

November 2, 2023

To: MERSD School Committee (SC)

From: Avi Urbas, Director of Finance & Operations

Copy: Pam Beaudoin, Superintendent of Schools

Re: FY24 Budget-to-Actual Review & Forecast

Hello, MERSD School Committee. Attached please find the first FY24 Budget-to-Actual Review and Forecast. This report includes:

- An update on year-to-date spending
- An initial forecast for the full FY24 budget period
- Budget transfer requests for areas of the budget where forecasts exceed line item appropriations, using anticipated budget savings in other areas of the budget.

Year-to-Date Spending:

Actual FY-to-Date expenditures of \$6.9 million reflect spending through October 31st. These figures do not include known encumbrances, which are subject to change, but are rather simply payments made to date. This amount represents 23.7% of the budget allocation for the year, as spent in the first 4 months. Recall that personnel costs in July and August are small prior to the return of school-year staff. Additionally, teacher salaries are back-weighted in each fiscal year, with 5 of their 26 bi-weekly paychecks delivered on the last day of school.

Full Year Forecast

Context

Despite timing issues associated with payment of staffing costs, this first forecast provides good visibility for the full year on salaried staffing expenses and benefits, as the bulk of hiring is now complete for the remainder of the fiscal year. These categories represent the large majority of MERSD budgeted expenditures. The exceptions to this visibility in the personnel categories are hourly services, substitute costs, stipends, and to some extent, teaching assistant staffing levels, which can change mid-year depending on student needs in special education.

Forecasts at this time of year for other Operating Expenses, however, are less certain. For example, the majority of utility costs occur between December and March. Out-of-district tuition with related mandated transportation, and special education contracted services costs are subject to change based on student need, which is dynamic, and single tuitions can easily exceed \$100K. Building level instructional and administrative expenses are encumbered throughout the year, as needed. For these reasons, several Operating Expense categories are intentionally forecast in this report at the budgeted level, until greater visibility is available.

Please note that a positive number in the "Variance \$" column means that we are forecasting savings and vice versa for a negative figure. The "% Variance" is the variance as a percent of budget.

Results

The current forecast shows full-year potential savings of \$106K or 0.4% of budget. Recall that the FY24 budget is funded with \$287K of one-time funds from E&D reserves. If budget savings materialize as

currently forecast, we would still need to dip into \$181K of E&D reserves (\$287K planned use, less \$106K saved) to fund the FY24 budget.

Personnel savings are currently forecast at \$214K or 1.2% of the staffing budget. These savings stem from less costly replacements for employee separations that were not known when the budget was set in the spring, in the categories noted on the report. Additionally, the district has realized longevity savings due to departures of some staff with greater years of service.

Operating Expenses are currently forecast to exceed budget allocation by \$104K or 0.9%. The main sources of overage are out-of-district tuitions (OOD), which are forecast to exceed budget by \$53K and Insurance/Benefits, which are forecast to exceed budget by \$49K. The OOD increase is a function of needs that have changed since this category was forecast (on a student-by-student basis) several months ago during the budget development timeframe.

Although health insurance benefits are currently forecast to be \$31K (0.8%) better than budget, the entire category of Insurance & Other Benefits, which also includes Essex Regional Retirement System pension costs for non-licensed staff, employer Medicare contributions, and insurance for workers compensation, property/liability and unemployment, is currently forecast to be \$49K over budget. This is due to unbudgeted liability insurance costs for mid-year deductibles and employee separation expense.

Budget Transfer Requests

With transfer requests, the total budget does not change, but budget authority is moved between categories to account for changes in forecasted expectations. For categories in which we expect spending to exceed budget, a transfer is required to increase our appropriation (i.e., our authority to spend). These increases are funded by reducing the budget in an equal amount in other categories, where savings are expected. Note that positive numbers in the Transfer Request category represent a request to approve an increase in budget, and vice versa for a negative figure.

Broadly speaking, transfers requested at this time utilize savings in personnel categories totaling \$104K to fund an equal increase in the budget for the Operating Expenses in the categories mentioned above.

