

Town of Blue Hill

# GSA Excess Tuition Charge Hearing and 2026 Budget Review

# Agenda

- Public Hearing: GSA Excess Tuition Charge (Article 3 of the Warrant)
- Budget for 2026 Fiscal Year
- Estimated Property Tax Implications

# GSA Excess Tuition Charge

## Question:

Shall the Town raise and appropriate \$116,280 from Property Tax and authorize the School Committee to pay George Stevens Academy an additional \$1,530 per student attending George Stevens Academy during the 2026-2027 school year, representing Excess Tuition Charges (in excess of the maximum allowable tuition and Insured Value Factor payments set by the state)?

All such amounts appropriated will be additional local funds which exceed the state's Essential Programs and Services allocation model for this purpose.

# Budget Introduction

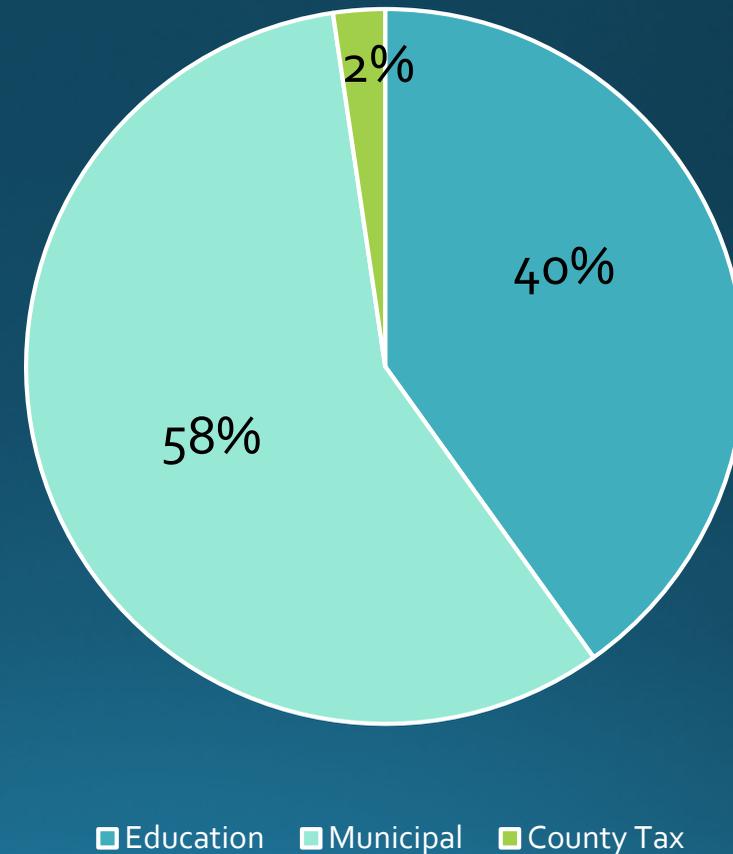
- Due to a combination of increases in the school budget, the cost of several deferred investments in Town roads, and a substantial increase in “third party requests” for taxpayer funding, the 2026 warrant articles, if approved with no reductions, implies an 9.7% increase in property taxes.
- The Select Board has not recommended approval of every warrant article and has organized the articles to provide voters with an easy mechanism to reflect their wishes.
- As a reminder, the Municipal and County Tax portions of the “budget” are for calendar 2026, whereas the Education portion is for the 2026/27 school year

# 2026 Expenditures by Major Use

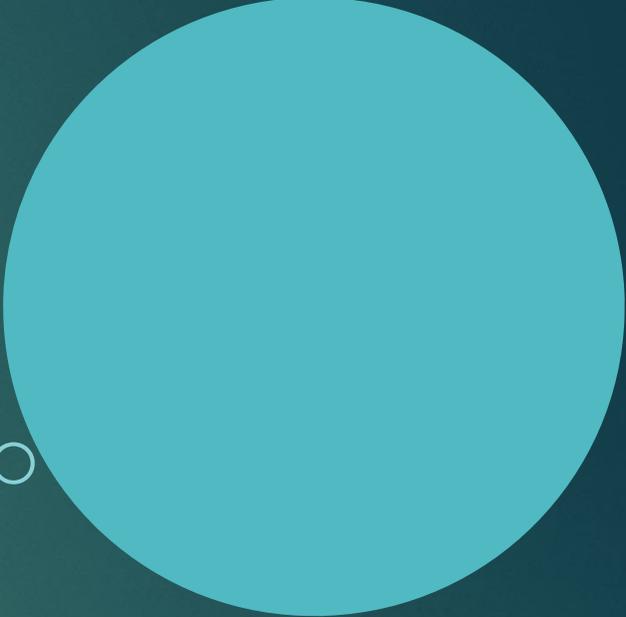
Possible expenditures total almost \$24 million, in three major components:

