



WORCESTER PUBLIC SCHOOLS

FY2008 Health Insurance Savings
FY2009 Updated Budget Projections
April 10, 2008



Worcester Public Schools

Budget Update

FY08: Health Insurance Account Savings

FY09: FY09 Budget Update



Worcester Public Schools

FY08 Health Insurance Savings

How much will the WPS save in the health insurance account this year?

\$2.25 million



Worcester Public Schools

FY08 Health Insurance Savings

Where did these savings come from?

**FY07 contributions and payments
to Health Insurance Trust Fund**

Health Insurance Trust Fund: Since the city is self-insured for employee health insurance, all contributions for health insurance (employee and employer) are deposited into a Health Insurance Trust Fund. All payments by the city for health insurance are paid from the Trust Fund.



Worcester Public Schools

FY08 Health Insurance Savings

How will these savings be generated?

The trust fund will pay three weeks of both employer and employee contributions (a three-week “premium holiday”). Each week equals approximately \$750,000 in savings for the WPS.

(3 weeks x \$750,000 = \$2,250,000)



Worcester Public Schools FY08 Health Insurance Savings

Are these one-time savings?

Yes



Worcester Public Schools FY08 Health Insurance Savings

*Must all of the funds be used this fiscal year
or can any of it be used next year?*

**The City Administration has indicated that
any of the three weeks of WPS Employer
savings (in \$750,000 increments) can be
deferred until FY09.**

**Any decision to defer any of funds to FY09 does not effect
the WPS employee premium holiday.**



Worcester Public Schools

FY08 Health Insurance Savings

***How does the Administration recommend
that these funds be spent?***

**Class Size Reduction
Instructional Supplies and Materials.**



Worcester Public Schools

FY09 BUDGET



Worcester Public Schools FY09 Budget

Revised Revenue Projections:

Chapter 70 Aid:	\$180,493,947
Charter Reimbursement:	\$ 4,968,009*
City Contribution:	\$91,966,102*
State & Federal Grants:	\$39,501,197*
School Nutrition:	<u>\$ 10,150,452</u>
Total Projected Revenue:	\$327,079,707

* Updated Projections since January 2008 Report



Worcester Public Schools Revenues FY08 to FY09

Revised Projections	FY08 Budget	FY09 Projections	Change
Chapter 70	\$174,025,314	\$180,493,947	\$6,468,633
Charter Reimbursement	\$5,082,267	\$4,968,009	-\$114,258
City Contribution	\$89,097,892	\$91,966,102	\$2,868,210
Grant Revenue	\$40,029,729	\$39,501,197	-\$528,532
Nutrition Revenue	\$10,163,427	\$10,150,452	-\$12,975
Total Revenue	\$318,398,629	\$327,079,707	\$8,681,078



Worcester Public Schools FY09 Budget Revised Expenditure Projections:

Employee Salaries:	\$192,904,936*
Health/Retirement:	\$ 54,520,199*
All Ordinary Maintenance:	\$ 49,692,912
Charter/Choice:	\$ 22,327,685*
School Nutrition:	<u>\$ 10,676,452*</u>
Total Proj. Expenditures:	\$ 330,185,539

* Updated Projections since January 2008 Report



Worcester Public Schools Expenditures FY08 to FY09

Revised Projections	FY08 Budget	FY09 Projections	Change
Salaries	\$185,965,297	\$192,904,936	\$6,939,639
Health/Retirement	\$54,047,419	\$54,520,199	\$472,780
Ordinary Maintenance	\$47,568,572	\$49,692,912	\$1,929,396
Charter/Choice Tuition	\$20,653,914	\$22,327,685	\$1,673,771
Nutrition Expenses	\$10,163,427	\$10,676,452	\$513,025
Total Expenditures	\$318,398,629	\$330,185,539	\$11,786,910



Worcester Public Schools FY09 Budget

Revised Projections:

Summary:

Projected Revenue:	\$327,079,707
Projected Expenditures:	<u>\$330,185,539</u>
Difference (Deficit):	-\$ 3,105,831





Worcester Public Schools FY09 Budget

Deficit Projection:

Estimate:

Jan 2008:

April 2008:

Change:

Projection

-\$5.7 million

-\$3.1 million

\$2.6 million





Worcester Public Schools FY09 Budget

*What has changed in the budget
projections?*

Accounts with Positive Changes:

Health Insurance:	\$4,315,000*
Charter Tuition:	\$ 667,000
Retirement:	<u>\$ 418,000</u>
Total:	\$ 5,400,000

* See following slide with additional detail





Worcester Public Schools FY09 Budget

*What has changed in the budget
projections?*

Accounts with Negative Changes:

Employee Salaries:	\$1,240,000
Federal Grant Revenue:	\$ 529,000
School Nutrition:	\$ 526,000
City Contribution:	\$ 353,000*
School Choice Sending Tuition:	<u>\$ 170,000</u>
Total	\$2,818,000

* See following slide with additional detail



Worcester Public Schools FY09 Budget

*What has changed in the budget
projections?*

Positive Change:	\$5,400,000
Negative Change:	<u>-\$2,818,000</u>
Change in Deficit:	\$2,582,000





Worcester Public Schools FY09 Budget

What explains the change in the Health Insurance projection?

Difference between January 2008 to April 2008 Projections

Total Savings: \$4,315,000

- MGL Ch. 32B, Section 18
- Contribution Rates
- Plan Design Changes
- Enrollment
- New Senior Plans

* January 2008 Projection already included an estimated \$2 million savings for Health Insurance Changes





Worcester Public Schools FY09 Budget

Health Insurance Savings at \$2 million
*What explains the change in the City
Contribution projection?*

January 2008 Estimate:

FY08 Base:	\$89,097,892
FY09 Increase (MRGF):	<u>\$ 3,221,628</u>
Total	\$92,319,520

FY08 Local Contribution:
\$774,441 above minimum
required spending.





Worcester Public Schools FY09 Budget

Health Insurance Savings at \$6.3 million
*What explains the change in the City
Contribution projection?*

April 2008 Estimate:

