

BELMONT PUBLIC SCHOOLS

JOHN P. PHELAN
SUPERINTENDENT OF SCHOOLS
(617) 993-5401



ANTHONY R. DICOLGERO
DIRECTOR OF FINANCE,
BUSINESS & OPERATIONS
(617) 993-5430
FAX (617) 993-5439

JANICE G. DARIAS
ASSISTANT SUPERINTENDENT
FOR CURRICULUM & INSTRUCTION
(617) 993-5410

644 PLEASANT STREET
BELMONT, MASSACHUSETTS 02478-2589
(617) 993-5400
FAX (617) 993-5409

MARY PEDERSON
DIRECTOR OF HUMAN RESOURCES
(617) 993-5425

TO: Belmont School Committee

FROM: John P. Phelan, Superintendent of Schools
Anthony DiCologero, Director of Finance, Business and Operations

DATE: January 20, 2015

RE: Fiscal Year 2015, Second Quarter Budget Projection

Please find the attached narrative description of the general fund budget categories and detail information for the FY15 second quarter budget projection, which will be presented at this evening's School Committee meeting. In summary, at this time we are projecting a total general fund year-end deficit of approximately \$500,000. While this is essentially the same "bottom-line" projection as the first quarter update, it is important to note that the second quarter projected deficit reflects cost savings measures that were implemented beginning in October, 2014 and an additional \$245,000 in estimated cost reductions being instituted for the remainder of the school year. Projected savings achieved through the second quarter of operations have been offset by additional mandated costs that developed since the first quarter projection.

BELMONT PUBLIC SCHOOLS
FY15 BUDGET UPDATE 2
NOTES

Teacher Salaries

-Projected ending balances in teacher salary accounts are impacted by attrition of staff at generally higher salaries, and backfilled with staff at generally lower salaries, typically resulting in a savings.

-Projected balances are generally increased for teachers who are out on an unpaid leave of absence (LOA), and for whom a substitute is hired (usually at a lower cost than the regular teacher).

-As in the FY15 Q1 report, the Q2 report indicates projected positive ending balances for the elementary and high school teaching line items, and a projected deficit for the middle school teacher category of line items. This is the result of hiring an additional classroom teacher and increasing the FTE for a unified arts specialist teacher at the middle school level.

Administrative Salaries

-The Q1 report projected administrative salary line items to have a small positive ending balance. Since that time, the School Department has confirmed that, from an accounting standpoint, 52.4 (rather than 52.0) payperiods worth of salary will be charged to FY15, resulting in a projected deficit of approximately \$24,000. Note that the distribution of salaries to employees will be unchanged; all weekly employees will receive 52 paychecks in FY15. The 0.4 calculation merely matches the last two days of FY15 to the proper accounting period.

Support Staff Salaries

-Support staff salaries include the general fund portion of: custodians and maintenance staff; Unit D aides, monitors and tutors; secretaries and clerical staff; technology staff; lunch aides; and extracurricular stipends for athletics, fine & performing arts and student activities.

-It also includes line items for wage payments for as-needed duties such as: tutoring; overtime and summer work for facilities and technology workers; and curriculum and staff development work performed.

-The Q1 report projected support staff salaries at a deficit of approximately \$100,000. Based on the projected Q1 total School Department general fund year-end deficit, the district implemented the practice of minimizing the backfilling of any positions that became vacant after September, 2014 and a curtailing of overtime work. This practice entailed a more strategic deployment of any additional staffing or hours so that critical instructional and operational functions could be addressed as efficiently as possible. The benefits of this practice in combination with a revised reduction in expected usage of tutoring services necessary to be provided for the remainder of the year resulted in a Q2 projected positive ending balance of approximately \$5,000.

Substitutes

-Positions for teachers on leaves of absence (LOAs) for part or all of the current year are temporarily filled by substitutes. LOAs may be paid or unpaid, depending on whether the respective teacher has accumulated sick time. Salary for teachers on paid LOAs continues to be charged to the respective teacher's regular salary line item; and the salary for the corresponding substitute is charged to a "substitute" salary line item. When a teacher is on an unpaid LOA, the salary of the corresponding

substitute is charged to the respective regular teacher salary line item, and not a salary line item for substitutes.

-For the FY15 Q1 report, the projected balance reflected the historical trend of actual spending over the last three years.

-For the FY15 Q2 report, actual YTD data indicated that a greater portion of teachers going out on leave will be unpaid, resulting in a lower projected deficit in Q2.

School Level Expenses (EL, MS, HS)

-School level expenses include: textbooks, classroom supplies, other instructional supplies for all of the instructional content areas delivered at all grade levels; supplies and expenses for extracurricular and co-curricular programming; and supplies and expenses for building administration.

-During Q1 no amount was reflected as being frozen from this category of accounts, with the understanding that some amount would be identified later. For Q2, the district has estimated to be able to reduce spending in these areas by a combined total of \$35,000 to help offset projected deficits in other areas. Restricting spending in this area may result in a decrease in the School Department's capacity to delivery certain elements of the curriculum.

District Wide Instructional Expenditures

-District wide instructional expenses are for costs to operate instructional programs within the district that are not necessarily specific to a particular school building. They include: general programmatic supplies; conference fees; professional membership dues; content-specific software; technology hardware and software; curriculum and staff development supplies and contracted services.