- Education (\$9.6 million)
- Municipal (\$13.8 million)
- Hancock County Tax (\$0.6 million)

Potential Expenditures by Component



# Snapshot of BHCS



CURRENT ENROLLMENT: 250 STUDENTS

SCHOOL STRUCTURE:

TWO CLASSROOMS PER GRADE LEVEL (K-8)

ONE PRE-K CLASSROOM

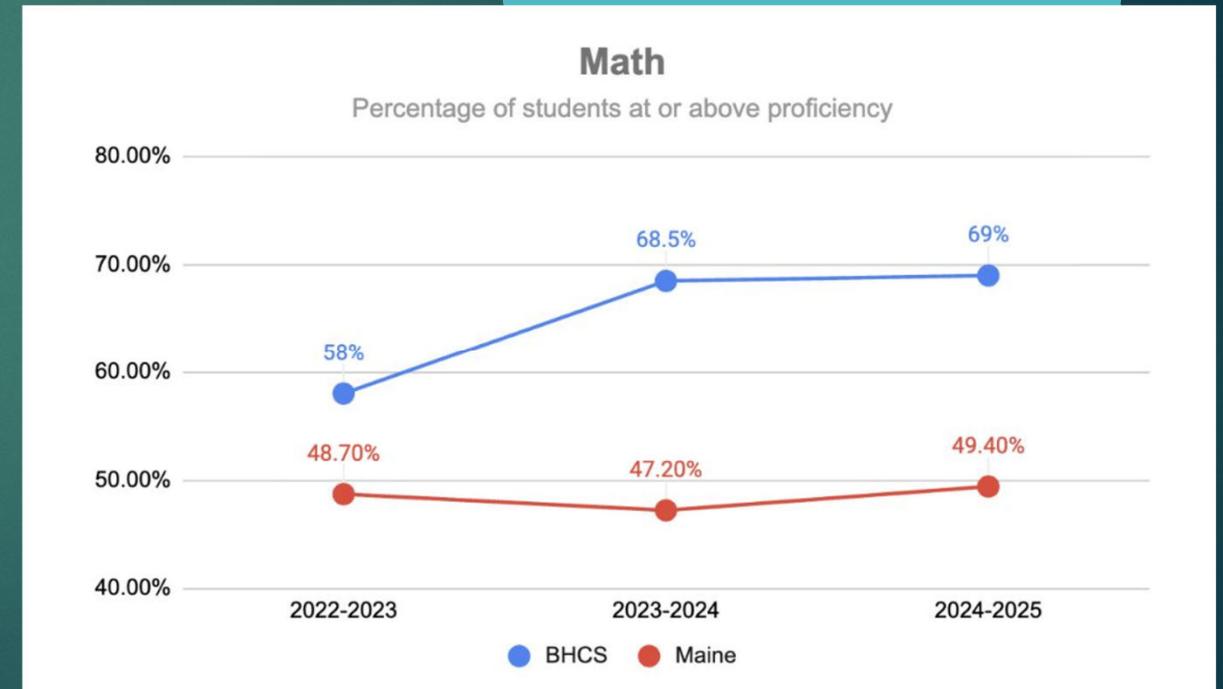
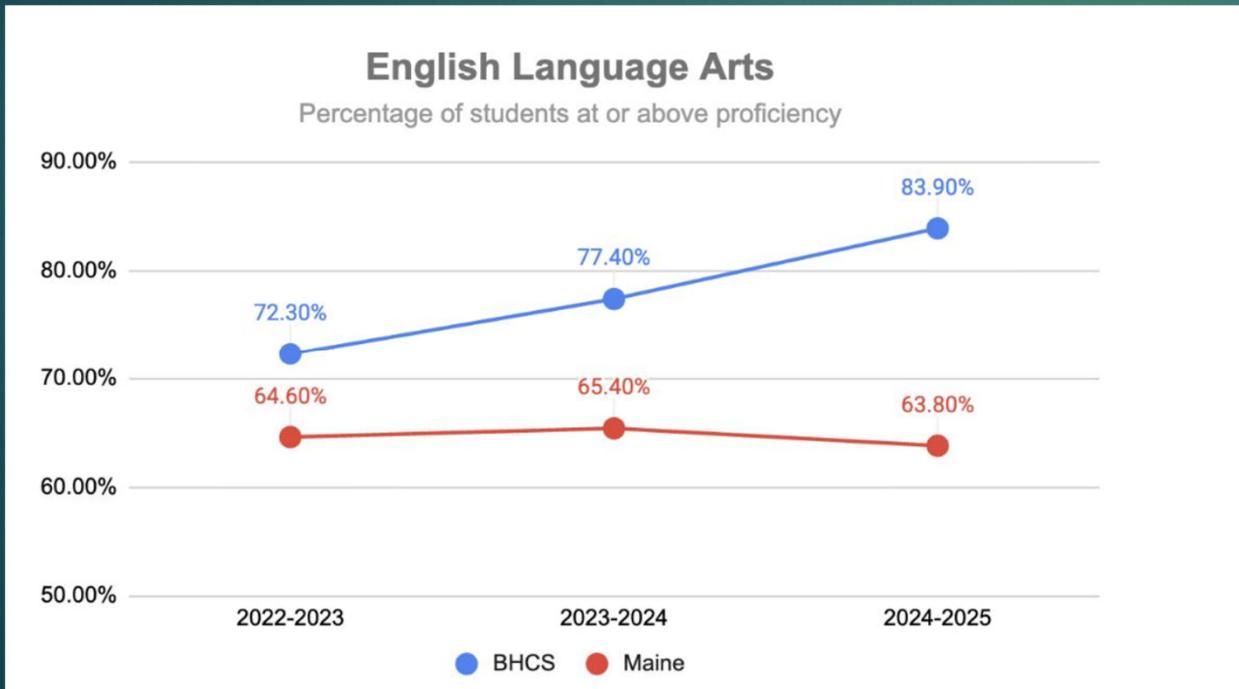
SCHOOL IS OPERATING AT CAPACITY WITH WIGGLE ROOM TO  
ACCOMMODATE ADDITIONAL 25-50 STUDENTS

