

FY20 Preliminary Budget

Analysis of Governor's Proposed Budget and Recent
Legislative Foundation Budget Proposals

Report of the Superintendent
February 28, 2019



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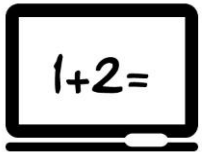
FY20 Budget Themes



Modest Inflation Growth (3.75%)



Overall Enrollment Growth



Initial Foundation Budget Funding Proposals



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FY20 Budget

**Total Foundation
Budget**

**Foundation Budget
Funding**

**FY20 Preliminary
WPS BUDGET**



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FY20 Foundation Budget

**Total Foundation
Budget**

**Foundation Budget
Funding**

**FY20 Preliminary
WPS BUDGET**

Foundation Budget	Amount
FY20 Proposed: as contained in FY20 Governor's Budget	\$374,554,603
FY19 Current Year:	<u>\$353,662,082</u>
Increase:	\$20,892,521

5.9% increase



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FY20 Foundation Budget

**Total Foundation
Budget**

**Foundation Budget
Funding**

**FY20 Preliminary
WPS BUDGET**

Change from FY19	Amount	
Chapter 70	\$17,266,265	6.8%
City Contribution:	<u>\$3,626,256</u>	3.6%
Increase:	\$20,892,521	



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FY20 Governor's Budget

Change from FY19	Amount
Inflation (3.75%)	\$13,262,328
Enrollment Change (189):	\$1,059,407
Economically Disadvantaged Enrollment (310):	<u>\$1,233,667</u>
Base Foundation Change:	\$15,555,402
FBRC New Funding	<u>\$5,337,119</u>
TOTAL	\$20,892,521



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FY20 Governor's Budget

FBRC New Funding*	Amount
Employee Benefits	\$2,943,186
English Learners	\$2,148,634
Special Ed. – Out of District	\$258,326
Early College/Career Pathways	\$160,233
Eco Dis. & Special Ed. In district*	<u>-\$173,260</u>
TOTAL	\$20,892,521

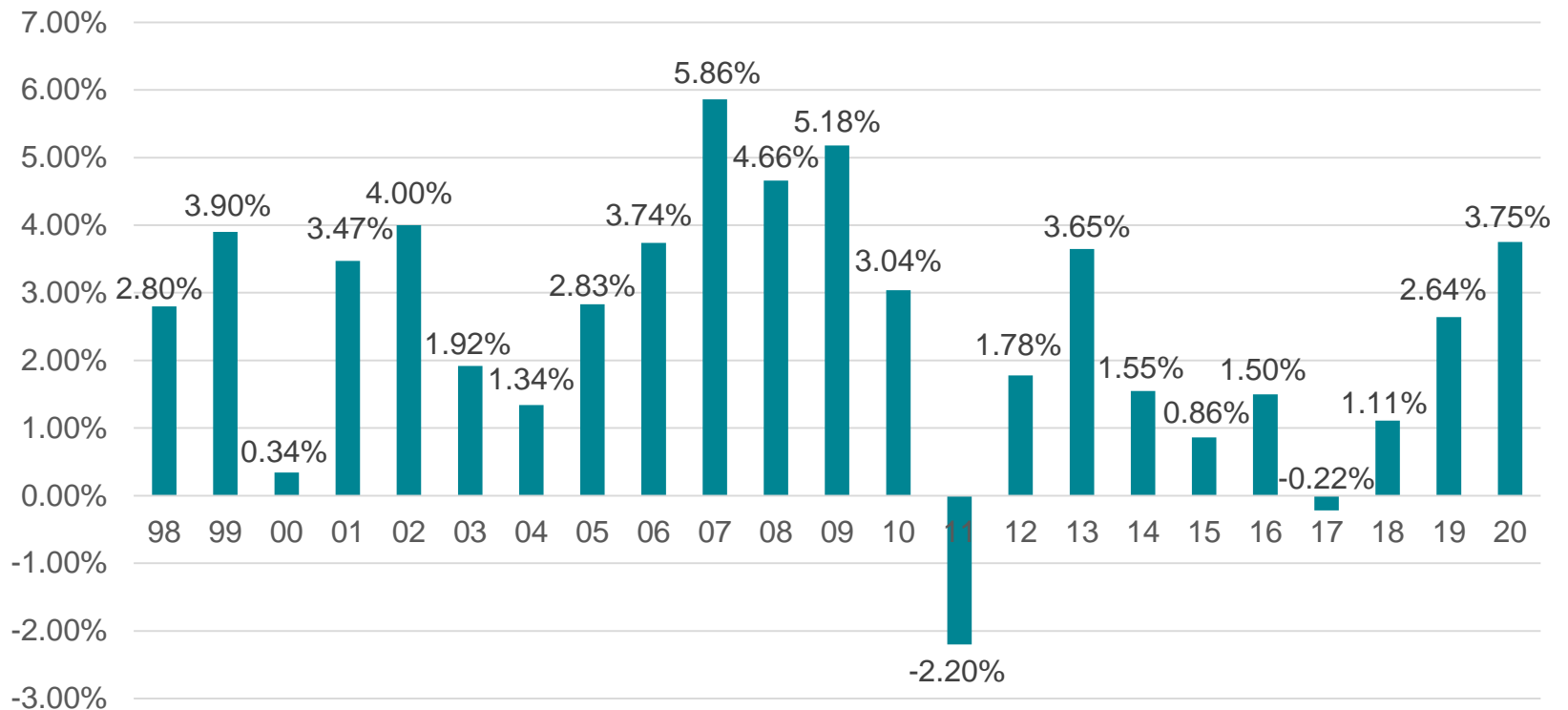
* Eco Dis Rate Change Adjusted for Inflation and Excludes Employee Benefits Portion of Rate Change. Special Education In District Rate adjusted for inflation



