

**FY15 Worcester School Committee Budget Priority Session
March 20, 2014**

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 FY15 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 FY15 budget.

Attached is the most recent budget presentation made to the joint meeting of the Finance and Operations Committee and the City Council Education Committee. 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 from the previous year, although the 24,777 students exceeds the district enrollment is the highest level in nine years
- The foundation budget inflation factor is very low causing no increases in Chapter 70 foundation aid.
- Federal Race to the Top and School Redesign Grants will phase-out at the end of FY14 resulting in a reduction of \$3,581,325.
- Retirement assessments continue to increase at 9% and health insurance premium costs at 8%, both above the national inflation index.
- The Governor's proposed budget provides additional funding for hold harmless and \$25 per pupil minimum aid but underfunds charter school reimbursements.
- Through March 2014, the City of Worcester is \$2,751,894 below net school spending for education.

Given changes to student enrollment and demographics, implementation of the state's high school graduation requirements, fixed cost increases, and additional contractual or compliance spending demands, it is likely that a reallocation of positions and non-salary spending 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 provide an updated budget status presentation to the School Committee in advance of the meeting and will be available to address questions for the School Committee during the budget priority setting session.




WORCESTER PUBLIC SCHOOLS

FY15 BUDGET PRIORITY DEVELOPMENT LIST Discussion Items

HIGH QUALITY TEACHING & LEARNING		STATE OR FEDERAL COMPLIANCE, SAFE AND WELCOMING SCHOOLS, OTHER PROGRAMS	
<ul style="list-style-type: none"> * The district has maintained average elementary class size of approximately 22:1 in recent years. * The district has recently provided additional elective and Chapter 74 teachers to secondary schools. * The district uses a combination of funding sources to support afterschool and summer programs * The district operates various alternative pathways for student success through a combination of day and evening programs. * The district uses intervention tutors as supplemental support to classroom instruction. * The district has a focus and commitment to early childhood programs. 	<ul style="list-style-type: none"> * The current instructional supply budget is \$68 per pupil * Textbooks and instructional materials have primarily been purchased with one-time funds. * The district is replacing nearly 7,500 computers before April 2014 due to end of life computer software. * The district has implemented various intervention programs to provide differentiated learning opportunities for students. * The district provides additional support and training for Advanced Placement students and teachers. * The district has a curriculum renewal process to align to with state graduation standards. 	<ul style="list-style-type: none"> * State graduation requirements will require additional secondary course offerings. * The district has more than 7,800 ELL students requiring up to 2.5 hours of language support daily. * An increase in the number of students with disabilities will require additional staff to maintain required service levels. * The district expanded athletic to meet a recent Title IX settlement agreement. * Increased data collection and reporting is required by state and federal agencies. 	<ul style="list-style-type: none"> * The district provides transportation to all K-12 students, more than two miles from school, including private, parochial, and charter schools with no fees. * The district utilizes 152 custodians and 31 tradesmen for building cleanliness and maintenance services * The district has maintained varsity and junior varsity athletic programs with no fees to students. * The district has proactively developed short term and long term strategies around Environmental Management within schools. * The district budget for school safety equipment in FY14 is double the amount it was in FY12. * The district utilizes 104 crossing guards for student safety

Worcester Public Schools

FY15 BUDGET
Preliminary Budget Estimates



Melinda J. Boone
Superintendent

February 2014

Worcester Public Schools

FY15 Budget Themes

- Flat Enrollment
- Second Straight Year of Low Inflation Growth
- Federal Grant Reductions & Phase-Out
- Certain Cost Centers Exceeding "Normal" Inflation
- Total Revenue Less than Current Year

Worcester Public Schools

FY15 Funding

State Budget Funding:

- Chapter 70 Funding (Governor's Budget)
 - Foundation Aid (\$73.4 million)
 - Down Payment Aid (\$14.5 million)
 - Save Harmless + \$25 per Pupil Minimum Aid (\$11.6 million)
- Circuit Breaker (currently full funding at 75%)
- Charter School Reimbursement (funded at 62% of full funding)

Worcester Public Schools

FY15 Funding

Federal Funding:

- Impact with sequestration
- RTTT and School Redesign Grant Sunset

Worcester Public Schools

FY15 Funding

City Contribution:

- Net School Spending
 - FY15 Required Increase ("Growth Factor")
 - Amount Currently Below "Net School Spending"
 - Medicaid Revenue and Indirect Cost Issues

Worcester Public Schools

FY15 Funding

Foundation Budget is based on student enrollment as of October 1, 2013.

