



Fiscal Year 2021 Budget: A Looming Crisis

Report to the School Committee

May 27, 2020

A Looming Financial Meltdown For America's Schools

May 26, 2020 · 5:00 AM ET

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May 27, 2020

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Too Expensive to Re-Open Schools? Some Superintendents Say It Is



California Superintendent of Public Instruction Tony Thurmond at a news conference last fall with Gov. Gavin Newsom. State officials have told school district leaders to prepare for deep spending cuts because of the economic collapse brought on by the coronavirus.
—Rich Pedroncelli/AP-File

Reopening of public schools this fall would come with daunting issues

Schools need a plan for everything from bus rides to hand-washing to assessing the damage from a spring of online learning

By [Malcolm Gay](#) Globe Staff, Updated May 26, 2020, 6:45 p.m.

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Bus capacity would be drastically reduced under social distancing guidelines. MATTHEW J. LEE/GLOBE STAFF



Massachusetts Taxpayers Foundation

News Release

333 WASHINGTON STREET
BOSTON, MA 02108-5170
617-720-1000

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Updated FY 2021 Tax Revenue Forecast: \$6 Billion Loss

FY 2021 tax revenues are projected to fall by \$6 billion or 19.3 percent from the January 2020 benchmark. Massive layoffs push the unemployment rate to nearly 22 percent in Q4 FY 2020, causing withholding taxes to decline by \$1.9 billion. Shutting down economic activities and the loss of personal income will cost the state \$2.0 billion in sales tax revenues. Non-withholding income taxes and corporate payments are expected to fall by \$967 million and \$905 million, respectively (Table 1).

Fiscal Crisis: Next School Year

- Based on the Town Manager's latest projections for reductions in revenue and available funding, we are looking at a scenario where our school district might have to reduce costs by an additional \$2.0 million to \$2.6 million in addition to the \$1.7 million already recommended to be cut prior to the pandemic.

Additional \$2.0 million to \$2.6 million in cost reductions

Fiscal Crisis: Next School Year

- There are unanticipated costs directly or indirectly related to the conditions created by the COVID-19 pandemic, including personal protective equipment (PPE) and other physical mitigation in school buildings, costs related to educational impact of the school closure, etc.

Additional \$2.2 million in unanticipated cost increases including those related to dealing with the COVID-19 pandemic

(depending on health & safety requirements, this may not be enough)

Fiscal Crisis: Next School Year

- The combination of less funding due to less revenue and increased costs due to the pandemic create a massive new budget gap.

The pandemic is resulting in less funding and higher costs that are currently estimated to create a \$4.2 million to \$4.8 million budget gap

This is in addition to the \$1.7 million in cost reductions that were already planned for the Fiscal 2021 budget.

Fiscal Crisis: Next School Year

- One new recommendation: Compensation freeze for all non-union administrators (in addition to cutting one administrative position as Dr. Lizotte serves as acting principal at Paton)
- Note: Our district already ranks 296 out of 316 school districts in the state for per pupil expenditures on administration

Fiscal Crisis: Next School Year

- There are currently too many unknowns to present a plan for additional cuts to the educational program (state funding levels will not be known until sometime in July)
- Hope for additional federal financial stimulus directed to public education