Please let me know if you have any questions.

Best regards,

Avi Urbas

MERSD FY24 Budget to Actual Review & Forecast: as of 11/1/23

DOE Account Code	Budget Summary	2023-2024 Budget	Actual: FY to Date	FY Forecast	Variance \$	% Variance	Transfer Request	Adjusted Budget	Comments
	PERSONNEL - STAFF								
1210:	Superintendent's Office	\$297,915	\$100,402	\$297,915	\$0	0.0%		\$297,915	
1410:	Business Office	\$476,421	\$165,172	\$502,347	(\$25,926)	-5.4%	\$25,926	\$502,347	Payroll & purchasing clerk moved to 1.0 FTE plus 1 month overlap for treasurer transition
1450:	District Technology	\$303,269	\$95,593	\$303,269	(\$0)	0.0%		\$303,269	
2110:	Student Services Office	\$228,471	\$79,086	\$228,470	\$1	0.0%		\$228,471	
2110:	Curriculum Director	\$120,000	\$48,635	\$112,400	\$7,600	6.3%	(\$7,600)	\$112,400	New hire savings. 80% of Curriculum Director Salary is charged to District Technology
2210:	Principals/Asst. Principals	\$794,991	\$260,811	\$772,736	\$22,256	2.8%		\$794,991	New HS hire & EES interim. Expect added mentoring in Bldg. Admin expenses below.
2210:	School Secretaries	\$284,519	\$98,861	\$288,573	\$0	0.0%		\$284,519	
2300:	Dept. Heads/Team/Curr. Leaders/PDC	\$137,894	\$3,685	\$137,894	\$0	0.0%		\$137,894	
2305:	Classroom Teachers	\$9,159,935	\$1,744,344	\$9,057,887	\$102,048	1.1%	(\$62,818)	\$9,097,117	After budget retirement and resignation (\$67K), MTSS restructure (\$36K)
2310:	Special Ed Teachers	\$2,895,478	\$584,161	\$2,866,770	\$28,708	1.0%	(\$14,354)	\$2,881,124	Column move savings vs. budget; portion could still be incurred in 2nd half of FY
2315:	Special Ed Team Chairs	\$212,685	\$43,155	\$212,159	\$526	0.2%		\$212,685	
2325:	Substitute Teachers	\$191,400	\$25,493	\$191,400	\$0	0.0%		\$191,400	
2330:	Teaching Assistants*	\$740,046	\$135,700	\$740,046	\$0	0.0%		\$740,046	
2340:	Library/Media Coordinators	\$110,809	\$21,309	\$110,809	\$0	0.0%		\$110,809	
2440:	SPED, LEP, H&H Tutors	\$152,584	\$30,082	\$152,584	\$0	0.0%		\$152,584	
2710:	Guidance/Adj. Counselors	\$746,992	\$142,576	\$721,651	\$25,341	3.4%		\$746,992	After budget staff separation/replacement. HS guidance summer hours < budget
2800:	Psychologists	\$219,350	\$37,417	\$194,566	\$24,784	11.3%	(\$24,784)	\$194,566	After budget staff separation/replacement.
3200:	Nurses	\$218,336	\$42,613	\$224,897	(\$6,561)	-3.0%	\$6,561	\$224,897	After budget staff separation/replacement.
3300:	Transportation/Traffic/Emergency/Title IX	\$18,292	\$1,557	\$13,931	\$4,361	23.8%		\$18,292	After budget staff separation/replacement.
3400:	Cafeteria/Recess Aides	\$78,000	\$9,609	\$78,000	\$0	0.0%		\$78,000	
3510:	Athletics (Office & Coaching Stipends)	\$338,357	\$71,088	\$334,014	\$4,343	1.3%		\$338,357	After budget staff separation/replacement.
3520:	Student Activity Stipends	\$139,204	\$0	\$139,204	\$0	0.0%		\$139,204	
4110:	Custodians	\$92,131	\$28,796	\$85,857	\$6,274	6.8%	(\$6,274)	\$85,857	Summer custodial savings vs. budget
4220:	Facilities Department	\$188,687	\$70,574	\$188,674	\$13	0.0%		\$188,687	
	Negotiations, Longevity, Expanded Effort	\$197,794	\$70,038	\$177,108	\$20,686	10.5%	(\$20,686)	\$177,108	Longevity savings on departed staff
	Subtotal Personnel	\$18,343,560	\$3,910,756	\$18,133,160	\$214,453	1.2%	(\$104,029)	\$18,239,531	