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FY20 Foundation Budget

Price Deflator Index for State & Local Governments



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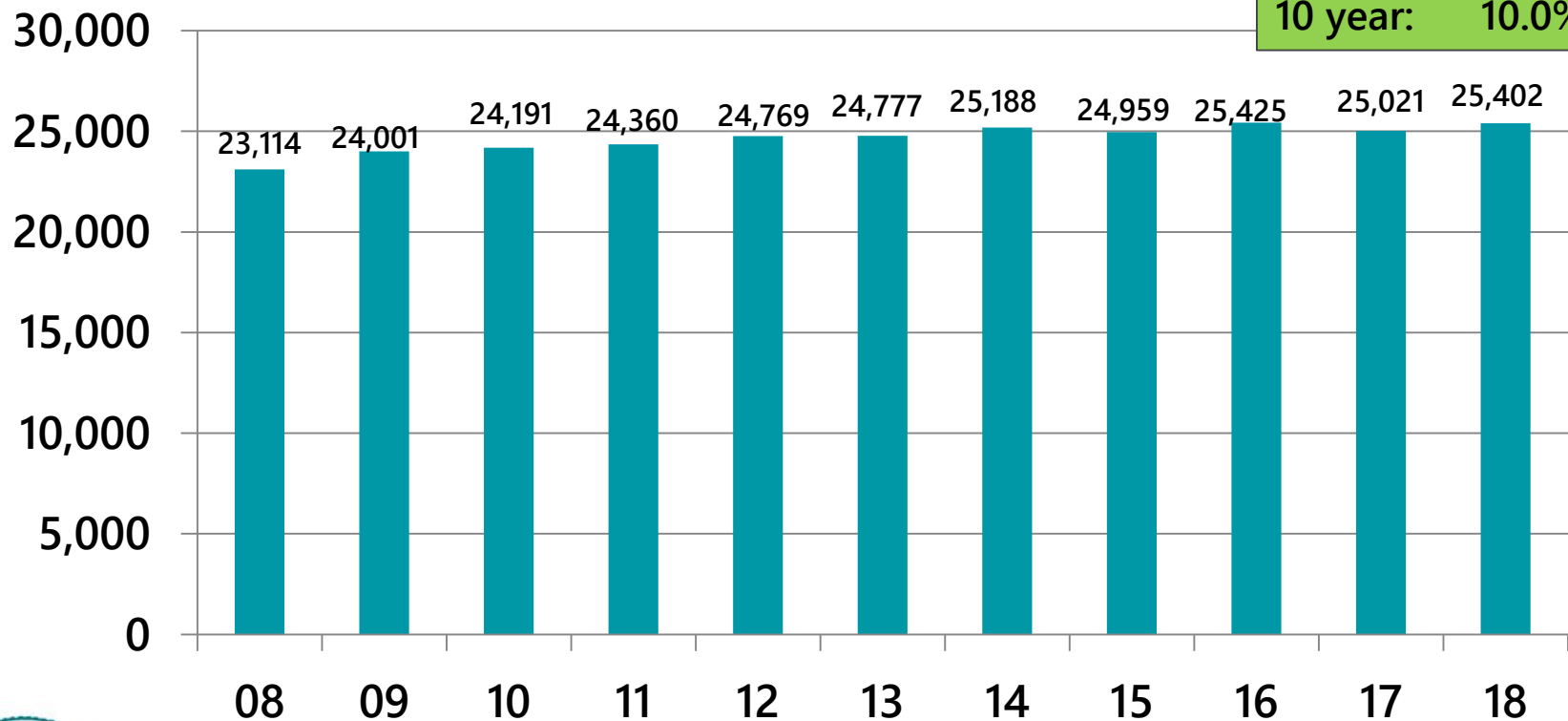
WPS Enrollment Trends

