



LINCOLN PUBLIC SCHOOLS

BUCKNER M. CREEL
ADMINISTRATOR FOR BUSINESS AND FINANCE

June 13, 2018

To: School Committee
Becky McFall

From: Buckner Creel

Subject: FY18 Budget status

The finances for the Lincoln Public Schools will end FY18 with a budget surplus with all obligations met. Details of the current status of the FY18 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 FY18 appropriation approved by the School Committee in January 2017 for special education out-of-district (OOD) tuitions and transportation was \$363,111. In June 2017, the School Committee approved the prepurchase of Special Education transportation and OOD expenses in the amount of \$140,000. The district's Special Education requirements used the prepurchase amount, and the anticipated current-year expenditure in other out-of-district (OOD) special education tuitions of \$225,875 will leave an unspent balance of \$112,516 at the end of FY18.
- The total original FY18 appropriation approved by the School Committee in January 2017 for heating and electricity utilities was \$430,494. Weather conditions plus continued emphasis by the Facilities Department on energy conservation methods resulted in the projected payment of \$374,494 for electricity and heating, which will leave a projected unspent balance of \$56,000 at the end of FY18.
- Close monitoring of the expenditures for building maintenance and repairs resulted in a projected unspent balance of \$29,451 in the facilities accounts.
- Careful control by the principals, faculty and staff at all levels resulted in budget balances totaling \$37,122 in various accounts.
- A quality educational program was provided without using \$14,229 in the day-to-day substitute account.

Summing these categories, \$249,318 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 FY19 plan since the budget was approved in January 2018, and identified several potential budget shortfalls for FY19:

- One confirmed and one potential additional out-of-district placements in the amount of \$158,795 have arisen since the FY19 budget was prepared.
- One special education settlement for an amount under discussion is anticipated.

Proposed Actions: The administration proposes two actions for School Committee consideration:

- 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 \$220,000 of known FY19 special education tuition and collaborative fees in FY18 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 FY19 Personnel Control account to meet unexpected requirements during the school year.

Return Funds: The administration proposes returning approximately \$10,000 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. The details will be provided once the FY19-FY20 contract solicitation results are known.

Current Year Budget Analysis: Primary sources of the anticipated FY18 surpluses are:

- A Grade 2 section was not opened, resulting in savings of \$77,057.
- A small number of long-term substitutes required this year resulted in savings of \$48,254.
- 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 \$25,072.
- Reduced human resource benefits requirements resulted in an anticipated budget surplus of \$18,000:
 - Unemployment insurance -- \$10,000
 - Net employee health insurance assessments -- \$5,000
 - Medicare contributions -- \$3,000
- Other operational savings offset other personnel increases without using \$23,121 in the Personnel Control account.

Assuming that these projections remain accurate, \$192,000 in unspent budget balances is potentially available for special education pre-purchase or to return to the Hanscom Reserve. This positive outcome would have been greatly reduced had the Hanscom budget not been credited with a Circuit Breaker Extraordinary Relief payment of \$106,118; as in the Lincoln budget, used to offset Special Education teacher salaries.

Next Year's Budget Analysis: The Administration continued to review the FY19 plan since the budget was refined in January 2017. While we are concerned about the continuing increase in Special Education expenses, in both staff and out-of-district expenses, we accept the DoDEA Contracting Officer's representation that her office will consider our requests for equitable adjustment of the contract price should one be required by unforeseen Special Education cost increase. This representation resulted in a contract price which does not include contingency amounts for OOD expenses.

Proposed Actions: The administration proposes returning any remaining budget balances to the Hanscom Reserve Fund at the end of the fiscal year. This reduces the effective amount taken from the Hanscom Reserve to fund the deficit caused by the difference between the approved FY18 budget allocation of \$13,067,338 and the FY18 Band 3 price of \$12,500,205.