

Eileen M. Donoghue  
City Manager

September 1, 2020

Dr. Joel Boyd, Superintendent of Schools  
Lowell Public School Central Administration  
155 Merrimack Street  
Lowell, MA 01852

Mr. Superintendent,

This communication is a follow-up to the letter sent to your attention on March 2, 2020, on the FY2021 budget appropriation for the school department. Considering the unprecedented period of fiscal uncertainty we have faced since March, I wanted to provide sufficient clarity for you to move forward with a budget for the remainder of FY2021.

The Legislature and the Governor have agreed to level-fund the Chapter 70 account at the FY2020 funding level, plus an amount for inflation. For Lowell, the Chapter 70 total for FY2021 is \$166,954,483. This represents a year-over-year increase of \$3,930,536. However, in order to balance the overall FY2021 budget for the city, the maximum contribution to the line-item appropriation for the school department from the tax levy is \$15,736,053, for a combined total appropriation of \$182,690,536. This level of funding is commensurate with the FY2019 funding level from taxes.

Similarly, the city-side of the budget is also facing significant financial challenges in FY2021. These are not unlike the typical budgetary concerns for a gateway city like Lowell, however, this year the concerns have been amplified by the recession and its impact on local receipts. On the city-side of the budget, we lost \$748,903 in unrestricted aid from what had been allocated in the Governor's FY2021 budget. More impactful, however, was the loss of charter school tuition reimbursement that was included in the Governor's budget via the Student Opportunity Act, but has since been cut. Without the increased revenue, the city is facing the \$3.5 million increase in the assessment for charter schools entirely through the existing tax levy. Finally, the city budget in FY2021 must absorb a \$1.47 million increase in the pension assessment, \$725,000 in increased cost for trash and recycling collection and disposal, and the loss of grant offsets in the health, police, and fire departments.

This figure, however, does not take into account the approximately \$50.7 million in costs to support the district funded by the city budget, nor the aggressive capital investment campaign ongoing in the schools. According to DESE's compliance report, if the city were to level-fund the schools from the tax levy, the district would again exceed the net school spending requirement by over \$2.3 million. That number does not take into account, however, inflation for fixed costs paid by the city like retirement and health insurance for retired teachers, nor does it include the increased Charter School assessment and reduction in the charter reimbursement.

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It is my sincere hope that this information will be useful to the School Department for budgeting purposes as you plan for the 2020-2021 school year. While this amount is a reduction from what was expected earlier this year, it is a reflection of the economic situation facing each Gateway City across the Commonwealth.

Sincerely,



Eileen M. Donoghue  
City Manager

Cc: Mayor John J. Leahy and Members of the Lowell City Council  
Conor Baldwin, Chief Financial Officer