# Snapshot of BHCS Cont.

- ▶ Two facilities projects are in progress.
  - ▶ The Bridge/Wingwall project will begin in the Spring to correct the erosion issues with the current bridge located in the BHCS driveway. Funds for this project were approved at the FY26 Town Meeting.
  - ▶ BHCS will be completing a ventilation upgrade in the original portion of the building. This project will be funding with the School Revolving Renovation Fund award that the district received in 2025. The scope of this project has been scaled down to fit within the funding limitations of this award.
- ▶ The BHCS Building and Grounds Committee is working on creating an updated Capital Improvement Plan, which will map out future facility needs in both the short term and long term.
- ▶ BHCS overall is a well-maintained PK–8 facility serving Blue Hill and surrounding communities.
- ▶ The building gets strong community use of the school spaces (events, programs, partnerships).

# Academics

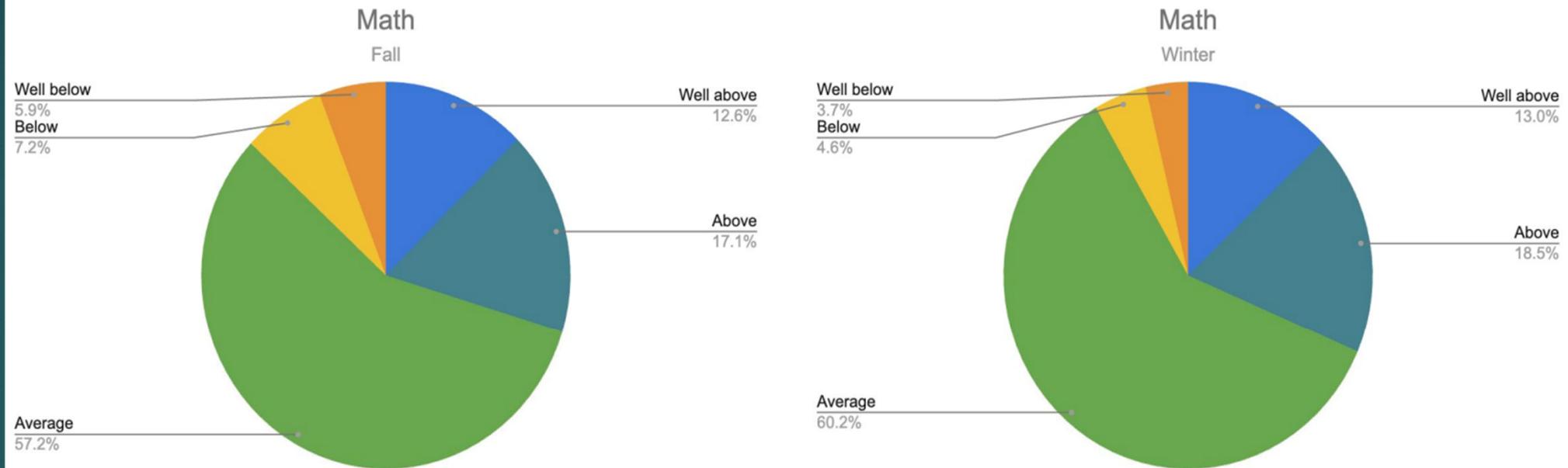
- ▶ Student Learning & Performance
  - ▶ Student performance is strong and trending upward.
  - ▶ Ongoing use of assessment data (NWEA, Aimsweb+, Maine Through Year, Wonders) to guide instruction.
  - ▶ Focus on meeting the needs of all learners across PK–8.



