



Finance Department

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TO: Chairperson and Members, Boston School Committee
FROM: Nathan Kuder, Chief Financial Officer
DATE: December 13, 2023
SUBJECT: FY24 October Budget Update

This memo and the attached financial reports provide the committee with an update on our projected expenditures based on data from October. Based on this information, we are confident that we will end this fiscal year on budget.

FY24 Budget Update

Included in this packet is the FY24 monthly Budget Update for the periods ending October 31st. This report consists of the following:

- **Summary Report:** This report provides Approved Budget, Current Budget, Year-to-Date Expenditures, Percent Expended, Projected Expenditures, and variance for Approved Budget vs. Projected Expenditures and Current Budget vs. Projected Expenditures. It aggregates data at high-level account categories. There is a separate table for general fund and for grants. It is typically assumed grants will be fully spent.
- **Detail Reports:** These reports provide the same data as the Summary Report at a detailed account level.

As of October 2023, the report indicates a potential deficit of \$6,413,477. This deficit projection is consistent with projections at this time in previous years. We prefer to take a conservative approach to projecting costs early in the fiscal year, projecting most costs at the high end of the likely range. We are confident in our ability to manage this deficit with a combination of an improved fiscal outlook and utilization of federal relief dollars.

The major factors that contribute to our current status include:

- **Salaries** - We are seeing lower than forecasted salary costs due to continued higher than typical vacancy rates for teachers and paraprofessionals.
- **Utilities** - Energy costs are lower than we expected when we made our FY24 budget
- **Transportation** - Out of district transportation is higher than expected, leading to a projected budget deficit. At this point in time, we are not projecting a budget deficit for FY24 spending through Transdev, our major transportation contract, although it is still relatively early in the year.
- **Food Services** - We continue to see increased costs from vended meals and other inflationary pressures. These costs are consistent with the costs incurred last spring, however, they were identified too late in our budget planning process to build them in for this year. We are updating our projections for FY25 budget planning.

We look forward to providing monthly budget updates in order to continue the conversation about the status of our budget for FY24 and future years. Thank you.