

**Memorandum**  
**Belmont Public Schools**

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To: George Entwistle  
From: Gerry Missal *GM*  
Re: FY10 Third Quarter Budget Report  
Date: May 6, 2010

The FY10 budget projections are based upon salary and non-salary expenditures for July 2009 through most of April 2010. The salary projection is a more 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 2<sup>nd</sup> quarter report presented on March 2 presented the following projection:

- |                     |         |
|---------------------|---------|
| • Salaries          | -80,000 |
| • Special Education | -77,000 |
| • Utilities         | +49,000 |
| • Fringe benefits   | +46,000 |
| • Budget freeze     | +63,000 |

With this 17% budget freeze on non-salary accounts, we felt that we were barely able to break even at the end of the year.

Since the 2<sup>nd</sup> quarter report, we have seen:

- the salary projection has improved slightly as the substitute accounts are not quite as bad as previously thought;
- the Special Education deficit is driven mainly by an increasing deficit transportation, offset partially by an expected balance in contracted services;
- the projected utilities surplus increased slightly as the effects of the winter weather were not severe;
- the fringe benefit projected surplus has stayed nearly the same, with a balance in unemployment compensation offsetting a slight projected deficit in medical insurance

**Salaries**

**\$ -20,000**

The projected deficit in the salary total is driven mainly by the substitutes account. Through April 2010, the substitute account has a projected deficit of \$-55,000. Part of this is 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. We have increased the substitute accounts in the Recommended FY11 Budget by \$60,000 to catch up with this recent phenomenon.

**Special Education****\$ -87,000**

The projected deficit in Special Education is solely due to transportation costs. Our participation in the EDCO/LABBB collaborative has kept the deficit from being even higher, a true case of cost avoidance. The major components are as follows:

out-of-district tuitions	-7,000
contracted services	+30,000
transportation	-110,000

The out-of-district tuition assumes the full application of \$576,128 in circuit breaker reimbursement from the State and \$353,031 in LABBB Collaborative credits. At this time, there has been no announcement that the State will reduce the circuit breaker reimbursement. As budgeted for FY10, the use of \$353,031 LABBB credit leaves only \$40,863 to be applied to the Recommended FY11 Budget.

**Regular Transportation****\$ -63,000**

The revenue projections for FY10 are falling short by about \$34,000, even with the extra revenue generated by the new Wellington riders to the modulars. This, combined with the cost of \$29,000 for the extra Wellington buses leaves us short by \$-63,000.

**Utilities****\$ +67,000**

Through all March 2010 billing, the following are the projected balances in our utility accounts:

fuel oil	+28,000
natural gas	-31,000
electricity	+70,000
water & sewer	even

These projections use early estimates of moving the Wellington students to the modulars at the High School. The Wellington building was heated by fuel oil, while the modulars are heated by electricity. So the projected fuel oil deficit changed into a surplus, while projected electricity surplus diminished somewhat.

**Fringe Benefits****\$ +35,000**

The medical insurance projection is as of the May bills. It assumes charging back \$468,000 to the Federal ARRA SFSF grant, the Federal IDEA grant, the State METCO grant, the School Lunch revolving account and the full-day Kindergarten revolving account.

medical insurance	-28,000
unemployment	+72,000
Medicare	-9,000

The medical insurance projected balance is less than 0.5% of the approximately \$5 M account for 390 active and 295 retired School employees. Of the School retirees, 203 are over 65 years old and thus are required to be on Medicare with the option of a supplemental plan,

while 92 are under the age of 65 and are still on the same HMO (71) or PPO (21) plans as active employees.

### **Budget freeze**

At the 2<sup>nd</sup> quarter report, we instituted a 17% systemwide freeze of discretionary non-salary accounts to attempt to cover the projected deficit. As the attached sheet indicates, we currently have approximately \$300,000 in all of the non-salary accounts not projected above, as of April 23. 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 17% of the non-salary funds as of the 2<sup>nd</sup> quarter balances, then we can generate approximately \$66,000.

Programs that already are in deficit need to stop spending immediately.

### **THE BOTTOM LINE**

Salary projection	\$ -20,000
Special Education	-87,000
Regular Transportation	-63,000
Utilities	+67,000
Fringe Benefits	+35,000
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<b>Net of Above</b>	<b>\$ -68,000</b>
17% Budget freeze	+66,000
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<b>Projected Total</b>	<b>\$ -2,000</b>

**We are very close to breaking even.** In addition to meeting the 17% freeze targets, all Principals and Directors should stop any non-critical spending.

