

Based on the newly adopted Health Claims Trust Fund Policy by the Worcester City Council, the Reserve Surplus as of fiscal year ending 2017 is approximately \$10.8 million (city/schools/employees total savings). The City Manager has recommended a multi-year approach to utilize the reserve surplus for budgetary savings. This would be implemented initially as a one-month premium holiday for all employees enrolled in a conventional health insurance plan, where they would not have a health insurance deduction during the month of May. The typical savings for an employee (in our most popular health plan, Fallon Advantage) would see a savings of \$165 for an individual plan and \$408 for a family plan.

This one-time premium holiday will result in FY18 savings and a reduction of the health trust balance by approximately \$7.5 million (\$2.1 million for the City, \$3.4 million for the Worcester Public Schools and, \$2 million for employees/retirees).

Based on the WPS share of the savings, the Administration recommends these one-time funds be used on for the purchase of textbooks, instructional materials, school security investments, maintenance and environmental management equipment, as well as the automated external defibrillators within the schools. The use of this one-time funding addresses meaningful school-based areas in a very significant way. Each of these items have been identified and presented in our prior budget discussions as being significantly deficient of adequate funding, along with other staffing areas.

The specific recommendation of the use of these funds are as follows:

K-2 Literacy Textbooks	\$1,500,000
Grade 3-6 Literacy Textbooks	\$930,000
Grade 8 Science Textbooks	\$177,000
High School Chemistry Textbooks	\$140,000
Instructional Technology and Support To support classroom curriculum, digital literacy, and computer science courses within the district based on resource allocation requests	\$175,000
School Security Equipment Upgrade of equipment at South High, Forest Grove Middle, Doherty High, Worcester East Middle, and Woodland/Claremont Academies	\$175,000
Maintenance & Environmental Management Equipment Building cleaning and environmental management supplies and equipment	\$150,000
Special Education Educational Materials	\$50,000
High School Math Textbooks (Pre-Calculus)	\$43,000
Automated External Defibrillators (AEDs) Purchase of 50 AEDs	\$60,000
<b>Total</b>	<b>\$3,400,000</b>

In order to proceed with these investments, the Administration recommends the following transfers:

From:	Account 500123-96000 Health Insurance	\$3,400,000
To:	Account 500-922204 Instructional Materials, Line F. District Textbooks	\$2,790,000
	Account 500-92204 Instructional Materials Line B. Education Division Supplies (Special Education)	\$50,000
	Account 500136-93000 Miscellaneous Education OM Line G. Instructional Technology	\$175,000
	Account 500136-92000 Miscellaneous Education OM Line O. School Safety Equipment	\$175,000
	Account 500136-92000 Miscellaneous Education OM Line N. School Nurse Supplies	\$60,000
	Account 500152-92000 Facilities Ordinary Maintenance	\$150,000

During the health insurance premium setting process and FY19 budget preparation, the city will apply the remaining Reserve Surplus (approximately \$3.3 million) to reduce the FY19 premiums, allowing for further budgetary savings. These savings will be reflected in future FY19 budget presentations.