# Academic Achievement Current Year

## Math

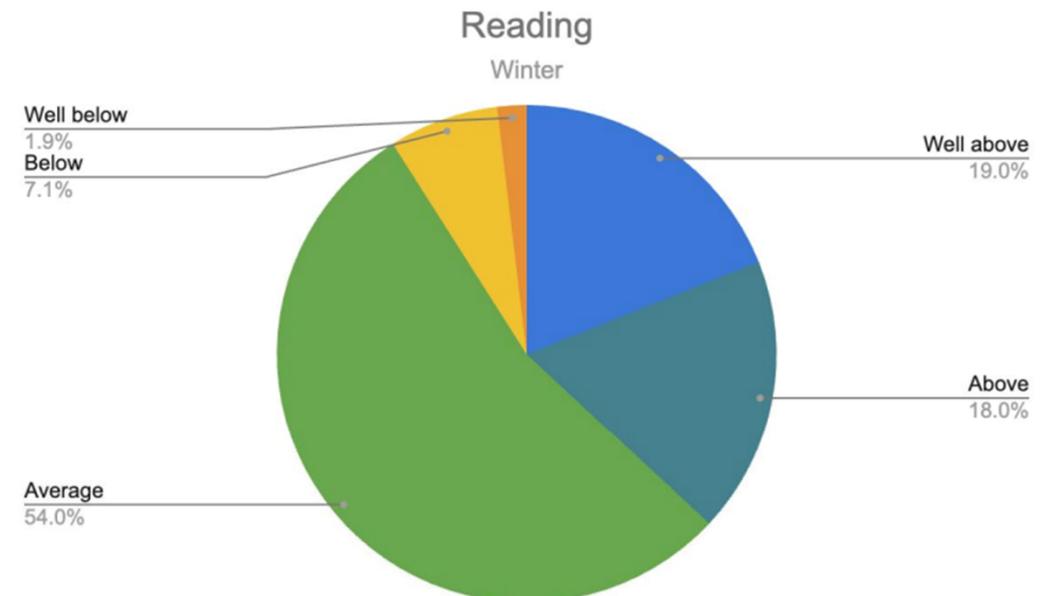
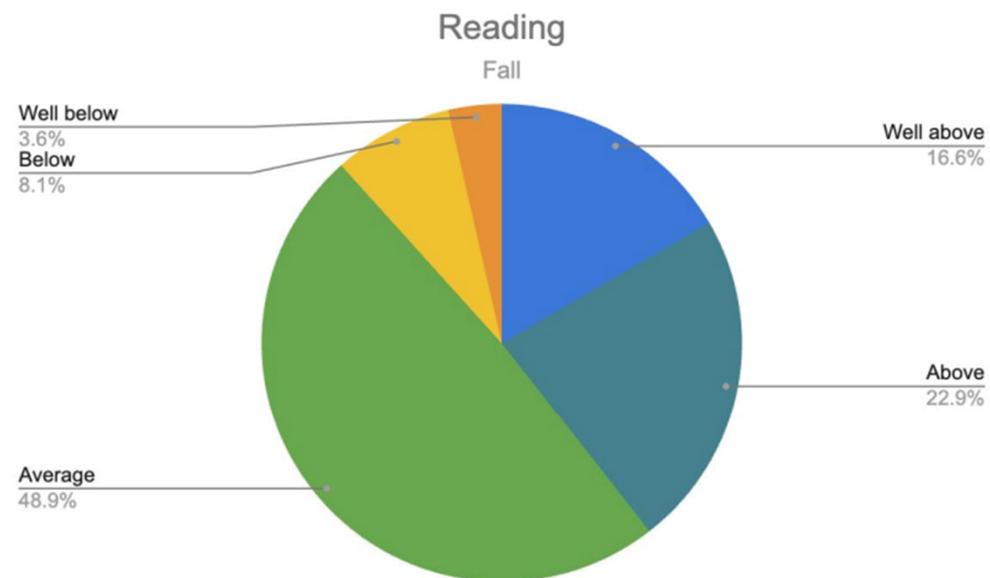
Fall 2025 - Winter 2026



