



THE PUBLIC SCHOOLS OF BROOKLINE
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To: Andrew Bott, Superintendent
 From: Mary Ellen N. Dunn, Deputy Superintendent for Administration & Finance
 Date: January 15, 2019
 RE: FY 2019 2nd Quarter Report

Since FY 16, the School Department has been communicating the structural deficits in our operating budget and revolving funds. FY 19 is not any different. While the district does make progress each year to address these issues, larger efforts are required to reduce this structural problem. The district can no longer carry the structural deficit problem by managing the deficit through attrition and unexpended expense lines.

2nd Quarter Financial Report

	FY 19 ATM (May 2018)	FY 19 STM (November 2018)	Change	FY 19 Projected	Balance
Personnel	\$ 98,478,448	\$ 98,305,024	\$ (173,424)	\$ 98,683,213	\$ (378,189)
Services	\$ 10,542,721	\$ 10,542,721	\$ -	\$ 10,890,721	\$ (348,000)
Supplies	\$ 2,051,297	\$ 2,051,297	\$ -	\$ 1,974,940	\$ 76,357
Other	\$ 1,288,570	\$ 1,288,570	\$ -	\$ 699,305	\$ 589,265
Utilities			\$ -	\$ 10,350	\$ (10,350)
Capital	\$ 1,364,723	\$ 1,364,723	\$ -	\$ 1,160,253	\$ 204,470
Total	\$ 113,725,759	\$ 113,552,335	\$ (173,424)	\$ 113,418,782	\$ 133,553
Revenue Offsets					
Fee Based Bussing	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ -
Materials Fee/Tuition	\$ 696,016	\$ 696,016	\$ -	\$ 696,016	\$ -
Circuit Breaker Funding	\$ 1,688,705	\$ 1,688,705	\$ -	\$ 1,769,814	\$ 81,109
Revolving Fund Reimbursement	\$ 150,680	\$ 150,680	\$ -	\$ 75,340	\$ (75,340)
Other Revenue	\$ 358,680	\$ 358,680	\$ -		\$ (358,680)
Town Appropriation	\$ 110,756,679	\$ 110,583,255	\$ (173,424)	\$ 110,583,255	\$ -
Total Revenue	\$ 113,725,760	\$ 113,552,336	\$ (173,424)	\$ 113,199,425	\$ (352,911)
Balance/(Deficit)	\$ 1	\$ 1	\$ -	\$ (219,357)	\$ (219,358)

FY 19 Budget Update/Status (\$254,699 Chapter 70 revenue & \$173,424 budget reduction)

November 2018 Special Town Meeting voted to use FY 19 school funds to balance the FY 18 deficit. The district did not receive its share of \$254,699 in new Chapter 70 Aid and had a budget

reduction of \$173,424 (Benefit Reserve and \$119k from Special Education Contingency) that would otherwise have been available to help manage the FY 19 budget deficit. While we believe the state has made a promise of additional Circuit Breaker funds for FY 19, those resources have yet to be confirmed or materialize. The FY18 Claims submitted by the Special Education Department only netted us \$81k over our FY 19 budget estimate. While great news, and the Office of Student Services is to be applauded for their work, that \$81K now has to be used to back fill the budget cut of \$119k to the special education contingency that was voted at the November 2018 Special Town Meeting to balance the FY18 budget deficit.

The district has continued to operate in FY 19 with a structural deficit. Town revenue growth is not keeping pace with our expenditure needs. Identification of additional budget reductions are essential to balance the FY 19 budget. The causes of the FY 19 deficit are:

1. Revenue offsets that are no longer allowed or viable, first identified as problematic in FY 17 (\$358,680 – Other Revenue and \$150,6800 BACE & Food Service Revolving Funds);
2. An increase in personnel costs, due to the 1-2% of growth due to positions added after budget vote;
3. Out of District Tuition Budget (16% increase over Budget FY 19); and
4. The ongoing structural deficit and revenue problems (collection and fee) in Athletics \$280,000 and Food Service (\$256,000 Cumulative; \$92,000 FY 19).

Out of District Tuition:

In FY 18, the budget was based on a projection of 58 students, for a total Tuition Budget of \$5,144,310.

The FY 19 budget was based on a reduction of 5 students at a savings of \$522,509. The actual number of students totaled 10. Of those 10 students, 4 moved out of district, 2 graduated, 2 aged out at the age of 22, and 2 dropped out of school.

However, to date, 15 new students have been added at a current estimated cost of \$721,324 over what was budgeted for FY 19. Eight of these new students were initiated as 45-day placements for evaluation, which led to permanent placements, 5 were settlements and 2 were new students who moved into the district. At the writing of this report, the Student Services budget is fully encumbered using all known funds in all non-personnel accounts.

9000 Series	Programs with Other School Districts	FY2018 Head Count	FY2018 Budget	FY2019 Budgeted Head Count	FY2019 Budget	FY2019 Head Count	FY2019 Projection	Variance Head Count	Variance \$
9100	Tuition to Mass. Schools	4	\$ 240,379	3	\$ 116,742	1	\$ 45,239	-2	\$ 71,503
9200	Tuition to Out-of-State Schools	1	\$ 392,304	3	\$ 165,316	4	\$ 247,809	1	\$ (82,493)
9300	Tuition to Non-Public Schools	52	\$ 4,447,997	46	\$ 4,187,258	61	\$ 4,959,999	15	\$ (772,741)
9400	Tuition to Collaboratives	1	\$ 63,630	1	\$ 62,407	2	\$ 66,484	1	\$ (4,077)
Total		58	\$ 5,144,310	53	\$ 4,531,723	68	\$ 5,253,047	15	\$ (721,324)
9500					\$ 42,456		\$ 42,456		\$ -
Total		58	\$ 5,144,310	53	\$ 4,574,179	68	\$ 5,295,503	15	\$ (721,324)

Managing Expectations and Budget Deficit:

In order to balance the FY 19 budget, including anticipated additional student services expenses, at least \$1 million in funds must be held in reserve in order to ensure that enough resources are available to end FY19 in no deficit. A full budget freeze is recommended for FY 19 effective immediately.

Effective January 14, 2019 all funds budget freeze until:

- All grants and revolving funds are reconciled to projected revenue, known personnel costs are estimated, and requisitions are entered and released for all known services.

All budget managers:

- Encumber all Professional Development Workshops (summer or other)
- Post, through Recruit and Hire, all anticipated stipends not yet appointed or in process of payment for work through June
- Submit all known additional hours for work through June that are not already assigned for Paraprofessionals, BESA and Custodial staff (e.g. graduation) above what has already been encumbered
- When filling a new or replacement position, a staffing analysis must accompany all requests for posting positions. Budget managers must plan accordingly as postings will now be reviewed by the appropriate Deputy Superintendent, funding must be confirmed by Finance, and final approval secured from the Superintendent before a posting is approved.

In order to have funds released or transferred, all budget managers will need to complete a full review of personnel needs and requirements before any position is posted, traded, transferred or otherwise filled or reclassified. The Expense Line transfers to make critical purchases will need to be submitted with a justification and order form or contract for expense items being sought for purchase. The organization as a whole needs to provide district wide support and commitment to finding permanent reductions at all levels while still supporting student learning and growth.

At the end of the freeze, we hope that this translates to less than a 9% Expense Budget reduction (Supplies, Services, Other, Utilities, Capital).