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**TO:** Linus J. Guillory, Jr. PhD, Superintendent of Schools, Samuel Rippin, Deputy Superintendent for Administration and Finance, Casey Ngo-Miller, Deputy Superintendent for the Office of Student Services

**FROM:** Michael D'Onofrio, Finance Manager, Office of Student Services

**RE:** 3<sup>rd</sup> Quarter OSS Financial Projection

**DATE:** April 4, 2022

The memo serves as the third quarter FY2022 Projection for The Office of Student Services.

**Out of District Tuitions**

The 3<sup>rd</sup> Quarter report shows projected out of district tuition expenditures of \$7,062,520 against a budget of \$7,144,727, leaving a surplus of \$82,207. We have expenses on behalf of 82 students, 75 who are in current placements, and 7 who have either exited their schools or were the result of retroactive settlements.

9000 Series	Programs with Other School Districts	FY2021 Budgeted Head Count	FY2021 Budget	FY2021 Actual	FY2022 Budgeted Head Count	FY2022 Budget*	Q2FY2022 Projected Head Count	Q2FY2022 Projected	Variance (Head Count)	Variance \$
9100	Tuition to Mass. Schools	1	\$ 48,034	\$ 62,414	1	\$ 57,184	1	\$ 58,716	-	\$ (1,532)
9200	Tuition to Out-of-State Schools	4	\$ 306,642	\$ 174,753	1	\$ 92,006	2	\$ 141,378	1	\$ (49,372)
9300	Tuition to Non-Public Schools	62	\$ 6,425,136	\$ 6,703,676	73	\$ 6,744,862	74	\$ 6,560,724	1	\$ 184,138
9400	Tuition to Collaboratives	3	\$ 141,188	\$ 338,113	5	\$ 250,675	5	\$ 301,702	-	\$ (51,027)
Total		70	\$ 6,921,000	\$ 7,278,956	80	\$ 7,144,727	82	\$ 7,062,520	2	\$ 82,207

The third quarter projection includes all students currently at out of district placements, retroactive settlements, and the actual costs associated with students who have left placement since the beginning of the school year. While we continue to monitor potential additional outplacements (i.e.: 'The Watchlist'), the number of students currently placed out is stable. Additionally, of our 75 students currently in out of district placements, 20 are as a result of settlement agreements. We anticipate that there will be more settlements over the remainder of the school year, which will lead to a higher projection once those are negotiated.

## **Contracted Services (Non – Tuition)**

Our contracted services projection continues to be on target as of 4/4/2022, but this expense is highly variable based on the predictability of services provided, particularly in regards to 45-day placements and the need for evaluations in other languages.

There are two specific areas of concern this year that are negatively affecting our budget.

First, our Translation Services expenses have more than doubled our budget allocation. Some of this is due to COVID-19 letters being sent out district wide, but mostly it's to translate documents used in IEP meetings / evaluations. We have taken a look at several strategies which might be able to mitigate some of these requests in conjunction with the Office of Teaching and Learning.

Second, our Legal Services expenses have exceeded our budget for the year. One-time federal funding has helped lower our expenses in therapeutic services, which has helped us balance out our contracted services accounts, but this is not a sustainable plan and additional revenues/efficiencies will need to be identified.

Service Name	FY22 Budget Submitted	FY22 Budget (MUNIS)	FY22 Projected	Variance
Online Books	\$ 67,000	\$ 67,000	\$ 28,381	\$ 38,619
Education Equip	\$ -	\$ -	\$ 1,491	\$ (1,491)
Software Licenses	\$ -	\$ -	\$ 11,719	\$ (11,719)
Other Rentals	\$ 750	\$ 750	\$ -	\$ 750
Office/Clerical Services	\$ 250	\$ 200	\$ 1,000	\$ (800)
Medical Hospital Services	\$ 69,000	\$ 69,000	\$ 78,713	\$ (9,713)
General Consulting Services	\$ 112,210	\$ 152,210	\$ 146,200	\$ 6,010
Professional Tech Services	\$ 83,506	\$ 123,506	\$ 79,799	\$ 43,707
Translation Services	\$ 40,000	\$ 42,470	\$ 98,072	\$ (55,602)
Legal Services	\$ 80,000	\$ 80,000	\$ 116,787	\$ (36,787)
School COVID-19 Testing	\$ -	\$ -	\$ 507	\$ (507)
Ancillary Therapy Services	\$ 310,000	\$ 230,000	\$ 171,629	\$ 58,371
Fields Trips (BHS)	\$ 7,000	\$ -	\$ 462	\$ (462)
Wireless Communications	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Banking Services	\$ -	\$ -	\$ 83	\$ (83)
	\$ 773,716	\$ 769,136	\$ 738,760	\$ 30,376

Additionally, we have not used any of the \$475,000 in the Special Education Reserve Fund budgeted in the Operating Budget.

April 1<sup>st</sup> has passed, and the 'Move In Law' is now in effect throughout the remainder of the fiscal year. The Move In Law applies to students who are in out of district placements and move from one Massachusetts city or town to another. The 'sending district' retains financial responsibility for tuitioned students who move after April 1<sup>st</sup>. We will continue to monitor the impact that new, unanticipated placements (students for out of state, or newly identified through our own IEP review) will have on the FY2022 Budget.

#### Other Factors/Concerns:

- There are students who are placed unilaterally by their parents out of district without the Districts approval. That number currently sits at 12 as of April 4<sup>th</sup>.
- The financial impact of new placements have a diminishing effect on the current years' budget as we move through the school year, but do result in a negative way on FY2023's budget projection as they will most likely attend that school for the entirety of next year.
- We currently have two students in 45-day placements. Often, these lead to additional placements out of district, which has financial implications not only in the current year, but against next years' budget and, cumulatively, ones going forward.
- FY2022's projection includes anticipated Program Reconstruction costs for students identified in those schools/programs. While these applications have not been approved yet by DESE, it is expected that they will cause future projections to rise depending on when and if they are approved and the effective date of the increased rate. We have 11 students who are currently in schools that were approved for Program Reconstruction this year.
- The FY2022 Initial Circuit Breaker Reimbursement Listing, is usually posted by DESE in mid to late October. Our net claim was \$4,147,387. The Department of Elementary and Secondary Education announced on September 28<sup>th</sup> that circuit breaker would be reimbursed at 75% for last year's claim for both tuition and transportation costs, which makes our reimbursement amount \$3,124,541.
- FY2023's budget will factor in the Program Reconstruction costs we anticipate will happen next year. Currently, there are 20 programs that have applied for increases above the annual percentage increases that occur from year to year, as approved by the Operational Services Division of the Commonwealth of Massachusetts. Presently, we have 16 students in programs that will see a rise in tuition costs above the 2.54% approved rate of inflation by OSD for FY2023. As these requests are approved (and the rate increases finalized), this will help inform our budget impact for next year.

#### **Special Education Transportation**

Currently, our special education transportation projection reflects a surplus of \$120,557 as of the end of the 3<sup>rd</sup> Quarter, with spending of \$2,378,281 against a budget of \$2,498,838. With only three months left in the fiscal year, this number appears relatively stable. If additional transportation is needed for newly identified students/additional routes, the impact for this year should be minimal.

