

Worcester Public Schools

FY13 BUDGET

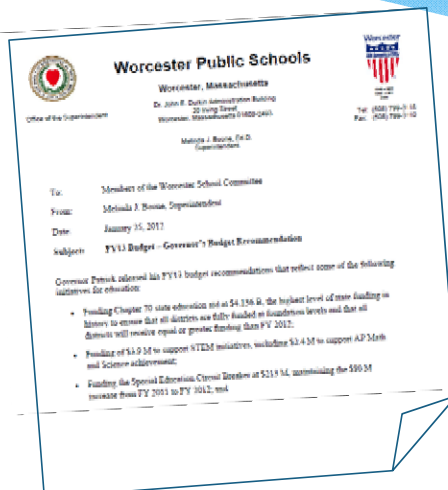
Updated Preliminary Budget Estimates

April 2012



Melinda J. Boone
Superintendent

January Status



“As presented last week at the School Committee meeting, our current budget deficit is approximately \$1.3 million next year using the initial estimates.”

\$1.3 million = 19 Teacher Positions
This estimate held until House Budget

Foundation Budget

What is a foundation budget?

“Adequate” level of spending on education as defined by the Education Reform Act of 1993.

Foundation Budget

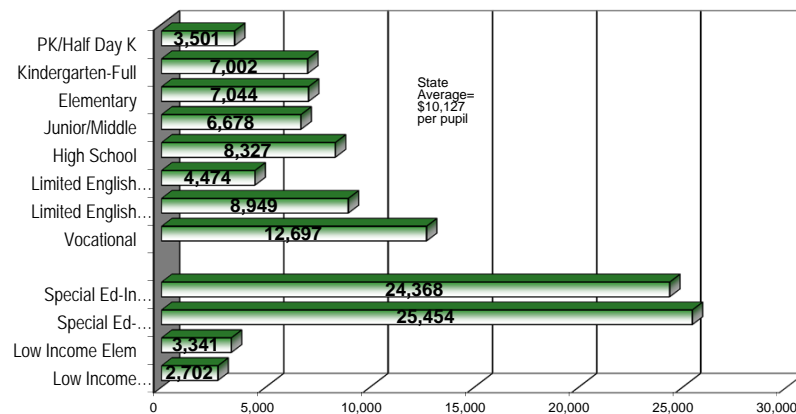
State Law (Chapter 70) defines a per pupil funding amount to provide all aspects of a school district budget: teaching, administration, maintenance, benefits, etc.

Foundation Budget

The per pupil allocation has differentiated amounts by grade level or program.

Foundation Budget

FY13 Foundation Rates Per Pupil



Worcester average per pupil = \$11,434

Foundation Budget

These per pupil rates are used for each school district in the state (with wage adjustments to reflect regional cost of living).

Foundation Budget

Using the district enrollment on October 1st each year, the state calculates a foundation budget using these per pupil rates.

Foundation Budget

Once the foundation budget is determined, the state determines the community's ability to pay (based on local property and income wealth).

The difference between the foundation budget and the community's ability to pay is funded through Chapter 70 State Aid.

Foundation Budget

Foundation Budget changes annually by enrollment and the per pupil rate (inflation adjusted)

Local contribution changes annually by the amount of municipal revenue increase (Property tax, new growth, local aid, local receipts)

Foundation Budget

Foundation Budget:

+ Enrollment Increase (+219)

+ Inflation Increase (+3.65%)

