

## PSB FY24 MAY 30 UPDATE - June 3, 2024

Since our last report on May 15, the Finance Team has been actively working with departments to close out existing purchase orders, process invoices, and tighten projections to close out the fiscal year. Based on this work, as well as progress in utilizing special funds where appropriate, denying some expenditures and delaying others until next year, the Finance Department is glad to report that the shortfall forecast in May has been much reduced. The current projected overage is \$717,269.

Here are the changes in the main areas of concern since April 30<sup>th</sup>:

	<b>FY24 Budget</b>	<b>Projected Exp April</b>	<b>Projected Exp May</b>	<b>Current Budget Variance</b>
Contracted Services				
Legal	225,000	450,000	418,337	193,337
Professional Services	2,490,747	3,000,533	2,966,235	475,488
Transportation (OSS)	2,920,291	4,560,544	4,244,833	1,324,542
Tuition	4,606,248	4,965,689	4,986,318	380,070
Claims/Settlements	250,000	738,811	647,427	397,427
Paraprofessional Salary	10,899,089	12,160,358	12,192,885	1,293,796
ESY & HS Summer Programs	18,500	140,211	225,211	206,711
<b>Net reduction in projections related to above areas of concern from April to May</b>			<b>371,900</b>	

The cost overruns in these areas which were projected at \$4,643,271 in April have been reduced to \$4,271,371, as actual placements, invoices and needs have come into sharper focus. Unspent funds from all other accounts continue to mitigate the overall impact of the overages noted above.

To complete the year, there are several actions that have been or will need to be taken.

1. The transfer of \$1,200,000 from the salary to the non-salary account, approved by the School Committee on May 23, was processed.
2. The deadline for requesting expenditures for FY24 has passed, so the remainder of the year will be used to process invoices against existing purchase orders and close out unneeded balances. As of May 30, this work reduced our deficit by \$211,170 and we hope to gain more ground as the year ends.

3. We will continue our work with special revenue funds to identify sources that can be used to mitigate the cost overrun in FY24. As of May 30, a net of \$186,708 in salary has been moved out of the general fund to appropriate special revenue funds.
4. Since April 30, \$99,277 in projected expenses have been postponed until the next fiscal year, and \$122,961 have been denied outright.

Here is a summary of the elements that changed the deficit projection:

<b>April Projected Deficit</b>	<b>1,709,286</b>
Areas of Concern	(371,900)
Purchase Order Closeout	(211,170)
Net Salary moves to Special Revenue	(186,709)
Delayed Expenses	(99,277)
Denied Expenses	(122,961)
<b>May Projected Deficit</b>	<b>717,269</b>

5. *With the approval of the School Committee, we will increase the budget in the Circuit Breaker account to the entire amount of revenue collected in FY23, which was \$3,475,572. This will increase the available funds by \$318,636 and allow us to transfer OSS tuition expenses from the general fund, further reducing the deficit.*
6. *If we are unable to close the deficit completely by the end of the year, we will seek a reserve fund transfer or start the new year in a compromised position by spending special revenue sources that were expected for FY25.*

### **IMPACT OF FY24 PROJECTED DEFICIT ON FY25 BUDGET PLANNING**

During the FY25 budget development process, it became apparent that the FY24 budget for transportation, tuition, and settlements in the special education department was insufficient to cover the costs and commitments for the year. With this in mind, the FY25 budget already includes significant funding increases in these areas based on the projections provided by the Office of Student Services.

	<b>FY24 Overage 5.30.24</b>	<b>FY25 Increase</b>
Transportation	\$1,324,542	\$863,174
Tuition	380,070	697,311
Claims/Settlements	<u>397,427</u>	<u>236,080</u>
	\$2,102,039	\$1,796,485

In addition to the non-salary cost overruns in FY24, funding for paraprofessionals and compensation for additional responsibilities (coaching, co-curricular program advisors, extra duties, stipends, summer school, etc.) are underfunded in FY25 based on data available at this time.

	<b>FY25 Overage</b>
Additional Compensation	TBD
FY24 Summer Programming	\$206,711 + TBD

We are continuing to analyze the data from FY24 and its impacts on FY25 budget planning and will have more information to the School Committee as soon as it is available.