

Executive Summary

The fiscal year 2017 budget represents total spending for the Worcester Public Schools from all sources of \$377,118,333, a \$6.4 million or 1.7% increase from the FY16 adopted budget level of \$370,683,387. Within this amount, the total general fund budget that has been recommended by the City Manager is \$322,895,803 which represents an increase of \$4.6 million, or 1.4% from the FY16 School Committee's adopted budget of \$318,291,993. The budget increase represents a \$3.8 million increase in Chapter 70 state aid and charter school reimbursement, \$0.5 million increase in city contribution, and \$0.3 million total reduction in charter school tuition, school choice and state special education assessments. Federal grants are assumed to be level funded with actual award known later in the budget process; the FY17 budget reflects the addition of a three-year School Redesign Grant for Elm Park Community School that was awarded during FY16. Most state grants are assumed to be level funded based on initial funding included in the House of Representatives budget, except for the phase-out of the Financial Literacy and Literacy Partnership Grants. Within the state and federal grants, the City Manager has proposed to further reduce the city charge on grants from 2.5% to 2%, providing savings within grants totaling \$175,000. Other special revenue is expected to be reduced \$0.3 million, mostly due to a reduction in state circuit breaker reimbursement and adult education revenues. Finally, the school nutrition funding is expected to increase \$1.8 million from the FY16 budgeted spending level due to participation in the USDA's Community Eligibility Program.

Mission & Vision Statements, Strategic Goals, Theory of Action, and District Focus:

The district's mission statement is to provide learners with a quality education in a safe and healthy environment. As a district, we believe that all students can achieve at high levels as they prepare to become productive citizens in our changing technological world. As a district, we are committed to supporting students, parents, educators, and citizens in their pursuit of learning.

The district is guided by the following strategic goals:

- Ensure that all students achieve high standards through high quality teaching and learning
- Enhance the quality of all personnel by providing and supporting high quality professional development
- Ensure that all students have the best opportunity to learn by providing support to achieve excellence and accountability in all schools
- Create communication structures and a community infrastructure that supports learning

The district operates with the following Theory of Action: "If all Worcester Public Schools' personnel provide or support high quality teaching and learning, then all Worcester Public Schools' students will continuously achieve higher performance levels, thus closing the achievement gap." This is achieved with the following focus:

All personnel of the Worcester Public Schools will align efforts to have all students show growth in their ability to read fluently, to comprehend deeply, to think critically, and to respond effectively. This will be accomplished through the implementation of rigorous, evidence-based instructional practices and a standards-based curriculum across all content areas. Multiple measures including formative



and standardized assessments will be used to monitor our progress, to refine our practice, and to improve our capacity to ensure all students reach and exceed grade level expectations, graduate college and are career ready.

The district's vision statement holds the district accountable to reductions in the proficiency gap for students by: increasing student performance gains in English Language Arts, Mathematics, and Science, Technology and Engineering; increasing the district graduation rate; decreasing the dropout rate; and preparing all students to be college and career ready.

District Priorities

The FY17 budget continues to reflect district priorities that have emerged through input from the School Committee, students, parents, staff, business leaders, community and civic leaders, and interested citizens. Budget recommendations are based on the following four district priorities:

- Deliver high quality teaching & learning
- Expand Advanced Placement and Career & Technical Programs at high schools
- Provide reasonable class sizes
- Provide safe and secure learning environments

District Goals:

- 100% of students guaranteed a rigorous curriculum resulting in measurable gains in student learning
 - Focus on the percent of students proficient in reading, ELA, and math
 - Focus on the percent of students successfully completing high school coursework that prepares graduates for college and career readiness
- Increase student academic achievement through instructional strategies resulting in high levels of student performance
- Implement and monitor strategies to ensure welcoming, safe and secure learning environments in all Worcester Public Schools
- Strengthen communication through strategies to transfer information on effective practices and needs among all stakeholders

FY17 Budget Process

The above-listed district priorities and the use of a zero-based budget approach guide the shaping of the budget. The budget recommendations are aligned to the best extent possible with high quality teaching and learning, community values, and compliance requirements with the resources available.

