

# Cost Sharing in RSU 21

The 2013 Proposal

# 2009 Cost-sharing agreement

- The State of Maine determines the minimum recommended amount each local district must spend to provide Essential Programs and Services (EPS) to students.
- The State determines how each community will share in the costs that are “within-EPS”. This is largely based on pupil counts, though a few other factors are included in the formula.
- Each local district can determine how it will share costs that are “over-EPS”.

# Within-EPS vs. Over-EPS

- For this year, the over EPS portion of the budget is \$5,288,353.
- This represents 14.7% of the total \$35,888,934 budget.
- It is this 14.7% that has generated much of the discussion around cost-sharing.

# Current cost-sharing agreement

- Over-EPS costs are shared based:
  - 60% on each town's share of the district's total State Equalized Valuation (SEV), and
  - 40% on each town's share of the district's total pupil count.

# 2013 – Current Share

	Share of SEV		Share of Students	
Arundel	9.55%	\$429M	22.58%	601.5
Kennebunk	47.32%	\$2.126B	61.40%	1635.5
Kennebunkport	43.13%	\$1.938B	16.01%	426.5
<b>Totals</b>		\$4.4936B		2663.5 Students

## Over-EPS Calculations (60% SEV and 40% Pupil count)

Arundel	$(.6 \times 9.55\%) + (.4 \times 22.58\%) =$	<b>14.763%</b>
Kennebunk	$(.6 \times 47.32\%) + (.4 \times 61.40\%) =$	<b>52.951%</b>
Kennebunkport	$(.6 \times 43.13\%) + (.4 \times 16.01\%) =$	<b>32.285%</b>

# 2013 Proposal – Part 1

## Over-EPS

- That the towns will share over-EPS costs determined:
  - 90% by each town's share of the district's total SEV, and
  - 10% by each town's share of the district's total pupil count.

# Part 1 – Over-EPS projected

	Share of SEV		Share of Students	
Arundel	9.55%	\$429M	22.58%	601.5
Kennebunk	47.32%	\$2.126B	61.40%	1635.5
Kennebunkport	43.13%	\$1.938B	16.01%	426.5
<b>Totals</b>		\$4.4936B		2663.5 Students

## Over-EPS Calculations (90% SEV and 10% Pupil count)

Arundel	$(.9 \times 9.55\%) + (.1 \times 22.58\%) =$	<b>10.853%</b>
Kennebunk	$(.9 \times 47.32\%) + (.1 \times 61.40\%) =$	<b>48.728%</b>
Kennebunkport	$(.9 \times 43.13\%) + (.1 \times 16.01\%) =$	<b>40.418%</b>

# Part 1 - Projected Change in Over-EPS Share

<u>Over-EPS Calculations</u>	<u>Current</u>	<u>Projected</u>
Arundel	14.763%	10.853%
Kennebunk	52.951%	48.728%
Kennebunkport	32.285%	40.418%

Each 1% = \$52,880 on the town's assessment



# Part 1 – Over-EPS

## Impact to the Taxpayer

Change in taxes assessed per \$100,000 of local value:

Arundel (\$57) 

Kennebunk (\$12) 

Kennebunkport \$25 

## Part 2 – New Debt

- That the district will share any NEW, LOCAL ONLY debt based 100% on SEV.

# Part 2 – New Debt


Assume the district approves bonds for:

- Kennebunk High School \$54M
- Kennebunkport Consolidated School \$9.8M
- Mildred L. Day School \$4M

## Part 2 – New Debt

	Current formula impact on Mil Rate	New Formula impact on Mil Rate	Difference
Arundel	\$2.34	\$1.51	(0.83)
Kennebunk	\$1.67	\$1.50	(0.17)
Kennebunkport	\$1.06	\$1.42	0.36

The difference in taxes assessed per \$100,000 of local value **(PENDING PROJECTS)**:

Arundel	(\$83)	
Kennebunk	(\$17)	
Kennebunkport	\$36	

## Part 3 – School Closure

- That the school closure language be edited to further protect elementary schools in Arundel and Kennebunkport.

