

**FY18  
BUDGET STATUS  
First Quarter Report**

The status of all Salary and Ordinary Maintenance accounts as of September 30, 2017 are shown in Annex B. Presented for each account is the amount budgeted for the current fiscal year, the amount expended or committed as of September 30<sup>th</sup>, and the projected balance at the closing on June 30, 2018. Salary and Ordinary Maintenance Account totals are:

<u>Budget Title</u>	<u>Budget Amount</u>	<u>Expended or Encumbered 09/30/17</u>	<u>Projected Balance 06/30/18</u>
Salaries	\$215,152,058	\$42,008,303	-\$3,724,266
Ordinary Maintenance	<u>\$119,118,437</u>	<u>\$71,882,189</u>	<u>\$2,099,614</u>
<b>Total General Fund</b>	<b>\$334,270,495</b>	<b>\$113,890,492</b>	<b>-\$1,624,652</b>

At this point in the fiscal year, a total of \$113,890,492 (34%) has been expended or committed. A description of the projected balances is as follows:

**Budget Impacts:**

**Teacher Salaries (-\$3,798,489):** The projected deficit in this account represents the recently negotiated collective bargaining agreement with corresponding savings within the Health Insurance Account (500123-96000). This account also includes five added teaching positions (3/secondary, 2/elementary) that were added for class size purposes; three of these positions were converted from tutor positions.

**Tuition (-\$731,817):** The tuition account reflects unanticipated and unbudgeted out-of-district tuition costs for eight new student placements to the district that have occurred since the budget was approved in June.

**Workers Compensation (-\$323,695):** The current deficit is based on actual or known expenditures, as well as projections through the end of the year. The weekly salary includes an average of approximately forty-five staff collecting weekly benefits since July, as well as medical bills and settlements are included in this projection.

**Personal Services (-\$177,350):** This account includes the projected increase to the district's legal consultation (-\$80,000) for special education services of the State's IDEA funding requirements, as well as ongoing contract negotiations and labor relations for the district. Also, the increase of security guard hours at the Durkin Administrative Building (-\$25,000) and nursing service requirements (-\$61,000) and two unbudgeted settlement agreements (-\$11,350).

**Non Instructional Salaries (-\$98,714):** The current deficit includes the restructuring of positions at the Parent Information Center. One parent liaison position was increased to full-year, as well as the conversion of an instructional assistant position to a full-year parent liaison to provide necessary coverage during the summer months and vacation weeks. This has allowed for better access of services

for parents. In addition, the account reflects costs associated with approved cost of living salary increases.

**Utilities (-\$70,000):** Nelson Place Elementary School was built with the expectation of net zero cost for electricity due to the solar panels that have been installed with the new building. However, there has been some delay with the solar panels being fully operational and providing all necessary electricity coverage for the building. Also, the City is still working to finalize the process of the net metering credits being provided from the landfill, therefore there is no additional information at this time regarding projections.

**Instructional Materials (-217,772):** The district has maintained funds for additional charter school or school choice assessment during the final state budget. The following is a comparison of the amounts included in the FY18 Budget (based upon the House of Representatives Budget) and the final state budget:

Budget Category	FY18 Adopted Budget	FY18 Final State Budget	Difference
Charter School Tuition	\$24,709,706	\$24,851,912	142,206
School Choice Tuition	\$2,848,508	\$2,795,409	(\$53,099)
Special Education Offset	\$248,565	\$259,131	\$10,566
Charter School Reimbursement	(\$1,897,848)	(\$1,779,749)	\$118,099
<b>Total Assessment</b>	<b>\$25,908,931</b>	<b>\$26,126,703</b>	<b>\$217,772</b>

It should be noted that the district also maintains \$10 per pupil of instructional supplies and materials spending to be allocated upon the status of the district budget following either the second or third quarter report.