Enrollment Trends:

1 year: 1.4%

5 year: 2.5%

10 year: 10.0%



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WPS Enrollment Trends

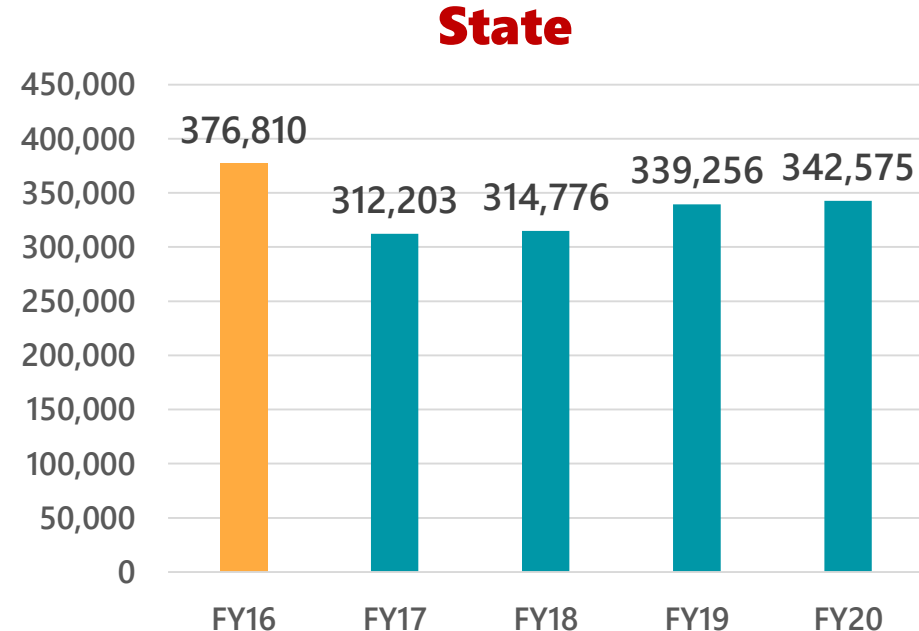
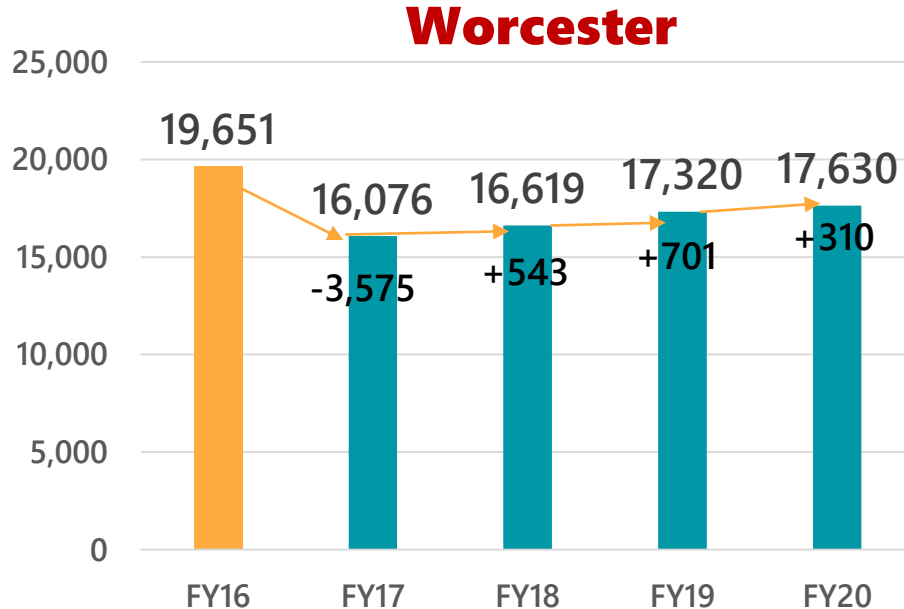
Grades	Enrollment 10/1/18	Change from Last Year
Pre-School	1,244	290
Grades K-6	13,394	-69
Grades 7-8	3,561	147
Grades 9-12	<u>7,142</u>	<u>12</u>
Total	25,341	380



