

The final FY15 state budget reflected the following changes in funding to the Worcester Public Schools:

<u>Revenue:</u>	<u>FY15 Recommended</u>	<u>FY15 Final State Budget</u>	<u>FY15 Final State Budget</u>
Chapter 70 State Aid & Reimbursement:			
Chapter 70 State Aid (Total)	\$220,569,583	\$220,569,583	\$0
Charter School Reimbursement	<u>\$2,734,532</u>	<u>\$1,787,786</u>	<u>(\$946,746)</u>
Total Chapter 70 State Aid & Reimbursement	<b>\$223,304,115</b>	<b>\$222,357,369</b>	<b>(\$946,746)</b>
Tuition Assessments:			
Charter School Tuition Assessment	\$24,364,811	\$24,314,870	(\$49,941)
School Choice Tuition Assessment	\$2,709,152	\$2,766,438	\$57,286
Special Education Revenue Offset	<u>\$164,231</u>	<u>\$160,701</u>	<u>(\$3,530)</u>
Total Tuition Assessments	<b><u>\$27,238,194</u></b>	<b><u>\$27,242,009</u></b>	<b><u>\$3,815</u></b>
<b>TOTAL STATE AID CHANGE:</b>	<b>\$305,201,911</b>	<b>\$304,251,350</b>	<b>(\$950,561)</b>

Attached is a copy of the final State Estimated Receipts and Charges (also known as “Cherry Sheet”) for Worcester.

The WPS Administration has been working closely with City Manager Augustus over the past several months in order to mitigate this state aid change and to preserve teacher and other positions resulting in this change in state funding. Through additional property tax (new growth estimates) and motor vehicle excise estimates, City Manager Augustus recommended and the City Council approved (on 12/2/14) the use of these additional funds and provide the Worcester Public Schools with an additional \$500,500 in city funding for the fiscal year. The City Manager allocated these additional city funds as his commitment to address the net school spending deficit from prior fiscal years.

This additional funding was approved as part of the city’s tax rate setting process with the Department of Revenue. Attached is a copy of the City Manager’s recommendation to the City Council dated December 2, 2014.

As a result of this additional city funding, the reduction of the FY15 budget will be \$450,061 instead of the possible \$950,561. It is necessary to adopt the FY15 budget based upon this new funding allocation.

Attached is copy of the WPS First Quarter Report that identified this funding allocation plan as part of the budget. The Administration recommends that the FY15 be reduced through a reduction in the 500132-92000 Special Education Tuition Account in order to balance the budget. This summer the WPS Administration worked with the Central Massachusetts Special Education Collaborative on a revised budget reflecting a reduction in the assessment to the Worcester Public Schools by approximately \$600,000. As reflected in the First Quarter Report, this reduction can be made without impacting other areas of the WPS Budget.

The actions of the City Manager, with the support of the City Council, results in the ability to preserve seven teacher positions that have already been used to lower class sizes at both the elementary and secondary level. As our enrollment continues to increase, the Administration is grateful of the actions of City Manager Augustus to identify and recommend these funds and the City Council approving these funds to maintain the services that have been allocated for this year.

Therefore, in order to adjust the budget accordingly, the Administration recommends:

1. Reduce Account 500132-92000, Special Education Tuition, in the amount of \$450,061 and approve the line item in the amount of \$15,009,440.
2. To adopt the adjusted FY15 Budget of the Worcester Public Schools in the amount of \$304,751,850.

**C.S. 1-EC Commonwealth of Massachusetts Department of Revenue FY2015**  
**NOTICE TO ASSESSORS OF ESTIMATED RECEIPTS**  
**General Laws, Chapter 58, Section 25A**  
**Worcester**

**A. EDUCATION:**

**Distributions and Reimbursements:**

Chapter 70	220,569,583
School Transportation	0
Charter Tuition Reimbursement	1,787,786
Smart Growth	0

**Offset Items – Reserve for Direct Expenditure:**

School Lunch	166,537
School Choice Receiving Tuition	450,641

**Sub-Total, All Education Items: 222,974,547**

**B. GENERAL GOVERNMENT:**

**Distributions and Reimbursements:**

Unrestricted General Government Aid	36,978,717
Local Share of Racing Taxes	0
Regional Public Libraries	0
Urban Revitalization	500
Veterans Benefits	1,257,847
Exemp: VBS and Elderly	467,732
State Owned Land	212,335

**Offset Item - Reserve for Direct Expenditure:**

Public Libraries	280,116
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**Sub-Total, All General Government: 39,197,247**

