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Subject: \$1.6 million 'regrettable error' budget misstep draws rebukes as Malden contemplates suing DESE



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\$1.6 million 'regrettable error' budget misstep draws rebukes as Malden contemplates suing DESE

By **Lorna Garey** on April 9, 2026



By Lorna Garey

The Malden City Council meeting on Tuesday, April 7, opened with questions and frustration following the narrow defeat of a hotly contested property tax override and subsequent — as in, next day — revelation of a \$1.6 million accounting error that understated the city’s fiscal year 2025 spending on school employee healthcare. Some councilors said they learned of the error on social media and fielded uncomfortable questions from constituents.

“The public does not trust us,” said Councilor Michelle Luong. “They don’t trust our processes. They don’t trust what we say, and we need to really do a lot of work to bring that back.”

Mayor Gary Christenson addressed the council and acknowledged the optics, insisted that the error does not materially change the city’s budget situation, and did not stay for questions.

“The greatest challenge in municipal budgeting, especially ours, is that the most significant line items are moving targets,” said Christenson. “This was a regrettable but honest human error, and we are reviewing additional internal controls to prevent similar issues in the future.”

As examples of unpredictable costs, he pointed to an unexpected \$5 million reduction in state education aid from fiscal year 2026 to 2027, a higher-than-expected required contribution to Northeast Metro Tech, and the fact that health

insurance savings from the city's transition to the state program won't be finalized until May.

The error works in the city's favor, effectively shifting an expense from the city side to the school side and bringing Malden closer to its required net school spending. But Christenson warned the council that the city's overall financial outlook had not improved and reiterated that spending down reserves is an unsustainable practice that the city must move away from.

"Any representation that the budget situation is significantly better than what was presented is simply unsubstantiated by the facts," he said. "The overall structural deficit remains the same. Let me repeat that — the overall structural deficit remains the same."

While councilors acknowledged that mistakes happen, they raised questions about when the error was discovered and why it was not communicated before the override vote.

"When was the miscalculation first known?" asked Councilor Ryan O'Malley. "I think that's a really important number. Based on what was talked about last night at the School Committee, it sounds like it was in March."

In fact, at Monday night's School Committee meeting, Ward 3 School Committee Member Jennifer Spadafora stated that the city had notified the finance manager in mid-March of the corrected insurance rates, an assertion that Christenson did not dispute.

Looking ahead, Christenson told councilors that his team is actively working with department heads to prepare for impending cuts and layoffs and expects to submit the proposed fiscal year 2027 budget early enough to allow for collaboration and input.

Still, councilors criticized the level of transparency and communication, with many saying that they expect more information to rebuild trust.

"I think all of us are feeling a little bit challenged by this, because this has been a really tough week," said Council President Amanda Linehan. "Some folks have mentioned finding out on social media. That's not how anybody wants to find out something, certainly not something this difficult."

During the public comment period, resident Mohammed Abutaha, who voted against the override, said working families in Malden are struggling to keep up with rising costs and demanded insights and a clear plan.

“Residents want to understand what went wrong on the budget, what steps are being taken to fix it,” Abutaha said. “This is not about blame. This is about trust, responsibility and leadership.”

A written public comment submitted by Brian DeLacey of the Malden News Network posed a number of questions for the administration, including: “If the error had been found before March 31, would the second ballot question to raise their taxes by \$8.2 million have existed at all?”

While ballots were printed well before the mid-March revelation, it’s worth considering whether, and how, the city announcing the error prior to the March 31 election would have changed the 124-vote margin that the lower tier override lost by.

Councilor Chris Simonelli called for the community to come together to find a path forward.

“We all should be working together on this thing, along with the mayor’s office, seeing if we can roll up our sleeves and see if we can get as few layoffs as possible and as few cuts as possible,” he said.



Councilors cast a number of split votes at the April 7 meeting. (Photo: UMA)

Council to review city's self-insured status

Councilor Karen Colón Hayes introduced an order for the Finance Committee to review the city's current self-insured status and explore options for comprehensive policies. Colón Hayes clarified that this inquiry is not related to the city's health insurance pool, but rather property, casualty and general liability insurance and said the goal now is fact-finding.

"We wanted to open it up," she said, "To hear from our insurance agent, from the city, our finance people, our city solicitor, have them all present and learn about what we have and then discuss possible ways, if any, that we can move forward with other insurances that might work better for us."

Councilor Steve Winslow, who has a background in municipal liability law, noted that municipal insurance is complex, especially for larger cities like Malden, which are ineligible to take part in cooperative associations like the MIIA, which is run by the Massachusetts Municipal Association. A comprehensive policy may be extremely expensive.

"The difficulty is sometimes you can kind of get one-off policies," said Winslow. "But when you look at ... an all-in insurance policy, there's a question of cost and value."

As to cost, New Bedford, which is larger than Malden, does insure against risk from liability claims and certain property casualties. [OpenGov data](#) shows that, over the previous five fiscal years, New Bedford averaged \$1,045,975 in annual premiums, with year-over-year increases averaging 6%. In FY25 it paid close to \$1.3 million.

O'Malley expressed surprise that the city wasn't self-insured across the board and supported the measure, noting one strategic advantage of having an insurance provider.

