



THE PUBLIC SCHOOLS OF BROOKLINE
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TO: School Committee
 Ben Lummis, Interim Superintendent

FROM: Mary Ellen Normen, Deputy Superintendent for Admin and Finance

DATE: March 3, 2020

RE: FY20 Budget Update: 2nd Quarter Report

The Public Schools of Brookline budget is anticipating continued work on balancing a preliminary structural deficit for FY20 of approximately \$693,294. Some of the items being identified are a result of FY20 personnel and expense budget changes, as well as changes in the known costs vs. budgeted costs as the fiscal year commences.

FY 20 Projected 2nd Quarter Budget Summary

ACCOUNT DESCRIPTION	FY 2020 ANNUAL Town Meeting	CHANGE FROM FY 2020 ATM	2ND QTR FY 2020 REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	Projection	(OVER)/ UNDER BUDGET
51 SALARIES	\$ 103,296,766	\$ 17,740	\$ 103,314,506	\$ 63,697,666	\$ 13,017	\$ 40,427,704	\$ (823,880)
52 OUTSIDE SERVICES	\$ 9,732,770	\$ 226,793	\$ 9,959,563	\$ 5,820,587	\$ 3,422,766	\$ 736,210	\$ (20,000)
53 SUPPLIES	\$ 1,799,606	\$ 134,327	\$ 1,933,933	\$ 1,026,476	\$ 260,151	\$ 647,306	\$ 0
55 OTHER CHARGES	\$ 1,280,371	\$ (316,665)	\$ 963,706	\$ 209,823	\$ 47,974	\$ 705,909	\$ (0)
56 UTILITIES	\$ 10,350	\$ -	\$ 10,350	\$ 4,643	\$ 5,707		\$ -
5A BUDGETTED CAPITAL	\$ 1,234,348	\$ (31,300)	\$ 1,203,048	\$ 945,981	\$ 25,952	\$ 231,115	\$ (0)
Expense Total	\$ 117,354,211	\$ 30,895	\$ 117,385,106	\$ 71,705,176	\$ 3,775,567	\$ 42,748,244	\$ (843,881)
Tuitions (SE 52)	\$ 717,523	\$ (177,523)	\$ 540,000			\$ 717,523	\$ (177,523)
Circuit Breaker (SEB3)	\$ 1,769,814	\$ 201,733	\$ 1,971,547	\$ 910,354	\$ 733,083		\$ 328,110
Offset Total	\$ 2,487,337	\$ 24,210	\$ 2,511,547	\$ 910,354	\$ 733,083	\$ 717,523	\$ 150,587
Grand Total	\$ 119,841,548	\$ 55,105	\$ 119,896,653	\$ 72,615,530	\$ 4,508,650	\$ 43,465,767	\$ (693,294)

FY 20 Revenue Budget Update/Status (\$30,895 Chapter 70 revenue and \$201,733 Circuit Breaker)

November 2019 Special Town Meeting appropriated an additional \$30,895 in Chapter 70 funds to the School Committee FY20 budget. In addition, the estimated Circuit Breaker funds received in July for FY19 special education claims increased \$201,733 post DESE audit and will be available to support Special Education Tuitions and Consulting services.

FY20 Known Deficit Issues (net \$693,294 Projected)

District Reserve balance +\$570,141 The district is currently holding back \$570,141 in the two Special Education Reserves. The balance of the \$475,000 budgeted in the Special Education Reserve is \$361,049. The Reserve is not being released due to the fact that Special Education needs are subject to change as students at this time of year begin to need 45 Day placements or go out of the district. The current Special Education Undesignated Position Reserve balance is holding at \$209,092. 1.0 of the 4.0 FTE that has been allocated (\$288,460) has been filled with the following:

FY20 Undesignated Positions	Account	PC # (Budget)	\$	FTE	FY20 Allocation	Account	PC # (Proposed)	\$	FTE	Location
Unit A - Position 1	327699-510151		\$ 72,115	1.00	Psychologist	317510-510153	317510103	\$ 15,202	0.20	Driscoll
Unit A - Position 2	327699-510151		\$ 72,115	1.00	OT Teacher	327699-510700	327699715	\$ 14,997	0.20	Pierce
Unit A - Position 3	327699-510151		\$ 72,115	1.00	Inclusion Facilitator	327610-510101	447	\$ 49,169	0.60	CCS
Unit A - Position 4	327699-510151		\$ 72,115	1.00						
			\$ 288,460	4.00				\$ 79,368	1.00	

If all or only a portion of the Reserves are needed, it will be used to offset the overall district deficit.

