

Budget Committee Meeting
Tuesday, April 15, 2025
4:00 p.m., Hampden Academy Library

Attendees: Budget Committee members Luke Field, Allan Gordon, Stacey Haskell, Brooke Miller, Board members Kirsten Davidson, Kristen Peet, and Faye Anderson, Nick Raymond, Superintendent, Kris Franklin, Finance Director, Matt Lachance - Town of Hampden, Casey Ashley - Town of Winterport, Ed Lovell - Town of Newburgh

Absent: Mike Shaw- Town of Frankfort

Revisions to all Articles

See handout RSU #22 Budget Report by Article:

“Differences from Original Presentation to Revised”

- All articles have been adjusted to accommodate 10% insurance change - that is a shift from previous drafts (adjusted to the other articles)
- The superintendent verbally summarized the handout
- Regular education - No change
- Special education - No change
- Other instruction - health and dental premiums
- Increase to middle school athletic director stipend (\$1500 between two directors) to put more in line with area middle school AD's
- Remove duplicated psychologist
- Benefits
- Transportation adjusted from 28 busses to 23 busses
- Maintenance - reduced heating costs after locking in propane and oil. Able to reduce with locked in price.
- Debt service: small change, established by state
- Adult education - No change

Fund Balance:

A slide show was presented and will be posted to the district's website. The first slide referenced the website with the video so that there is a context and explanation for the slide show.

Undesignated Fund Balance = \$8,686,751.00.

Undesignated fund balances reviewed based on citizen approval last June. When those are removed from the \$8.6 million, the actual undesignated balance is \$7,345,251.00.

This reflects 19% of the FY 2024 budget.

Explanation and discussion of the energy fund occurred. There are savings on electrical costs due to solar projects. This year's budget is \$529,640.00.

When over 9%, you must have a plan to expend the additional money (beyond 9%) within three years. However, since the amount remaining (explained as surplus) changes annually, it resets annually as well because you have three years to make that amount of money be under 9%. 9% of your previous fiscal year. LD 1103 is in the education committee to keep it at 9%.

A board member explained that state law is the catalyst for this 9% requirement. Initially there was never any percentage requirement for schools. When it first started it was at 3%. There have been bills to remove it entirely and get back to where we are. The concern is that the percentage requirement is not really reflecting the financial health of a school district.

A budget committee member explained that when it comes to this percent amount for RSU 22, payroll is one million every two weeks. Health insurance is 6 million a year. 32 million is needed just for salary and insurance. We may need this balance to keep things afloat in the current climate.

It was explained that towns/communities have a recommendation of 12% minimum and many towns carry much more, if they are able, while schools are obligated to stay at 9% or below. Town municipalities do not have a limitation on how much fund balance they carry while schools do have a 9% limitation.

In the first budget meeting there was discussion of assessment of taxes and a portion of that is for the town and school. Example: even if the school district is flat funded, property taxes can go up.

Examples of towns needing fund balance to pay school departments were discussed. The mill rate is based on several factors. Effort to discuss and explain the interplay between taxes. It is important to know where numbers come from as they were reviewed during the first meeting.

The State sets a municipal tax rate. It's based on the total value of real estate, personal property in the town, homestead exemption, County tax, municipal, TIF financial plan, and total appropriation in comparison to revenue. It is a long complicated formula. Commitment and then overlay inform the mill rate or % of property you will pay in taxes. Example: \$100,000 home your taxes will be 1,320.00 if 13.2 %.

Town ambassadors commented they appreciate the information so that they can accurately reflect this information back to their town offices.

If you designate funds into a reserve that you don't ultimately need, you are then pigeon holed with that amount.

We have paid 80% of what is budgeted for electricity.

If this budget is adopted, we will be \$3,983,298.56 beyond the 9% overage.

Prioritizations

- Use carry forward money to reduce total ask to towns
- School playground upgrades
- Security Platform (Centegix) - Superintendent explained the security system. Looking to get a grant to support this. The grant we have targeted does not make the determination until the fall. Can not rely on a grant in case we do not get it. A five-year plan is an option and no penalty for spreading it into those years.
- Reserves accounts - Technology, special education, capital, athletic facility

- Central office building - If the board decides to go this route there will be many layers, discussion, meetings, and a referendum. Suggestion was made to go visit the central office. Long standing problems. Superintendent Raymond expressed that this discussion is ongoing for ADA compliance and to improve the quality of the workplace environment for employees.

Reserve Accounts

Balances at the start of FY25 were reviewed

See slide show for exact amounts

Capital, athletic facility, technology, Fuel stabilization

New Reserves last year:

Special Education: \$100,000

Energy: \$50,000

Recommendations:

Capital - \$425,000

\$75,000 for Centegix, \$150,000 for equipment replacement (\$25,000 per school ex. HVAC and watering units), \$200,000 playground equipment. PK at Smith, K-4 at Smith, K-5 on Hampden Campus. Over a three-year period to replace or refurbish as appropriate.

