

O. GENERAL BUSINESS
Administration
(August 24, 2022)

ITEM - gb 2-243
S.C. MEETING - 9-1-22

ITEM:

To consider an update to the FY23 Budget based on the final state budget adopted in July 2022.

PRIOR ACTION:

BACKUP:

Annex A (2 pages) contains a copy of the FY23 Final State Budget changes.

RECOMMENDATION OF MAKER:

RECOMMENDATION OF ADMINISTRATION:

Accept and file.

On July 28, 2022, Governor Baker signed the FY23 state budget resulting in final Chapter 70 State Aid, along with school choice and charter school tuition assessments and reimbursements. Overall, the final state budget provides the Worcester Public Schools \$945,067 less than the adopted budget amount.

The final FY23 Budget reflects the second-year phase-in of a planned six-year phase-in of the Student Opportunity Act as used in the School Committee's adopted budget amount. The City's required local contribution also remains the same as the adopted budget amount, which is \$5.4 million, or 7.4% greater than the FY22 amount

Charter school tuition assessments increased by \$334,788 in the final state budget, primarily due to transportation assessments for the Learning First Charter School that were not included in prior charter school tuition assessments (an increase of \$876,567), offset by a decrease in the projected number of 32 charter school students totaling \$541,779. The FY23 final state budget fully funds the charter school tuition assessment formula.

School choice tuition assessments increased by \$417,217 in large part based on the final school choice assessment from the prior year, and the final FY22 school choice assessment in June was \$96,969 higher than the most recent prior estimate from March—not including virtual school students. Pre-enrollment estimates from the two Commonwealth Virtual Schools for the upcoming school year increased from 149 in FY22 to 171 students in FY23.

The FY23 Final State Budget changes are as follows:

| | Adopted Budget Amount | Final State Budget | Difference |
|-----------------------------------|------------------------------|-----------------------------|--------------------------|
| General Fund Revenue | | | |
| Chapter 70 State Aid (Total) | \$316,240,166 | \$316,240,166 | \$0 |
| Total City Contribution | <u>\$132,423,481</u> | <u>\$132,423,481</u> | <u>\$0</u> |
| Total General Fund Revenue | \$448,663,647 | \$448,663,647 | \$0 |
| | | | |
| Less Tuition Assessments: | | | |
| Charter School Tuition Assessment | -\$33,484,857 | -\$33,819,645 | -\$334,788 |
| Charter School Reimbursement | \$6,336,777 | \$6,149,202 | -\$187,575 |
| School Choice Tuition Assessment | -\$3,495,419 | -\$3,912,636 | -\$417,217 |
| Special Education Revenue Offset | <u>-\$217,996</u> | <u>-\$223,483</u> | <u>-\$5,487</u> |
| Total Tuition Assessments | <u>-\$30,861,495</u> | <u>-\$31,806,562</u> | <u>-\$945,067</u> |
| Total General Fund Budget: | \$417,802,152 | \$416,857,085 | -\$945,067 |

The Acting City Manager has agreed that he will recommend that the City Council appropriate anticipated FY22 Free Cash to fully offset this change in the state budget, thus resulting in no change for the Worcester Public Schools FY23 Budget. This will occur during the tax-setting process in November 2022. The Administration is extremely grateful to the Acting City Manager for his recommendation to hold the district budget harmless using one-time free cash funds. Otherwise, the district will offset this reduction using ESSER funds to ensure that there will be no impact on the programs, positions, or services for this fiscal year.

FY23 Federal Entitlement Grants have been provided to districts from the Massachusetts Department of Elementary and Secondary Education. The district uses the prior year (FY22) actual grant awards until final amounts are known. The following is a summary of the changes for

the FY23 Federal Entitlement Grants compared to the amounts used in the FY23 Budget Book.

| Grant Name | FY23 Adopted Budget | FY23 Actual Award | Difference |
|------------------------------|----------------------------|--------------------------|-------------------|
| Title I | \$13,035,972 | \$12,872,191 | -\$163,781 |
| Title II Teacher Quality | \$1,269,520 | \$1,106,058 | -\$163,462 |
| Title III | \$1,142,698 | \$1,210,123 | \$67,425 |
| Title IV | \$748,170 | \$933,096 | \$184,926 |
| IDEA | \$7,978,530 | \$8,032,117 | \$53,587 |
| Perkins Secondary Allocation | \$556,051 | \$531,717 | -\$24,334 |
| Difference | \$24,730,941 | \$24,685,302 | -\$45,639 |

The district will utilize anticipated carry-forward funds from these grants to cover these shortfalls. Grant spending will be adjusted to these actual awarded amounts as part of the FY24 Budget process.

The annual budget spending is monitored by the School Committee through the Standing Committee on Finance and Operations through the Quarterly Budget Status Report.