

# Worcester Public Schools

## **FY13 BUDGET** *Preliminary Budget Estimates*



**Melinda J. Boone**  
Superintendent

January 2012

## **MBAE** Massachusetts Business Alliance for Education

- From **2000 to 2007**, Chapter 70 aid rose by \$700 million while school spending on employee benefits for the same period rose by over \$1 billion
- From **2000 to 2007**, inflation adjusted per pupil spending **fell** 11.3% per year for instructional materials and 3.6% per year for teacher training
- Despite almost \$5 billion increase in total school spending form **1996 to 2007**, there is almost no increase in the number of teachers and average class size has not improved

**School Funding Reality: A Bargain Not Kept**

- Over the past 17 years, actual costs of running schools exceeded foundation budget – in 2010, actual costs exceeded budget by 16% in urban districts.
- Adjusted for inflation, urban districts were:
  - 21% below foundation in 1993
  - Rose to within 3% of the goal in 2000
  - Now back to down to 16% below in 2010

School Funding Reality: A Bargain Not Kept

- **Foundation understates core SPED costs by about \$1.0 billion**
- **Foundation understates health insurance costs by \$1.1 billion**
- **Most districts hire fewer regular education teachers than the foundation budget sets as an adequate baseline**
- **Inflation adjustments have not been fully implemented, causing foundation to lag behind**



Massachusetts Taxpayers Foundation

DECEMBER 12 2011

## **MTF Forecast: Weakening Jobs Picture Slows Revenue Growth in Fiscal 2012 and 2013**

“The small growth in tax revenues will put great strains on the fiscal 2013 budget with increases in nondiscretionary spending outpacing the additional revenues available”

The forecast anticipates the state’s income tax rate will drop from 5.3 percent to 5.25 percent on January 1, 2012, reducing revenues by \$54 million in fiscal 2012 and \$114 million in fiscal 2013.

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STATE HOUSE  
NEWS SERVICE 

JANUARY 12, 2012

## **Patrick, Legislative Leaders Agree on FY13 Revenue Estimate**

Legislative leaders and the Patrick administration have agreed to base their fiscal 2013 budget bills on the expectation that taxpayers will generate \$21.95 billion in taxes, according to a State House source.

That’s a 6.9 percent increase over the original estimate used to build this year's state budget.

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## Budget Preview FY 2013

**State budget deficit will be well over \$1 billion.**

**That shortfall can be traced to three things:**

- . **Tax Revenues have fallen sharply.**
- . **The cost of government programs has grown.**
- . **We have to address a \$550 million deficit carried over from FY 2012**

## The FY13 Deficit: A Rough Calculation

$$\begin{array}{ccccccc}
 550 \text{ Million} & - & 266 \text{ Million} & + & 1.01 \text{ Billion} & = & 1.29 \text{ Billion} \\
 \text{gap from FY12} & & \text{in new revenue} & & \text{cost growth (primarily} & & \text{Projected Deficit in} \\
 & & & & \text{inflation)} & & \text{FY13}
 \end{array}$$

$$\begin{array}{ccccccc}
 550 \text{ Million} & - & 840 \text{ Million} & + & 1.4 \text{ Billion} & = & 1.11 \text{ Billion} \\
 \text{gap from FY12} & & \text{in new revenue} & & \text{cost growth (primarily} & & \text{Projected Deficit in} \\
 & & & & \text{inflation)} & & \text{FY13}
 \end{array}$$

\* Estimate 1 uses the Department of Revenue numbers for revenue and our own estimate of spending.

\* Estimate 2 uses the Joint Revenue Estimate of revenue and a spending figure that incorporates additional information from the Office of Administration and Finance.

## Issues

- **State Budget**
  - **Chapter 70 Funding**
  - **Circuit Breaker** (current 65%)
  - **Charter School Reimbursement**
  - **Kindergarten Grant**

