



To: Finance Sub-Committee
Salah Khelfaoui, Superintendent

From: Gary N. Frisch, Assistant Superintendent of Finance/School Business Administrator

Re: 2017-2018 Budget Response

Date: March 7, 2018

In an attempt to clarify misconceptions involving the budget process for FY18, I have created the timeline below to support a clear understanding of the process. It is my hope that this explanation helps to clarify any outstanding FY18 budgetary questions. I look forward to moving ahead with the important work of developing the FY19 budget for presentation next month.

Timeline:

On May 12, 2017 - The Lowell School Committee voted to approve the budget of \$162,942,846. (see note 1)

On May 30, 2017 – The Lowell City Council passed the city budget, which included a school appropriation of \$162, 073,324. This represents an amount of \$869,522 below the budget voted by the School Committee.

On June 21, 2017– I presented the Budget Discrepancy memo of which I wrote on June 13th and which I made public as an attachment to the School Committee Agenda. The memo notified the School Committee that they would be required to reduce the budget by \$869,522, and I provided the example of possibly decreasing the suspense account.

On June 22, 2017 –Kevin Murphy, Lowell City Manager, wrote an assurance that would provide the Lowell Public School budget with an additional \$250,000.

On June 27, 2017 – I sent the City Auditor a budget submittal of \$162,073,324. This was the figure that was approved by the City Council in their budget (see note 2)

On July 17, 2017 – Governor Baker approved a budget that confirmed the State House budget appropriation. This approved state budget led to a shortfall of \$611,000 for Lowell as compared to the initial expectation and the initial budget voted by the School Committee. (see note 3)

On August 21, 2017 – The Lowell School Committee voted on a series of budgetary reductions that totaled \$610,000 to meet the funding approved by the State House.

On January 10, 2018 – City Manager Kevin Murphy transferred \$250,000 into the Lowell Public School suspense account.

On February 28, 2018 – I presented to the School Committee budget transfers of \$610,000 to approve. This would have increased the suspense account to \$990,855.

Notes:

1. The \$162,942,846 is the initial budget; we anticipate a new vote when all transfers and transactions with the city are completed. While we have now reconciled the initial difference between the School budgets passed by the School Committee and the City Council, I will not be recommending voting on a new lower budget yet. We are still negotiating with the city administration to receive additional funding for e-rate reimbursements and school choice receipts.
2. In anticipation of possible cuts and as a precautionary measure, I deliberately sent the lower amount to the auditor in order to setup school accounts with the City to enable purchasing to start 3 days later on July 1, 2017. State law does not permit us to spend more than the budget set by the school committee but we can spend less. Additionally lowering the suspense account did not impede the spending plans, because it is a budget account that does not allow for purchases to be made from it.
3. Because of the precautionary measure described in note 2, while this shortfall was very disappointing, it did not affect our accounts as setup by the City auditor.