# Part 3 – School Closure

“If the regional school unit board takes action to close an elementary school in a member municipality, the voters in the member municipality may vote to keep the school open. If this action is taken, state law requires the municipality in which the school is located to be liable for the costs of keeping the school open for one year. **However, by this agreement, if the regional school unit board takes action to close an elementary school, and the voters in the local municipality vote to keep the school open, the district-wide over-EPS costs will be adjusted so that the remaining municipalities will assume responsibility for an amount equal to the share each would have paid to operate the school proposed for closure by the regional school unit, had it not been proposed for closure.”**

*From the proposed agreement*

## Part 3 – School Closure

- Removes any financial incentive to close either Mildred L. Day or Kennebunkport Consolidated School.
- The voters in those towns could vote to keep their school open with no change in the final cost to any town.

## Part 4 – Old Debt

That the portion of pre-existing debt from the former MSAD 71 that came under dispute in 2010-2011 be shared equally by Kennebunk and Kennebunkport.



## Part 4 – Old Debt

Debt for MSK and KES with decreasing payments.

Dispute was over the way this debt was split.  
(State formula vs. local formula)

FY14 amount is \$351,000.

# Part 4 – Old Debt

## Impact to taxpayer

	Current (Mil)	Proposed (Mil)	Difference
Kennebunk	0.79	0.70	(0.09)
Kennebunkport	0.21	0.31	0.10

The change in taxes assessed per \$100,000 of local value:

Kennebunk	(\$9)	
Kennebunkport	\$10	

## Part 5 – TIF Districts

That Tax Increment Financing (TIF) districts count toward each municipality's share of the district's total assessed value.

Kennebunk is the only town making use of TIF districts.

# Part 5 – TIF Districts

## Impact to the taxpayer

	Current Share Of District Valuation (%)	Proposed Share Of District Valuation (%)	Change in Mil Rate
Arundel	9.6	9.5	(0.006)
Kennebunk	47.3	47.7	0.007
Kennebunkport	43.1	42.8	(0.006)

The change in taxes assessed per \$100,000 of local value:

Arundel

(\$0.60)



Kennebunk

\$0.70



Kennebunkport

(\$0.60)



## Part 6 – Next Review

- That the next scheduled review of the cost-sharing agreement would take place in Fiscal Year 2017 (school year 2016-2017).

# SUMMARY – mil rate

If this proposal is approved, and the construction projects for Mildred L. Day School, Kennebunkport Consolidated School, and Kennebunk High School are approved at the current estimates, each town's mil rate would be impacted as shown below:

	OVER EPS	NEW DEBT	OLD DEBT	TIF	TOTAL
Arundel	(0.57)	1.51	-	(0.006)	0.934
Kennebunk	(0.12)	1.50	(0.09)	0.007	1.297
Kennebunkport	0.25	1.42	0.10	(0.006)	1.764

# SUMMARY – mil rate

If this proposal is approved, and the construction projects for Mildred L. Day School, Kennebunkport Consolidated School, and Kennebunk High School are approved at the current estimates, each town's mil rate would be impacted as shown below:

	Current Mils for Education	Projected Mils for Education without shift	Projected Mils for Education with shift
Arundel	10.67	13.01	11.62
Kennebunk	10.50	12.17	11.82
Kennebunkport	3.61	4.67	5.35

# SUMMARY – taxes per \$100K

The difference between approving the cost-sharing proposal and not, per \$100,000 of property value in each town:

	Using the current formula, with construction projects approved	Using the proposed formula, with construction projects approved	Difference
Arundel	\$234	\$95	(\$139)
Kennebunk	\$167	\$132	(\$35)
Kennebunkport	\$106	\$174	\$68



# Please Vote

March 26 at your local polling place.

8:00 a.m. – 8:00 p.m.

Absentee balloting available in each town.