# Academic Achievement Current Year

## Reading

Fall 2025 - Winter 2026



# Breakdown of Proposed FY27 Education Budget

## OPERATING WARRANT ARTICLES

	FY 2025-2026		Proposed FY 2026-2027		DIFFERENCE	
ARTICLE 8 - REGULAR INSTRUCTION		4,495,863.47		4,799,911.45	304,047.98	
ARTICLE 9 - SPECIAL EDUCATION		1,166,052.02		1,726,454.96	560,402.94	
ARTICLE 10 - OTHER INSTRUCTION		66,636.22		68,628.89	1,992.67	
ARTICLE 11 - STUDENT & STAFF SUPPORT		386,186.42		425,828.03	39,641.61	
ARTICLE 12 - SYSTEM ADMINISTRATION		219,832.68		255,827.24	35,994.56	
ARTICLE 13 - SCHOOL ADMINISTRATION		377,742.22		414,527.66	36,785.44	
ARTICLE 14 - TRANSPORTATION		362,177.68		387,552.37	25,374.69	
ARTICLE 15 - FACILITIES MAINTENANCE		470,264.01		491,287.63	21,023.62	
ARTICLE 16 - DEBT SERVICE & OTHER COMMITMENTS		121,349.75		188,721.15	67,371.40	
ARTICLE 17 - ALL OTHER EXPENDITURES (Actual 217,595 less Subsidy 161,000 = 56,594.88)		56,594.88		106,739.77	50,144.89	
<b>GRAND TOTAL OF ALL EXPENDITURES</b>		<b>\$ 7,722,699.35</b>		<b>\$ 8,865,479.14</b>	<b>\$ 1,142,779.79</b>	<b>14.80%</b>

# Biggest Cost Drivers

- ▶ Regular Instruction
  - ▶ Salaries/Benefits
- ▶ Facilities and Maintenance
  - ▶ Salaries/Benefits
  - ▶ Operational Costs
    - ▶ Due to PFAS restrictions tightening, we will need to replace filters more often (\$6k)
- ▶ Special Education
  - ▶ Salaries/Benefits
  - ▶ High-Cost Special Education Placement (\$550,000)
    - ▶ High-Cost Special Ed. Placements are partially reimbursed through following years State Subsidy allocation. It is not a dollar-for-dollar reimbursement. The State of Maine is proposing significant changes to the EPS Funding Formula that should benefit Blue Hill for FY 2028 if the law passes and is signed.
    - ▶ At the advice of our attorney, we are looking at avenues to have the State of Maine and/or Maine DHHS pay for this placement, and not the Town of Blue Hill.

# Biggest Cost Drivers Continued



- ▶ Food Service
    - ▶ Salaries/Benefits
    - ▶ New Commercial Grade Mixer (\$13-16k)
  - ▶ Debt Service
    - ▶ Year One of Five for the Ventilation Upgrade will be due in September 2026 for the amount of \$67,371.
- 

# Budget Breakdown After Subsidy/Revenue

- ▶ Total School Budget: \$8,865,479.14
  - ▶ Local EPS Allocation: \$4,716,636.16\* (minimum amount needed to be raised by the Town to receive subsidy)
  - ▶ Additional Local Funds: \$3,510,521.33 \*
  - ▶ FY 2027 State Subsidy Allocation: \$526,582.65
  - ▶ Miscellaneous Revenue: \$5,000.00
  - ▶ Local Nutrition Allocation: \$106,740.00

\* Notates funds raised through taxation

# Additional Warrant Articles (Article 19, 20, 21, and 23)

- ▶ Article 19- To see what sum the Town will raise for Capital Improvement?
  - ▶ Recommend Amount- \$25,000
  - ▶ Current Balance in Reserve= \$79,400
- ▶ Article 20- To see what sum the Town will raise for Technology Reserve Fund?
  - ▶ Recommend Amount- \$5,000
  - ▶ Current Balance in Reserve= \$25,000
- ▶ Article 21- To see what sum the Town will raise for Special Education Reserve Fund?
  - ▶ Recommend Amount- \$25,000
  - ▶ Current Balance in Reserve= \$60,000
- ▶ Article 23- Shall the Town appropriate \$150,000 from the Pre-Kindergarten Reserve into the Special Education Reserve to help offset the rising cost of Special Education, and to authorize the School Committee to expend those funds as it deems necessary?
  - ▶ Rationale- We do not anticipate having the need to expand our Pre-K for the foreseeable future.

