

BPS FY15 Budget Shortfall Set at \$3.2M in April

The BPS must eliminate the shortfall by June 30th in order to end the year with a surplus

Interim Superintendent McDonough's most recent update report on the FY15 budget projected an all-funds deficit of \$3.2M as of April 30th. The [General Fund](#) shortfall is projected at \$1.3M and the [External Fund](#) shortfall at \$1.9M. The shortfall was reduced significantly since the March 31st report, when it was projected at \$6.9M. The BPS has two months to eliminate this shortfall. With a \$1.1B budget, the BPS is confident it will eliminate the \$3.2M shortfall by the end of the fiscal year as it has done in each of the last 24 fiscal years. This situation does raise concerns about similar plans to reduce spending in FY16.

- Higher than projected costs of the early hiring initiative
- Interventions at Madison Park after failures at the start of the school year
- Adding of special needs classrooms to accommodate student requirements
- Turnaround costs at the Dever and Holland Level 5 schools
- Greater out-of-district vocational education tuitions than expected
- Reinstatement of 14 central office positions from 140 positions that were eliminated in the FY15 budget

BPS All Funds FY15 Budget in millions

Account	Current Budget	Projected Expend.	Difference
Salary	\$691.3	\$699.6	(\$8.3)
Benefits	138.1	139.4	(1.2)
Personnel Costs	\$829.4	\$839.0	(\$9.6)
Transportation	96.9	101.9	(5.0)
Property Services	40.4	40.0	0.4
Supplies	14.9	14.8	0.1
Purch. Services	97.2	92.5	4.7
Equip. Acquisition	6.0	6.0	0.0
Misc./Food Serv.	28.5	30.4	(1.9)
Reserves	2.5	(5.6)	8.1
Total	\$1,115.8	\$1,119.0	(\$3.2)

Cost Drivers

The following factors contributed to expenditures in excess of the budget account:

- Keeping 7th grade students on yellow bus services rather than use the MBTA
- Subsidizing food services due to the high cost of food offerings

Response

This budget shortfall was first identified in the October 2014 budget variance report when the all-funds shortfall was projected at \$16.1M. Since then the BPS has reduced the shortfall mainly through a hiring freeze on all non-salary accounts, a hiring freeze, a reduction of food service options, and the rollover of unused FY14 grant funds into the FY15 budget.

Cause for Concern

As explained in the Research Bureau's May 7th [Special Report](#), the FY16 budget relies on similar solutions for reaching a balanced budget as in FY15. Most concerning is the planned elimination of an additional 134 central office positions, even after the BPS acknowledged it overreached with central office cuts in FY15. Despite the hiring freeze, the BPS General Fund workforce has increased by 31 FTEs between January 1 and May 1. Personnel levels have been a challenge for the BPS and will need to be closely monitored throughout fiscal 2016 to prevent another budgetary shortfall.