



REGIONAL SCHOOL UNIT 24

Serving the school communities of Eastbrook, Ellsworth, Franklin, Gouldsboro, Hancock, Lamoine, Mariaville, Sorrento, Steuben, Sullivan, Waltham and Winter Harbor

What are the Costs and Impact of Withdrawal?

The three withdrawal agreements for Lamoine, Ellsworth, and Hancock describe specific costs due to RSU 24 upon withdrawal. They also specify that the RSU will remit each municipality's share of the RSU undesignated balance as of the close of the fiscal year. The agreements can be viewed on our website, www.rsu24.org.

More significant than costs due by either party at the point of withdrawal is the impact on both the town and the district moving forward. Financially, RSU 24 has been able to save considerable taxpayer money and remove duplication of effort that results when there are multiple districts. These savings have been considerable, at least 9.5 million in taxpayer dollars since the start of RSU 24.

Saving tax dollars requires us to purchase in larger quantities, share services and staffing, and save on shipping and carrying costs. We have eliminated duplication of operating costs and lowered costs for contracted services such as insurance. Notable is the impact of having a foodservice program that serves ten schools and can reduce waste and make bulk purchases. Any reduction in the size of RSU 24 has the potential to impair our ability to conserve tax dollars.

The district has plans to continue to seek state or federal dollars to improve facilities. We also have plans to expand district bus transportation and eliminate outside contracts to reduce costs.

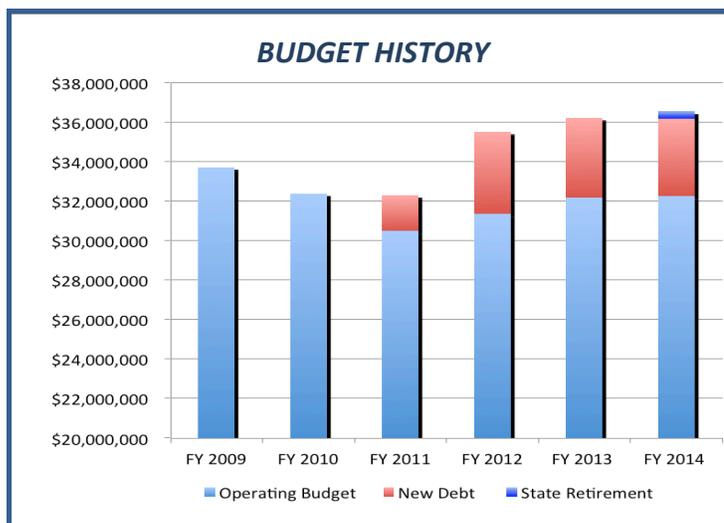
Although the financial impact of withdrawal is foremost on citizen's minds, there are educational reasons why a larger district is beneficial.

Educators are facing great demands to realign curriculum and programs to new national standards that are more rigorous. New state tests are being implemented and the requirement that students master specific standards before attaining their high school diploma presents a major challenge for teachers and all students beginning with this year's eighth grade.

RSU 24 has been able to plan for this important work and provide teacher training as well as new instructional programs aligned with the changing standards. Developing a system for monitoring student progress and delineating assessments for the variety of skills students need to master will take a good deal of energy and expertise. The costs of providing training and programs will be difficult if multiple districts are formed and each district is replicating the work. The present capacity of our district is an asset we do not wish to lose.

WITHDRAWAL PROCESS

- *The withdrawal process requires that a petitioning town develop an agreement with the RSU regarding withdrawal and withdrawal costs.*
- *This agreement will require a withdrawing town to repay RSU 24 communities for debt service paid by other communities for any facility in their town.*
- *Adjustments will also be made for capital improvement and equipment purchased during the time in RSU 24.*
- *A departing town will also be required to pay its share of contracts for district administration for the first year after withdrawal.*
- *A departing community will take possession of its school and all school employees will work for the new district.*
- *The town will receive its share of undesignated balance at the close of the 2013-2014 fiscal year.*
- *More than 50% of the number of citizens who voted in the last gubernatorial election must cast votes on November 5th. A simple majority is needed to withdraw.*



RSU 24 BUDGET HISTORY

This graph depicts school budgets in RSU 24 adjusted for the added state-funded debt service for Peninsula School and Ellsworth Elementary Middle School.