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Economically Disadvantaged Students

Enrollments– Worcester and State Totals



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Foundation Budget → FY20 BUDGET

**Total Foundation
Budget**

**Foundation Budget
Funding**

**FY20 Preliminary
WPS BUDGET**

Change from FY19	Amount
Foundation Budget	\$20,892,521
Less Charter Schools and School Choice:	-\$2,234,960
Less One-Time Impact Aid	<u>-\$1,922,753</u>
Budget Increase:	\$16,734,808



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4.8% increase

FY20 BUDGET PLANNING

**Total Foundation
Budget**

**Foundation Budget
Funding**

**FY20 Preliminary
WPS BUDGET**

- **Develop Level Service Cost Increases**
- **Address Enrollment Shifts & Changes**
- **Target New Funds to Foundation Budget Gaps**



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FY20 BUDGET PLANNING

Total Foundation
Budget

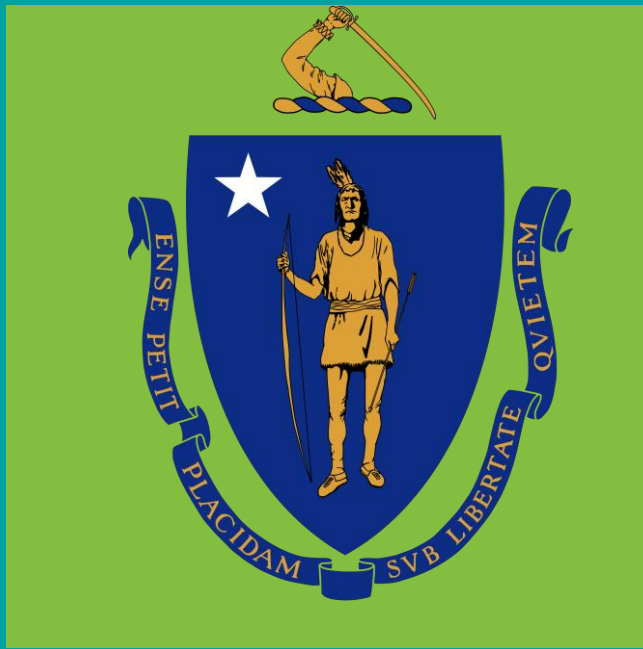
Foundation Budget
Funding

FY20 Preliminary
WPS BUDGET

- School-based Resource Allocation Process **Begins** Next Week.
- Develop Budget Recommendations using district's Seven Point Plan For Advancing Student Achievement and Program Sustainability and Address Foundation Budget Spending Gaps
- Monitor State Budget & Foundation Budget Bills



