

**Memorandum
Belmont Public Schools**

To: Pat Aubin
From: Gerry Missal *DM*
Re: FY09 Second Quarter Plus Budget Report
Date: March 10, 2009

The FY09 Third Quarter Report will be out a month from now with expenditures through the end of March. However, I felt compelled to produce this update of the Second Quarter Report at this time because I saw various factors turning more negative.

The FY09 budget projections in this update are now based upon salary and non-salary expenditures for July 2008 through February 2009. The salary projection is an exact line-by-line analysis of what has been spent to date plus what is expected to be spent on the number of remaining payrolls. The non-salary projections now include half of the school year and most of the impact of this past winter on heating bills.

In late August 2008, we announced an anticipated deficit of \$-392,000 in our fuel oil account because of the unusually high collaborative bid received over the summer. At that time, we developed a plan of action to cover this deficit using the following steps or projected savings:

- administrative and teacher salary savings \$+230,000
- medical insurance +100,000
- budget freeze +100,000

The 1st quarter report presented on November 18 confirmed the general direction of these trends, but with some slight variations in the projected surpluses:

- administrative and teacher salary savings \$ +190,000
- Special Education +90,000
- overall utility deficit -374,000
- fringe benefits +243,000
- budget freeze +100,000

The 2nd quarter report presented on February 3 projected the following:

- administrative and teacher salary savings \$ +100,000
- Special Education -120,000
- overall utility deficit -290,000
- fringe benefits +235,000
- budget freeze +100,000

Salaries**\$ -23,000**

From a previous projected surplus, we are now projecting a salary deficit, even with the application of the entire fund balance in our School Choice revolving account. The projected salary balance has been significantly impacted by the unusual activity in the use of substitutes. Through February 2009, the substitute account has a projected deficit of \$-140,000. Most of this is resulting from the use of long-term subs to cover teachers who are out on medical or maternity leaves, which is a by-product of having a younger teaching staff. For this year, approximately 50% of our teachers are on the first six steps of our salary scale, with only about 20% on the maximum step.

Special Education**\$ -193,000**

The turn-around in Special Education from an early projected surplus to a projected deficit at this time is not surprising. The deficit is the result of several changes in out-of-district placements, plus having better data on our use of contracted services and transportation costs. The major components are as follows:

out-of-district tuitions	-45,000
contracted services	-52,000
transportation	-96,000

The out-of-district tuition assumes the full application of \$857,481 in circuit breaker reimbursement from the State and \$315,000 in LABBB Collaborative credits. At this time, there has been no announcement that the State will reduce the circuit breaker reimbursement. The full use of the \$315,000 LABBB credit leaves only \$103,000 to be applied to next year's FY10 budget.

Utilities**\$ -314,000**

Through all January 2009 billing, the following are the projected balances in our utility accounts:

fuel oil (thru February)	-370,000
natural gas	-37,000
electricity	+83,000
water & sewer	+10,000

As expected, our fuel oil deficit grew larger due to the harsh January weather that we have had, since this month was not reflected in the 2nd quarter projections.

Fringe Benefits**\$ +225,000**

The medical insurance projection is as of the March bills, which we have just paid. It assumes charging back \$320,000 to the Federal IDEA grant, the State METCO grant, the School Lunch revolving account and the full-day Kindergarten revolving account. With half the school year behind us, we now have a projection on our Medicare tax account.

medical insurance	+220,000
unemployment	+25,000
Medicare	-20,000

Budget freeze**\$ +350,000**

As a precaution, we had been freezing the non-salary accounts to generate \$100,000 to apply to the fuel oil and potential special education deficits. We applied this freeze specifically to the Informational Technology hardware accounts.

We have had to institute a systemwide freeze of discretionary non-salary accounts to attempt to cover the projected deficit. As the attached sheet indicates, we currently have over \$500,000 in all of the non-salary accounts not projected above. Some of these are discretionary, while others are less so. For example, we will continue to perform building maintenance necessary to protect the safety of students and staff and to provide an acceptable learning environment. If we are able to save at least half of these non-salary funds, then we can generate \$250,000 to add to the previous \$100,000. We will monitor these accounts closely every month. Programs that already are in deficit have to stop spending immediately.