Between January and June of each year, the Administration works collaboratively with building principals and instructional leadership teams to develop resource allocation needs for schools. These data-driven, needs-based assessments identified more than \$14.5 million in additional personnel requests and instructional material and technology needs greater than current levels of service.



This process allows the Administration to develop long term resource allocation strategies and allows individual site councils and instructional leadership teams to create templates for future school-based accountability and resource planning. This process will continue in future years to fully engage each school community in the budget decision-making process.

Concurrently, the Administration has made numerous budget presentations and solicited valuable input from the School Committee, parent groups, the Superintendent's high school student advisory group, local business leader roundtables, civic and community leaders, and concerned citizens. The recommendations and priorities identified by these groups are included in this budget within the available resources. Student groups have asked to maintain rigorous classes and athletic programs. Parent groups have asked that we prioritize small class size ratios and maintain course offerings. Business leaders have asked that we strengthen efforts around college and career readiness skills. Civic and community leaders have asked for support in wrap around, social-emotional, and supplemental support programs. Concerned citizens have asked that we seek spending reforms and use tax dollars wisely.

The School Committee holds two public budget hearings in June, possibly makes changes to the budget recommended by the Superintendent, and adopts a final budget for the upcoming year.

This budget accomplishes the following:

- ⊕ Achieves all aspects of the district's **Seven Point Financial Plan for Advancing Student Achievement and Program Sustainability**. The plan is the district's financial compass and guiding document for 1) continued long term budget planning, 2) continued annual budget review, 3) continued transparent budget process, 4) continued quarterly financial reporting, 5) the development of supplemental and sustainable programs, 6) the creation of a cap on administrative spending, and 7) identifying targets for new revenue.
- ⊕ Maintains existing programs and services with reallocations from existing resources to preserve elementary class size and secondary course offerings.
- ⊕ Restructures administrative positions in order to provide improved service to schools. The budget eliminates the two Quadrant Manager positions and creates three Managers of Instruction and School Leadership (two positions to supervise elementary schools and one position to supervise secondary schools) and creates a Manager of Curriculum and Learning position. This restructuring provides an overall cost savings of \$47,000 through the elimination of the Communication & School Support Coordinator, the Family & Community Outreach Coordinator, and the Creamer Evening Program Assistant Principal positions.
- ⊕ Reallocates Elementary classroom teachers in order to maintain overall reasonable elementary class sizes. The average elementary class size next year is projected to be 22.5. Elementary enrollment is projected to increase, resulting in a 0.5 student average class size increase from current levels. The foundation budget is built upon an average elementary class size of 22.0 students.



With an anticipated increase in student enrollment and teachers, the following are the projected elementary class sizes for next year based on positions assigned for next year:

Class Size Range	Number of Classrooms
Less than 23 students	289
23-26 students	217
27-30 students	69
31 or more students	<u>3</u>
Total	578

- ⊕ Maintains current level of ESL teachers and increases one Transitional Bilingual Education teacher (TBE) based on student enrollment and service needs.
- ⊕ Increases two teachers to expand the dual language programs into the sixth grade at Roosevelt Elementary and Chandler Magnet Schools.
- ⊕ Maintains current spending for instructional materials, school safety, and instructional technology.
- ⊕ Maintains full funding for the arts consultant programs at Burncoat Middle and High Schools and maintains all existing athletic programs without fees for students.
- ⊕ Uses \$645,000 in district operating and capital budget funds to leverage \$3.7 million in E-Rate funding. In addition to normal telephone service, the WPS has submitted E-Rate funding requests to accomplish the following:
 - Replace all the network switches at schools. The network switches are the backbone of the network and allows the network to function. Some of the switches are up to 15 years old in these schools.
 - Add wireless access points to every classroom and common area in 18 schools with modern wireless switches in schools currently with no or limited wireless access points. This will complete the two-year E-rate project that brings dense building wide high speed wireless to all of the district's schools.
 - The FY17 budget will specifically increase district internet connections from 2Gbps to 5Gbps.
 - The district will increase wide area network speeds from 100Mbps/1Gbps to 10Gbps at all locations by switching to fiber that has now been installed across the entire city of Worcester. Business and universities in Worcester will be able to benefit from this infrastructure that now blankets the city.