#### **Accounts with Projected Balances to Offset Deficit Accounts:**

**Health Insurance (\$3,625,689):** The balance in this account represents the collective bargaining agreements that have been recently ratified with certain health insurance changes. These funds will be transferred to the respective salary lines to offset the cost of the negotiated increase.

**Educational Support Salaries (\$320,714):** The balance in this account represents the reallocation of ten tutor positions that were converted to three teaching positions to address increased class sizes. In addition, this projected amount also reflects other position vacancy savings.

**Administration Salaries (\$125,515):** The balance in this account represents a current vacant Turnaround Manager position that is being secured through contracted services for professional development. This account also represents the vacancy of a Manager of Instructional and School Leadership position, as well as the recently negotiated salary increases.

**Transportation (\$53,700):** Due to the current condition of the district's fleet and the issue with securing buses for the start of the school year, the district needed to add nine special education routes using Durham School Services through the second week of October. The district was also able to

consolidate routes to decrease the need for one large bus from Durham. This was able to offset the cost of the additional routes.

In order to provide funds necessary to reflect recent actions, the Administration recommends the following transfer of funds:

<u>Amount</u>	<u>From Account</u>	<u>Account Title</u>	<u>To Account</u>	<u>Account Title</u>
\$3,298,000	500123-96000	Health Insurance	500-91111	Teacher Salaries
\$78,500	500123-96000	Health Insurance	50013026-92000	Staff Development
\$74,145	500123-96000	Health Insurance	500J01SN-91133	Nurse Salaries
\$15,700	500123-96000	Health Insurance	500I01Q6-91123	Technology - Unit D
\$70,600	500123-96000	Health Insurance	500-92222	School Clerical

In addition, there have been changes to the FY18 Federal Grant Accounts from the amounts adopted in the FY19 budget. These changes and adjustments are as follows:

<b>Grants</b>	<b>FY18 Adopted Budget</b>	<b>FY18 Actual Award</b>	<b>Difference</b>
Title I	\$11,623,123	\$11,979,077	\$355,955
Title II Teacher Quality	\$1,807,310	\$1,484,093	-\$323,217
Title III	\$1,403,473	\$1,217,393	-\$186,080
Title IV	\$0	\$298,253	\$293,253
IDEA Special Entitlement	\$7,580,893	\$7,615,249	\$34,356
Perkins Secondary Allocation	\$467,758	\$483,401	\$15,643

From the additional funding of Title I, four middle school Focus Instructional Coaches and related health insurance expenses will be transferred from the Title II allocation due to the reduction of that award amount. Title I remains the primary funding source for all additional support positions and stipend pay of the previously designated Level 4 locations. Title II will maintain eleven Focus Instructional Coaches at the high schools, as well as the Manager of Curriculum & Learning, support staff and Non-Public school allocation requirements.

With the reduction of Title III funding, the district will restructure and eliminate two Focus Instructional Coach positions and corresponding health insurance expenses, as well as reduction of contractual services being utilized within the district.

The Every Student Succeeds Act (ESSA) authorizes significant funds to help increase the capacity of states, schools, and local communities to provide all students with access to a well-rounded education and to improve school conditions for student learning. The district was recently awarded Title IV funding to be utilized to provide Advanced Placement examination fees for students, as well as enhance school safety, academic enrichments and professional development for teaching staff.

The additional funding from the IDEA award will provide the necessary funds for Non-Public special education services known as Proportionate Share, this has become a new requirement for districts. This enables Non-Public schools located within the district to access these funds for students that require additional services. The new line item is based on a specific calculation determined by DESE and current required amount for FY18 is \$62,823. The additional funds needed for the Proportionate Share were also reallocated from the supplies & materials line item.

The Perkins Secondary Allocation provides administrative leadership, teaching staff, equipment, tutoring, after-school programs, student transportation and professional development of our high schools and alternative programs in career and vocational-technical education. The increase in funding will be reallocated to provide additional instructional technology and equipment for students.