

**Memorandum
Belmont Public Schools**

To: George Entwistle
Denis Fitzpatrick
Julie Silverman
Ken Kramer

From: Gerry Missal *AM*

Re: FY10 First Quarter Budget Report

Date: November 4, 2009

This first quarter report is a very preliminary view of the 2009-10 school budget. We are presenting at this time items which tend to have significant surpluses or deficits. The magnitudes of the surpluses or deficits are estimates, with plenty of time remaining in the school year to change, either for better or worse. With that caveat in mind, we want to at least identify what large factors we will be watching.

Salaries

breaking even

When we built the FY10 Budget, we deducted \$300,000 as speculative savings from teacher transitions after the budget was approved. Since then, we have nine new leave requests or leave extensions plus one additional retirement to barely generate the savings needed to cover this speculative \$300,000. However, we do not expect any further savings from additional transitions.

We will do a detailed analysis of all the salary accounts in the 2nd quarter report.

Special Education

-\$20,000 at present

We budgeted the circuit breaker reimbursement from the State at \$685,985. This was done at a time when the Legislature was in the process of reducing funding for this program as part of the State's budget crisis. The signals from Beacon Hill was that the circuit breaker reimbursement would be reduced from 75% to somewhere around 40% or 50%. We budgeted at the 50% reimbursement rate. However, we have been notified by the DESE that our actual circuit breaker reimbursement for FY10 will be \$576,128, based upon the final 40% reimbursement rate in the state budget. Thus, we have a known shortfall in the circuit breaker account of \$-109,857. This assumes no further cuts in circuit breaker if the Governor needs to find additional reductions in the State budget for FY10.

As of October 19, the out-of-district tuition account is showing a projected savings of \$+50,000. This assumes receiving \$576,128 in circuit breaker funds, as we have been notified by the Department of Education. This apparent early surplus will likely diminish as new students are placed in out of district placements. The contracted service account is projected to be within budget at this time of the year, which means it will likely be in deficit by the end of the year.

From projections done by the LABBB Collaborative as part of our new multi-district bid, the transportation account is projected to be in deficit by approximately \$-70,000. The FY09 end-of-year deficit was \$-149,631. While we budgeted an increase of \$50,000 in this account for FY10, we are still trying to catch up with the increasing transportation expenditures. The collaborative bid helps to narrow the gap.

Utilities

within budget

With the seven-town collaborative bid awarding a contract for #4 **fuel oil** at \$2.3135 per gallon and #2 fuel oil at \$2.2382 per gallon, we are seeing a 56% decrease in the price of this bid from last year's disastrous \$4.1358 for #4 oil. At this lower price and assuming the same consumption as last year, we should be closer to budget.

The Chenery, Burbank, Winn Brook and School Administration Building are now heated by **natural gas**. We are again participating in a collaborative bid for natural gas with several other EDCO and CASE Collaborative communities, and have recently locked in a good fixed price for the entire next year, from November 2009 through October 2010.

We had built the **electricity** budget with the anticipation of a 5% rate increase for January 2009 plus an additional 5% for January 2010. With bills paid through September, we appear to be within budget. Again, this is a very early projection, but we are glad to be within budget in spite of the rate increases over the past year.

A very early summary of the utility projections are:

| | |
|-----------------|------------|
| Fuel Oil | \$ -18,000 |
| Natural Gas | -40,000 |
| Electricity | +75,000 |
| Water and Sewer | +10,000 |

| | |
|---------------|------------|
| Net Projected | \$ +27,000 |
|---------------|------------|

However, since winter has not even begun, it is much too early to be accurately estimating the usage, especially for heating by both fuel oil and natural gas.

Regular Transportation User Fees**\$-65,000**

With revenues received from bus user fees collected to date, we are projecting a possible deficit of \$-65,000 from the anticipated revenue for this year. While the number of riders is about the same as last year, the waivers granted have nearly doubled from 44 to 80. Last year, with the user fee at \$385, we missed our user fee revenue target of \$176,000 by \$17,500. By increasing the user fee to \$520 for FY10, our budgeted target revenue increased to \$258,500. Unless our revenues for the second semester increase dramatically in January, we will be missing that target by approximately \$-65,000.

Fringe Benefits**\$ +72,000**

Through the November bills for **medical insurance**, we are projecting a savings of \$+27,000, with all of our active employees and retirees on 80/20 HMO and 50/50 PPO splits. This includes knowing the adjustments with the new staff that started in September 2009. This assumes charging back \$468,485 to IDEA, METCO and ARRA grants and also to the School Lunch and Full-day Kindergarten revolving accounts.

We currently are paying **unemployment compensation** to eight former employees due to budget reductions. Our projected total expenditure is \$65,000. We had increased this account from \$40,000 to \$140,000 in anticipation of even more layoffs. Thus, even with the increased expenditure, we should still have a surplus of \$+75,000 in this account.

From preliminary payments of **Medicare tax** account, our projections indicate an approximate \$-30,000 deficit. Better data for the projection will occur as we get further into the year.

THE BOTTOM LINE**close to balance for now**

| | | |
|-----------------------------|----|---------------|
| Salary savings | \$ | within budget |
| Special Education | | -20,000 |
| Utilities | | within budget |
| Reg Transportation User Fee | | -65,000 |
| Fringe Benefits | | +72,000 |

At this time, the main factor in these projections is the loss of nearly \$-110,000 in State aid for circuit breaker. Based upon past years, we can expect that the long-term substitute account and the Special Education out-of-district tuition and contracted services accounts will go into deficit as the school year progresses. With the loss of circuit breaker aid, we will not be able to handle their impact on the bottom line of the budget.

A more thorough analysis will be coming in January with the 2nd quarter report.

cc: Leadership Council & Curriculum Directors
Warrant Committee Education Sub-Committee Members