The budget reflects the continued support of student achievement and college and career readiness skills within available resources.



FY17 Revenue Changes:

- ⊕ **Chapter 70 State Aid:** The state’s Foundation Budget, the education funding formula, is driven entirely by student enrollment and inflation factor. The annual revenue change is attributed to the enrollment changes within the district and adjustments in the inflation factor.

Due to relatively flat enrollment, and negative inflation rate used on the foundation budget per pupil rates, the FY17 budget increase is attributed to a one-time adjustment on the state’s conversion from low-income students to a new “economically disadvantaged” definition. The state’s Chapter 70 increase of \$3.8 million is mostly attributed to this change for Worcester. Overall, the 24,959 student enrollment for Worcester from the previous year changed as follows:

- 134 student reduction in Pre-school enrollment
- 86 student reduction in Kindergarten through Grade 6 enrollment
- 16 student reduction in Grades 7 and 8 enrollment
- 7 student increase in Grades 9-12 enrollment

Within this total enrollment there was a 616 student increase in the number of English Language Learner students.

In addition, the state’s change from low-income students (students that qualify for free or reduced price school meals through a state direct certification process and other students that qualify through a meal application and verification process) to a new economically disadvantaged definition (only counting students that participate in certain state benefit programs) resulted in a reduction of 3,575 low-income students. However, the state also adjusted the per pupil rate for the new category (economically disadvantaged) and resulted in the one-time \$3.1 million increase in funding.

Total Chapter 70 State Aid increases from \$231,540,738 (including the amounts for charter schools and school choice tuition offset) to \$235,339,093, a 1.6% increase.

- ⊕ **City Contribution:** The City’s contribution of \$112,791,003 increases \$0.5 million over the FY16 level of \$112,291,573. The total City contribution reflects both the state’s required spending as well as amounts for items not counted by state regulation in the compliance requirement for local spending (transportation, crossing guards, building rentals, adult education). The city’s contribution will exceed the FY17 minimum spending requirement by \$1.84 million and at this spending level, the city will completely eliminate the carryover required spending deficiency.
- ⊕ **Indirect Charge on Grants:** The City Manager has also proposed to further reduce the city charge on grants from 2.5% to 2%, providing savings within state and federal grants totaling \$175,000.



- ⊕ **Federal Grants:** Federal grants are assumed to be level funded pending actual award amounts that are known later in the budget process. The only change between FY16 and FY17 is the addition of a three-year School Redesign Grant to support the turnaround plan for Elm Park Community School.
- ⊕ **School Nutrition Revenue:** During FY16, the district adopted the USDA Community Eligibility Program, allowing all students to participate in breakfast, lunch, and snack programs at no cost to the students. This allows the district to collect full federal reimbursement for all meals and increase meal participation among students. The budget reflects a 14.6% expected growth in revenue as a result of participation in this program.
- ⊕ **State Grants:** The budget assumes level funding of all state grant programs, including the Quality Kindergarten Grant and the Extended Learning Time grants for City View Discovery School and Jacob Hiatt Magnet School.
- ⊕ **State Special Education Reimbursement:** The state budget likely funds the Circuit Breaker reimbursement at the full 75%, but based on reimbursement eligibility of students, the budget reflects a reduction (-\$407,762 or -12.1%) from the amount included in the FY16 budget.
- ⊕ **Charter School Reimbursement:** The recommended budget uses the House Ways and Means' budget level to fund the Charter Reimbursement at \$85.5 million. This funding covers 100% of the Facilities Tuition and only 36% of the Increased Tuition program. At this level of reimbursement, the Worcester Public Schools is underfunded \$0.63 million (with statewide underfunding totaling \$49.0 million).

