



Complete Impact Analysis

Public Hearings

March 5, 2015

(6:30 p.m. RES Gym)

Public Vote

March 25, 2015

(5:30 p.m. WHS Auditorium)

March 18, 2015

(5:30 p.m. WHS Auditorium)

Please contact Asst. Superintendent Donn Davis if you have any questions 892-1800



Current Cost Sharing Method

- The current method of sharing the cost above the EPS required contribution was set out in the Reorganization Plan that created our RSU in 2008.
 - Section 13.B of the Plan states that the cost sharing formula “will be based on the prior three-year average of the additional local-only funding.” The Plan also gives guidance on how to review/change that formula.
- Currently additional costs above EPS required contribution are split 45% to Raymond and 55% to Windham.
- Based on concerns that this current formula may no longer reflect the costs of the towns, the cost sharing committee was formed to review the formula and explore options.



Methodology

- The committee took a deep dive into the methodology that the state uses to calculate the state funding for our RSU. There was enough information online to allow us to reconstruct the formulas completely behind the state funding.
- We used this information to determine what the funding would be if we were acting as separate school districts.
 - Note that no additional costs were added to either town that would be required if we really were two separate school districts, such as additional administration and busing costs.

Methodology

- Actual budgets before consolidation were adjusted to today's budget, based on actual RSU 14 annual budget changes, to get a view of what each town is spending to educate their students.

	Total Approved Budgets With % Changes					Estimated Budgets Based on Actual			
	Windham	Raymond	Totals RSU	Inc/Dec	Actual	Windham	Inc/Dec	Raymond	Inc/Dec
04-05	24,370,082	8,128,353	32,498,435						
05-06	26,673,362	8,483,453	35,156,815	2,658,380	8.18%				
06-07	27,907,757	8,818,057	36,725,814	1,568,999	4.46%				
07-08	29,182,911	9,052,957	38,235,868	1,510,054	4.11%				
08-09	29,946,218	8,935,040	38,881,258	645,390	1.69%				
09-10			38,456,859	(424,399)	-1.09%	29,619,348	(326,870)	8,837,512	(97,528)
10-11			36,945,642	(1,511,217)	-3.93%	28,455,413	(1,163,934)	8,490,229	(347,283)
11-12			37,961,648	1,016,006	2.75%	29,237,937	782,524	8,723,711	233,481
12-13			38,960,507	998,859	2.63%	30,007,255	769,318	8,953,252	229,541
13-14			39,690,875	730,368	1.87%	30,569,782	562,527	9,121,093	167,841
14-15			41,087,580	1,396,706	3.52%	31,645,520	1,075,738	9,442,060	320,968

Actual 08-09 budgets increased or decreased by actual RSU 14 budget changes.

Methodology

- Based on prior calculations, determined amount of tax revenue each town would need to raise.

	Windham	Raymond	Total
Budget	31,645,520	9,442,060	41,087,580
Less State Funding	<u>(15,073,729)</u>	<u>(225,615)</u>	<u>(15,299,344)</u>
Amount Town to Raise	16,571,791	9,216,445	25,788,236

64% ← 36% ← Percentage of total amount to be raised by town.

Note:

- Total state funding shown is slightly more than actual state funding amount (\$15,123,405) because combining towns into one RSU reduces the amount of funding that Windham receives.

Recommendation

- ED279, as provided by the state, gives the average state valuation of each town in section 4B. This is also referred as the “fiscal capacity” of the town. For 2012-2013, this was:

Town	State Valuation	Percentage
Windham	\$1,772,075,000	64%
Raymond	\$1,003,150,000	36%
Total	\$2,775,225,000	

- The Cost Sharing Subcommittee recommends splitting the costs of running the RSU that are not dictated by the state by this 64% / 36% split, to be recalculated each year based on the percentage of state valuation as shown in the ED279, averaged over the past 3 years to prevent large swings from year to year.

Recommendation

- The following costs will be allocated based on the fiscal capacity of each town:
 - Additional Shared Assessment
 - Local Adult Ed
 - Carryover
- This will be graded in over the next 3 tax years to minimize the impact.

	2015	2016	2017	2018
Raymond	45%	42%	39%	36%
Windham	55%	58%	61%	64%

- Beginning with the 2019 FY, prior 3 years fiscal capacity will be averaged to determine the split for that year.

Projected Impact

- Annual dollar impact of the proposal to a household in a house valued at \$250,000.

	2016	2017	2018
Raymond	-\$36	-\$63	-\$90
Windham	\$20	\$36	\$51

- Assumes all expenses and incomes remain at 2015 level.



Debt Service Cost Sharing - Current

- The town that incurred the debt for capital improvements (new construction of schools / renovation of schools) prior to consolidation remains responsible for the debt.
- The Town of Raymond agreed to help pay a portion of the local-only debt for Windham High School at the time of consolidation based on average number of students attending the school.



Debt Service Cost Sharing – School Board Recommendation

- In response to questions that were raised by both the general public and members of the Board of Directors at the recent public hearing regarding the proposed change in the cost sharing method between the two communities, the Board of Directors will be considering a change to the initial proposal (referred to as “Method A”).
- Specifically, in the original proposed cost sharing method (referred to as “Method A”), any school construction, renovation or **minor capital costs** would be paid for by the town in which the improvement was made. This is whether or not the RSU issues any debt or lease obligations for the project.
- In the newly proposed cost sharing method (referred to as “Method B”), only **major capital costs** as defined by State Statute would be paid for by the town in which the improvement was made. Again, this is whether or not the RSU issues any debt or lease obligations for the (major capital) project.

(continued)



Debt Service Cost Sharing – School Board Recommendation *(continued)*

- The purpose for considering “Method B” is to better define that only major capital costs – such as building a new school or a school addition – will be attributed to the town in which the obligation was incurred and located.
- In this Scenario, the extent that RSU #14 students attend a school within the RSU and outside of their home town, the debt service will be shared based on the formula that utilizes the two year average of students attending the receiving school with the communities paying for the debt service based on the percentage of each Town’s attending students. If no students have previously attended the receiving school, the calculation will be based on October enrollments until such time as there is a two year running average for April enrollment counts.
- By way of hypothetical example, under Method A, a **minor capital cost** such as a boiler replacement at a cost of \$75,000.00 would be attributed to---and paid for by--- the town in which school the boiler was to be replaced. Under Method B, a boiler replacement in either of the communities (or a debt or a lease issued for a boiler replacement) would be paid for through the general operating budget of the School District.



Additional debt-service details

- The Town of Raymond agreed to help pay a portion of the local-only debt for Windham High School at the time of consolidation. The cost sharing formula is based on high school enrollments as reported in April of the two previous years to the Maine Department of Education.
- The formula utilizes the two year average of students attending Windham High School with the communities paying for the local-only debt service based on the percentage of each Town's attending students. For the current year, there is \$515,125 in local-only debt service for Windham High School. Windham is responsible for \$426,627 and Raymond is responsible for \$88,498. Additionally, Windham is responsible for the State-approved debt service in the amount of \$1,794,125 for the current year.