# Municipal Budget Articles

- The 2026 Town Meeting warrant has been organized to enable voters, if they wish to, to readily exercise a “line item veto” of several large or optional spending categories.
  - These are laid out in individual articles and, in several cases, the Select Board’s recommendations are for less than the budgeted amount.
- In recognition that their services are often provided directly by municipalities and that their requests of the Town historically have been modest, two items have been incorporated into recurring categories: the Blue Hill Public Library (General Government) and the Peninsula Ambulance Corps (Emergency Services).
  - The Select Board can always reconsider this treatment in future years, if appropriate.

# “Regular” Budget by Function (\$ in thousands)

Functional Area	Expenditures	Property Taxes
<b>Education (school budget, SU93 pass-through)</b>	<b>\$9,454</b>	<b>\$8,334</b>
Solid Waste (transfer station)	335	335
Enforcement/Public Safety (fire, code enforcement, animal control, sheriff)	355	329
Debt Service	445	321
Town Administration (office staff, tax assessment, elections, general assistance)	878	293
Highway/Public Works	946	161
Boards/Committees	98	48
Town Hall & Water St. Buildings	42	38
Parks/Cemeteries	22	19
Wastewater Treatment (WWTP/septic disposal)	320	--
Marine Resources	25	--
<b>Municipal</b>	<b>3,465</b>	<b>1,544</b>
<b>Hancock County Tax</b>	<b>558</b>	<b>558</b>
<b>Non-recurring/Special/Third Parties (detail on next slide)</b>	<b><u>10,502</u></b>	<b><u>1,096</u></b>
<b>TOTAL</b>	<b>\$23,980</b>	<b>\$11,532</b>

# “Other” Budget by Function

(\$ in thousands)

Functional Area	Expenditures	Property Taxes	SB/SC Recommends
GSA Excess Tuition Charge	\$116	\$116	(none)
Education Reserve Additions	55	55	55
Fire Equipment Reserve Addition	150	150	150
Public Safety Building Relocation	1,593	0	1,593
Town Hall Maintenance/Repairs	40	40	40
Kingdom Road Reconstruction	250	250	250
Turkey Farm Road Reconstruction	1,600	300	1,600
Highway Dept. Capital Equipment	19	19	19
Wastewater Treatment Plant Project (continuing)	4,000	0	4,000
Wastewater Treatment Plant Outfall Pipe Replacement	2,500	0	2,500
Property Tax Abatements	25	25	25
Safe Streets for All	35	35	35
Town Property Surveys	14	0	14
Third Party Donations	<u>106</u>	<u>106</u>	<u>32</u>
<b>TOTAL</b>	<b>\$10,503</b>	<b>\$1,096</b>	<b>\$10,313</b>

# Funding Our Appropriations

- As a general rule, we use the following guidelines for determining funding:
  - **Property taxes** are generally used to fund regular, annually recurring expenditures.
  - **Fees and state subsidies**, such as excise taxes, state subsidies and other fees are applied to offset the costs of the associated activities.
  - **Grants and donations** are applied for the purpose granted/donated.
  - **Loans** are used for major investments with long useful lives to spread the cost over time.
  - **Reserves** are established and used to smooth the tax impact of expenditures over time.
  - **Unassigned funds** are used to reduce property taxes whenever possible, consistent with maintaining a financial cushion for unforeseen circumstances.