FY17 Cost Increases:

- ⊕ **Health Insurance and Retirement Assessments:** The health insurance premium rates will increase between 2.8% and 4.9% for groups that have adopted the recent plan design changes (currently non-represented employees and retirees) and increases of 5.3% to 7.4% for employee groups that have not yet accepted the recent plan design changes totaling \$2.3 million. Also, the WPS share of the City of Worcester contributory retirement system's normal retirement costs and pension obligation for qualifying retirees and beneficiaries will increase \$900,000 based on assessment detail provided by the City Auditor.
- ⊕ **Student Transportation:** The budget reflects contracted rates for student transportation as well as the necessity to increase the number of special education vehicles for in-district transportation services (\$271,000). Overall, the student transportation budget for contracted services is budgeted to increase approximately \$582,000 over the FY16 budget level.
- ⊕ **Special Education Tuition:** The increase in special education tuition, totaling nearly \$920,000, is attributed to increases associated with the Central Massachusetts Special Education Collaborative (\$648,700), decrease in expected state reimbursement for special education students ("Circuit Breaker")(-\$407,762), while also realizing expected overall savings in other out-of-district placements (-\$136,500).



Strategies Used to Balance the Budget

For the seventh consecutive year, the district has used a zero-based budget approach to develop the adopted budget. As a result of this process, the district has been able to identify the following savings that have allowed for preservation of teacher and instructional support positions to the best extent possible:

- ⊕ **Position Reductions:** Reduces 9 high school and middle school positions based on student enrollments without reducing course offerings at any of the secondary schools. The budget also reduces three pre-school classrooms due to multi-year enrollment declines. Finally, the budget reduces four Special Education positions and reallocates other positions based on student needs within the district.
- ⊕ **Gasoline Price Reduction and Solar Credits:** Favorable gasoline prices provide a 15% reduction in the current budget representing an additional \$44,000 in savings next year, totaling more than \$100,000 savings in the past two years. In addition, it is expected that when fully operational this year, the district's solar arrays will save 2.0 million kilowatts in electricity cost for the upcoming year. The district will save the cost of delivery (\$0.0689 per kilowatt) totaling \$133,000. The cost of electricity supply will be paid to the City of Worcester to fund the debt service on the solar arrays and equipment.
- ⊕ **Contracted Transportation Compliance:** The budget includes an additional Transportation Coordinator position with a primary objective to provide contract compliance for the student transportation services as well as providing coverage to reduce overtime for existing coordinator positions. It is expected that this additional position will provide \$200,000 in transportation savings for the FY17 budget.
- ⊕ **Deferred Spending:** In order to present a balanced budget, it is necessary to defer much of the spending increases that were requested by building principals and program administrators during the zero-based budget resource allocation process.

Areas of Future Budget Watch:

The following are areas that need close attention and may result in significant budget impact in future years:

- ⊕ **School Safety Consultant Recommendations:** School safety consultants hired by the district during 2015-2016 identified areas for consideration at 15 schools. These common findings can be grouped into the following categories: 1. Training and Practices, 2. Supplies and Maintenance, and 3. Capital Equipment Purchases. The district's school safety advisory committee continues to prioritize actions and identify funding to be implemented. These recommendations will take several years for full implementation.