= \$12.0 million increase

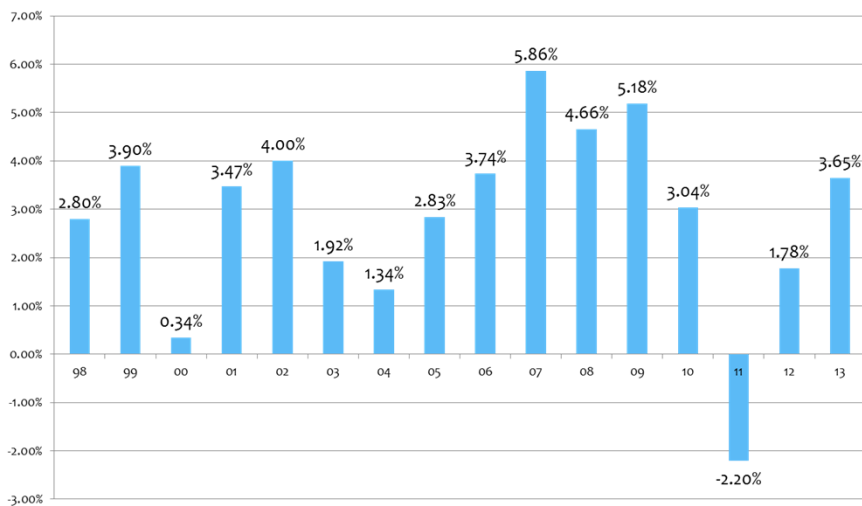
Chapter 70: \$ 9,228,858

Local Contribution: \$ 2,813,349

Total Increase: \$12,042,207

Inflation Index History

FY98-FY13



Student Enrollment

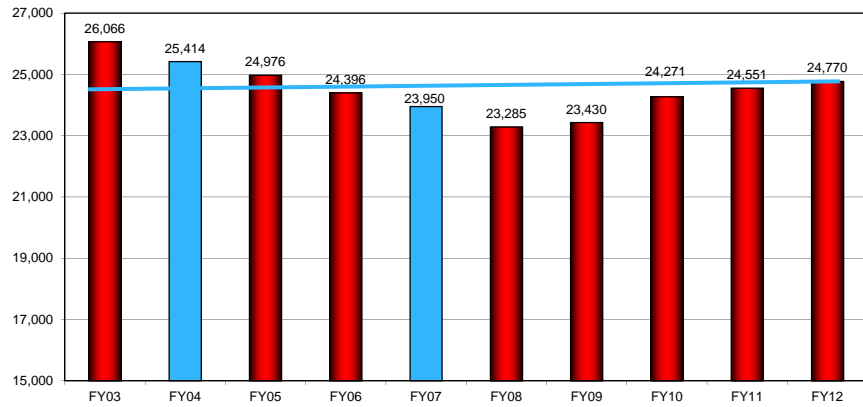
Trends

1 Yr: 219 (0.8%)

3 Yr: 1,340 (5.5%)

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

Total Enrollment FY03-FY12



Foundation Budget

Foundation Budget:

\$12.0 million increase

-\$1.4 million charter/choice increase

\$10.6 million increase to WPS

House Budget

Changes from Governor's Budget:

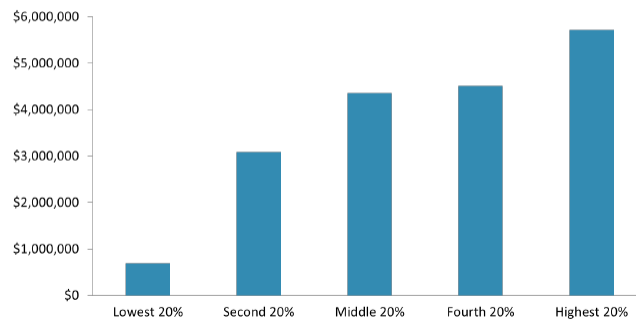
- \$40 per pupil "Minimum Aid" to Chapter 70
- Charter school tuition increase
- Homeless transportation funding
- City's local aid increase

House Budget

- Provides \$40 per pupil in "Minimum Aid"
- **No additional funds for Worcester**

Regressive Impact of HWM \$40 Per Pupil Increase Provision

Distribution of \$18.5 million increase of HWM Chapter 70 proposal over Governor's proposal
Districts clustered by Combined Effort Yield (measuring community property wealth and incomes) per pupil, FY 2010



House Budget

- **Charter School Tuition Increase:**
+\$408,000
- **Charter School Reimbursement:**
-\$82,000