# Non-property Tax Sources

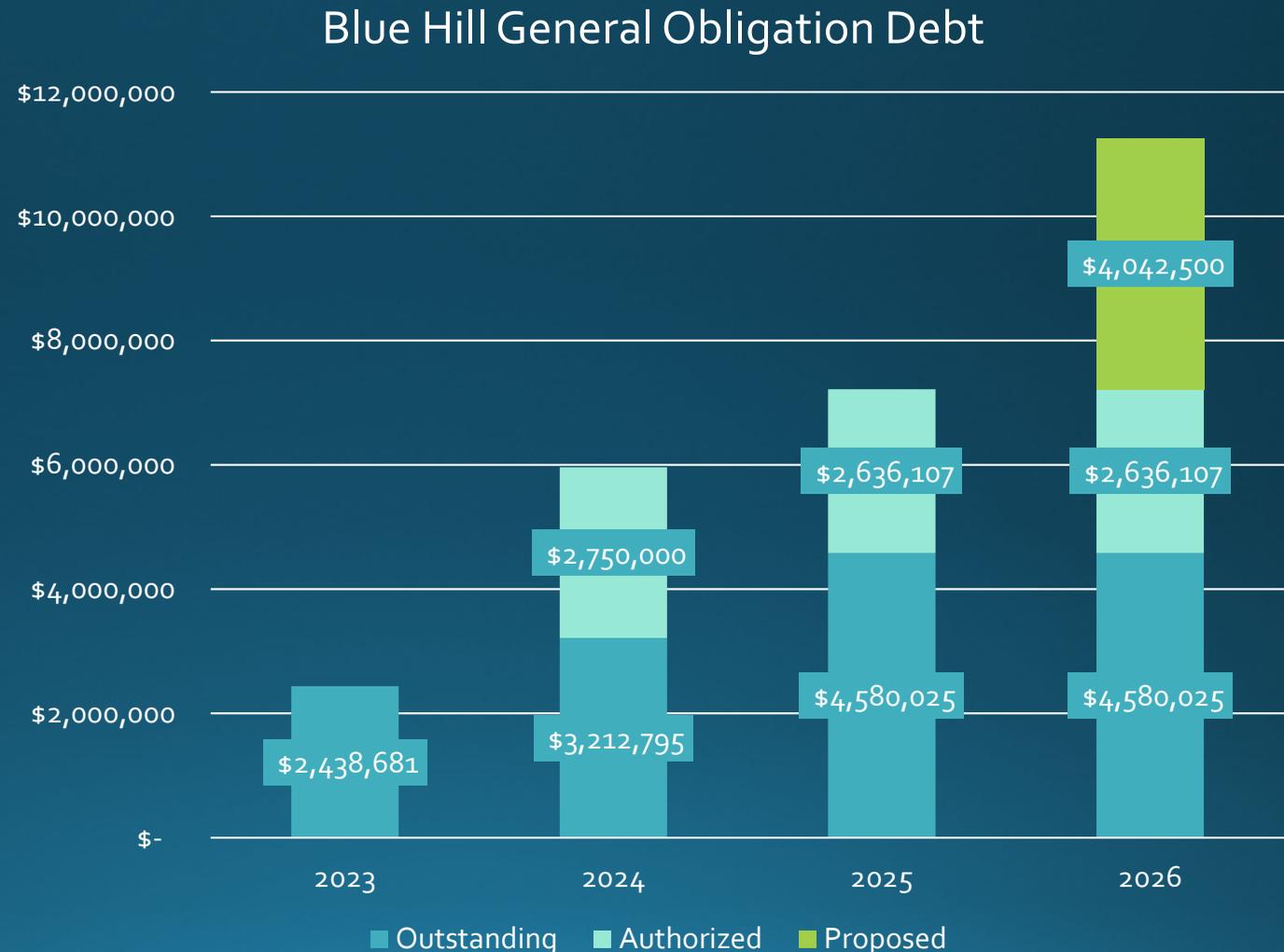
There are \$12.4 million of potential expenditures in the 2026 budget not funded from property taxes. This table shows where those funds come from:

Project	Grants	Loans	Reserves	Revenues
Wastewater Treatment Plant Upgrade	\$1,250	\$2,750	\$ -	\$ -
Outfall Pipe Replacement	1,000	1,500		
Public Safety Building*		1,543	50	
Turkey Farm Road Reconstruction		1,000	300	
Regular Education Costs				1,120
Regular Municipal Costs	_____ -	_____ -	_____ 65	_____ 1,870
<b>TOTAL</b>	<b>\$2,250</b>	<b>\$6,793</b>	<b>\$415</b>	<b>\$2,990</b>

\* Recently applied for a ~50% (3.6mm grant)

# Municipal Debt

- The Town has increasingly funded its long-term investments in physical assets with debt.
- While this provides some property tax relief, voters should be cognizant of:
  - The limits to the Town's debt capacity
  - The ongoing, increasing burden of debt service payments