- ⊕ **Elementary Classroom Space:** Several elementary schools continue to experience large class sizes and overcrowding based on available space. The district is renting eight classrooms to accommodate Chandler Elementary School students. Woodland Academy and Canterbury Street School also have seen large enrollment increases. The new Nelson Place School is expected to be completed in 2017 and will provide 100 additional seats beyond current enrollment at the school. Additional space may be needed through new construction, conversion of existing buildings, rental of space, or student re-assignment.
- ⊕ **High and Middle School Student Enrollment:** High school enrollment is projected to increase by 5.7% and middle school enrollment is expected to increase 7.0% over the next five years. North High, opened in 2011, has an enrollment of 1,300 students that already exceeds the original design of the building. A replacement or renovated South High School will be built in the next 3-5 years with a slightly increased enrollment capacity. The district has identified the renovation or replacement of Doherty Memorial High School and Burncoat High School as the next priority projects for consideration for funding by the Massachusetts School Building Authority. Forest Grove Middle School has a current enrollment at its highest level since 2003 with 983 students.
- ⊕ **Foundation Budget Review Commission Recommendations:** The state's Foundation Budget Review Commission provided recommendations around adjustments to the state's foundation budget formula. These areas of recommendations include funding for the areas of employee benefits, special education, low-income students, and English language learners. Implementation of these recommendations would likely significantly increase Chapter 70 state funding to Worcester.
- ⊕ **English Language Learners:** New state guidance on student language proficiency levels will likely result in a significant reduction in the number of ESL students during the 2016-17 school year; with a corresponding reduction in foundation budget funding for FY18.
- ⊕ **Technology Support, Maintenance, and Training:** The district maintains more than 7,500 computers throughout the district. In recent years, the district has added interactive whiteboard technology, digital document cameras, and tablet technology. These devices will require proper school-based support, maintenance, training, and appropriate funding for replacement.
- ⊕ **Cost Center Exceeding Inflation:** As Health Insurance and Retirement Assessments costs continue to exceed the foundation budget inflation growth will continue to reduce education services for students.



Areas of Current Study for Future Budget Stabilization and Savings:

The Administration is working on the following areas for future opportunities for budget stabilization or budget savings:

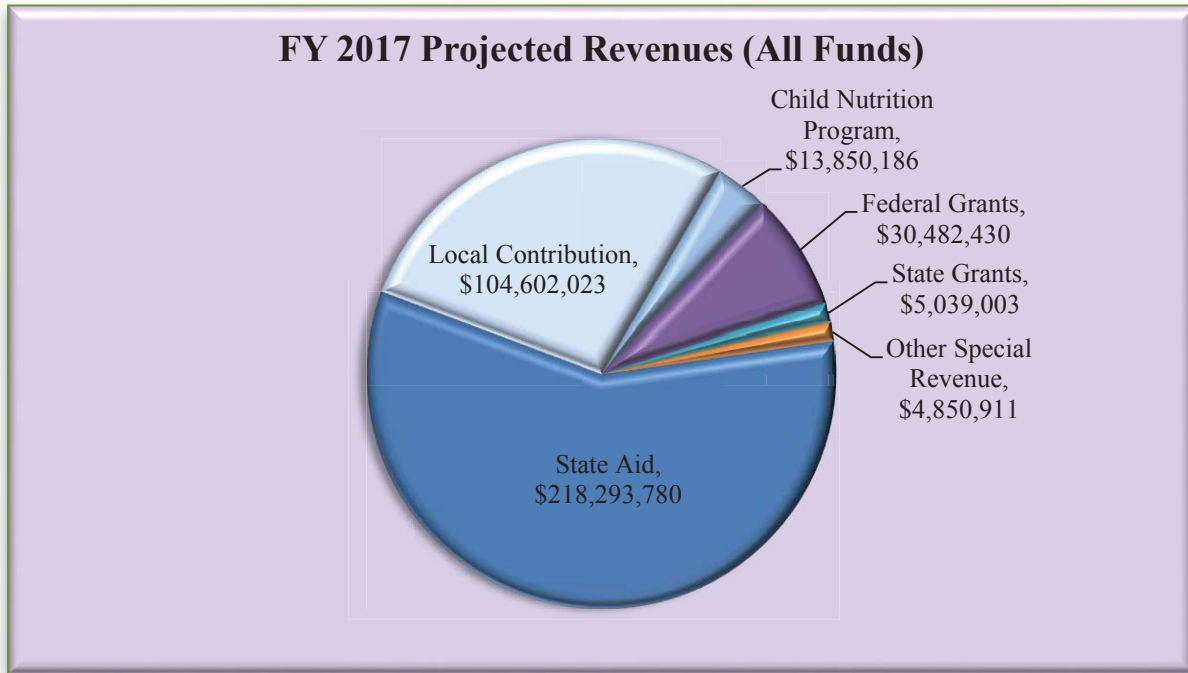
- ⊕ **Health Insurance:** The City and Schools proposed alternative plan designs to reduce premium costs to include: an increase to the current deductible levels from \$250 (Individual Plan) and \$750 (Family Plan) to \$500 and \$1,000 respectively; a small increase to the third tier prescription drug co-pay from \$45 to \$50; and to require mandatory mail order for maintenance prescription drugs. It is only through consistent, incremental changes to plan design that we can drive consumer choices to lower-cost options and reduce premiums. Non-Represented Employees and Retirees on the conventional health insurance plans will be migrated to these plans in July 2015 providing \$448,000 in savings. If all represented employee groups moved to these new rates there would be an additional \$2.7 million in savings that could be used within the budget.
- ⊕ **Special Education Services:** The Administration continues to explore opportunities of reducing third party contracted services and developing internal capacity where improved service and cost savings are achieved. This has been done successfully in recent years through developing ABA and BCBA for autism services with district employees.
- ⊕ **ESCO/Energy Savings:** Over the next several years, as the projects relating to the contract with Honeywell International are completed, long term energy savings are anticipated.
- ⊕ **Student Transportation:** The Administration will explore the feasibility of directly providing all in-district student transportation services beginning in 2020. The analysis and recommendation will be forwarded to the School Committee in advance of the next student transportation contract period.