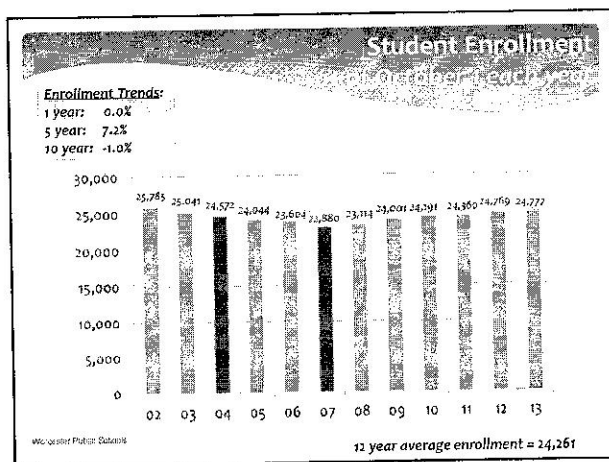
Foundation Budget is a per pupil funding formula with differentiated rates for grade or program adjusted annually for inflation.

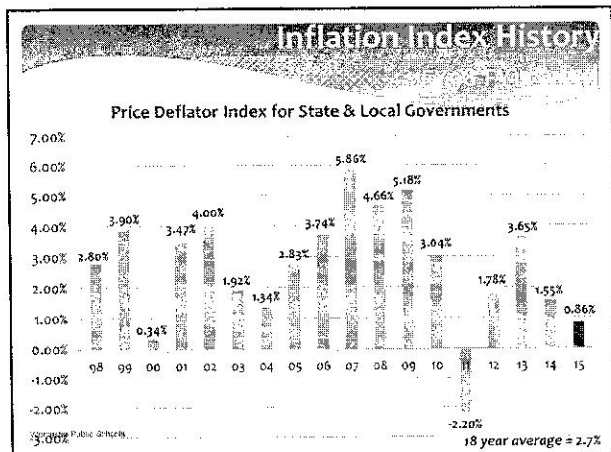
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WPS Enrollment

Grades	Enrollment (Oct 1)	Change from 2012
Pre-School	1,576	+63
Kindergarten	2,182	+1
Grades 1-6	10,976	-84
Grades 7-8	3,297	-20
Grades 9-12	6,746	+48
Total	24,777	+8 0.3%
ELL (Foundation Budget)	7,497	-490
Low Income (Foundation Budget)	18,955	-96

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FY15 Foundation Budget

Category	Enrollment	WPS Avg. Foundation Budget	FY15 Foundation Budget
Pre-Kindergarten	1,026	\$3,585.64	\$3,678,867
ELL Pre-K	509	\$4,582.87	\$2,332,681
Kindergarten	1,474	\$7,171.34	\$10,566,969
Grades 1-5	6,572	\$7,214.45	\$47,413,365
Grades 6-8	4,310	\$6,839.78	\$29,479,579
Grades 9-12	4,461	\$8,528.71	\$38,046,575
ELL K-12	7,497	\$9,165.67	\$68,715,028
Vocational (Ch 74)	1,792	\$13,004.90	23,304,781
Special Ed - In	997	\$24,958.05	\$24,883,176
Special Ed - Out	243	\$26,070.41	\$6,335,110
Low Income - Elem	11,669	\$3,422.27	\$39,934,469
Low Income - Other	2,286	\$2,782.45	\$20,163,641
Total	26,874	WPS Avg: \$11,716	\$314,854,114

Worcester Public Schools
* Foundation Enrollment includes Worcester resident charter and school choice students

FY15 Projected Revenues

**Worcester's
FY15 Projected Foundation Budget
\$314,854,113***

**Increasing \$3.0 million from \$311.8 million
(including charter/choice students)**

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* Includes Pre-K Change to lift cap on number of students that can be counted in foundation budget.

