has changed from 7.86 to 8.07, resulting in an increase in local responsibility to attain less state revenue.
- Property valuations held, decreasing only 0.46% from 2012 to 2013.
- The property valuations, changes in mill rates, and the annual decrease in student enrollment are resulting in approximately 5.6% increase to local taxpayers, without including other district obligations.
- Other local costs (Approximate)
  - Our insurance costs are projected to increase by 9.5%, or approximately \$113,000 increase. This results in increase of 22.5 % over 2 years.
  - The settled support staff salaries will result in an approximately \$62,500 increase.
  - The teachers contract has not been settled, nor have non-union personnel.
  - Workers Compensation will see an increase of 28%.

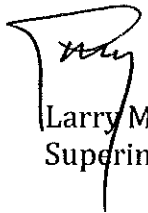
As you can see there will be some difficult work ahead in preparing a budget for FY15. Savings in personnel structures and facilities over the past years leave very little movement to reduce in those areas. Programming is currently at a place, which I feel cannot absorb any reductions. The need in facility maintenance continues to be a concern.

The FY 15 budget is being prepared with the current structure of educating students in the RSU to remain the same, with no additional staff increases. It is becoming apparent that any significant savings to the towns or increased programming opportunities for students will only come from the elimination of duplication of services.

Our first budget workshop will be held on Monday, April 14<sup>th</sup>, at regular monthly board meeting held at the Katahdin Elementary School. The board will begin to review cost centers at this time. Schedules for other meetings will be announced. We hope you are able to attend.

I am still planning on meeting with you on Thursday, April 17<sup>th</sup> at 9:00 a.m. in the Island Falls Municipal Building. You may want to invite your town officers to the meeting at this time as well. Please let me know if you have questions or concerns prior to the meeting.

Regards,



Larry Malone  
Superintendent