Personnel: (\$823,880)

Personnel costs are continuing to outstrip the budget along with position control due to previously funded grants positions transferring to the operating budget unfunded. Below is a listing of how less than a dozen decisions, or lack of execution, can create a very grave budget situation. Prior to the grant position situation being known, the decision to move these specific positions to the operating budget and adjust pay classifications, there were savings identified. Additional and ongoing analysis and monitoring of positions will be reported in the 3rd Quarter Report.

Unbudgeted Positions	FTE	\$	
OTL Staff – Grant support	2.000	\$197,526	Grant Indirect Costs do not cover expense
New Teacher Mentor	0.500	\$ 53,260	Budget reduction not executed
Math Specialist	1.000	\$106,520	Budget reduction not executed
Language Para	0.931	\$ 33,342	Budget reduction not executed
1.5 for 1 OSS trade	0.500	\$ -	No Cost Trade

2020 Individual Contracts Exceeded Budget

Across four positions (\$19,346 - Principal (2), Supt. Admin. Asst., Deputy Supt. Oss) there were unbudgeted salary increases that we were unaware of until we began our projections. In order to hire the most qualified candidates, two positions were purposely increased with identified salary savings from the transition of positions (\$35,545 - Director of Professional Development and Budget Analyst/Payroll Manager).

Implementation of Collective Bargaining Impacts outside of 2% salary reserve. This report does not show the impact of CBA agreements and what should be a reduction of bargaining funds available for other units (\$378,341).

Operating Budget: Leadership continues to monitor for unknown/unanticipated deficit issues

- Pre- programmed budget amount for Salary Savings \$(800,000).
- Substitutes and Leaves of Absences.
 - Substitute costs are significant concern for the balance of the FY: The Finance Team has not incorporated the full projection below into this analysis as typically, the substitute coverage should be covered by the unexpended balance in UNIT A lines as the primary use of this account is substitute teachers. However, we are monitoring the two cost impacts that are affecting the ability to forecast substitutes.
 - The first is the PARA classroom coverage of \$31 per day above their regular hourly pay. Often times it is helpful and appropriate to have PARAs perform the duties of a substitute IF a daily sub is not hired to backfill the PARA duties. One financial burden to this coverage is that a PARA will be paid \$15.50 (1/2 day) to cover anywhere from 20 minutes to half a school day when a teacher is at a meeting or otherwise out of the classroom for a short period of time.
 - What has been surprising is the Long Term Substitutes and Daily Substitutes over the last five years has outpaced the cost savings of teachers on leaves. More analysis is needed to determine the utilization of per diem substitutes and savings offsets from teachers on unpaid leave beyond the eight weeks Family Medical Leave Allowance.

FISCAL YEAR	2020	2019	2018	2017	2016
Original Budget	\$ 917,895	\$ 899,897	\$ 1,007,576	\$ 832,850	\$ 816,520
Revised Budget	\$ 917,895	\$ 899,897	\$ 1,007,576	\$ 910,123	\$ 816,520
Actual (Memo)	\$ 666,818	\$ 1,408,858	\$ 1,966,935	\$ 1,701,319	\$ 1,246,513
Encumbrances	\$ 642,252	\$ -	\$ -	\$ -	\$ -
Requisitions	\$ -	\$ -	\$ -	\$ -	\$ -
Available	\$ (391,175)	\$ (508,961)	\$ (959,359)	\$ (791,196)	\$ (429,993)
Percent Used		156.56	195.21	186.93	152.66

- All salary/personnel accounts are fully funded for support and services historically provided.
- The 3rd Quarter Report Personnel Update will address:
 1. Grant Personnel – Full reconciliation and identification of unfunded positions: Underway this month, the Budget Analyst/AP Manager is working with OTL and OSS grants administrative staff to complete FY19 final grant reports, update, and reconcile FY20 grants for personnel and expenses. A reporting of the unfunded positions will come to School Committee with transfer requests to support these positions through June 30. The unfunded positions will be placed on the FY21 FTE budget request list for School Committee action.
 2. Salary Savings: The Budget Analyst/Payroll Manager is working on reporting net salary savings of all positions that experienced turnover from the beginning of the fiscal year that were identically replaced. Positions that were modified, increased, or otherwise not a “1 for 1” will be separated into a different table similar to what was presented above.

Expenses

Operating Budget: Leadership continues to monitor for unknown deficit issues.

