



# BEDFORD PUBLIC SCHOOLS

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TO: Phillip Conrad, Superintendent  
School Committee

FROM: Julie Kirrane, Director of Finance

DATE: February 28, 2023

SUBJECT: FY23 Mid-year Budget Update

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This is a mid-year update on the status of the FY23 operating budget as of January 31, 2023. The financial forecast includes projections for all accounts for the remainder of the fiscal year through June 30, 2023.

As of January 31, with 57% of the operating budget expended or encumbered, the operating budget has a projected deficit of -\$239,927. The bottom line deficit is attributed to out-of-district tuition expense to be covered by a town reserve approved for this purpose up to \$200,000 and spending authorized for a school district security and safety assessment (up to \$75,000). The actual cost of the security study is 49,950.

A full salary projection has been performed for all budgeted positions. In addition, conservative estimates have been made for spending for the remainder of the year for significantly variable costs including substitutes and special education contracted services, tuition and transportation. All planned budgetary offsets are applied in the forecast. The forecast assumes limited additional use of special funds above what was originally planned, in particular in the circuit breaker account.

Assuming a reserve fund transfer for the full amount of the out-of-district tuition overage and the cost for the school safety study, the year-end balance is projected at \$8,474. This surplus is shown in order to give a sense of the schools' financial position without consideration of expenses to be covered by town reserves. *Any surpluses that may accumulate by year-end will reduce the amount of reserve fund transfer request to be made in June.* The school is expected to end the year with a \$0 balance.

A summary of the FY23 operating budget by major expense category is provided below:

EXPENSE CATEGORY	FY23 SC Approved Budget	FY23 SC Adjusted Budget	FY23 YTD Encumb. + Exp.	Exp. Fcast to June 2023	FY23 FINAL after Offsets	Final Surplus (Deficit)
<b>SALARIES</b>	\$ 37,656,796	\$ 37,572,090	\$ 16,135,785	\$ 22,101,902	\$ 37,223,526	\$ 348,564
<b>OPERATING EXPENSES</b>	\$ 2,510,008	\$ 2,559,239	\$ 2,176,160	\$ 860,068	\$ 2,945,901	\$ (326,662)
<b>OUT OF DISTRICT TUITION</b>	\$ 2,988,407	\$ 2,988,407	\$ 4,975,539	\$ -	\$ 3,257,038	\$ (268,631)
<b>REGULAR TRANSPORTATION</b>	\$ 1,284,015	\$ 1,319,456	\$ 1,325,382	\$ -	\$ 1,325,382	\$ (5,926)
<b>SPECIAL ED TRANSPORTATION</b>	\$ 717,864	\$ 717,864	\$ 1,015,135	\$ -	\$ 705,135	\$ 12,729
<b>TOTAL OPERATING BUDGET</b>	\$ 45,157,090	\$ 45,157,056	\$ 25,628,001	\$ 22,961,970	\$ 45,456,982	\$ (239,927)
<b>TOWN RESERVE FUND TRANSFER FOR TUITION</b>						\$ 198,451
<b>TOWN RESERVE FUND TRANSFER FOR SCHOOL SAFETY AND SECURITY</b>						\$ 49,950
<b>GRAND TOTAL OPERATING BUDGET - AFTER RESERVE FUND TRANSFER</b>						\$ 8,474

Note: Any surplus at year end would reduce the amount of the reserve fund transfer request.

Highlights of changes within each expenditure category are as follows:

- Salaries – Salaries are projected to the end of the year with a net positive balance of \$348,584. The savings are the result of a positive balance in salaries due to attrition, turnover savings, and most significantly, budgeted positions that are vacant. The hiring environment is challenging and the district, for a second year, is reliant upon contracted services for special education paraprofessionals. Savings in salary accounts also are offset by higher than budgeted expenses in substitutes which again this year are trending higher than budgeted. Substitute expense is an area where conservative projections at mid-year may improve by the end of the year.
- Operating Expenses – All expense accounts through the end of the year are projected to end with a net negative balance of -\$326,662. This is the result of higher than anticipated contracted services to cover staff vacancies in special education paraprofessional positions. These specialized temporary staff provide specific services to students, as defined by their IEPs. There are a few other expense accounts expected to end the year in deficit, due to unanticipated costs, or higher than budgeted cost changes. These overages are made up for by forecasted surpluses in other accounts.
- Out-of-District Tuition – The originally projected deficit of -\$198,451 has increased at mid-year to -\$268,631.
- Regular Transportation – All costs for regular school bus routes are encumbered. There is a small shortfall of -\$5,926 expected in this account.
- Special Education Transportation – All costs for transporting students to specialized programs within Bedford Public Schools and to out-of-district placements have been

projected and are forecast with a positive balance of \$12,729. An increased use of Circuit Breaker Transportation funds is included in the forecast in order to stay within budget. There has been significant cost escalation in this area with the expenses on private transportation providers that is higher than budgeted. Circuit Breaker transportation reimbursement has also been received at a level above what was budgeted, and can be used to bridge the gap.

The operating budget does not include Covid-19 related expenses this year. However, the district is still incurring additional costs for school nursing and for testing, adjusting and maintaining HVAC systems (including advanced filtration) that the district is continuing to operate at maximum capacity. These costs are being covered by ARPA funds, as planned in the Town's multi-year budget for the grant (\$289,701 in FY23). This is the third and final year the schools are supported by the Town ARPA grant. All direct school Covid-19 relief grants have been fully expended.

I am happy to answer any questions the School Committee may have about this mid-year fiscal update.