



LINCOLN PUBLIC SCHOOLS

BUCKNER M. CREEL
ADMINISTRATOR FOR BUSINESS AND FINANCE

June 20, 2020

To: School Committee
Becky McFall

From: Buckner Creel

Subject: FY20 Budget status

The finances for the Lincoln Public Schools will end FY20 with a budget surplus with all obligations met. Details of the current status of the FY20 budgets for both campuses follow.

Both Campuses The administration awaits the promised guidance from DESE for the requirements for reopening school in September. The preliminary guidance received on June 10th set some guidelines for the personal protective equipment (PPE) and cleaning supplies anticipated to be required for operations under likely COVID scenarios. As a consequence, we placed orders totaling \$71,951 to purchase supplies and equipment anticipated to be required in the first half of FY21. We will be particularly sensitive to any guidance we receive in the next ten days, and will make similar purchases if appropriate.

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 FY20 appropriation approved by the School Committee in January 2019 for special education out-of-district (OOD) tuitions and transportation was \$629,238. In June 2019, the School Committee approved the prepurchase of Special Education transportation and OOD expenses up to the amount of \$240,000; the actual amount spent for pre-purchased special education costs is \$240,000. 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 \$199,306, leaving an unspent balance of \$248,468.55 at the end of FY20.
- Close monitoring of the expenditures for building maintenance and repairs, hiring lags in custodian and maintenance craftsperson vacancies and the absence of a maintenance craftsman on worker's comp, resulted in a projected unspent balance of \$114,091 in the facilities accounts.
- Careful control by the principals, faculty and staff at all levels, and reduced personnel costs resulting from reduced substitute costs resulting from COVID, hiring replacements and long-term absences resulted in budget balances totaling \$322,935 in various accounts.

Summing these categories, \$685,494 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 FY21 plan since the budget was approved in January 2020, and identified several potential budget shortfalls for FY21:

- In the absence of an announced FY21 Commonwealth budget during this time of reduced Commonwealth revenue caused by the pandemic, we have no expectation that the grant amounts anticipated in the FY21 budget process will materialize, and every reason to believe that we will not receive the amounts we anticipated. The Town finances have been similarly impacted, and the Reserve Fund amounts which are normally available to support unanticipated school requirements are under additional strain. It seems prudent for us to develop a buffer to support unanticipated FY21 shortfalls, caused by additional COVID requirements, commonwealth grant reductions or additional OOD placements.
- Two potential additional out-of-district placements in the amount of \$158,898 have arisen since the FY20 budget was prepared.

Proposed Actions: The administration proposes four FY20 actions for School Committee consideration:

- 1) purchase of technology and software licenses to support remote learning;
- 2) purchase of critical FF&E to support the Lincoln School Phase 1 construction;
- 3) prepayment of certain special education tuition and collaborative fees, and
- 4) returning some funds to the Town at the end of the fiscal year.

Prepayment: The administration proposes prepaying up to \$300,000 of known FY21 special education tuition and collaborative fees in FY20 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 FY21 Personnel Control account to meet unexpected requirements during the school year.

The purchase of technology and software licenses to support remote learning is anticipated to cost \$29,471, and the purchase of critical FF&E to support the Lincoln School Phase 1 construction is anticipated to cost \$133,108.

Return Funds: The administration proposes returning approximately \$195,000 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, COVID impacts, reduced Special Education OOD expenses and savings in the operation budget, all similar to those discussed in the Lincoln budget above.

Next Year's Budget Analysis: The Administration continued to review the FY21 plan since the budget was refined, first in January and then in May 2020. 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. Accordingly, it seems prudent to create a small contingency in the FY21 budget to easily respond to additional costs which COVID requirements may create, as well as possible variations in the Special Education OOD expenses as we have seen in the past few years.

Proposed Actions: The administration proposes two FY20 actions for School Committee consideration:

- 1) purchase of technology and software licenses to support remote learning; and
- 2) prepayment of certain special education tuition and collaborative fees,

We propose the prepurchase of special education expenses in the amount of \$465,663, and the purchase of technology and software licenses to support remote learning with an anticipated cost of \$33,773. The administration proposes returning any remaining budget balances to the Hanscom Reserve Fund at the end of the fiscal year.