Further, the current capital equipment budget funding level is insufficient to provide a reliable replacement cycle for special education buses. With 35 buses and 1-3 vehicle replacement funding per year, the Administration will need to explore the lease of vehicles through the operating budget in the near future.



Financial Overview:

The chart below summarizes the total projected FY 2017 revenues from all funds:



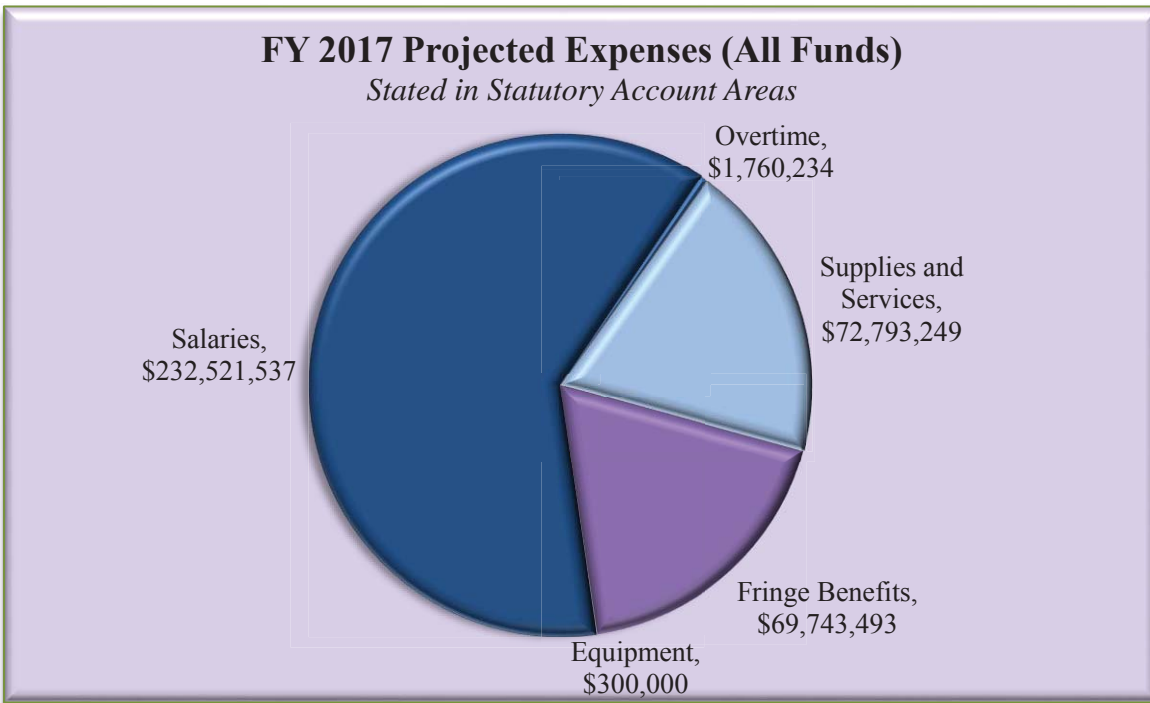
Source:	FY2017	
State Aid*	\$218,293,780	57.9%
Local Contribution*	\$104,602,023	27.7%
Federal Grants	\$30,482,430	8.1%
Child Nutrition	\$13,850,186	3.7%
State Grants	\$5,039,003	1.3%
Other Special Revenue Funds:	\$4,850,911	1.3%
Total :	\$377,118,333	100.0%