THE BOTTOM LINE**projected deficit without budget freeze**

Salary balance	\$ -23,000
Special Education	-193,000
Utilities	-314,000
Fringe Benefits	+225,000
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Sub-Total:	\$ -305,000
Budget freeze	+350,000
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Net	\$ +45,000

cc: Administrative Council & Curriculum Directors
 Bob Martin
 Warrant Committee Education Sub-Committee Members

**Projection of Selected Non-Salary Accounts
2nd Quarter Plus Report**

Program	Non-Salary Budget	Unencumbered		Projected Expenditure for March-June	Projected End-of-Year Balance	Projected EOY % Balance
		Balance as of 4-Mar-09	% Balance as of 4-Mar-09			
English	33,905	3,007	9%	1,503	1,503	4%
ELL	2,411	736	31%	368	368	15%
Reading	5,110	1,047	20%	523	523	10%
Elem - Burbank	21,671	-8	0%	0	-8	0%
Elem - Butler	26,542	549	2%	275	275	1%
Elem - Wellington	33,994	2,287	7%	1,143	1,143	3%
Elem - Winn Brook	36,869	2,535	7%	1,267	1,267	3%
Kindergarten	11,520	780	7%	390	390	3%
Fine Arts Supervisory	6,850	3,500	51%	1,750	1,750	26%
Art	57,700	3,963	7%	1,981	1,981	3%
Music	103,358	41,190	40%	20,595	20,595	20%
Theater Arts	17,217	-1,694	-10%	0	-1,694	-10%
Foreign Language	37,430	7,454	20%	3,727	3,727	10%
Mathematics	26,514	2,781	10%	1,390	1,390	5%
Physical Education	11,658	5,166	44%	2,583	2,583	22%
Science	47,970	12,262	26%	6,131	6,131	13%
Health Education	1,750	433	25%	217	217	12%
Technology Education	4,100	205	5%	102	102	2%
Social Studies	48,620	2,882	6%	1,441	1,441	3%
Special Education, K-12						
<i>without tuition, cont serv & trans</i>	37,610	9,648	26%	4,824	4,824	13%
Spec Educ, Pre-K	2,000	-9	0%	0	-9	0%
Total Instructional	574,799	98,713	17%	50,212	48,501	8%
Athletics	106,956	61,311	57%	30,656	30,656	29%
Student Activities	7,590	6,506	86%	3,253	3,253	43%
Guidance	10,005	7,010	70%	3,505	3,505	35%
Health Services	14,430	2,409	17%	1,205	1,205	8%
Library	14,082	5,325	38%	2,662	2,662	19%
Technology	497,062	115,000	23%	57,500	57,500	12%
Curriculum Development	4,000	1,015	25%	507	507	13%
Staff Development						
<i>without Tuition Reimbursement</i>	100,100	46,699	47%	23,349	23,349	23%
Transportation - Reg Day	139,414	-1,690	-1%	0	-1,690	-1%
Total Instructional Support	893,639	243,584	27%	122,637	120,947	14%
Buildings & Grounds	511,500	93,402	18%	46,701	46,701	9%
Custodial Services						
<i>without cleaning contracts</i>	70,500	20,370	29%	10,185	10,185	14%
Total Operations	582,000	113,772	20%	56,886	56,886	10%

Program	Non-Salary Budget	Unencumbered		Projected Expenditure for March-June	Projected End-of-Year Balance	Projected EOY % Balance
		Balance as of 4-Mar-09	% Balance as of 4-Mar-09			
Building Admin - Burbank	2,730	-2,086	-76%	0	-2,086	-76%
Building Admin - Butler	7,050	5,586	79%	2,793	2,793	40%
Building Admin - Wellington	12,800	11,697	91%	5,848	5,848	46%
Building Admin - Winn Brook	5,675	798	14%	399	399	7%
Building Admin - Middle School	54,107	7,280	13%	3,640	3,640	7%
Building Admin - High School	91,000	16,870	19%	8,435	8,435	9%
Total Building Admin	173,362	40,145	23%	21,116	19,030	11%
Central Administration	171,725	82,918	48%	41,459	41,459	24%
Legal Services	55,000	3,467	6%	3,467	0	0%
School Committee	19,500	3,804	20%	1,902	1,902	10%
Total Central Admin -	246,225	90,189	37%	46,828	43,361	18%
Total of Selected Non-Salary Accounts	2,470,025	586,404	24%	297,679	288,725	12%

Note: All Utility accounts and Special Education accounts for contracted services and out-of-district tuition are projected separately and are not included in the above totals.