Cost Increase: \$490,000

House Budget

- **Charter School Reimbursement funded at**
74% of full funding
- **State is underfunded by \$15.6 million**
- **Worcester is underfunded by: \$916,500**

House Budget

- Provides **\$11.3** million for homeless transportation
- State Auditor ruled issue an “unfunded mandate”
- WPS FY11 cost: **\$425,000**
- Uncertain about how funding will be provided to districts
- Revenue not budgeted at present time

City Contribution

- Additional **\$2.5** million in city-side local aid.
- Formula would increase funding to Worcester Public Schools by **\$750,000**
- Budget Increase: **\$11.4** million

City Contribution

- **House Budget did not change local contribution requirements.**
- **However, \$750,000 increase is needed to get Worcester to the minimum required spending level**

City Contribution



Massachusetts Department of Elementary and Secondary Education

75 Pleasant Street, Malden, Massachusetts 02148-4006

Telephone (781) 338-3000
TTY (800) 541-4629

Michelle D. Chester, Ed.D.
Commissioner

November 29, 2011

Melinda Boone, Superintendent
Worcester Public Schools
20 Irving Street
Worcester, MA 01609

Dear Superintendent Boone:

As you know, the Commonwealth's school finance statute, Chapter 70 of the General Laws, establishes an annual minimum local contribution requirement for each Massachusetts school district. This local contribution, when added to a district's Chapter 70 aid, equals its "net school spending requirement." Failure to comply with this requirement may result in the loss of Chapter 70 aid, delays in the approval of your municipal tax rate by the Department of Revenue, and/or enforcement action by the Attorney General.

Worcester's End-of-Year Financial Report shows that the district **did not** meet its spending requirement in FY11. Its required net school spending was \$272,144,069. Reported net school spending was \$271,348,400 which was **\$295,669 below the required amount**. This shortfall

Worcester's FY12 requirement—including the \$295,669 carryover—is \$287,203,774. Schedule 19 budget data show that the district plans to spend \$286,980,476 which represents a **shortfall of \$223,299**. If there is a way to supplement your current year's school budget, I urge you and other local officials to work toward doing so.

Finance unit at (781) 338-6527 (fhatch@doe.mass.edu).

Sincerely,

Michelle D. Chester, Ed.D.
Commissioner of Elementary and Secondary Education

City Contribution

- **Uncertain what Senate will do in their budget:**
 - **Required increase in city contribution could result in a reduction of Chapter 70 funding**
 - **Reduction of Chapter 70 would place WPS below Required Minimum Spending Level**

Understanding Required Spending

The following calculation is called Net School Spending

Foundation Budget:	\$298,950,312
FY13 Required Spending:	\$298,950,312
FY12 Spending Shortfall:	\$ <u>223,299</u>
Total Required Spending:	\$299,173,611

Understanding Required Spending

WPS Budget without

City \$750,000 Increase:	\$283,751,812
Charter/Choice Tuition:	<u>\$ 24,062,307</u>
Total:	\$307,814,119

Understanding Required Spending

Total Spending:	\$307,814,119
Less Transportation:	-\$ 14,339,367
Less Crossing Guards:	-\$ 500,381
Less Building Rentals:	-\$ 283,868
Less Adult Education:	-\$ 95,585
Add Municipal Costs:	<u>\$ 5,828,694*</u>
Net School Spending:	\$298,423,612

*assumed 4.1% increase from FY12

Understanding Required Spending

Total Projected Spending:	\$298,423,612
Total Required Spending:	<u>\$299,173,612</u>
Difference:	-\$ 750,000
Add \$750,000	<u>\$ 750,000</u>
Difference from required spending	<u><u>\$ 0</u></u>

Understanding Required Spending

1994 Medicaid Agreement:	\$400,000
2009 Medicaid Agreement:	\$130,000
2010 I-Net Agreement:	<u>\$130,000</u>
Difference from Agreements:	-\$660,000

FY13 Budget

Budget includes:

Cost increases:	\$17,098,650
Cost Reductions:	<u>-\$ 5,673,766</u>
Total Budget Change:	\$11,424,884