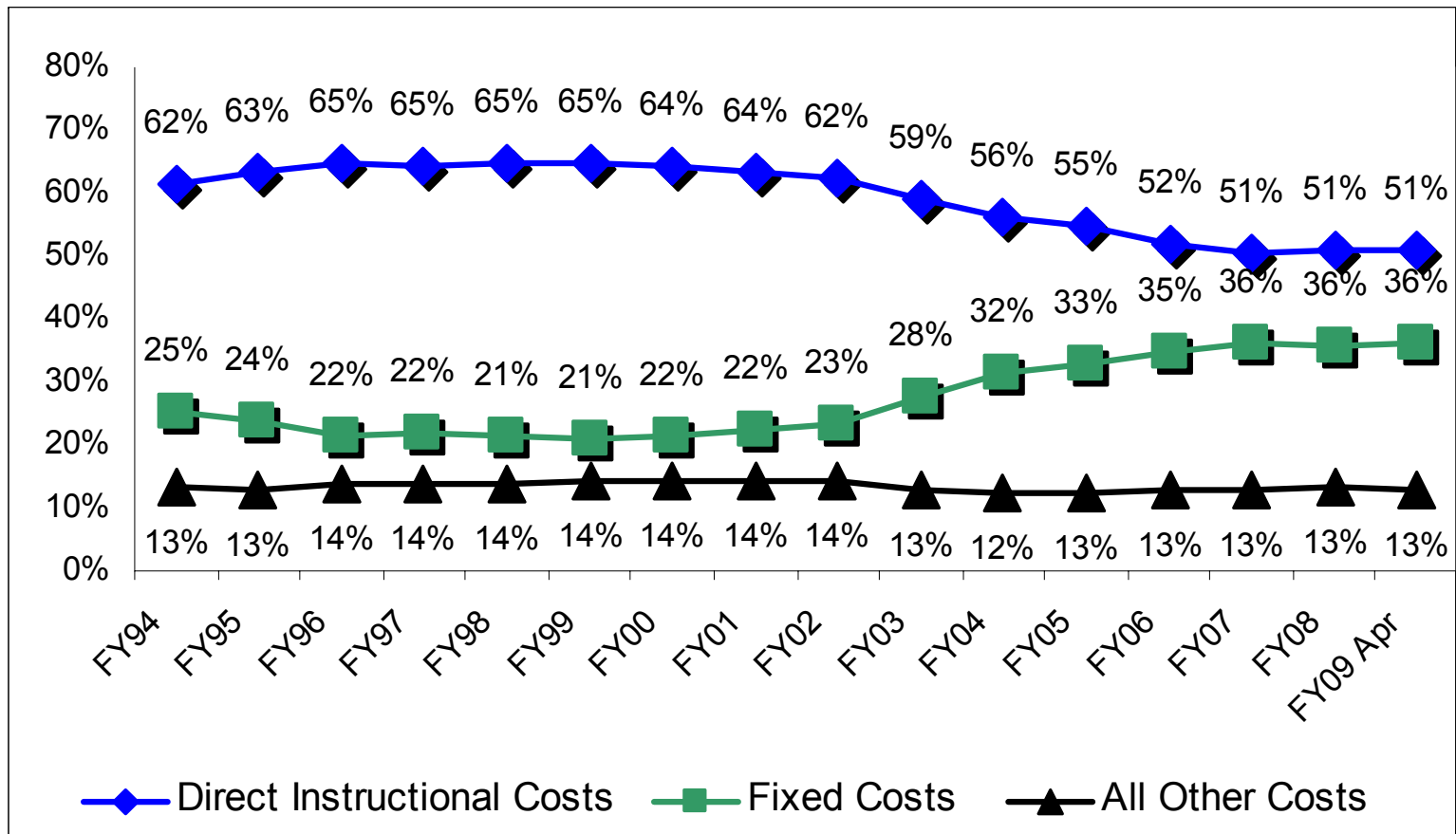
FY08 Base:	\$89,097,892
Actual Increase:	<u>\$ 2,868,210</u>
Total	\$91,966,102

FY09 Est. Local Contribution:
\$421,023 above minimum
required spending.



