

Lowell Public Schools

Budget Update as of May 20, 2020



Unknown Variables for FY21 - Revenue

- We don't know how much revenue we will receive. The likely timeframe of learning this won't be until the summer.
- Consider the following: 1) impact to local revenue, 2) State aid including Ch 70, CB reimbursements and state grants, 3) ESSER Funding (CARES Act), 4) Revolving Funds



Unknown Variables for FY21 - Expenses

- We don't know what we are budgeting for – traditional return, virtual return or hybrid. All of these have different budget implications.
- Additional costs including PPE, Technology, Certain Staff
- Pending charter amendments (transportation and increased cap)



FY20 Opportunities with FY21 Impact

Current Year Savings Due to Efficiencies:

Subs	\$ 300,000.00	Due to school closure
Payroll	\$ 950,000.00	Due to timing of hires & closure
Sick Leave Buy Back	\$ (200,000.00)	Due to buy outs of retirees
Transportation	<u>\$ 3,700,000.00</u>	Possible surplus since we cant pay vendor for services not performed
	<u>\$ 4,750,000.00</u>	

Opportunities:

Tech Investment	\$ (2,000,000.00)	Pre-purchase tech for 1 to 1 necessary for remote learning
Prepurchase Supplies	\$ (600,000.00)	Pre-purchase districtwide texts/supplies
Revolving Accounts	\$ (1,500,000.00)	Replenish CB account (TBD)
Other	<u>\$ (650,000.00)</u>	Fund Sped Stabilization (TBD) or pre-purchase school based materials and supplies or purchase PPE (may req SC special session)
	<u>\$ (4,750,000.00)</u>	

*Prepay OOD tuition is an option for other districts due to being legal but this would be unlikely in our City

*Carryforward grant revenue for spending next year if additional funds are remaining

What is the City doing about this problem?

1/12th Budget



Ch 44 Section 32
of Massachusetts
General Laws

“The Mayor may submit to the City Council a continuing appropriation budget for said City on a month by month basis for a period not to exceed three months if said City has not approved an operating budget for the fiscal year because of circumstances beyond its control.”

Continuing appropriation budget = 1/12th budget

- **1/12th of current year budget is approved for July so that we can operate despite not knowing state approved aid for Lowell.**
- **Once state budget is known, budget is adjusted and approved.**



NEW TIMELINE

- City already voted to proceed with 1/12 budget
- May 20th Present 1/12th budget option
- Special Session: contemplate any necessary reductions and adopt the 1/12th budget for July
- City presents their 1/12th budget on May 26
- June/July – state releases revenue figures (HOPEFULLY)
- Budgets are adjusted to reflect state revenue figures
- Annual budget is presented and approved

FY21 Budget Options as of May 20, 2020

Options		Pros		Cons
Level Service		Already Developed		Speculative & Risky
Level Funded		Most Conservative		Create more instability Draconian measure that may not be necessary Cause major layoffs
1/12th		Buys time		July not same as Sept or June
		City recommended		Costs fluctuate each month

RECOMMENDATION

Authorize Superintendent to proceed with 1/12th budget plan for FY21 for month of July 2020 including steps on Slide 8