Expenses

<u>Cost Increases:</u>	<u>in millions</u>
• Employee Salaries*:	\$6.0
• Reduction of Grant Funding*:	\$4.9
• New Positions*:	\$2.6
• Environmental Work:	\$1.0
• Student Transportation:	\$1.0
• Retirement Assessments:	\$0.8
• All Other Cost Centers:	<u>\$0.8</u>
Cost Increases:	\$17.1

* Detailed
Slide follows

Employee Salaries

<u>Cost Increases:</u>	<u>in millions</u>
2% Contract Raise:	\$3.4
Step/Other Contract:	\$2.3
Restore FY12 Reductions:	<u>\$0.3</u>
Total Employee Salary:	\$6.0

Reduction of Grant Funding

Grant Reduction	Budget Response
EdJobs Phased-Out	\$2.4 million to General Fund
IDEA projected 1% reduction	Move 20 IA's to General Fund
Title III (State Requirement)	Move 8 Office IA's to General Fund
APIP Grant	Teacher Training and Student Supports to General Fund
MAP/DIBELS (State Requirement)	Move to General Fund
Title 1 (3%) and Title IIA (15%) projected reductions	Move 7 teachers to General Fund
Kindergarten Grant Level Funded	Move 5.5 IA positions to General Fund

Loss of Grant Funding

<u>Other Grant Losses:</u>	<u>Amount</u>
Reduction of 21 st Century Sites*	\$927,480
Teaching American History	\$437,770
APIP Grant**	\$441,109
Grant Reductions:	\$1,806,359

*competitive grant; new schools may be funded

**some funding for teacher training and student support programs moved to General Fund for FY13

New Positions

Teachers: 6 Sped (1/FY12)
5 ESL (1/FY12, 4/FY13)
4 Replace JBSG
3 Goddard Scholars
1 Mandarin (DHS)

Not included in General Fund:

2 Ch74 (Perkins Grant) (NHS & DHS)

Classroom Teachers

Number of Classroom Teachers

Not including Special Ed, ESL, Elementary Itinerants,
Guidance, School Psychologists, School Adjustment, or Librarians

	FY12 Actual	FY13 Projected	Projected Change
Elementary	573	570	-3
Secondary	624	634	10
Total	1,197	1,204	7

New Positions

IA's:

- 5 Special Education**
- 4 ESL**
- 2 Kindergarten (FY12)**
- 3 ESL Tutors**
- 3 Clerical (2/school year 1/full year)**
- 2 Custodians (contract required) (added FY12)**

Budget Reductions

Building Utilities:	\$1.0
Health Insurance:	\$1.0
Special Ed Tuition:	\$1.0
8 Teacher Positions:	\$0.6
One Time Textbooks:	\$0.5
Unemployment:	\$0.2
End 2003 ERI:	\$0.1
JBSG	\$0.1
All other areas:	<u>\$1.1</u>
Total Reductions:	\$5.6

FY13 Budget

Average Elementary Class Size 21.8
3 positions reduced (16 to be assigned)

Projected Class Sizes	Number of Classrooms	% of classrooms
Less than 23	355	62%
23-26 students	191	34%
27-29 students	24	4%
Greater than 29	0	0%

FY13 Budget

- ⊕ **Maintain all secondary course options**
- ⊕ **Maintain \$63 per student supply budget & \$1 per elementary student recess supply budget**
- ⊕ **Cost Savings/Restructure Special Ed Programs**
- ⊕ **Adds 6th grade to Goddard Scholars at Sullivan Middle School**

FY13 Budget

- ⊕ **Adds Mandarin courses at Doherty High**
- ⊕ **Maintains core teacher training and student support previously funded through APIP Grant**
- ⊕ **Adds 11 elementary schools to Elementary National Honor Society**
- ⊕ **Provides transportation services for SAMS students at Creamer Center.**

