

FY17 Worcester School Committee Budget Priority Session April 7, 2016

In preparation of a budget priority session with the Worcester School Committee, the Administration has prepared the attached document that provides a general list of budget drivers that have been grouped into the following two categories: (1) High Quality Teaching & Learning and (2) State or Federal Compliance, Safe and Welcoming Schools, and Other Programs.

The purpose of this list is to provide both some recent budget accomplishments as well as likely factors that will impact the FY17 budget. These items are intended to be broad categories for the discussion at the School Committee budget priority session. At the end of the session, it is hopeful that a general consensus of budget priorities will be developed to allow the Administration to prepare the staffing and non-salary recommendations to be included in the FY17 budget.

Attached is the most recent budget presentation made to the School Committee updated to reflect the expected funding levels from the City Manager. This presentation provides the anticipated budget status based on the Governor's proposed budget. This document may also be helpful to the School Committee during the budget priority setting session. Some of the largest budget drivers are:

- The district enrollment is relatively flat (slight decline) from the previous year causing no foundation budget growth due to enrollment. District enrollment of 24,959 students, however, exceeds the district enrollment for 10 out of the past 11 years continuing overcrowding of classrooms at several elementary schools.
- The foundation budget inflation factor is negative for only the second time in twenty-four years causing no increases in Chapter 70 foundation aid.
- Retirement assessments continue to increase at 6% and health insurance premium costs at more than 7%, both above the national inflation index. If all WPS collective bargaining groups were to match revised health insurance plan design as adopted by City of Worcester Police Department, Department of Public Works and other city employee groups, as well as WPS non-represented and retirees, would result in nearly \$3 million of savings that would be used to balance the budget and reduce the number of likely layoffs.
- The Governor's proposed budget provides additional funding for a change in the definition of low income and economically disadvantaged, resulting in the total sum of the district's Chapter 70 aid increase of \$3.8 million

Given uncertainty as to student enrollment and demographics, the state's foundation budget inflation factor, adoption of the Foundation Budget Review Commission Report, fixed cost increases, and additional contractual or compliance spending demands, it is likely that a reallocation, reduction, and deferred spending on positions and non-salary items will be necessary in order to have a balanced budget. This means that while some areas of the budget will see increases, there will be other parts of the budget may also see a reduction of teachers, other positions and non-salary spending.

The Administration will use state funding levels in the House of Representatives budget (released mid-April) to formulate the budget recommendations to the School Committee by mid-May.