

# Fairfield Public Schools

2013 – 2014

## Quarterly Financial Report as of December 31, 2013

### **Summary**

As of December 31, 2013, halfway through the fiscal year, we anticipate total projected expenses for Fairfield Public Schools to exceed budget by \$1.4 million. The attached report outlines the areas which are over and under budget but the main cause for the deficit are Pupil Personnel expenses, specifically professional consultations, outside evaluations and out-of-district tuition. These expenses are volatile to begin with and projecting six months in the future is particularly challenging. This information is the best estimate of our budget status at year end. A budget freeze is in effect for non-essential spending to help mitigate the situation. The freeze does not apply to expenditures for health, safety and instructional needs to maintain programs. Capital expenditures will be deferred wherever possible. Administrators were asked to estimate the potential savings we could realize as a result of the freeze. The numbers aren't currently available but we will closely monitor the situation and update the projection periodically as information develops.

### **Personnel Services:**

Contracted salaries, hourly wages, extra-curricular stipends and substitute pay are the single largest budget classification at nearly \$100 million of the \$151 million budget appropriation. The balances in this category are for part-time employment (subs, interns, overtime and hourly support salaries – paid as earned), wage and benefit reserves for unsettled contracts, staff replacement (turnover), degree changes and extra-curricular activities. All other salaries have been encumbered except for spring coaches. A hiring freeze is in effect for non-essential employees and the use of substitutes is limited to coverage for essential personnel in unavoidable situations. Overtime has also been restricted to critical operations and maintenance of programs.

### **Fixed Charges:**

15 % of the budget is allocated to employee benefits which have been categorized as fixed charges. Our contribution to the medical retention fund has been made but the pension payment has not. Social security and life insurance are paid as incurred throughout the year.

### **Pupil Personnel Expenses:**

This segment of the budget is for special education costs except for salaries, out of district transportation and capital. An unprecedented 17 additional students have been placed in out-of-district placements since the September 30 Quarterly Report. Pupil personnel expenses increased approximately \$1,000,000 in that 3 month period largely due to consultations, outside evaluations and out-of-district placements. As stated repeatedly in previous reports, special education is highly volatile since costs are based on the special needs of individual students and state excess cost reimbursement for qualifying expenses. Expenses are filed with the state on December 1 and our own calculations were done to estimate the amount of excess cost reimbursement. The total we currently expect to receive is \$2,794,038 and that amount has been accounted for in the projection. The initial excess cost reimbursement is received in February and is based on the December filing. The Pupil Personnel Dept. will file updated expenses to the state on March 1 and adjustments will be made accordingly in the final May payment.

## **School Expenses:**

These expenditures support instruction and activities at the building level and include supplies, materials, textbooks, copying, sports and other activities. 60% of the funding in this category has been spent. A number of school expenses are essential to instruction and will be spent, however, this is also where building administrators have been asked to estimate potential savings in discretionary spending i.e., conferences, dues/fees, paper etc.

## **Support Expenses:**

Program implementation, centrally funded instructional programs, non-special education tuition, central support operations, professional development and curriculum development fall within this category. We will continue to incur expenses throughout the year that support and maintain instructional programs. However, professional development and curriculum writing will be curtailed especially where substitutes are required. Professional / Technical, maintenance services (software/network maintenance), security and postage expenses in this classification indirectly support school operations and are expended on a contractual or as needed basis. Cost savings measures will be taken where possible without interruption to core operations.

## **Maintenance/Operation/Transportation:**

Maintenance, operations and transportation account for 10 % of the total budget. Regular and special education estimated transportation costs have been encumbered. The current deficit position is due to special education transportation associated with the additional out-of-district placements. The negative balance will be partially offset by a small portion of the excess cost grant and a magnet school transportation grant; however, overall transportation is projected to stay over budget. In addition, only 3 months of actual fuel use was available as a basis for the estimate, therefore, it may change considerably.

Utilities are not encumbered for the year and are difficult to forecast. The heating season has arrived and will undoubtedly strain the fuel and maintenance budget with frigid temperatures and broken pipes, but costs have not been invoiced and paid. Electricity is expected to be over budget by approximately \$270,000 due to an increase in transmission fees which are not part of the bid process. Electrical generation rates are fixed, however, the forecast is based on uncertain transmission fees and usage for seven months.

Maintenance services accounts for preventative maintenance, repairs and major maintenance projects is another unpredictable part of the budget. Most maintenance projects are complete but the maintenance department is also calculating areas of potential savings without jeopardizing health, safety and vital services such as snow plowing, repairs and maintenance of equipment.

## **Capital:**

Capital equipment accounts currently have a balance of \$300,000. Equipment purchases will be deferred where possible but there may be additional purchases if a critical need arises.

Submitted: January 9, 2014

Doreen T. Munsell