Funding the Foundation Budget

Calculation of State's Local Target Contribution:

Aggregate Wealth (Target Local Contribution)	
2012 equalized valuation	\$975,688,844,600
Property Percentage	0.3624%
Local effort from property wealth	\$3,536,333,601
2011 Income	\$233,987,044,866
Income Percentage	1.5113%
Local effort from income	\$3,536,333,601
Combined effort yield	\$7,072,667,200

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Funding the Foundation Budget	
Calculation of Worcester's Target Local Contribution:	
Aggregate Wealth (Target Local Contribution)	
2012 equalized valuation	\$12,173,645,100
Property Percentage	0.3624%
Local effort from property wealth	\$44,122,745
2011 income	\$3,443,918,000
Income Percentage	1.5113%
Local effort from income	\$52,049,219
Combined effort yield (Target Local Contribution)	\$96,171,964
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Funding the Foundation Budget	
Calculation of Worcester's Local Contribution:	
Increment Towards Effort Goal	
Required FY14 Local Contribution	\$91,934,732
Municipal Revenue Growth Factor	5.05%
FY15 Preliminary Local Contribution	\$96,577,436
Target Local Contribution	\$96,171,964
Excess Local Effort	\$405,472
50% Reduction Towards Goal	\$202,736
FY15 Required Local Contribution	\$96,374,700
Worcester Public Schools	

Funding the Foundation Budget	
Putting it all Together:	
FY15 State Aid	
A. Foundation Budget	\$314,854,113
B. Required Local Contribution	\$96,374,700
C. Difference (A - B)	\$218,479,413
D. Prior Year Chapter 70 Aid	\$219,897,733
E. Foundation Aid (C - D)	\$0
Worcester Public Schools	

Funding the Foundation Budget	
Putting it all Together:	
FY15 State Aid	
A. Difference between Foundation Budget and Required Local Contribution	\$218,479,413
B. Hold Harmless at Current Year Chapter 70	\$219,897,733
C. Total Hold Harmless Aid	1,418,320
D. Minimum \$25 per pupil Aid from State	\$671,850
E. Total Hold Harmless and Minimum Aid	\$2,090,170
TOTAL FY15 CHAPTER 70 STATE AID (A + E)	\$220,569,583
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Funding the Foundation Budget	
Putting it all Together:	
FY15 Required Spending	
A. Foundation Budget	\$314,854,113
B. Required district contribution	\$96,374,700
C. Chapter 70 State Aid	\$220,374,700
D. Required Net School Spending (B+C)	\$316,944,283
Amount of Required Spending Above Foundation Budget	\$2,090,170
FY14 Required Net School Spending	\$311,832,465
Change in Required Net School Spending	\$5,111,818

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FY15 Budget

Putting it all Together:

Budget	FY14	FY15	Change
Ch70 State Aid	\$219,897,733	\$220,569,583	\$671,850
Charter Reimbursement	\$2,674,147	\$2,286,346	-\$387,801
Req'd Local Contrib.	\$91,934,732	\$96,374,700	\$4,439,968
Other Local Contrib.*	\$11,546,372	\$11,546,372	\$0
Charter Tuition	\$24,548,854	\$24,539,972	8,882
School Choice Tuition	-\$2,323,356	-\$2,709,152	-\$385,796
Special Educ. Offset	-\$134,920	-\$164,231	-\$29,311
TOTAL BUDGET	\$299,045,854	\$303,363,646	\$4,317,792

* WPS currently under Net School Spending by \$2.3 million. **No change** in city contribution above required increase amount results in WPS under net school spending by \$3.0 million

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Impact of Federal Sequestration			
Estimated at a 4% Reduction			
	FY14	FY15	Change
Title I	\$9,769,845	\$9,379,051	-\$390,794
IDEA	\$7,218,705	\$6,929,957	-\$288,748
Title II A	\$1,858,092	\$1,783,768	-\$74,324
Title III	\$1,202,742	\$1,154,632	-\$48,110
Perkins	\$481,803	\$462,531	-\$19,272
Total	\$20,531,187	\$19,709,939	-\$821,248

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Federal Grants	
Federal Grants Currently Provide:	
<ul style="list-style-type: none"> 80 Teachers 204 Instructional Assistants Afterschool & Summer Programs Specialized Programs and Services Staff Development 	