**C. TOTAL ESTIMATED RECEIPTS: 262,171,794**

**C.S. 1-ER Commonwealth of Massachusetts Department of Revenue FY2015  
 NOTICE TO ASSESSORS OF ESTIMATED CHARGES**

**General Laws, Chapter 59, Section 21**

**Worcester**

**A. COUNTY ASSESSMENTS:**

County Tax	0
Suffolk County Retirement	0
Essex County Reg Comm Center	0
<b>Sub-Total, County Assessments:</b>	<b>0</b>

**B. STATE ASSESSMENTS AND CHARGES:**

Retired Employees Health Insurance	5,832
Retired Teachers Health Insurance	0
Mosquito Control Projects	0
Air Pollution	41,600
Metropolitan Area Planning Council	0
Old Colony Planning Council	0
RMV Non-Renewal Surcharge	441,660
<b>Sub-Total, State Assessments:</b>	<b>489,092</b>

**C. TRANSPORTATION AUTHORITIES:**

MBTA	0
Boston Metro. Transit District	0
Regional Transit	2,825,418
<b>Sub-Total, Transportation Assessments:</b>	<b>2,825,418</b>

**D. ANNUAL CHARGES AGAINST RECEIPTS:**

Special Education	160,701
STRAP Repayments	0
<b>Sub-Total, Annual Charges Against Receipts:</b>	<b>160,701</b>

**E. TUITION ASSESSMENTS:**

School Choice Sending Tuition	2,766,438
Charter School Sending Tuition	24,314,870
Essex County Tech Sending Tuition	0
<b>Sub-Total, Tuition Assessments:</b>	<b>27,081,308</b>

**F. TOTAL ESTIMATED CHARGES:**

**30,556,519**





Edward M. Augustus, Jr.  
 City Manager

CITY OF WORCESTER

cm2014nov28101114

Attachment for Item # 11.31 B

December 2, 2014

TO THE WORCESTER CITY COUNCIL

COUNCILORS:

Each year prior to the setting of the tax rate, the City must make final adjustments to the Fiscal Year budget. These adjustments are made to assure that the budget is properly balanced, requires only the amount of tax levy appropriated, addressed known budgetary revenue and expenditure shortfalls, and allows for the certification of the City's tax rate by the Commonwealth's Department of Revenue. Action on the tax rate recap and tax rate setting process is extremely time sensitive to allow for calculation, printing, and release of tax bills in December.

The attached transfers and appropriation orders recognize necessary budgetary adjustments as identified by Thomas F. Zidelis, Chief Financial Officer, which are recommended to finalize the FY15 Budget and to submit a tax rate recap to the Department of Revenue. The FY15 adjustments below reflect the difference (+/-) from the estimated amounts included in the FY15 Budget as adopted in June 2014 and the actual needs known at this time.

The attached orders address the following changes in Revenue Sources in FY15:

<b>FY14 Recap Adjustments</b>	<b>Account</b>	<b>FY15 Change</b>
Charter School Reimbursement	466305	\$ (946,746.00)
Property Taxes – Additional New Growth	41222015	460,346.00
Motor Vehicle Excise	415201	400,000.00
Interest on Taxes	417101	(100,000.00)
School Fed Med Reimbursement	454002	(400,000.00)
Urban Renewal	466501	500.00
Moving Violations	469503	100,000.00
	Total	<u>\$ (485,900.00)</u>



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The following appropriations are recommended to address various operational needs and to address the revenue changes listed above.

<b>FY14 Recap Adjustments</b>	<b>Account</b>	<b>FY15 Change</b>
Worcester Public Schools – Personal Services	500-91000	\$ 460,846.00
Worcester Public Schools – Ordinary Maintenance	500-92000	(950,561.00)
School Choice Sending Assessment	398-17	57,286.00
Charter School Sending Assessment	398-17	(49,941.00)
Special Education	398-17	<u>(3,530.00)</u>
	Total	<u>\$(485,900.00)</u>

In total, the attached transfers/appropriations allocate a net revenue decrease of \$485,900.00, maintain a balanced FY15 Budget and properly position the City for the second half of the Fiscal Year.

Furthermore, I respectfully recommend that Four Million Six Hundred Fifty Six Thousand Six Hundred Forty Eight Dollars And No Cents (\$4,656,648.00) be appropriated from Certified Free Cash and transferred to the identified accounts per the City's Five Point Plan, as well as additional accounts to meet the operational needs not addressed in the original FY15 Budget submission.