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Recent Foundation Budget Proposals

*Summary of Major Factors and Estimated
Impact on the Worcester Public Schools*

Recently filed foundation budget

- Governor House Bill 70
- Senate Docket Number 101
- House Docket Number 3195



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FINDINGS AND RECOMMENDATIONS

FOUNDATION BUDGET REVIEW COMMISSION

- ★ Health Insurance
- ★ Special Education
- ★ English Learners
- ★ Low Income

Health Insurance

Findings

- Actual spending “far exceeds” current foundation budget allotment by more than 140%.
- Current formula does not factor cost for retiree health insurance

Recommendations

- Adjust the employee health insurance rate to the state’s GIC rate.
- Add “Retired Employee Health Insurance” to foundation budget.
- Change inflation factor to annual change to GIC rates.



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Special Education

Findings

- Districts spend “far more” than the current foundation budget allotment for out-of-district placements by more than 59%.
- The current assumed in-district special education enrollment is less than the actual statewide enrollment

Recommendations

- Increase the assumed in-district special education enrollment.
- Increase the out-of-district cost rate to capture the total costs that districts bear before circuit breaker is triggered.



Other Recommendations of the FBRC:

Low Income: The FBRC recommendation was to increase the increment to 50%-100% of extra funding.

ELL Increment: The FBRC recommendation is to change the per pupil rate from a fixed rate to an increment similar to the increment for low income students. The FY19 final state budget converted the rate to an increment (at 65% of recommended level)



Special Education

Item/Current	Governor H70	Senate Bill Docket 101	House Bill Docket 3195
<p>Special Education: Assumed In-District Rate</p> <p>3.75% and 4.75% for Vocational Students</p>	<p>4.0% and 4.75% for Vocational Students</p> <p><u>Worcester Increase</u> \$1.6 million</p>	<p>4.0% and 5.0% for Vocational Students</p> <p><u>Worcester Increase</u> \$1.7 million</p>	<p>4.0% and 5.0% for Vocational Students</p> <p><u>Worcester Increase</u> \$1.7 million</p>
<p>Special Education: Out-of-District Rate</p> <p>Assumed at 1% of enrollment at \$28,428.66/student</p>	<p>Assumed at 1% of enrollment at 3 times the average per pupil rate (beginning in FY21)(\$35,632.95)</p> <p><u>Worcester Increase</u> \$1.8 million</p>	<p>Assumed at 1% of enrollment at 3 times the average per pupil rate (\$35,632.95)</p> <p><u>Worcester Increase</u> \$1.8 million</p>	<p>Assumed at 1% of enrollment at 3 times the average per pupil rate (\$35,632.95)</p> <p><u>Worcester Increase</u> \$1.8 million</p>

Worcester's Current Spending Gap:
\$34.6 million

Foundation Budget Commission Report

Special Education Recognition:

Average expenditure per pupil exceeds foundation budget, even upon adoption of recommendations, **by \$700 million***.