The appropriation for FY 2009, the year prior to district formation, was considerably higher than the present cost for education as a consolidated district. The blue bars reflect operational budget.

The red bars reflect only state paid debt service for the two new schools added since consolidation. These funds do not affect local assessments because the funds go directly from the state to principal and interest payments on the two facilities.

For 2013-2014 the total budget will be affected by the shift of state retirement costs to local school budgets. These costs are displayed by addition of a dark blue bar in FY 14.

Did you know ?

- *In 2008-2009, the year prior to the formation of RSU 24, our communities contributed \$422,262 to subsidize school lunches. This year the program is self-sustaining and no tax dollars are being spent.*
- *This year alone, the savings on special education programming is \$564,566 over pre-consolidation costs.*
- *Audit costs were reduced by \$27,000 per year by having just one audit.*
- *RSU 24 has implemented updated instructional programs in Mathematics, Language Arts, Writing, Social Studies and Science.*
- *All students in grades 6-12 have one-to-one technology and all elementary classrooms have access to laptop computers.*
- *Three programs have been added to the Hancock County Technical Center.*
- *Consolidation trimmed eight central office positions.*
- *Student transportation costs were decreased by providing district bussing in place of contracted services in five RSU 24 communities.*
- *Major improvements to heating and ventilation are being provided in our schools and the costs will be absorbed through energy savings.*
- *Students enter high school with equitable academic preparation during their elementary school years.*
- *Programs have been established for alternative students at the high school level.*
- *Special education programs have been expanded to provide specialized services within our district schools.*

RSU 24 Successful in Holding Down Costs

In 2008-2009, the year prior to formation of RSU 24, the total budget for education in our twelve communities was \$33,693,060. The 2013-2014 budget is providing the same services, five years later, at a savings of more than \$1,000,000 in this year alone.

The budget in the present fiscal year is \$36,548,456 but included in that total is new debt service for two schools. The debt service, paid by the state, is reflected in our budget but in reality flows directly from the state to the bondholders. When the budget is adjusted for this debt service, the comparable cost is \$32,631,976, a savings of \$1,061,084 in this year alone over costs before RSU 24 was formed.

Over the five years RSU 24 has been in operation, the cumulative budget savings to our communities is \$9,533,373. As you know, costs for fuel and health insurance have increased sharply. We have absorbed those increases and also increased salaries for employees while still saving citizens tax dollars. In addition, we have added technology and new programs in mathematics and language arts as well as other curriculum areas.

Unfortunately because of changes at the state level, communities haven't always seen the savings in their local property taxes. Over the five-year period, property valuations that are used in determining state subsidy have climbed nearly 24% or \$692,941,270 across the district. This has had the effect of decreasing state aid. In fact, the state aid to our communities has been cumulatively reduced by \$11,225,042 since the beginning of the regional school unit. This loss of subsidy would have occurred whether or not the RSU was formed as it is based on each community's enrollments and property valuation data.

Clearly, the 9.5 million dollars in savings goes a long way to balancing out the huge loss of state aid for education across our twelve municipalities.

Drop in State Funding Impacts Property Taxes

During its first five years, RSU 24 has demonstrated considerable savings over the cost of operating multiple school districts. However, keeping costs down is only part of the equation as loss of state funding continues to impact our twelve communities.

State funding for education in Maine is dispersed through a formula called Essential Programs and Services. This formula uses state property valuation, a calculation done yearly, to compare the ability of communities to pay for education with local tax dollars. In recent years, valuations in coastal communities have far outpaced those in other parts of the state. Even when valuations appear to be decreasing, if the state as a whole is decreasing more sharply, money is funneled away from high valuation municipalities.

In RSU 24, the last few years have shown a growth in state valuation. The result: a major drop in state funding for schools. Without a change in the funding formula, state aid will likely cease completely over the next few years.

The shift of the tax burden from state taxes to local property taxes is not tied to consolidation or being a part of RSU 24. In fact, being part of a larger district has resulted in a decrease in the actual operating costs of the schools. These savings have tempered the loss of state aid.

The shift of the tax burden from state taxes to local property taxes is not tied to consolidation or being a part of RSU 24. In fact, being part of a larger district has resulted in a decrease in the actual operating costs of the schools.