



Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Eileen Donoghue, City Manager *EMD*

FROM: Conor Baldwin, Chief Financial Officer/ Acting Treasurer/ Collector *[Signature]*

DATE: December 13, 2018

SUBJECT: **MOTION RESPONSE: 12/11/2018 - M. Samaras** - Req. City Council Direct City Mgr. Break Out Costs Of Transportation And Adult Education From Cash Contribution Provided By The City In The Budget. (Req. Per School Committee).

At the request of the Mayor on behalf of the School Committee, the finance team has reached out to our contact at the Department of Elementary and Secondary Education (“DESE”) to discuss the above referenced matter. Lowell has historically appropriated one, lump-sum total each year in the annual operating budget to the school department to support the Lowell Public School District. From that total appropriation, the school committee exercises full budgetary control to sub-classify and appropriate sums for various educational purposes.

After discussing the matter with DESE, we agreed that while the request was unusual for a city, it did not violate any existing municipal or school finance statutes. However, it is worth noting that if the FY2020 budget is appropriated in the manner suggested by the School Committee, any transfers between the classifications would then require an affirmative vote of two-thirds of the City Council, in addition to a vote of the School Committee. Furthermore, the sub-classifications would be subject to Chapter 44, Section 32 of the Massachusetts General Laws, like all other departmental appropriations. This would mean the School Department may request to the City Manager an amount necessary for each appropriation, but the City Manager shall decide and ultimately submit an amount to the City Council for approval. If the City Council were so inclined, the body could take a vote to alter the existing format of the budget appropriation order. The finance department does not advise doing so, however, as it would restrict the budgetary flexibility of the school committee to freely transfer monies between the different classifications, if necessary.

Enclosed with this memorandum is an additional communication provided to the City Council finance subcommittee in October regarding the various statutory regulations regarding student transportation.

Please let me know if there are any questions.



Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Eileen Donoghue, City Manager
FROM: Conor Baldwin, Chief Financial Officer 
DATE: October 25, 2018

SUBJECT: MOTION RESPONSE: 10/16/2018 – C. Elliott – Req. City Manager report on what the [transportation budget] process is, what the state law is as to the requirements, and who is budgeting.

At the joint finance subcommittee meeting on October 16th, a motion was passed by the subcommittee to report on several financial aspects of student transportation. The following is a partial summary of current statutory requirements in the Massachusetts General Laws (M.G.L.) as they pertain to pupil transportation services in the Commonwealth. The statutes listed include school committee responsibilities, educational program requirements, and reimbursement programs. Statutes should be consulted in their entirety:

1. Chapter 71, Section 6, *Education in Out-of-Town High Schools*.
2. Chapter 71, Section 37H, *Publication of School Committee Rules and Regulations Relative to the Conduct of Teachers and Students*.
3. Chapter 71, Section 47, *Athletic Programs; School Organizations; Regulations*.
4. Chapter 71, Section 48A, *School Safety Patrols (Purchase of Traffic Safety Belts)*.
5. Chapter 71, Section 68. *Duty of Towns to Maintain Schools; Pupil Transportation; School Building Committee Representation*.
6. Chapter 71, Section 71A, *Safety Stations on Highways*.
7. Chapter 71B, Section 8. *Transportation*.
8. Chapter 74, Section 8A, *Transportation of Students*.
9. Chapter 76, Section 1. *Regulation of School Attendance; Private School Transportation*.
10. Chapter 76, Section 14, *Island Children*.

Perhaps the most relevant statute, as it relates to the discussion in the Joint Finance Subcommittee, is Chapter 71, Section 68 of the Massachusetts General Laws (*attached hereto*). Costs related to the transportation of students, both in-district and out of district are not reported as maintenance of effort items by the city and therefore do not count towards the city's annual net school spending requirement. The various categories of municipal expenses that may be credited towards the net school spending requirement are set forth in 603 CMR 10.04.



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The City's position, as has always been, is that the School Department funds transportation out of the total appropriation approved each year by the City Council. Each year in the budget, the City Council votes on a recommended single, lump sum appropriation for the School Department's annual funding. This amount is intended to fund all costs associated with the city's educational system, including the transportation of students. The budget for transportation is compiled and managed by the school administration, as is the case with all other educational expenses. Procurement for transportation services is also administered by the school department, with assistance from the city's Chief Procurement Officer and staff. City Administration does not participate in the development of the specifications for the bid, including the number of assets, routes, or other details. Special education transportation has not historically been coordinated with Purchasing at City Hall. It is also exempt from bidding requirement pursuant to the Uniform Procurement Act (M.G.L. c. 30B, §1(b)(8)).

Throughout the Commonwealth, municipalities approach budgeting for school expenses in various ways. Some cities like Lowell, Lawrence, and Fall River, appropriate a line-item lump sum to the school department each year. Cambridge, on the other hand, breaks out the educational appropriation into four categories: salaries & wages, other ordinary maintenance, travel & training, and extraordinary expenses. Springfield also breaks out the educational appropriation into two categories: general school department and transportation. If Lowell were to contemplate a change to way the funding is appropriated to the schools, it is worth noting that any transfers between the appropriation categories would then require an affirmative vote of both the School Committee and the City Council. Currently, under the existing model in Lowell, the School Committee can transfer funds between expenses without Council approval once they have been appropriated in the fiscal year budget. According to their budget, in FY2019 the Lowell Public Schools budgeted approximately \$9.6 million for all transportation (\$4.423 million for regular transportation and \$5.16 million for special education transportation).

Please let me know if there are any questions.