***Page 15 of the FBRC Report**

Employee Benefits

Current	Governor H70	Senate Bill Docket 101	House Bill Docket 3195
<p>Additional increment in FY18 (added \$66 million statewide)</p> <p>FY19 increment raised by 14% toward total increase</p>	<p>Per pupil rates increase 35%-81% above FY20 Rates* under this plan</p> <p>* FY19 + 3.75% inflation</p> <p>Adjusted annually by increases in employer premium costs for municipal participants in state GIC</p> <p><u>Worcester Increase</u> \$15.3 million**</p> <p>**Excludes eco dis rates</p>	<p>Per pupil rates increase 20%-75% above FY20 Rates* under this plan</p> <p>* FY19 + 3.75% inflation</p> <p>Adjusted annually by the average annual rate of growth for the average premium of all GIC plans over the past three years.</p> <p><u>Worcester Increase</u> \$18.1 million</p>	<p>Employee Health Insurance Rate: Average active employee premium for all GIC plans for the previous 3 fiscal years.</p> <p>Retired Employee Health Insurance Rate: Weighted average of GIC plans for all retiree plans the previous 3 fiscal years.</p> <p>Foundation Benefits: Allotment equal to 1.29 x (Employee Health Insurance Rate x # of Active Employees) + Retired Employee Health Insurance Rate x # of district retired employees.</p>

Worcester's Current Spending Gap:
\$34.9 million

English Learners

Item / Current	Governor H70	Senate Bill Docket 101	House Bill Docket 3195
<p>English Learners (rate per student)</p> <p><i>Created an increment rate implemented in FY19, formerly as base rate. Increment is 65% of FBRC goal rates</i></p> <p><u>Worcester's Increase</u> \$3.3 million</p>	<p>Increment above base: PK-5: \$2,177.17 6-8: \$2,721.46 9-12: \$3,265.74</p> <p>Eliminates "students who have already met or exceeded state exit requirements"</p> <p><u>Worcester Increase</u> \$2.2 million</p>	<p>Increment above base: \$2,537.49</p> <p><u>Worcester Increase*</u> \$2.6 million</p> <p>*Assumes no enrollment change from FY19</p>	<p>Increment above base: PK \$1,177.18 All other grades: \$2,354.36</p> <p><u>Worcester Increase*</u> \$1.1 million</p> <p>*Assumes no enrollment change from FY19</p>

Economically Disadvantaged

Item / Current	Governor H70	Senate Bill Docket 101	House Bill Docket 3195
<p>Economically Disadvantaged (Eco. Dis.)</p> <p>FY20 (FY19 Adjusted for Inflation)</p> <p><u>Decile 10</u> \$4,128.80</p>	<p>Decile 10 \$4,600.59 per student + \$181.00 per student high needs concentration</p> <p><u>Worcester Increase</u> \$11.5 million</p>	<p>Deciles 1-10 at 50-100% of the statewide per pupil amount</p> <p>approx. \$8,251 per student (decile 10)</p> <p><u>Worcester Increase</u> \$72.7 million</p>	<p>“Amount shall not be less than 50% of the average per pupil expenditure for the decile with the lowest percentage of low income students and shall increase with each subsequent decile.”</p>

Governor's H70 Proposals

Item	Current	Governor H70																
Early College & Career Pathways Programs	No added funding / Students in High School Rate	<div>\$1,050 per student higher than High School Rate</div> <div><u>Worcester Increase*</u></div> <div>\$167,000</div> <div>*Based on current level of students in Early College / Career Pathway programs</div>																
Guidance and Psychological Support		<div>Increases Per Pupil Rates (From FY19 Rate Adjusted for Inflation at 3.75%)</div> <table><tr><td>PK</td><td>\$70.89</td></tr><tr><td>K</td><td>\$141.76</td></tr><tr><td>Elementary</td><td>\$141.76</td></tr><tr><td>Middle</td><td>\$63.57</td></tr><tr><td>High</td><td>\$ 0</td></tr><tr><td>Early College</td><td>\$262.50</td></tr><tr><td>Vocational</td><td>\$0</td></tr><tr><td>Eco. Dis.</td><td>\$116.97*</td></tr></table> <div>*Eco Dis funding is redistributed in Governor’s Budget Proposal and the amount for this category is reflected in Eco. Dis. increase on previous slide)</div> <div><u>Worcester Increase</u></div> <div>\$2.3 million</div>	PK	\$70.89	K	\$141.76	Elementary	\$141.76	Middle	\$63.57	High	\$ 0	Early College	\$262.50	Vocational	\$0	Eco. Dis.	\$116.97*
PK	\$70.89																	
K	\$141.76																	
Elementary	\$141.76																	
Middle	\$63.57																	
High	\$ 0																	
Early College	\$262.50																	
Vocational	\$0																	
Eco. Dis.	\$116.97*																	