-During Q1 no amount was reflected as being frozen from this category of accounts, with the understanding that some amount would be identified later. For Q2, the district is estimated to be able to reduce spending in these areas by \$125,000 to help offset projected deficits in other areas. Restricting spending in this area may result in a decrease in the School Department's capacity to provide certain supplies and professional development opportunities, as well as replace and maintain technology equipment necessary.

District Support Expenses

-District support expenses are for costs to operate the district that are not specific to a particular school building and that are non-instructional in nature. They include: athletics equipment repairs, insurance and supplies; nursing supplies and non-salary expenses; regular education transportation; centralized district functions; central office supplies and expenses; and School Committee supplies and expenses.

-During Q1 no amount was reflected as being frozen from this category of accounts, with the understanding that some amount would be identified later. For Q2, the district is estimated to be able to reduce spending in these areas by \$25,000 to help offset projected deficits in other areas.

Regular Education Transportation

-Regular education transportation is paid for through a combination of general fund appropriation and fees paid by families.

-As in the Q1 report, the Q2 report indicates a projected year-end deficit balance of \$30,000, based on the expected fees to be received during the current school year.

Fringe Benefits

-Fringe benefits include the employer share of health insurance premiums for active and retired School Department employees; the portion of the Town's Workers' Compensation insurance allocable to School Department employees; the employer share of the Medicare tax on School Department employee wages; and unemployment compensation for former School Department employees.

-The Q2 report projects a year-end positive balance in this area of approximately \$134,000. This is based on the number actual health insurance enrollments and lower than expected unemployment compensation expenses YTD. The Q2 reflects an increase in projected savings over the Q1 estimate.

Utilities & Maintenance

-Utilities include: Electricity; natural gas; heating oil; water & sewer; telephone; and annual payments for an ESCO project. Maintenance includes: supplies and contracted services for buildings and grounds and custodial work.

-The Q1 report projected a year-end deficit of \$50,000. This was a placeholder amount in light of having only received utility bills through August, without knowing the potential severity of the heating season; in addition to not knowing whether any major building repairs would need to be performed.

-For the Q2 projection, utility consumption YTD is in line with average monthly historical consumption. In addition, facilities spending since Q1 has been strategic to address areas of health and safety and other necessary operations. Furthermore, some School Department expenses have been covered by consolidated the Town and School Facilities Department.

Special Education Tuitions

-In all school districts, a number of students are placed in an educational setting outside of a student's respective home district. Out of district tuition is a mandated cost that districts are required to pay.

-The Q1 report projected a year-end deficit in Special Education tuition in the amount of \$125,000. Since that time, the cohort of students required to attend school in out of district placements has increased. As such, a commensurate increase in tuition costs to the district has also resulted. The Q2 projection reflected and estimated year-end deficit of approximately \$384,000. It is important to note that this general fund deficit already reflects the use of all state Circuit Breaker funding and all remaining LABBB credit for Belmont.

-Changes in the number or complexion of student needs in this area could result in changes to projected costs between Q2 and Q3.

Special Education Expenses - (Salary & Non-Salary)

-Other mandated costs include direct services to students. Examples may include physical therapy, speech therapy or behavioral assessments. For taxation purposes, the School Department is required to pay some providers (such as in-house employees performing addition duties in this area) and external sole proprietors through payroll, thereby generating a "salary" payment; while corporate providers are paid as vendors, resulting in a "non-salary" payment. This classification is for payment purposes only and does not necessarily differentiate the type of work performed among providers.

-The Q1 report projected a combined year-end deficit of \$195,000. Based on an increase in the number of students receiving services, the Q2 report projects an estimated combined year-end deficit of approximately \$346,000.

Special Education Transportation

-Based on a student's Individualized Education Plan, school districts must provide transportation to and from school. This can be true for students in out of district placements as well as for students attending school in their respective home district. This category also includes the cost of transporting students classified as "homeless" to and from the district.

-The Q1 report projected a year-end deficit of \$60,000 in this area. The Q2 report reflects a revised estimated deficit of approximately \$215,000.

-The district participates in a multi-community procurement for Special Education transportation through the LABBB and EDCO collaboratives. One of the benefits of the contract is that, where feasible, a single Special Education transportation vehicle transports students from a number of the participating districts. As a result, the sending districts build an economy-of-scale and share the cost savings, thereby decreasing what the transportation costs would otherwise be.

-All vendor invoices are submitted to EDCO collaborative, which in turn, tabulates the cost for each individual district and sends a customized invoice.

-The monthly invoice is the primary source document used in calculating the quarterly projection. However, because the administrative process of receiving and redistributing invoices is labor and time-intensive, there can be a time delay for districts in receiving the monthly invoice.

-At the time of the Q1 projection, the September, 2014 had not been received by the district. As a result, the final FY14 actual amount was projected for FY15. Since that time, the district has received additional invoices. Using the daily rate of each vehicle run, a cost based on the remaining number of school days was calculated, resulting in a projected Q2 deficit of \$215,000.

-Special Education transportation expenses are subject to change based on the number of students being transported and how many students from other participating districts are riding on any particular vehicle shared by Belmont students.