

## **Budget Impact Discussion as of December 17, 2008**

### **What we know:**

- ✓ On November 21<sup>st</sup>, MSAD #15 was informed by the Commissioner of Education that our current 2008-2009 school budget would be negatively impacted by a reduction of subsidy totaling \$300,696.00 (approximately 3.2% of our budget)
- ✓ Our Administrative Team has been proactively working to reduce spending now since we have approximately 60% of our budget money remaining
- ✓ Our Administrative Team has successfully identified \$317,450.00 in recommended cuts to cover this reduction in subsidy. These cuts were reviewed at our last Board Meeting and are available to the public on the MSAD #15 website for the public to review
- ✓ On December 16<sup>th</sup> we learned that the Governor will not be making any more cuts to K-12 education funding for the 2008-2009 fiscal budget cycle. This is excellent news!

### **What the Finance Committee is Doing Now:**

- ✓ Since our last Board Meeting the Finance Committee has met with the Superintendent and Director of Finance & Operations. We have asked the Superintendent and her Administrative Team to set a goal of a 0% budget increase for the 2009-2010 school budget.
- ✓ In anticipation of this request, Mr. Towle prepared a sample Expense & Revenue Summary Projection report with a 0% increase. It is extremely important that all of us and our taxpayers understand that even with a 0% increase to the actual budget, we will see a tax increase in some form.

### **Why a Tax Increase with a 0% Budget Increase:**

- ✓ We know that the \$300,696.00 subsidy reduction for this school year is gone forever and will not be put back in the state subsidy coffers for next year
- ✓ We know that we still need to account for a 3% automatic increase in fixed costs which will represent an increase of \$631,251.00 from the 2008-2009 to the 2009-2010 budget. Reductions in other areas will need to be made to off-set this automatic increase.
- ✓ We know that because of how we have refined our budgeting process over the past five (5) years, we have implemented tighter budgetary controls resulting in leaner and meaner budgets. This will result in a much smaller “undesignated balance” to be applied to tax reduction. Last year we applied \$800,000.00 towards assessment reduction. We hope to be able to apply \$250,000.00 this year. But this is not guaranteed.
- ✓ We know that there will be a further reduction in education tuition payments from the Town of Raymond as their students complete their transition to the newly consolidated

Windham/Raymond District. This revenue stream alone will decrease from \$205,000.00 in the 2008-2009 budget to approximately \$91,000.00 for the 2009-2010 budget.

- ✓ Therefore, even with a 0% budget increase, these reductions in revenue streams and subsidies will result in a budget with a tax increase for both Gray and New Gloucester taxpayers. (Note: this budgeting scenario can be compared to our own household budgets where our incomes are static or decreased but the price of milk and other required food products goes up. We need to find a way to economize and still pay for the increase in the cost of feeding our families.)

### **Next Steps:**

- ✓ As in prior years, we are hopeful that community members from both Gray and New Gloucester will step up and volunteer to work on the Budget Advisory Committee this year. I am happy to announce that we already have two volunteers from Gray. We would like to have three members from each community if at all possible. The input of our community members is essential to this process. If you are interested in becoming a BAC Member, please contact the Central Office at 657-3335.
- ✓ Our Board Committees and newly formed sub-committees will meet throughout the month of January to formulate their recommendations for Capital Projects, Maintenance, Programming, facilities and stipends.
- ✓ Our Administrative team will continue their work on individual school and departmental budgets.
- ✓ Our Budget Advisory Committee will be appointed at the end of January.
- ✓ Our Central Office will then prepare our budget manuals/cds to be ready for distribution the first Board Meeting in March.
- ✓ Our annual all day Budget Meeting to review each Cost Center is currently scheduled for Saturday, March 7<sup>th</sup> from 9:00am to 3:00pm at the Middle School. The entire Board and all BAC members will have the opportunity to hear from each of our Administrators on their budget recommendations.
- ✓ Budget Workshops will continue throughout March and April as we work towards formal adoption of our 2009-2010 budget.
- ✓ We welcome public participation throughout this entire process. The schools and this budget belong to all of us in Gray and New Gloucester.