



# LINCOLN PUBLIC SCHOOLS

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To: School Committee  
Becky McFall

From: Buckner Creel

Subject: FY16 Budget status

The finances for the Lincoln Public Schools will end FY16 with a budget surplus with all obligations met. Details of the current status of the FY16 budgets for both campuses follow.

**Lincoln Campus:** For the past several years, the School Committee has been able to accomplish some authorized pre-purchasing at the end of the fiscal year. Last year, the Committee was able to pre-pay special education tuition and collaborative fees.

Current year budget analysis: This year's surplus is the result of last year's prepayment, personnel changes and savings in several areas:

- The total original FY16 appropriation approved by the School Committee in January 2015 for special education out-of-district (OOD) tuitions and transportation was \$349,588. The School Committee approved the prepurchase of Special Education transportation and OOD expenses in the amount of \$213,626. The requirement to cover a Special Education settlement which arose during the year used a portion of the prepurchase amount, but the anticipated current-year expenditure in other out-of-district (OOD) special education tuitions and transportation of \$255,234 will leave an unspent balance of \$94,354 at the end of FY16.
- The total original FY16 appropriation approved by the School Committee in January 2015 for heating and electricity utilities was \$401,000. Carry-over net metering credits from last year's program, combined with normal weather conditions, resulted in the projected payment of \$316,531 for electricity and heating, which will leave an unspent balance of \$84,469 at the end of FY16.
- The ability to meet the Committee's class size policy without opening the fourth Kindergarten section resulted in a savings of \$72,239
- A quality educational program was provided without using \$20,754 in the day-to-day substitute account.

Summing these categories, \$271,816 in unspent budget balances is potentially available for special education pre-purchase or to return to the Town.

Next year's budget analysis: The administration continued to review the FY17 plan since the budget was approved in January 2015, and identified several budget shortfalls for FY17:

- A possible additional out-of-district placement in the amount of \$58,262.

- An anticipated elimination of the Full-day Kindergarten Grant which will affect the Lincoln budget by \$27,642.
- The potential for additional curriculum development work aligned with the District priorities may require additional funding of \$30,000.

Proposed Actions: The administration proposes two actions for School Committee review: 1) prepayment of certain special education tuition and collaborative fees, and 2) returning some funds to the Town at the end of the fiscal year.

Prepayment: The administration proposes prepaying up to \$125,000 of known FY17 special education tuition and collaborative fees in FY16 to create a cushion for unbudgeted additional expenses and unanticipated special education expenses, as we have in the past. This prepayment will preserve some of the current FY16 Personnel Control account to meet unexpected requirements during the school year.

Return Funds: The administration proposes returning approximately \$140,000 to the Town at the end of the current fiscal year. It may be possible to return a larger amount, but the administration is still going through the process of closing out obligations and covering operational requirements.

**Hanscom Campus:** The Hanscom allocated budget also has a healthy surplus resulting from personnel changes and savings in the operation budget.

Hanscom Middle School Furniture, Fixtures & Equipment (FF&E) At its meeting on December 3, 2015, the Committee approved the expenditure of \$1,302,687 from the Hanscom Reserve Fund for furniture, fixtures, and equipment to equip the new Hanscom Middle School, based upon the estimates at the time. The actual FF&E expenditures to date total \$1,014,585, which is \$288,102 less than the December estimate.

Adding in the costs for moving services and personnel per diems, the move totals \$1,110,423. Of this total, DoDEA is processing a reimbursement to the district in the amount of \$146,561 through a contract amendment.

The administration requests approval to transfer \$1,110,423 from the Hanscom Reserve Fund to the Hanscom FY16 Allocated Budget to offset the HMS FF&E and move expenses, which were encumbered and expended from the current year's budget.

Current Year Budget Analysis: Primary sources of the anticipated FY16 surpluses are:

- A portion of the funds freed up in the special education transportation and collaborative accounts through FY15 pre-purchase, totaling \$201,767, was not spent.
- A Grade 1 section was not opened, resulting in savings of \$89,081.
- A small number of long-term substitutes required this year resulted in savings of \$52,901.
- Savings associated with the hiring of new faculty in the Hanscom Middle School resulted in a budget surplus of \$50,825.

- The principals and faculty of the Hanscom Schools carefully managed their site-based management funds during a time of transition, resulting in a budget surplus of \$24,191.
- Reduced human resource benefits requirements resulted in an anticipated budget surplus of \$103,000:
  - Unemployment insurance -- \$48,000
  - Active employee health insurance assessments -- \$50,000
  - Medicare contributions -- \$5,000
- Other operational savings offset other personnel increases without using \$15,246 in the Personnel Control account.

Assuming that these projections remain accurate, \$537,011 in unspent budget balances is potentially available for special education pre-purchase or to return to the Hanscom Reserve.

Next Year's Budget Analysis: The Administration continued to review the FY17 plan since the budget was approved in January 2016 and identified several budget shortfalls for FY17:

- Special Education tuitions. The current estimates are shown below.

	<b>Approved Budget Jan 16</b>	<b>Current Estimate</b>	<b>difference</b>
Out Of District Tuition	\$42,772	\$42,772	\$0
Collaboratives	\$992,571	\$1,202,443	\$ (209,872)
<b>total</b>	<b>\$1,035,343</b>	<b>\$1,245,217</b>	<b>\$ (209,872)</b>

The potential for additional staffing to support the burgeoning need for special education services is strong but not definitized.

- An anticipated elimination of the Full-day Kindergarten Grant which will affect the Hanscom budget by \$23,160.
- Anticipated but unknown increases in the cost of utilities, particularly electricity, associated with the move of the HPS into the temporary facility and the opening of the new HMS building.

Proposed Actions: The administration proposes two actions for School Committee review: 1) Prepayment of certain special education tuition and collaborative fees, and 2) Returning some funds to the Hanscom Reserve Fund at the end of the fiscal year.

Prepayment: The current FY17 Personnel Control account balance of \$113,000 may be insufficient to meet known and unbudgeted requirements during the school year. The administration proposes prepaying \$270,000 of known FY17 special education tuition and collaborative fees in FY16 to address this increase in anticipated expenses.

Return Funds: The Administration proposes returning at least \$250,000 to the Hanscom Reserve Fund at the end of the current fiscal year. Again, it may be possible to return a larger amount, but the administration is still going through the process of closing out obligations, paying for last-minute operational requirements and covering the employee benefits and expenses which will not be resolved until mid-July.