FY13 Budget

- ⊕ **Maintains commitment to safe and healthy schools**
- ⊕ **Add Chapter 74 teachers to DHS and NHS**
- ⊕ **Adds 6 instructional coaches for ELL instruction (funded from Title III grant)**

Funding Above Minimum

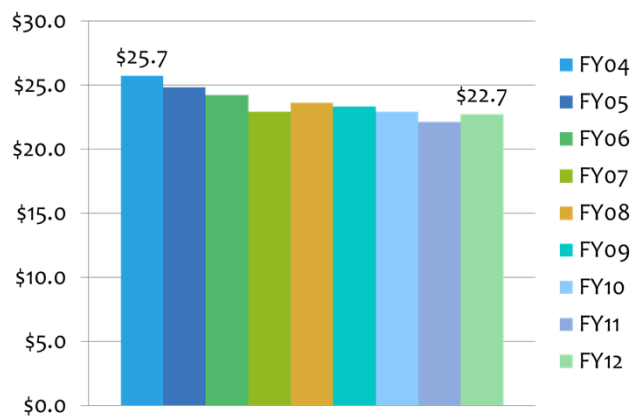
<u>Area</u>	<u>Amount</u>
Career/Tech courses (Phase 1)	\$1.5
MassCore (Phase 1)	\$1.2
Special Education Compliance	\$1.3
ESL Compliance	<u>\$1.0</u>
TOTAL NEEDED FY13	\$5.0

Items to Watch

- ⊕ **Staffing for MassCore Implementation**
- ⊕ **ELL Enrollment**
- ⊕ **Elementary Space/Pre-School Space**
- ⊕ **Technology support, maintenance, and training**
- ⊕ **OPEB: Other Post Employment Benefits**
- ⊕ **Grant Funding Levels**

Grant Funding:

- **Federal Grant Funding History:**



Indirect Costs

- **DESE legal opinion supports School Committee authority to set the indirect cost rate on grants, up to the maximum established by DESE. (0% to 2.65%)**
- **Budget savings not yet incorporated into grant budget**
- **Savings must go back to the grant and must be used within the grant requirements**

Indirect Costs

Amount of funding that would be retained in grant budgets based on School Committee authority:

Indirect Rate	Retained Amount
0%	\$1,087,500
1%	\$725,000
2%	\$362,500
2.65%	\$126,875

Indirect Costs

Amount to be retained by grants:

Grant	0%	1%	2%	2.65%
Title I	\$299,525	\$199,683	\$99,842	\$34,945
IDEA	\$219,600	\$146,400	\$73,200	\$25,620
Head Start	\$173,007	\$115,338	\$57,669	\$20,183
RTTT	\$67,065	\$44,710	\$22,355	\$7,825
Title IIA	\$51,909	\$34,606	\$17,303	\$6,056
All Others	\$276,394	\$184,263	\$92,131	\$32,246
Total	\$1,087,500	\$725,000	\$362,500	\$126,875

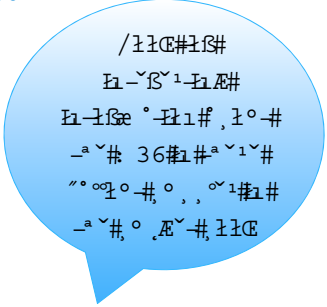
State Budget:

- **Senate Budget**
 - **Chapter 70 Funding & Required City Contribution**
 - **Charter School Reimbursement**
 - **Homeless Transportation**

FY13 Budget

New Budget Format:

- (1) Introduction
- (2) Organization
- (3) Financial
- (4) Informational
- (5) Line Item Budget
- (6) Location Based
- (7) Appendices



11#13#
1-13#
1-13# ° 11# , 1° #
-a ~# 36#1#a ~1#
"° 1° #° , ° 1#1#
-a ~# , ° ,E~ # 11E

New format follows industry best practices for structuring a school system budget.

FY13 Budget

Public Input Session:

May 9th at 7pm at North High

Final Budget Available (on Web):

Friday, June 1st

School Committee Budget Hearings:

June 7th & 21st, 4pm, Esther Howland Chamber, City Hall