

May 9, 2007

Dear M.S.A.D. No. 75 Resident,

On April 19, the M.S.A.D. No. 75 Board of Directors approved a budget for the 2007-2008 school year to be approved by voters at the referendum on June 12. This year, the budget process was complicated by the announcement of the Governor's School Consolidation Plan and the number of cuts needed to meet the projected savings he embedded in the State budget. The Department of Education was a month-and-a-half late in providing the funding numbers which put the Finance Committee at a disadvantage to start the budget process, as the State subsidy accounts for 46% of District revenues. When the State finally gave the District a scenario to work with, we were shocked to find the State is proposing to change the education statutes so that Harpswell would not receive any special education subsidy. M.S.A.D. No. 75 and Harpswell officials had worked very hard with local legislators last year to get the legislation passed to correct the EPS funding formula inequities for high valuation towns included in an SAD or CSD so that special education funding would come to all towns in the State and Harpswell's financial burden would be eased.

We started the process in January, concentrating our efforts on the expenditure side of the budget, since we were unsure of State subsidy numbers on the revenue side. Some expenses such as teacher salaries, which are locked into contract agreements, and insurance costs, are beyond our control. We are, once again, faced with rising costs for energy – electricity, in particular - although District usage continues to decline. We are looking into a Performance Contract for lighting and energy savings. This type of contract would allow the District to make improvements in lighting and other systems without paying out-of-pocket. The improvements will be paid for by our energy savings. The Finance Committee has always been committed to looking for potential savings at the start of the budget process in order to keep our overall costs down. We were able to identify \$345,000 in expenditure decreases which included construction interest savings, a reduction in out-of-District student placement costs, and savings for natural gas, equipment and computer software expenses. Administration presented the Finance Committee with a list of additional expenditures it felt were critical. The Finance Committee initially recommended including in the budget \$157,379 of the \$321,000 requested. This amount was later reduced to \$92,379 when additional reductions in the expenditure budget totaling \$188,603 were recommended by the Finance Committee and accepted by the full Board. The Board Finance and Facilities Committees presented to the Board a proposal for a new \$362,500 bond issue to address essential capital improvements across the District. This five-year bond replaces an existing bond that was paid off in the current fiscal year.

The proposed budget of \$36,424,407.00 is 2.66% higher than the current one, with an increase in the local contribution of 4.52%. The towns will see the following increases in their local contributions: Bowdoin 5.86%; Bowdoinham 4.70%; Harpswell 3.92%; and Topsham 4.71%. We continue to fight for the Harpswell special education funding and have included in the referendum an appropriate article that will allow the Board to decrease the assessments to the towns if the Legislature should correct this situation, or otherwise provide additional State subsidy before it adjourns in late June.

The Finance Committee, full Board and Administration are always looking for ways to keep costs down while not jeopardizing programming. We all keep our Board Goals in mind while planning the budget, as well as remembering the effects the bottom line has on the families in our District. We believe this budget meets the needs of the District and ask that you come out on June 12 to support this budget. Thank you for your time and consideration.

Sincerely,



Kimberly A. Totten, Finance Committee Chair
M.S.A.D. No. 75 Board of Directors