<b>Account</b>	<b>Description</b>	<b>Amount</b>
359-21	Bond Rating Stabilization Fund (50% of Free Cash)	\$2,328,324.00
04T803	OPEB Trust (30% of Free Cash)	1,396,994.00
500-91000	Worcester Public Schools – Personal Services	39,654.00
043-92000	Economic Development – Ordinary Maintenance	41,676.00
121-92000	Court Judgments	300,000.00
250-97000	Police Department Overtime	450,000.00
260-97000	Fire Department Overtime	<u>100,000.00</u>
	Total	<u>\$4,656,648.00</u>

Finally, I respectfully recommend that the Library's table of organization be amended to include a Library Service Coordinator, PG 44M and that funds available in account #550-91000 be reauthorized to fund said position.

Respectfully submitted,



Edward M. Augustus, Jr.  
 City Manager





**CITY OF WORCESTER, MASSACHUSETTS**

Department of Administration and Finance  
 Budget Office Division

Thomas F. Zidelis  
 Chief Financial Officer

**To:** Edward M. Augustus, Jr., City Manager  
**From:** Thomas F. Zidelis, Chief Financial Officer  
**Date:** November 14, 2014  
**Re:** FY15 Budget Recapitulation Adjustments

As we have discussed, the City's annual budget is developed and predicated upon assumptions of revenue estimates by both the Commonwealth and the City based upon the best information at the time. From the point where the budget is formulated, recommended to, and adopted by the City Council; revenues, inclusive of state aid, are finalized or refined and adjustments are required to finalize the annual City budget. The Fiscal Year 15 Budget follows the above described process and to finalize the budget for submission of the City's annual tax rate recapitulation (Tax Recap) to the Department of Revenue the adjustments described hereunder are required to be recommended and voted by City Council. These adjustments are in four classifications: 1) final State Aid refinements, 2) additional tax levy new growth and 3) refinement of local receipt estimates. Lastly (4), besides the aforementioned annual budget adjustments, the recommendation as to the appropriation of certified Free Cash generally occurs prior to the Tax Recap.

The following is a summary of changes required to finalize the City's FY15 annual budget:

FY15 Revenue Adjustments		
Account	Description	Amount
466305	Charter School Reimbursement	(946,746)
41222015	Property Taxes-Additional New Growth	460,346
415201	Motor Vehicle Excise	400,000
417101	Interest on Taxes	(100,000)
454002	School Fed. Med Reimbursement	(400,000)
466501	Urban Renewal	500
469503	Moving Violations	100,000
	<b>Total FY 15 Revenue Adjustments</b>	<b>(485,900)</b>
FY15 Budget/Assessments Adjustments		
500-91000	Worcester Public School-Personnell Services	460,846
500-92000	Worcester Public School-Ordinary Maintenance	(950,561)
398-17	School Choice Sending Assessment	57,286
398-17	Charter School Sending Assessment	(49,941)
398-17	Special Education	(3,530)
	<b>Total FY Budget/Assessment Adjustments</b>	<b>(485,900)</b>



Additionally, FY14 Free Cash has been certified in the amount of \$4,656,648, attached. Consistent with the adopted Five Point Plan (5PP) I would respectfully recommend that 50% and 30% of the certified Free Cash be appropriated to the Bond Rating Stabilization Fund and the OPEB Trust, respectfully. Additionally, from the Budget Offices 1<sup>st</sup> quarter departmental reviews additional appropriations are required to meet operational needs not addressed in the original budget submission, E.D. ordinary maintenance for the Courthouse and Boys Club, or for spending which is trending higher than the existing appropriation, Public Safety overtime. Finally, in light of pending claims against the City it is financially prudent to bolster the City's claims account.

Hereunder is a recommendation for the appropriation of the FY14 certified free cash:

FY14 Certified Free Cash		4,656,648
359-21	Bond Rating Stabilization (5PP- 50% of Free Cash)	2,328,324
04T803	OPEB Trust (5PP-30% of Free Cash)	1,396,994
500-91000	Worcester Public School-Personnel Services	39,654
043-92000	E.D. Ordinary Maintenance	41,676
121-92000	Court Judgments	300,000
250-97000	Police Department Overtime	450,000
260-97000	Fire Department Overtime	100,000
		<u>4,656,648</u>

Finally, I respectfully recommend that the an amendment to the Worcester Public Library authorized table of organization to add one Division Head, Library Services Coordinator, PayGrade 44M. Funding for this position is currently available in the departments salary account to fund said position, so I respectfully request City Council authorization to fund the requested position from funds available in account 550-91000.

Should you have any questions with regards to this financial recommendation, please do not hesitate to contact me.