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## Revenues

### **Foundation Budget:**

**+ Enrollment Increase (+219)**

**+ Inflation Increase (+3.65%)**

**= approx. \$11.4 million increase**

**- EdJobs (-\$2.4 million)**

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## Student Enrollment

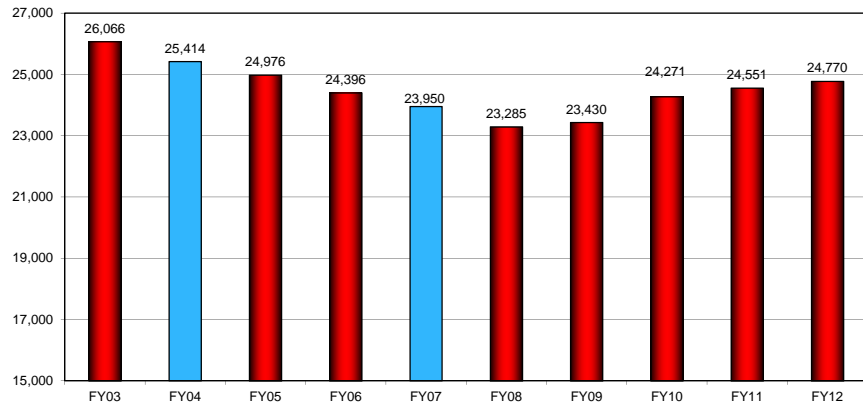
### Trends

1 Yr: 219 (0.8%)

3 Yr: 1,340 (5.5%)

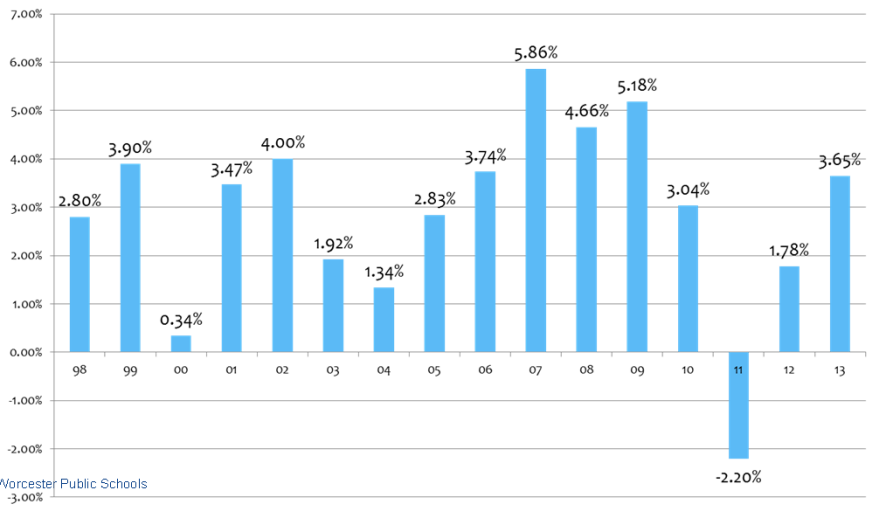
9 Yr: -1,296 (-5.0%)

Total Enrollment FY03-FY12



## Inflation Index History

FY98-FY13

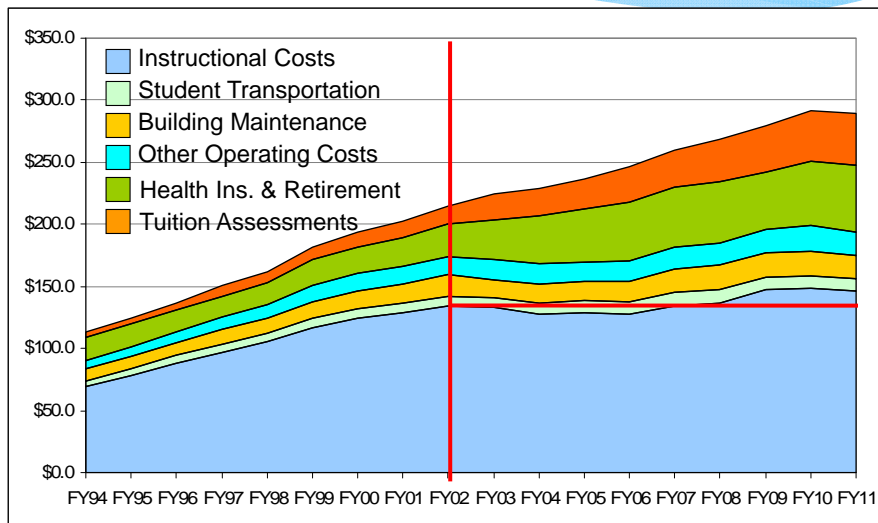


# Expenses

<b>Cost</b>	<b><u>in millions</u></b>
• <b>Employee Salaries</b>	<b>\$4.8</b>
• <b>Health Insurance (7%)</b>	<b>\$3.0</b>
• <b>Tuition</b>	<b>\$1.0</b>
• <b>Transportation</b>	<b>\$0.8</b>
• <b>Retirement Assessments</b>	<b><u>\$0.4</u></b>
<b>Cost Increases:</b>	<b>\$10.0</b>