- Status of Special Education Tuition and Contracted Services (see attached) we are holding the balance of \$68,650 as unavailable to address unanticipated needs.
- Status of Special Education Transportation: A transfer of \$113,000 was required from the \$475k Contingency to fund additional and unanticipated expenses. A regular reconciliation of the Special Education Transportation budget continues to need funding for the balance of the school year. Unanticipated changes for FY 20 include:
 - 6 more total OOD placements
 - 3 more van monitors
 - churn in OOD placements were not closer to Brookline, so per diem costs went up more than just inflation
 - Summer transport did not prove to be cheaper than the year before, even with fewer ESY days in summer of FY20. We have not been able to reduce summer transportation costs in any of the last 4 years
- A new Foster Care Line item was established and requires a \$50,000 transfer. \$30,000 identified from Regular Education and \$20,000 is yet to be identified. The state will reimburse a portion of the foster care transportation expenses. Like the homeless reimbursement process, it is better to have this expense in its own line item to avoid confusion and minimize the chance of calculation errors and auditor findings. In the past these expenses were uncommon. FY20 has seen an increase in the number of Foster Care students requiring transportation.
- English Language Translation Budget: The table below shows how much the district has spent this fiscal year in translations and the purpose/source of the work. As of the second quarter the district has spent \$58,944.18 from a budget based on spending reports from the last couple of years, the Department Head anticipates needing an additional \$40,000 to support the demand through June 30, 2020. Special education needs alone range between \$60-\$75,000 a year. The 3rd Quarter Report will be incorporating a more up to date estimate as part of preparing for the fiscal year close.

Spending Analysis		
Special Education	\$ 30,450.95	51.66%
ELE	\$ 8,455.93	14.35%
District	\$ 9,127.73	15.49%
Program/School	\$ 7,749.31	13.15%
Other (Volance, ASL, STS.)	\$ 3,160.27	5.36%
	\$ 58,944.18	100.00%

Ongoing Budget Monitoring:

In order to prevent, curtail, or be forewarned about the scope and magnitude of the deficit the following are in place for fiscal year close:

1. Each unfilled position will be reviewed to determine if there is necessity to fill the position. The district will need to consider notifying employees who occupy unfunded FY20 positions that their position will end June 2020. A personnel freeze may be called for the balance of the school year for all positions that become vacant.

2. A supplies and materials budget will be frozen when or if the projected budget increases to over \$800k in the third quarter. This will impact the practice of advance supply purchases for the next school year.
3. All Operating Budget and State Grants will close for ALL spending, excluding regular compensation on May 1.
4. Federal Grants and Revolving Funds will close for ALL spending, excluding regular compensation on June 1.
5. All professional development workshops that will be conducted after May 1 will be encumbered against the workshop payroll account until such time as the sign in sheets are received by June 30 and paid through payroll. To date, \$13,000, has already been reserved.
6. Ongoing work to identify all additional compensation will continue. Each will be reviewed to confirm funding, ideally, prior to work being completed. If funding is not available, and it is a reoccurring expenditure, funding will be identified and added to the FY 20 budget.
7. Additional process, procedures, systems will be reviewed during the summer and training developed and delivered to administrative assistants and budget managers throughout the school year.

Change in Practice for FY20

It was initially planned that all Grants and Revolving Funds will be budgeted as part of the FY20 budget document to advance knowledge for unsupported expenditures by revenue. Going forward Grants will be monitored for impact on the level funded grant awards. Revolving Funds will be monitored, and fee increases requested for FY21 when and where warranted, or costs will need to be reduced. The second quarter report reflects the final indirect costs, personnel projections, and other grant and revolving fund revenue updates and share projected balances and any anticipated adjustments that will be needed to end the year in balance.

Revolving Funds: (\$38,430.67)

The School Committee voted in July to fund the final portion of the Food Service Revolving Funds deficit. Approximately \$257K of the \$300K was funded out of FY19 balances.

In addition, the district began the BACE assessment for use of School Buildings to be paid to the School Rental of Facility Account. The June 30 balance of the Rental of Facilities Account, approximately \$180,000, funds the Public Building Division's MINI CIP project in the FY21-26 Capital Improvement Plan.

Athletics will also be monitored to assure that the fund stays in balance and does not develop a deficit now that we have moved all but \$35,000 in coaching and leadership staff to the Operating Budget. The Revolving Fund can now better absorb the officials, transportation, and other expenses related to the number of students participating.

We will continue to monitor the impact that new, unanticipated placements will have on the FY2021 Budget.

Other Factors/Concerns:

- As stated in the 1st Quarter Report, there are students who are placed unilaterally by their parents out of district without the Districts approval. That number has increased from 22 to 23 during the 2nd Quarter.
- The financial impact of new placements have a diminishing effect on the current years' budget as we move towards the end of the school year, but do result in a negative way on FY2021's budget if they have not been included before the budget is finalized.
- We continue to have no 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.
- FY2021's budget projection includes anticipated Program Reconstruction costs for 8 students identified in those schools/programs. While these applications have not been approved yet by DESE, many of them are being heard in the month of January. The 3rd Quarter Report (and FY2021 Projection) will provide more information on this once it becomes available.