Sincerely,



Thomas F. Zidelis  
 Chief Financial Officer



**FY15  
 BUDGET STATUS  
 First Quarter Report**

The status of all Salary and Ordinary Maintenance accounts as of September 30, 2014 is shown on Annex B. Presented for each account is the amount budgeted for the current fiscal year, the amount expended and committed as of September 30<sup>th</sup>, and the projected balance at the closing on June 30, 2015. Salary and Ordinary Maintenance Account totals are:

<u>Budget</u>	<u>Amount</u>	<u>Expended 09/30/13</u>	<u>Projected Balance 06/30/15</u>
Salaries	\$198,389,444	\$21,694,035	51,021
Ordinary Maintenance	\$106,812,467	\$11,426,340	\$206,520
Total General Fund	\$305,201,910	\$33,120,375	\$257,541
Charter School Adjustment			-\$450,000
<b>TOTAL</b>	<b>\$305,201,910</b>	<b>\$33,120,375</b>	<b>-\$192,459</b>

At this point in the fiscal year, a total of \$33,120,375 (11%) has been expended or committed. A description of the projected balances is as follows:

**Teachers (-\$181,647):** Due to increased enrollment, the district added two classroom teachers and approximately twenty-one additional secondary sections to address class sizes at the start of the school year.

**Instructional Assistants (\$436,000):** Vacancies and attrition within this account creates an anticipated ending balance as stated. Replacement positions and salaries are included in these projected balances. The FY15 budget included the addition of 55 special education ABA positions to increase internal capacity, some of these positions have been filled as contracted services as needed at the beginning of the year. This account also represents the conversion of eleven ELL instructional assistants to full-time ELL tutors to provide better supports for our students.

**Educational Support (-\$104,000):** Due to increased enrollment and space issues within certain schools, the district added six literacy tutors to address class sizes at the start of the school year. This deficit also includes the conversion of eleven ELL instructional assistants to full-time ELL tutors that was previously noted above.

**Custodial (\$230,000):** The projected balance in this account is offset by a large deficit projected in the custodial overtime budget through the end of first quarter due to contractual manpower as well as additional costs associated with MSBA projects. Approximately seven custodians were collecting workers compensation benefits through the end of September.

**Nurses (-\$106,000):** The projected deficit in this account represents a change in the State's Essential Health grant reimbursement, which reduces the amount allowed for substitute coverage. This projected deficit also includes a prior year approval of a contractual sick leave benefit as well as the anticipation of the approved collective bargaining agreement.

**Transportation (\$175,000):** The Transportation Department was able to achieve significant savings through the use of appropriately sized vehicles and reduction of seven budgeted mid-size buses for the Transitions special education program.

**Health Insurance (\$176,000):** A actual retiree health insurance plan premium costs that go into effect on January 1, 2015 was lower than the budget amount. Combined with employee migration to less expensive plans available through the City have resulted in the projected savings in this account.

**Workers Compensation (-\$198,000):** The FY15 budget was approved with a \$400,000 increase however through the first quarter of the fiscal year, twenty-three employees are receiving workers compensation salaries and the weekly cost has been consistently higher than the budgeted amount. This deficit also includes several recently approved settlements. Please note the past three fiscal years of expenditures: \$1.5 million FY14 = \$1.5 million FY13 = \$1.3 million FY12

**Personal Services (-\$490,000):** The special education department is continuing with the restructure of specialized services for our special education students in order to increase internal capacity. During the summer, the district consolidated the use of third party vendors to provide better instructional support to our students and based on the information available through the first quarter the amount is projected to be higher than the approved FY15 budget.

**Tuition (\$591,938):** The Central Massachusetts Collaborative final FY15 budget was adopted in July reflecting a reduction of initial budget expenses. These reductions equated to savings to the member district allocation for this year.

**Unemployment Compensation (-\$240,000):** The projected deficit in this account reflects claims experienced through the end of the first quarter. The expenditures reflect an increase of thirty-seven unbudgeted employees currently receiving benefits including unexpected teacher, instructional assistant and long term substitute positions. The City contracts with a third party vendor that provides monthly invoicing of claims which is reconciled with the specific employee departure information maintained in the district's Human Resource Department.

**Utilities (-\$300,000):** The projected deficit in the account represents the unbudgeted cost of a demand surcharge for the delivery of natural gas. Due to the high demand and antiquated infrastructure, the delivery price increases from November through April. The increased delivery rates paid have been approved by the Massachusetts Department of Public Utilities. The supply rates remain consistent under the existing contract. This amount also represents the expected increase of electricity usage throughout the district that became apparent after the FY14 figures were finalized.

No transfers are recommended by the Administration at this time.