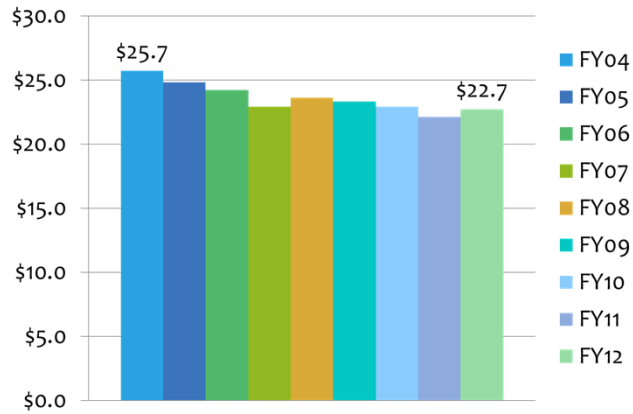
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# Spending History



## Other Areas to Watch:

- Federal Grant Funding History:**



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## Use of Grant Funds

Title I	Title II	IDEA
35 Instructional Coaches	14 Instructional Coaches	218 Instructional Asst's
23 Pre-K Teachers and Instructional Assistants	5 Class Size Reduction Teachers	
35 Tutors		
SES & Summer Programs		

Kindergarten Grant	Title III
33 (of 65) Kindergarten Instructional Assistants	3 Teachers
	8 Instructional Assistants
	Afterschool Programs
	Staff Development

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## Accomplishments

- **Balanced Budgets with no loss of core educational services**
- **Increased services to Sped and ESL**
- **Health Insurance Change**
- **Utility Savings**
- **Outsourced Facilities Services**
- **Re-bid Transportation contracts FY11**

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## FY13 Budget Approach

- **Zero-based budgeting – Year 3:** All positions, programs and services under thorough annual review
- **Long term planning:** student achievement and finance
- **Status Quo is not an option:** FY13 Budget will need to reflect changes beyond revenue/expense projections.



REAL ESTATE

### The 5 best housing markets for 2012:

**1. Pittsburgh**

**2. Worcester, Mass:** High-tech job growth has returned to this market an hour west of Boston. Many urban dwellers are looking in this area for bigger, less expensive houses than they'd find in the big city. While the average home price of \$237,020 has declined 3% over the last year, prices are beginning to bottom, with 2% growth expected in 2013.

**3. Houston/Sugarland/Baytown, Texas**

**4. Akron, Ohio**

**5. New Orleans/Metairie-Kenner, La.**

Forbes

### The Happiest And Unhappiest Cities To Work In

Happiest Workers: "Worcester, Mass., holds the No. 2 spot, closely followed by Oklahoma City, Okla. Both cities earned a 4.10 index score."

Source: CareerBliss.com



## What's needed for schools of choice:

<u>Areas of Need</u>	<u>\$ in millions</u>
Gifted & Talented Programs	\$2.1
Additional elective courses	\$1.9
Career/Tech courses (all HS)	\$3.1
School-Based technology	\$2.6
Updated instructional materials	\$2.1
MassCore/Revised Graduation Requirements	\$2.6
Wrap-around services	\$5.2
Librarians	\$2.3
Alternative Ed programs	\$1.0
Full-day pre-school	\$4.1
<b>Total Needed</b>	<b>\$27.0</b>



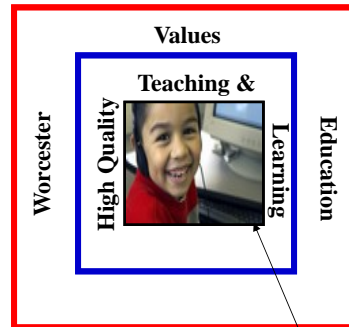
Massachusetts School Building Authority  
*Funding Affordable, Sustainable, and Efficient Schools in Partnership with Local Communities*

**Recent submittal of 11 traditional repair projects and 19 accelerated repair projects, including science lab improvements.**

**Largest capital investment list submitted by Worcester to MSBA.**

## A Student-Centered Budget

The FY13 budget process has started and is being developed with the School Committee and our school community using priorities and recommendations from a 6-prong communication strategy that focuses on student-centered balanced budget.



Mandated,  
Non-Negotiable