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

**Projection of Selected Non-Salary Accounts  
3rd Quarter Report**

Program	Non-Salary Budget	Unencumbered		2nd Qtr 17% budget freeze	with budget freeze		Projected EOY % Balance
		Balance as of 23-Apr-10	% Balance as of 23-Apr-10		Projected Expenditure for May-June	Projected End-of-Year Balance	
English	16,157	1,182	7%	935	247	935	6%
ELL	1,494	916	61%	94	822	94	6%
Reading	34,835	11,245	32%	1,912	9,333	1,912	5%
Elem - Burbank	18,013	-191	-1%		0	-191	-1%
Elem - Butler	19,156	1,854	10%	315	1,539	315	2%
Elem - Wellington	27,195	3,462	13%	980	2,482	980	4%
Elem - Winn Brook	29,920	-212	-1%		0	-212	-1%
Kindergarten	5,116	2,464	48%	433	2,031	433	8%
Fine Arts Supervisory	1,398	2	0%	2	0	2	0%
Art	43,868	47	0%	47	0	47	0%
Music	57,428	4,943	9%	467	4,476	467	1%
Theater Arts	0	0			0	0	
Foreign Language	8,390	1,982	24%	337	1,645	337	4%
Mathematics	39,104	3,419	9%	2,955	464	2,955	8%
Physical Education	10,728	4,527	42%	770	3,757	770	7%
Science	31,977	4,977	16%	1,648	3,329	1,648	5%
Health Education	1,358	295	22%	50	245	50	4%
Technology Education	3,236	124	4%	42	82	42	1%
Social Studies	8,324	3,910	47%	673	3,237	673	8%
Special Education, K-12					0		
<i>without tuition, cont serv &amp; trans</i>	36,920	457	1%	457	0	457	1%
Spec Educ, Pre-K	1,600	94	6%	53	41	53	3%
<b>Total Instructional</b>	<b>396,217</b>	<b>45,496</b>	<b>11%</b>	<b>12,170</b>	<b>33,729</b>	<b>11,767</b>	<b>3%</b>
Athletics	73,360	29,419	40%	6,266	23,153	6,266	9%
Student Activities	0	0			0	0	
Guidance	5,648	3,118	55%	534	2,584	534	9%
Health Services	14,044	6,333	45%	1,157	5,176	1,157	8%
Library	13,736	3,914	28%	697	3,217	697	5%
Technology	333,124	14,882	4%	4,961	9,921	4,961	1%
Curriculum Development	3,800	3,800	100%	646	3,154	646	17%
Staff Development							
<i>without Tuition Reimbursement</i>	61,000	7,781	13%	1,274	6,507	1,274	2%
<b>Total Instructional Support</b>	<b>504,712</b>	<b>69,247</b>	<b>14%</b>	<b>15,535</b>	<b>53,712</b>	<b>15,535</b>	<b>3%</b>
Buildings & Grounds	455,000	106,183	23%	23,762	82,421	23,762	5%
Custodial Services					0		
<i>without cleaning contracts</i>	70,500	6,409	9%	2,551	3,858	2,551	4%
<b>Total Operations</b>	<b>525,500</b>	<b>112,592</b>	<b>21%</b>	<b>26,313</b>	<b>86,279</b>	<b>26,313</b>	<b>5%</b>

Program	Non-Salary Budget	Unencumbered		2nd Qtr 17% budget freeze	with budget freeze		Projected EOY % Balance
		Balance as of 23-Apr-10	% Balance as of 23-Apr-10		Projected Expenditure for May-June	Projected End-of-Year Balance	
Building Admin - Burbank	2,308	-2,540	-110%		0	-2,540	-110%
Building Admin - Butler	1,368	-390	-29%		0	-390	-29%
Building Admin - Wellington	2,240	1,484	66%	277	1,207	277	12%
Building Admin - Winn Brook	3,731	-159	-4%		0	-159	-4%
Building Admin - Middle School	34,077	6,449	19%	1,265	5,184	1,265	4%
Building Admin - High School	55,633	4,302	8%	1,435	2,867	1,435	3%
<b>Total Building Admin</b>	<b>99,357</b>	<b>9,146</b>	<b>9%</b>	<b>2,977</b>	<b>9,258</b>	<b>-112</b>	<b>0%</b>
Central Administration	91,850	8,581	9%	2,971	5,610	2,971	3%
Legal Services	100,000	48,740	49%	8,286	40,454	8,286	8%
School Committee	18,600	10,323	56%	1,921	8,402	1,921	10%
<b>Total Central Admin</b>	<b>210,450</b>	<b>67,644</b>	<b>32%</b>	<b>13,178</b>	<b>54,466</b>	<b>13,178</b>	<b>6%</b>
<b>Total of Selected Non-Salary Accounts</b>	<b>1,736,236</b>	<b>304,125</b>	<b>18%</b>	<b>70,173</b>	<b>237,444</b>	<b>66,681</b>	<b>4%</b>

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