*WPS funds only. Amounts reduced by charter school and school choice tuition offsets.
Total of these two items equals the WPS FY17 general fund budget.

There are two main categories of funds available to the district, the general fund and various special revenue funds. The general fund primarily consists of Chapter 70 State Aid and the City's Local Contribution. Special revenue funds primarily consist of Entitlement/Allocation and Competitive state and federal grants, the Child Nutrition revolving fund, and other special revenue funds. Totalling all funds, the district's budget is \$377,118,333.



The chart below summarizes the total projected FY 2017 expenditures from all funds:



Cost Account	FY2017	
Salaries (91000)	\$232,521,357	61.7%
Supplies & Services (92000)	\$72,793,249	19.3%
Equipment (93000)	\$300,000	0.1%
Fringe Benefits (96000)	\$69,743,493	18.5%
Overtime (97000)	\$1,760,234	0.5%
Total Spending:	\$377,118,333	100.0%

Overall expenditures can be broken into three major categories. The majority of the district's expenditures (62.2%) are salaries and overtime, which include employee salaries and stipends. With fringe benefits, 80.7 % of the budget reflects employee costs. Another major category is supplies and services (19.3%), which include the supplies allocated to schools and contracted services purchased by the district, special education tuition, and all maintenance services, among the largest cost centers. Capital equipment purchases represent 0.1% of the spending and mostly include technology purchases.



Summary of Revenue and Expenditures
Sources of Revenue and MA DESE Chart of Account Expenditure Format*
FY16 Adopted to FY17 Budget (All Funds)

	FY16 Adopted	FY17 Budget	\$ Change	% Change
Revenues:				
State Aid**	\$214,330,192	\$218,293,780	\$3,963,588	1.8%
Local Contribution**	\$103,961,801	\$104,602,023	\$640,222	0.6%
Federal Grants	\$30,040,714	\$30,482,430	\$441,716	1.5%
Child Nutrition Programs	\$12,084,160	\$13,850,186	\$1,766,026	14.6%
State Grants	\$5,083,661	\$5,039,003	-\$44,658	-0.9%
Other Special Revenue	\$5,182,859	\$4,850,911	-\$331,948	-6.4%
Total Revenues	\$370,683,387	\$377,118,333	\$6,434,946	1.7%
Expenditures:				
Administration (1000)	\$5,702,857	\$5,681,658	-\$21,199	-0.4%
Instruction (2000)	\$209,995,114	\$209,486,427	-\$508,687	-0.2%
Other School Services (3000)	\$45,320,007	\$48,294,283	\$2,974,276	6.6%
Operations & Maintenance (4000)	\$21,570,386	\$21,921,248	\$350,862	1.6%
Fixed Charges (5000)	\$67,391,230	\$70,396,113	\$3,004,883	4.5%
Community Services (6000)	\$508,737	\$445,033	-\$63,704	-12.5%
Fixed Assets (7000)	\$421,951	\$538,374	\$116,423	27.6%
Debt Service (8000)	\$0	\$0	\$0	0.0%
Tuition Programs (9000)	\$19,773,105	\$20,355,197	\$582,092	2.9%
Total Expenditures	\$370,683,387	\$377,118,333	\$6,434,946	1.7%