Senate Bill Docket 101 Proposals

Item	Current	Senate Bill Docket 101
District Student Aid Increment	No Student Aid Increment	Guarantees a floor of state funding for districts after accounting for charter school costs <u>Worcester Increase</u> \$4.4 million

Determines a **Student Aid Floor** based on the district's foundation budget for district students only (Worcester = \$345.6 million) multiplied by the target aid share (72.1%) = \$249.2 million

Student Aid Increment: Student Aid Floor less the sum of (Prior Year Aid, Foundation Aid Increase, Minimum Aid, Other Aid Adjustments, Charter Reimbursement less charter school tuition)

Other Notable Items

Governor H70

- Section 16: Establishes partial exception for a school committee's generally unlimited discretion in budgeting by empowering the Commissioner direct a school district to include changes in a underperforming schools turnaround plan and allows Commissioner to withhold a portion of a district's foundation budget failing to make sufficient progress in implementing the changes and placing the funds in a Trust Fund (solely for use by the Commissioner in the district from which the funds were withheld.)
- Section 22: Changes Charter School Reimbursement formula back to the 100%-60%-40% phase-out funding. Focuses reimbursement on high growth charter districts.

Other Notable Items

Governor H70

- Section 23: Directs the Commissioner to study the feasibility of established tier foundation budgets for career and vocational programs which would enable more expensive programs to receive higher levels of funding and less expensive programs to receive funding commensurate with their costs.

Other Notable Items

Senate Bill Docket 101

- Allows a school district to choose annually to have its low income enrollment established through collection of forms or through a between direct certification process.
- Establishes a 5 year review cycle of the Foundation Budget

Other Notable Items

House Bill Docket 3195

Outdated Language:

Section 4: "Pre-School enrollment" definition. "Enrollment may not exceed twice the number of pre-school students enrolled under individual education plans". *This language was deleted in 2014.*

Language Conflict:

Section 4: Enrollment category counts for kindergarten, elementary, middle, and high schools exclude "bilingual" students. *The change in classification of students from Bilingual to English Learners occurred in 2005.* However, Section 3 creates an English language learner as an increment rate.

Other Notable Items

House Bill Docket 3195

Section 10:

Creates a Student Supports Fund grant program for schools and districts with “high percentages” of low income students for the purchase of instructional materials and summer programs.

Bill Summaries

Item	Category	Governor H70	Senate 101	House 3195
Total Estimated Additional Funding (Subject to Annual Enrollment and Inflation Changes)	Special Education: In-District	\$1.6	\$1.7	\$1.7
	Special Education: Out of District	\$1.8	\$1.8	\$1.8
	Employee Benefits	\$15.3	\$18.1	
	Economically Disadvantaged	\$11.5	\$72.7	
	English Learners	\$2.2	\$2.6	\$1.1
	Early College / Career Pathways	\$0.2		
	Guidance & Psychological	<u>\$2.3</u>		
	Student Aid Increment		<u>\$4.4</u>	
	TOTAL	\$34.9	\$101.3	
	Implementation Schedule	7 years	To be determined	5 years

FY20 Budget Schedule



February-March

School and District Resource Allocation Meetings to develop budget priorities and recommendations



April 17

House of Representatives Budget Released (Expected Date). This budget is used to develop budget recommendations to School Committee



May 10

FY20 Budget to be submitted to School Committee and posted on district website



May (TBD)

Standing Committee on Finance and Operation sPublic Budget Hearing



June 6 & 20

School Committee Budget Hearings



FBRC

On-going monitoring and advocacy for Foundation Budget Review Commission Recommendations



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