

As discussed during the First Quarter Budget Report Status, the district has experienced some unanticipated costs associated with additional classroom teachers needed to address class size, costs associated with all contractual obligations, and additional unbudgeted and unanticipated students that required out-of-district special education placements; the Administration has identified a projected year-end deficit of \$1.6 million for this year. In on-going discussions with the City Manager throughout the year, the Superintendent requested additional funds from the city's free cash amount in order to address these unanticipated costs in a manner to stabilize the budget this year with no loss of current programs and services to students. The City Manager recommended an additional \$1.1 million from free cash totaling \$849,695 and \$250,305 in hold harmless funding from final state charter school & school choice tuition assessment amounts in order to address the district's projected budget gap.

The City Council approved this budget increase on December 5, 2017. Based on the First Quarter Budget Status Report and actions already taken to date, the Administration recommends that the \$849,695 from the city's additional funding from free cash be appropriated into the following line items:

500-91111 Teacher Salaries

Adopted Budget Amount	\$158,746,870
Transferred First Quarter Budget Status Report	\$ 3,298,000
<i>Recommended Additional Appropriation</i>	<u>\$ 500,489</u>
Total FY18 Adopted Budget	\$162,545,359

500132-92000 Tuition Account

Adopted Budget Amount	\$ 18,674,409
<i>Recommended Additional Appropriation</i>	<u>\$ 349,206</u>
Total FY18 Adopted Budget	\$ 19,023,615

Related to this action by the City Council, and as highlighted in the First Quarter Budget Status Report (see gb#7-342), the final state budget included additional assessments for charter school and school choice tuition assessments totaling \$217,772 than the amount as contained in our adopted FY18 budget.

As part of the city's annual property tax rate setting process, a final reconciliation of all budget accounts reflecting final state budget allocations and assessments, revised expense and revenue estimates, and appropriate certified free cash amounts also occurs. This annual process often involves adjustments to the budget of the Worcester Public

Schools, most typically relating to final charter school and school choice assessments as contained with the final state budget.

The following is a comparison of the amounts included in the FY18 Budget (based upon the House of Representatives Budget) and the final state budget:

Budget Category	FY18 Adopted Budget	FY18 Final State Budget	Difference
Charter School Tuition	\$24,709,706	\$24,851,912	142,206
School Choice Tuition	\$2,848,508	\$2,795,409	(\$53,099)
Special Education Offset	\$248,565	\$259,131	\$10,566
Charter School Reimbursement	(\$1,897,848)	(\$1,779,749)	\$118,099
Total Assessment	\$25,908,931	\$26,126,703	\$217,772

It may have been necessary, as occurred in years past, that as part of this final budget reconciliation, the city could have reduced the WPS budget by this amount in order to set the tax rate. However, as he has done in recent years, the City Manager has once again held the WPS budget "harmless" by allowing the district to maintain these funds within our budget and used to address the projected budget deficit. A transfer of these funds to appropriate accounts will occur during the Second Quarter Budget Status Report.

In order to place the funds into the appropriate accounts, the Administration recommends the following:

1. Appropriate \$500,489 into Account 500-91111 Teacher Salaries
2. Appropriate \$349,206 into Account 500132-92000 Tuition
3. Adopt a revised final FY18 General Fund Budget for the Worcester Public Schools in the amount of \$335,120,190