



LINCOLN PUBLIC SCHOOLS

BUCKNER M. CREEL
ADMINISTRATOR FOR BUSINESS AND FINANCE

June 16, 2019

To: School Committee
Becky McFall

From: Buckner Creel

Subject: FY19 Budget status

The finances for the Lincoln Public Schools will end FY19 with a budget surplus with all obligations met. Details of the current status of the FY19 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 numerous areas.

- The total original FY19 appropriation approved by the School Committee in January 2018 for special education out-of-district (OOD) tuitions and transportation was \$379,860. In June 2018, the School Committee approved the prepurchase of Special Education transportation and OOD expenses up to amount of \$220,000; the actual amount spent for pre-purchased special education costs is \$195,794. The district's Special Education requirements used the prepurchase amounts, and the anticipated current-year expenditure in other out-of-district (OOD) special education tuitions of \$373,992 will leave an unspent balance of \$39,965 at the end of FY19.
- Close monitoring of the expenditures for building maintenance and repairs, and the absence of a maintenance craftsman on worker's comp, resulted in a projected unspent balance of \$51,435 in the facilities accounts.
- Careful control by the principals, faculty and staff at all levels, and reduced personnel costs resulting from hiring replacements and long-term absences resulted in budget balances totaling \$221,456 in various accounts.

Summing these categories, \$312,857 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 FY20 plan since the budget was approved in January 2018, and identified several potential budget shortfalls for FY20:

- Two potential additional out-of-district placements in the amount of \$158,898 have arisen since the FY20 budget was prepared.
- At least two special education settlements for an amount under discussion are 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 \$240,000 of known FY20 special education tuition and collaborative fees in FY19 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 FY20 Personnel Control account to meet unexpected requirements during the school year.

Return Funds: The administration proposes returning approximately \$65,000 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 surplus resulting from personnel changes and savings in the operation budget. We propose no prepurchase of special education expenses.

Current Year Budget Analysis: Primary sources of the anticipated FY19 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 FY20 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 FY19 budget allocation of \$13,067,338 and the FY19 Band 3 price of \$12,500,205.