MERSD FY24 Budget to Actual Review & Forecast: as of 11/1/23

DOE Account Code	Budget Summary	2023-2024 Budget	Actual: FY to Date	FY Forecast	Variance \$	% Variance	Transfer Request	Adjusted Budget	Comments
	OPERATING EXPENSES								
1000:	District Admin. Expenses	\$325,026	\$96,585	\$325,026	\$0	0.0%		\$325,026	
2000:	Bldg. Instr. Supplies/Equip	\$303,861	\$143,204	\$303,861	\$0	0.0%		\$303,861	
2100:	SPED Admin. Expenses	\$30,500	\$1,940	\$30,500	\$0	0.0%		\$30,500	
2210:	Bldg. Admin. Expenses	\$48,100	\$15,311	\$48,100	\$0	0.0%		\$48,100	
2300:	SPED Contracted Services	\$310,000	\$60,051	\$310,000	\$0	0.0%		\$310,000	
2350:	Professional Development	\$46,500	\$34,291	\$46,500	\$0	0.0%		\$46,500	
2400:	New Curriculum Materials	\$70,000	\$2,000	\$70,000	\$0	0.0%		\$70,000	
2451:	Instructional Technology**	\$338,221	\$70,893	\$338,221	\$0	0.0%		\$338,221	
3200:	Health Expenses	\$6,800	\$943	\$6,800	\$0	0.0%		\$6,800	
3300:	Transportation/Traffic/Security	\$366,600	\$31,607	\$368,911	(\$2,311)	-0.6%	\$2,311	\$368,911	Increased cost of security software licenses
3300:	SPED Transportation	\$785,757	\$122,000	\$785,757	\$0	0.0%		\$785,757	
3500:	Athletics/Student Activities	\$94,000	\$32,397	\$94,000	(\$0)	0.0%		\$94,000	
4100:	Utilities	\$805,700	\$99,362	\$805,700	\$0	0.0%		\$805,700	
4110:	Custodial Supplies	\$65,000	\$19,754	\$65,000	\$0	0.0%		\$65,000	
4200:	Maintenance	\$869,535	\$189,260	\$869,535	\$0	0.0%		\$869,535	
5000:	Insurance & Other Benefits	\$5,708,713	\$1,692,128	\$5,757,746	(\$49,034)	-0.9%	\$49,034	\$5,757,746	Property/liability insurance > budget
7000:	Facility Capital Expense	\$68,000	\$25,368	\$68,000	\$0	0.0%		\$68,000	
9100:	SPED Tuition-Out/Summer	\$1,070,515	\$395,891	\$1,123,200	(\$52,684)	-4.9%	\$52,684	\$1,123,200	1 added placement. Updated rates for all placements based on current actual vs. budget
	Subtotal OPERATIONS	\$11,312,828	\$3,032,985	\$11,416,857	(\$104,029)	-0.9%	\$104,029	\$11,416,857	
	TOTAL	\$29,656,388	\$6,943,741	\$29,550,017	\$106,371	0.4%	(\$0)	\$29,656,388	
	(Less: Funded Outside of General Fund)*	(\$400,000)		(\$400,000)				(\$400,000)	
	General Fund Operating Spending	\$29,256,388	\$6,943,741	\$29,150,017	\$106,371	0.4%	(\$0)	\$29,256,388	
	Contribution to Stabilization Fund	\$0							
	Total Budgetary Use of Funds	\$29,256,388	\$6,943,741	\$29,150,017	\$106,371	0.4%	\$0	\$29,256,388	