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Phase-Out of Federal Grants			
Grant	FY14	FY15	Change
Race to the Top	\$2,688,325	\$0	-\$2,688,325
School Redesign	\$893,000	\$0	-\$893,000
McKinney-Vento*	\$60,666	\$0	-\$60,666
Total	\$3,641,991	\$0	-\$3,641,991

* Expected to be a competitive grant in FY15

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Federal Grants	
RTTT and SRG Grants Currently Provide:	
▪	Level 4 School Costs
▪	Staff Development
▪	College Dual Enrollment & Early College High School
▪	Wrap Around Zone Coordinators

Worcester Public Schools

FY15 Total Funding Change	
FY15 Funding Change from Current Year	
General Fund (State Aid & Local Contribution)	\$4,317,792
Grant Reduction (4% Sequestration)	-\$821,248
Grant Reduction (Phase-Out)	-\$3,641,991
FY15 Revenue Change from FY14:	-\$145,447

Worcester Public Schools

FY15 Level Service Increases		
Contractual Increases:	in millions	
▪ Employee Salaries	\$3.4	
▪ Health Insurance (8%)	\$3.3	
▪ Tuition	\$1.5	
▪ Retirement Assessments	\$1.3	
▪ Transportation	\$0.6	
▪ Technology	\$0.9	
▪ Workers Compensation	\$0.4	
▪ Building Utilities	\$0.3	
Total Cost Increases:	\$11.7	(3.3%)

Worcester Public Schools

FY15 New Funding Requirements	
Budget Area:	in millions
▪ School Staffing Needs*:	\$ 6.3
▪ Elementary Math Textbooks	\$ 2.0
▪ Secondary Textbooks	\$ 0.4
▪ Worcester Advance High School Academy Planning Year	\$ 0.2
▪ OPEB Trust Fund Payment **:	\$ 3.0
Total	\$11.9

* 117 additional positions includes 16 elementary teachers (class size), 11 secondary teachers (course selection and offerings), 14 student support positions, 5 special education teachers, 9 ELL teachers, 19 instructional assistants, 19 tutor positions, 6 school-based clerical, 2 school nurses, 6 assistant principals, 4 additional instructional coaches, 3 credit recovery computer lab staff, 2 school safety, and 1 wrap around coordinator.
Worcester Public Schools

** Does not count towards "Net School Spending"

FY15 Program Improvements	
Other Budget Areas Needing Funding:	
▪ Elementary Assistant Principals	\$ 900,000
▪ Kindergarten IA's	\$ 750,000
▪ School Safety Equipment	\$ 500,000
▪ Playground Maintenance	\$ 500,000
▪ School Furniture	\$ 500,000
▪ Wireless Technology	\$ 500,000
▪ Total Additional Needs:	\$3,650,000

Worcester Public Schools

FY15 Funding Increase Needed	
Total Funding Increase Needs	in millions
▪ Level Service:	\$ 11.7
▪ New Funding Requirements:	\$ 11.9
▪ Program Improvements:	\$ 3.7
Total Funding Increase Needed:	\$27.3

Worcester Public Schools

FY15 Budget Status	
	in millions
Total Funding Needs:	\$27.3
Total Revenue Increase:	-\$ 0.1
FY15 BUDGET STATUS	-\$27.4

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FY 14 Elementary Class Size

Less than 23	318 (55%)
23-26	211 (36%)
27-30	54 (9%)
Greater than 30	1 (0%)*

* Due to space limitations at school

District Average Class Size: 22.2

Worcester Public Schools

FY15 Budget Approach

- **Zero-based budgeting – Year 5:** All positions, programs and services under thorough annual review.
- **Long term planning and allocation:** student achievement and finance.
- **Status Quo is not an option:** The FY15 Budget will need to reflect changes beyond revenue/expense projections.

Worcester Public Schools

Budget Schedule

- Administration had initial meetings with all building principals and continues to meet with district administrators to finalize needs assessment.
- Listening Sessions with Students, Parent Groups, Business Leaders, and Community Groups over next several months.
- School Committee Budget Priority Session to be scheduled at prerogative of School Committee.

Worcester Public Schools

Budget Schedule

- Governor's Budget (released January 22)
- House of Representatives (April)*
- Senate Budget (May)

**FY15 Budget to
School Committee: May 9th**

* WPS to use House Budget for submittal to School Committee

Worcester Public Schools