"You just look back the last 10 years — how much money did you spend on lawsuits, and how much is an insurance premium going to cost?" he said. "And the benefit, as Councilor Winslow identified, is that you're not using the resources of our local council in house, because the insurance company has a really big incentive to not pay that claim, and so they're going to defend you tooth and nail."

The order was unanimously referred to the Finance Committee for study.

Setting a floor for marijuana licenses

Another paper by Colón Hayes sought to amend the city's marijuana establishment zoning. The number of retail marijuana licenses allowed in a municipality is tied to its active liquor store licenses. Colón Hayes pointed out that because the number of package stores in Malden recently dropped, the city's cap on marijuana dispensaries slipped from five down to four.

Colón Hayes' amendment would ensure that no fewer than five marijuana licenses shall be made available.

O'Malley sought to use the agenda item to press the city's legal department about an ongoing cannabis lawsuit. Linehan shut down the line of questioning, ruling it irrelevant to the specific zoning amendment on the floor and inappropriate for open session without proper docketing.

The council voted unanimously to refer the marijuana licensing amendment to the Ordinance Committee.

Self-storage facilities unwelcome

In 2023, the council voted to completely ban new self-storage facilities in Malden's industrial zones. However, Building Commissioner Nelson Miller explained that under zoning rules, when a use is prohibited entirely, that also prohibits the expansion of that use. This led Councilor Jadeane Sica to introduce an amendment to allow two existing storage businesses — a U-Haul on Eastern Avenue and a facility on Linehurst Road — to apply for special permits to grow their operations.



Malden has six major self-storage facilities, with four of them on Eastern Ave.
(Photo: Google Earth)

“I don’t want to hinder two businesses that we currently have operating here in the city,” said Sica.

The proposal met resistance.

“They’re in the business of death, displacement and divorce,” said Winslow.
“We’re on this track to get high-quality commercial development that is more valuable. I’m talking about hotels and other types of things.”

O’Malley agreed, characterizing self-storage as a predatory business model.
Councilor Paul Condon was even more blunt, calling the proposal “ridiculous.”

“They bring no jobs,” said Condon. “They draw in rodents, okay? And if you ever had one in your ward, you know what I’m talking about.”

Simonelli also strongly opposed the measure, arguing that the Route 60 corridor should be targeted for dynamic commercial use, not giant storage warehouses.

Despite the opposition, Councilors Luong, Peg Crowe, and Ari Taylor argued that the city is in a financial crisis and can’t afford to alienate tax-paying businesses. They advocated for the issue to be reviewed in committee.

Ultimately, the council voted 8-3 to refer the matter to the Ordinance Committee for further review, with Winslow, Condon and Linehan voting in opposition.

Divided vote on executive session

The council was also split on Paper 200-26, an order to enter executive session with the city's legal counsel to discuss "strategy as to possible future litigation related to budgetary constraints." City Solicitor Alicia McNeil confirmed that the city was being "proactive, not reactive" and had not received any lawsuit threats. Still, the vague wording raised concerns over transparency, with Sica moving to table the paper entirely.

Colón Hayes agreed, as did Winslow.

"The voters just voted against raising taxes, and we really need to make sure we're transparent and build trust," said Winslow. "To have maybe the first discussions being in executive session, I don't know if that really sits well."

It became apparent during the debate that the "potential litigation" in question involved the city considering suing the Massachusetts Department of Elementary and Secondary Education (DESE) over the Chapter 70 education funding formula, which is widely viewed as shortchanging Malden.

"Does anybody think that it's right that Revere and Everett should get \$20 million more than the City of Malden?" said Condon.

Councilor Carey McDonald pointed out the paradoxical nature of the situation: "We have a chicken and egg problem," they said of the reasoning behind the solicitor's request to exit open meeting. "We can't talk about it, but we can't talk about talking about it either, because we're not in an executive session."

Sica's motion to table the executive session failed on a 7-4 vote. Subsequently, the council voted 7-4 to enter the executive session, with Colón Hayes, O'Malley, Sica and Winslow voting in opposition.

Personal privilege

Winslow promoted the [Maplewood Fest on May 16](#), which will feature crafters, local bands and a puppy parade.

O'Malley announced a [park cleanup and tree-planting event](#) at Waitt's Mount scheduled for April 18.



Storytelling & Stargazing event in 2018 at Waitts Mount Park in Malden. A clean-up of the park is scheduled for April 18. (Photo: Paul Hammersley)

Taylor highlighted the [citywide yard sale](#) taking place on April 25, across more than 35 locations. Malden residents may sell from their homes or rent a table for a \$10 donation at one of the participating schools — ELC, Forestdale or Beebe. Or, residents may donate gently used items to the ELC PTO, with all proceeds going to community events and classroom supplies. Donation drop-offs will be held at the ELC on Friday, April 17. Email maldenelcpto@gmail.com to schedule a dropoff or with questions.

Linehan announced that Dinah Fajardo, Malden's Elections Administrator, will be honored at the North Shore Hispanic Association's 2026 "[Americans Making a Difference](#)" gala on April 30.

Linehan praised Fajardo's work in securing consecutive "A" ratings on Malden's bilingual voting rights report card in the 2024 and 2025 election cycles.

This is a recap of the April 7, 2026 City Council meeting. The [full meeting](#) is on YouTube.

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