

Lowell Public Schools

# Level Funding Scenario & 1/12<sup>th</sup> Budget

June 3, 2020



## Ch 44 Section 32 of Massachusetts General Laws

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“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.”

GF = General Fund

FY21 FTE	General Fund	FY21 FTE	Grants/Offsets
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General Fund Change	July 1/12	Aug 1/12	Sept 1/12
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<b>TOTAL:</b>
<b>GRAND TOTAL</b>

\$ 6,300,000	\$ 4,150,000
1923.0 \$ 186,108,864	267.2 \$ 15,931,671

\$ (551,540)	\$ 525,000	\$ 525,000	\$ 525,000
\$ 6,725,716	\$ 5,689,943	\$ 7,675,577	\$ 16,661,889

- The 1/12<sup>th</sup> budget for LPS would have fluctuating costs per month as reflected in the highlighted section.
- The 1/12<sup>th</sup> budget listed here is based on current year spending (a 13 month for current year).
- Starting paychecks for each of the unions differ. Twelve month employees start in July whereas teachers don't get first paycheck for FY21 until September.
- The full spreadsheet is at the end of this presentation.

## Revenue Assumptions if Level Funded

**FY19/20 Actual Operating Revenue is \$179,383,148**

**\*Chapter 70 state aid: \$163,023,947**

**\*City Cash Contribution: \$16,359,201**

### **COVID Related Revenue Variables**

**\*Federal ESSER (Cares Act) grant: \$4,000,000** (est portion after private school equitable distribution)

**\*FY20 Savings due to closure: \$4,500,000** (can only be utilized in FY20)



## **Expenses (FY19/20 annual expense baseline is \$179,383,148)**

### **Fixed Cost Increases**

- \*Contractually required salary increases: \$5,400,000**
- \*Health Insurance increase: \$1,200,000**

### **School-based Budget Increases**

- \*Fair Student Funding increased allocation to schools: \$2,074,000**

### **COVID-Related Expense Variables**

#### **\*Social Distancing for Students**

- 1) Additional bus routes to allow for 1 student per seat**
- 2) Bus monitors for busses with elementary students**
- 3) Childcare partnerships for elementary students during remote learning intervals**

#### **\*Remote Learning**

- 1) Online curriculum license**
- 2) Professional Development for staff**
- 3) In-class remote broadcasting equipment**
- 4) Chromebook for Students**
- 5) Universal internet accessibility**

#### **\*Protective Equipment**

- 1) Face masks**
- 2) Plexi-glass shields for spaces that do not allow for 6 ft of physical distancing (bathrooms, cafs, interactive workspaces)**
- 3) Additional Cleaning and sanitation equipment and supplies**
- 4) Additional personal hygiene supplies**

# Budget Balancing Options



## **Pre-purchase FY21 Materials and Supplies with FY20 Budget**

- Districtwide textbooks and curriculum materials (\$600,000 already accounted for in baseline)
- Chromebook purchase of \$2.4 million
- School-based materials and supplies (\$300,000-\$650,000)
- Total Potential FY21 Budget Impact: (\$300,000-\$650,000)
- Risk: LOW
  - 1) Materials and Supplies must be ordered by May 29<sup>th</sup> in order to utilize FY20 revenue. It remains unlikely that the state's academic model for SY20-21 will be finalized (and the required school-based supplies determined) with enough time to realize the maximum available budgetary offset.

## Utilize Revolving Account Surplus to offset Additional Allowable FY21 Expenses

- Out of district tuition payments through circuit breaker carryover
- Total potential FY21 budget impact: \$0 to \$1,000,000
- Risk: HIGH
  - 1) Budget current relies on significant circuit breaker offsets for out of district tuition.
  - 2) Circuit breaker reimbursement levels and funding could also be affected positively or negatively by the statewide economic uncertainty.
  - 3) The impact of the closure on future special education expenses including any legally-mandated compensatory services remains unknown.
  - 4) If FY21 marks not only a temporary fiscal crisis, but a multi-year economic downturn, utilizing non-recurring dollars to offset recurring expenses could lead to a significant structural deficit for the district that would have to be resolved in future years with unknown consequences.



## Reductions in Central Administrative Headcount

- Elimination of non-school-based positions
- Total potential FY21 budget impact: up to \$1,000,000
- Risk: MODERATE
  - 1) All positions assigned to the central office are positions which support multiple schools and/or community-wide initiatives; any reduction would limit the level of support available to principals, teachers, students and families. Those limitations would likely be felt most if there is a future resurgence of the COVID-19 pandemic.
  - 2) The central administrative functions of the district were significantly depleted through the prior budget cuts leading to critical vulnerabilities in several of the district's core and essential services, including finance, human resources, facilities management, support for underperforming schools and support for linguistically diverse families.

## **Reduction in School-based Budgets**

- Reduce the planned \$2 million net increase from FY20 to FY21 in school-based spending
- Total potential FY21 budget impact: up to \$1,000,000
- Risk: MODERATE
  - 1) Schools will have increased requirements to support students academically, socially and emotionally following the trauma and lost learning time due to COVID-19. Responding to that challenge with reduced school-based staff and resources would increase the demands on current staff and limit the quantity, frequency and/or quality of services provided to students and families.

## **Utilize Federal ESSER (Cares Act) grant to Temporarily Offset Recurring Costs**

- Shift \$4 million of salary costs from the general operating budget to the anticipated new grant
- Total impact on FY21 budget: \$4,000,000
- Risk: LOW
  - 1) If FY21 marks not only a temporary fiscal crisis, but a multi-year economic downturn, utilizing non-recurring dollars to offset recurring expenses could lead to a significant structural deficit for the district that would have to be resolved in future years with unknown consequences.
  - 2) The district's transportation vendors have requested back pay for lost revenue due to the closure. The total requested back pay, if approved by the Committee, would negate the availability of the grant.

## **Engage in Negotiations with Collective Bargaining Units to Offset Contractually Required Fixed Costs Increases**

- Open dialogue with the district's union partners regarding the \$4 million of projected increased costs embedded within the current Collective Bargaining Agreements
- Total impact on FY21 budget: \$0 to \$4,000,000
- Risk: LOW TO MODERATE
  - 1) To be determined based on negotiations

## **Options for Proceeding with a 1/12<sup>th</sup> Budget**

- **1/12<sup>th</sup> of current year spending**
  - Pros: Allow time for further analysis with public input**  
**Buy time while waiting for revenue forecasts**
  - Cons: Less time to prepare for impact of cuts made later in summer**
  
- **1/12<sup>th</sup> of level funding (plus \$4 million ESSER/Cares Act funding)**
  - Pros: Allow more time to contemplate impact of cuts/more preparation time**
  - Cons: More speculative since no amount of revenue is known at this time**