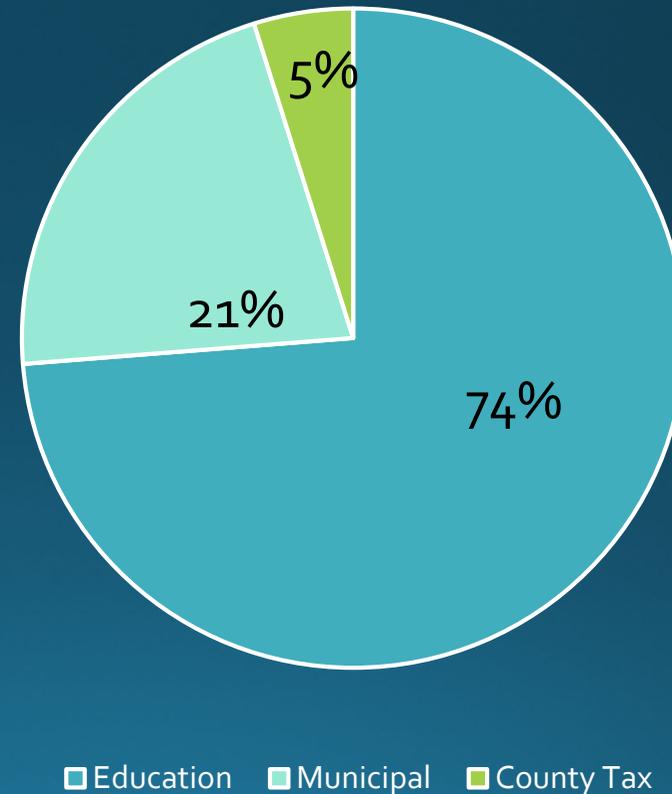


# Property Tax Appropriations by Major Use

If all articles are approved,  
~\$11.5 million of property  
taxes would be approved for  
commitment.

The municipal / education  
split is consistent with prior  
years; the county tax  
proportion has grown over  
the years.

Potential Appropriations from Property Taxes  
by Component



# 2026 Mill Rate Guesstimate

(\$ in thousands)

Although the property tax component of the 2026 articles is \$11.5 million, the actual property taxes to be committed will differ:

- Adjustment for different municipal and school fiscal years
- Changes in taxable property value (new builds/demolitions)
- “Overlay” and revenue sources that cannot be used to reduce property taxes

Total valuation base (estimated)	\$1,101,785
Assessments from property tax	
County tax	558
Municipal	2,469
Education (adjusted fiscal year)	8,196
Hypothetical “Overlay”/Other	75
<b>Total property tax commitment</b>	<b>11,298</b>
<b>Implied mill rate</b>	<b>10.25</b>
Implied growth in property taxes	9.7%

# So...what's driving the growth? (\$ in thousands)

	2026 from Property Tax	Growth from 2024	
Hancock County Tax	\$558	8.5%	\$44
Municipal Budget	2,469	16.5%	351
Education Budget (adjusted fiscal year)	8,196	8.0%	604
<b>Budget appropriations</b>	<b>\$11,223</b>	<b>9.9%</b>	<b>\$998</b>
Overlay (minimum required by the state)	75	1.2%	1
<b>Estimated tax for commitment</b>	<b>\$11,298</b>	<b>9.7%</b>	<b>\$999</b>

- Of the major budget categories, the municipal portion would have the largest percentage increase if all articles are approved.
- Education, which is almost 75% of the total budget, was the largest dollar increase.

# What if appropriations are cut? (\$ in thousands)

	All Approved	SB Recs.	SB Recs/No GSA*
Total valuation base (estimated)	\$1,101,785	\$1,101,785	\$1,101,785
Assessments from property tax			
County tax	558	558	558
Municipal	2,469	<b>2,395</b>	<b>2,395</b>
Education (adjusted fiscal year)	8,196	8,196	<b>8,138</b>
Hypothetical "Overlay"/Other	75	75	75
<b>Total property tax commitment</b>	<b>11,298</b>	<b>11,224</b>	<b>11,166</b>
<b>Implied mill rate</b>	<b>10.25</b>	<b>10.19</b>	<b>10.13</b>
<b>Implied growth in property taxes</b>	<b>9.7%</b>	<b>9.0%</b>	<b>8.4%</b>

\* Because of the differing academic/municipal fiscal years, only 50% of the GSA effect would occur in 2026. The remainder would be recognized in 2027. The Select Board and School Committee made no recommendation on the GSA Excess Tuition Charge article.

# Questions?