**WORCESTER PUBLIC SCHOOLS  
2014-2015 BUDGET  
ACCOUNT SUMMARY  
FIRST QUARTER REPORT**

<u>Account</u>	<u>Account Title</u>	<u>Adopted Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Expended 09/30/14</u>	<u>Balance 06/30/15</u>
500-91110	Administration Salaries	\$11,550,840		\$11,550,840	\$2,948,518	\$0
500-91111	Teacher Salaries	\$149,802,163		\$149,802,163	\$11,652,940	-\$181,647
500-91112	School Committee Salaries	\$87,000		\$87,000	\$18,125	\$14,500
500-91114	Day by Day Substitutes Salaries	\$871,200		\$871,200	\$39,306	-\$70,000
500-91115	Instructional Assistants Salaries	\$9,060,472		\$9,060,472	\$1,138,026	\$436,000
500-91116	Coach Salaries	\$0		\$0	\$1,426	\$0
540-91117	Transportation Salaries	\$2,596,983		\$2,596,983	\$138,282	-\$34,332
540-97201	Transportation Overtime Salaries	\$464,447		\$464,447	\$65,513	-\$55,000
500-91118	Supplemental Program Salaries	\$1,366,375		\$1,366,375	\$637,431	\$0
500-91134	Educational Support Salaries	\$1,984,105		\$1,984,105	\$264,357	-\$104,000
500-91124	Crossing Guard Salaries	\$529,948		\$529,948	\$50,190	\$1,500
500-91119	Custodial Salaries	\$6,415,975		\$6,415,975	\$1,431,267	\$230,000
500-97203	Custodial Overtime Salaries	\$1,026,338		\$1,026,338	\$412,507	-\$290,000
500-91120	Maintenance Service Salaries	\$2,019,880		\$2,019,880	\$415,605	\$85,000
500-97204	Maintenance Overtime Salaries	\$147,840		\$147,840	\$50,262	-\$50,000
500-91121	Administrative Clerical Salaries	\$3,077,577		\$3,077,577	\$730,959	\$35,000
500-97205	Support Overtime Salaries	\$65,527		\$65,527	\$15,150	-\$30,000
500-91122	School Clerical Salaries	\$2,055,344		\$2,055,344	\$424,547	\$133,000
500-91133	School Nurse Salaries	\$3,476,323		\$3,476,323	\$284,460	-\$106,000
500-91123	Non Instructional Salaries	<u>\$1,791,108</u>		<u>\$1,791,108</u>	<u>\$975,162</u>	<u>\$37,000</u>
	Salary Total	\$198,389,444	\$0	\$198,389,444	\$21,694,035	\$51,021
500101-96000	Retirement	\$15,153,592		\$15,153,592	\$369,892	\$0
540103-92000	Transportation	\$12,839,450		\$12,839,450	\$462,251	\$175,000
500105-92000	Out-of-State Travel	\$5,000		\$5,000	\$0	\$0
500122-92000	Athletic Ordinary Maintenance	\$0		\$0	\$112,788	\$0
500123-96000	Health Insurance	\$41,912,351		\$41,912,351	\$0	\$176,000
500125-92000	Other Insurance Programs	\$57,358		\$57,358	\$16,369	\$0
500129-96000	Workers Compensation	\$1,352,305		\$1,352,305	\$215,504	-\$198,000
500130-92000	Personal Services	\$3,423,506		\$3,423,506	\$661,298	-\$490,000
500132-92000	Special Education Tuition	\$15,459,501		\$15,459,501	\$3,414,558	\$591,938
500133-92000	Printing & Postage	\$207,531		\$207,531	\$147,027	\$0
500-92204	Instructional Materials	\$2,757,252		\$2,757,252	\$2,537,374	\$448,790
500136-92000	Miscellaneous Educational OM	\$3,606,981		\$3,606,981	\$1,018,276	\$42,792
500137-96000	Unemployment Compensation	\$325,209		\$325,209	\$57,746	-\$240,000
500138-92000	In-State Travel	\$62,500		\$62,500	\$3,785	\$0
500141-92000	Vehicle Maintenance	\$614,277		\$614,277	\$192,272	\$0
500146-92000	Building Utilities	\$6,332,665		\$6,332,665	\$855,151	-\$300,000
500152-92000	Facilities Ordinary Maintenance	<u>\$2,702,991</u>		<u>\$2,702,991</u>	<u>\$1,362,051</u>	<u>\$0</u>
	Non Salary Total	\$106,812,467	\$0	\$106,812,467	\$11,426,340	\$206,520
	<b>Total General Fund Budget</b>	<b>\$305,201,911</b>		<b>\$305,201,911</b>	<b>\$33,120,375</b>	<b>\$257,541</b>
	Charter School Adjustment					-\$450,000
	<b>Total General Fund Budget</b>					<b>-\$192,459</b>