Athletic Facility - \$150,000

For turf replacement

Technology - \$85,000

future server items and tech items

Special Education \$125,000 come back to that

Energy - \$0

Fuel Stabilization- it was recommended after COVID. We have continued to put money in until last year. Currently at \$200,000. We could reduce the maintenance line for fuel and use this reserve. If we do this, we would be able to spend down this account which would make sense based on our fuel prices and what we could lock in at. This action would reduce article 9 by \$150,000.

Contingency fund:

In June 2022, a contingency fund was approved by the citizens. It never goes away. This money can be used for any emergency. Ex. loss of Title funding, nutrition, special education, unbudgeted faculty and staff funding. This means you can pull from contingency to fund an emergency situation from this account. The contingency fund language is read from the slide (see slide show). Why do we have special education reserve, energy, and other reserves when those could all be emergencies and therefore be in a contingency fund? That leaves your undesignated amount much higher if you don't use reserve accounts and instead put it in contingency. Do not suggest getting rid of capital, athletic and tech reserves. Keep those. All others could be considered an emergency. Are we better off with reserve accounts or contingency?

Discussion followed regarding scenarios.

We can do the same thing that you can with reserves but the unallocated will be higher. What if something happens on the state level and we get penalties? Not likely.

Further discussion about reserve accounts vs contingency.

It was represented that we need the capital, athletic facility, and technology reserve accounts. How these lines are spent was explained to the group. The board spends down those accounts at their discretion and there does not have to be an emergency. To not fund the turf would not be an emergency in some eyes it would be poor planning.

It is the town's perspective that money is money, no matter what account it is in.

Reflection that special education would be better pulled from the contingency.

Idea to collaborate with towns to communicate specific details to explain the budget. The Link 22 that goes out to the public in May will have the complete proposed FY26 Budget.

Discussion occurred of what would happen if you apply the overage 3 million. That would cause peaks and valleys. If you put all that money toward assessments, you will have a really low year and then a really drastic increase to taxes the next year. The goal is to avoid peaks and valleys for taxpayers so that they can budget and plan ahead to the extent possible.

Review of reducing the reserve accounts and dollar amounts if moved to contingency.

Last slide: Administrative office. Suggest a stand alone reserve account. Funds designated for that respective building. Even if we go that route, and hopefully not in an emergency, we still have to have a referendum. You must have a public meeting, information night, and opportunity for them to hear prior to the referendum vote. If the board goes this way, timelines and decisions would need to be made if it was going to happen for next year. Last year the quote was just shy of one million dollars. Looking to work with UTC to reduce the amount. In 2021, estimates were received for \$1.3 for a remodel, plus extension and under 1 million for new modular building.

Looking for consensus as to how we approach reserved accounts. Discussion followed.

Revenue Projections

- One million as a starting point to return to towns. Total increase for expenditures. 6.65% for expenditures. Salary and benefits 73%. The only way to reduce is to reduce people. Revenue is state allocation, state agency client, total state, local earned revenue (rental fees and tuition). This represents 50 tuition students. The state increased tuition rates this year in January. The state defines tuition. Feel comfortable that we will have 50 tuition students. Never know until day one. Moving target. No more ERate or athletic participation.
- Removed pay to play after the fall of last year.
- No more teacher on loan (distinguished teacher)
- Increased the interest as revenue. Have increased up to \$100,000 and it is a calculated risk.

It will be up to the board as to how much to use to offset town costs. If we use 3 million again, we set ourselves up for a big jump the following year.

A Town Manager recommended using just the surplus as the amount used to offset the towns and then it won't be arbitrary. Might be more for individual towns but it is steadier. Offset local appropriations by your surplus and you don't continue to build the fund balance.

Last year, we started out at 1.2 million and ended up giving three. We didn't pass the initial budget. If we start at \$800,000 how will that land?

Discussion of why the budget didn't pass the first time around. People were not accurately educated on the intricacies of the school budget. They wanted to see money come off the taxes. The mill rate and future impact means that if you reduce the school budget by 3 mill every year and then are in compliance, your budget will increase and it would "kill" Winterport tax payers.

Discussion continued regarding the fund balance and the history of the last nine years of fund balances. At one point the district had no or very little surplus. The goal is to have the surplus offset taxation.

Assessments would increase by town if offset by one million:

- Hampden 32.22%
- Newburgh 32.27%
- Winterport 32.4 %
- Frankfort 33.88%

Is there a desire to have one more budget meeting to discuss follow up items? Propose another Budget meeting on May 1 at 4:30 p.m. To be confirmed.

- Confirm contingency vs reserve accounts.
- Admin building. Need to know if going in that direction.
- Adjustment to articles 2 and 9 if go contingency routes
- Summer School Adjustments

Time to plan coordinated messaging, example, town annual report. Soft deadline of May for Winterport. Hampden will check with town staff with the goal of sending something out from Hampden as well. Winterport and Frankfort absent from meeting at this point.

Summer school programming numbers reviewed Jennifer Nickerson. See RSU 22 Summer Programming Budget sheet.

Currently all of title one funds go to salary and benefits so we no longer have funds for title one summer programming.

The meeting adjourned at 5:52 p.m.

cc: Board of Directors