
TO: Chairperson and Members, Boston School Committee
FROM: Nathan Kuder, Chief Financial Officer
DATE: December 2, 2019
SUBJECT: FY20 Budget Update

Attached is the FY20 monthly Budget Update for the period ending October 31, 2019. The Boston Public Schools 2019-2020 school year began on September 5, 2019, and the projected spending included in the attached reports are based on expenditures through October. This report consists of the following:

- Summary Report: This report provides Approved Budget, Current Budget, Year-to-Date Expenditures, Percent Expended, Projected Expenditures, and variance for Approved Budget vs. Projected Expenditures and Current Budget vs. Projected Expenditures. It aggregates data at high-level account categories. There is a separate table for general fund and for grants. It is typically assumed grants will be fully spent.
- Detail Reports: These reports provide the same data as the Summary Report at a detailed account level.

Projected expenditures are based on an assessment of actual expenditures, historical trend data and known obligations. During the course of the year these reports typically identify projected surpluses or shortfalls in budget vs. projected expenditures. This guides our practice in implementing controls on backfilling positions, timing of requisition deadlines, full assessment of expenditures eligible to be supported by external funds and developing supplemental strategies to ensure that the district ends the year on budget.

As of October 31, 2019, the report indicates a potential deficit of approximately \$5.2M. As this represents the first monthly report of this school year and is still preliminary in nature, it establishes the range and scope of management challenges that will be required to ensure that we end the year on budget.

The major factors that contribute to our current status include:

- Transportation
 - Investments in on-time performance and adapting to student changes led to increased costs for buses at the start of this school compared to the beginning of last school year
 - We have hired and are deploying more monitors to ensure we are providing the level of service we should be according to students IEP's.
- Food & Nutrition Service
 - We had anticipated food cost decreases from using a warehouse distribution center but savings were not as significant as expected.
 - We are facing high repair and maintenance costs on aging kitchen equipment, and in the central warehouse facility.
 - Labor costs at some sites are higher than anticipated due to minimum staffing levels required for smooth operation.
- Special Education
 - We continue to see an increase in need for ABA services and unanticipated increases in the cost of delivering those services.

- Long-term Leave
- FY20 Federal Entitlement Grants came in \$1.065M below projection.
- We continue to monitor other expenses to offset those items:
 - Salaries
 - Non-Personnel Spending

It is not unusual to project a moderate deficit at this early point in the year and the deficit projection is likely to come down as we get more clarity on items such as:

- Transportation costs
- Salary savings
- New classrooms and potential special education services

In FY15 at this time we forecast \$16M deficit which necessitated spending and hiring freezes. For the last four fiscal years, we forecast deficits of \$2M to \$6M and closed without freezes. Given the current projected deficit of approximately \$5.2M for FY19, we are confident we will close the year on budget.

We look forward to providing monthly budget updates in order to continue the conversation about the status of our budget for FY19 and future years. Thank you.