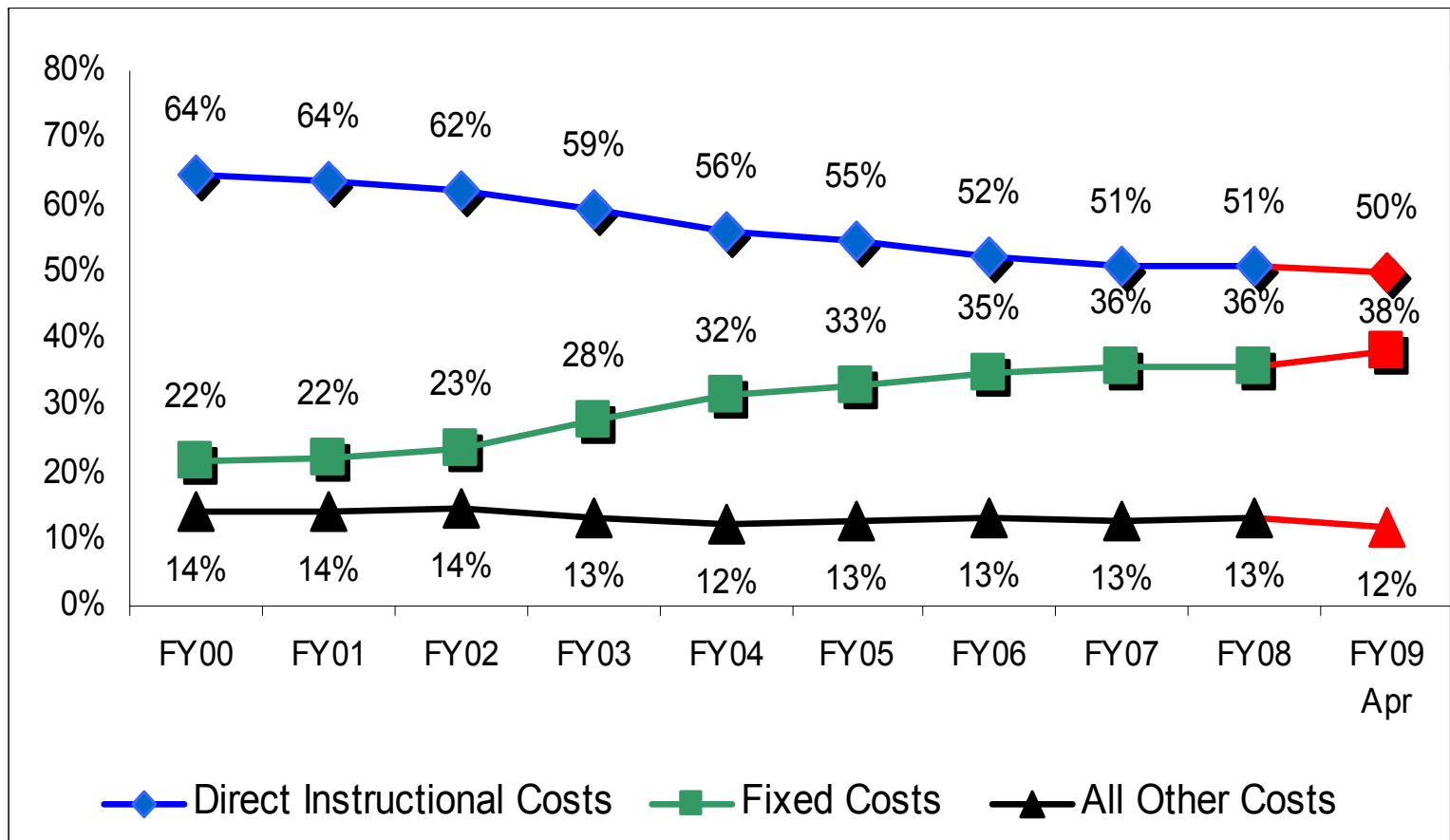
Worcester Public Schools FY09 Budget

Instructional / Fixed Costs Spending



Worcester Public Schools FY09 Budget

Instructional / Fixed Costs Spending Without Health Insurance Savings



Worcester Public Schools FY09 Budget

How to determine the General Fund Budget for WPS:

Chapter 70 Aid:	\$180,493,947
City Contribution:	\$ 91,966,102
Charter Reimbursement:	\$ 4,968,009
Less Charter/Choice Tuition:	<u>-\$ 22,327,685</u>
WPS General Fund Budget:	\$255,100,373



Worcester Public Schools FY09 Budget

General Fund Budget:

FY09: \$255,100,373

FY08: \$248,009,032*

Increase: \$ 7,091,341

% Increase: 2.9%

* Final FY08 Budget before charter school adjustments and health insurance trust fund transfer





Worcester Public Schools FY09 Budget

What is the remaining budget process?

State Budget:

House Budget – April 16th

Final State Budget before June 30th

City Budget:

City Manager's Budget – April 29

School Committee Budget:

(1) Community Input Session

(2) Budget Hearings June 5th

and 19th



Worcester Public Schools FY09 Budget

Current Issues and Long-Term Projections

- Fixed Cost Uncertainty
- Health Insurance
- Chapter 70 Formula
- Charter School Formula
- Federal Grant Funding
- State Grant Funding





Worcester Public Schools FY09 Budget

Summary

FY08

Health Insurance

Savings: \$2.25 million

FY09:

Revised Deficit: \$3.1 million