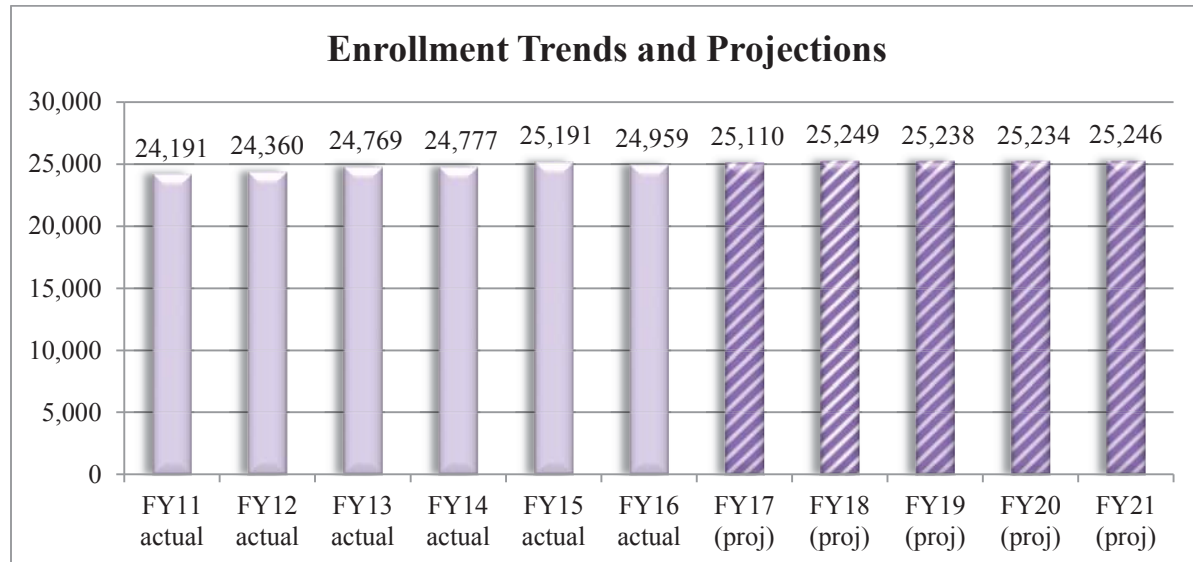
* Expenditures presented in DESE chart of account format. The categories of this format are described in more detail in Appendix B.

** WPS funds only. Amounts reduced by charter school and school choice tuition offsets. The total of these two items equals the WPS FY17 general fund budget.



Enrollment Trends and Projections

The Worcester Public Schools receives most of the district funds based entirely on enrollment and demographic categories. The district also uses enrollment data for school-based staffing assignments each year. The following is a summary of the district's overall enrollment from FY11 through the projected levels in FY21.



The district is expected to see relatively flat enrollment growth (+0.6%) over the next five years. Overall, students in K-6 are expected to decrease 3.6%, while grades 7-8, and 9-12 are expected to increase over the next five years by 7.0% and 5.7% respectively.

Student demographics continue to change with 38% of students (9,629) categorized as English Language Learners, an increase of 265% from FY06 (3,627); the number of students considered economically disadvantaged is currently 52%, compared to the state average of 27.4%. There has been a 93% increase in the number of students taking Advanced Placement tests between 2010 and 2015 with a 25% increase in the number of qualifying scores of 3 or above. In 2015, for the seventh consecutive year, the four-year graduation rate of high school students in the Worcester Public Schools increased and the annual drop-out rate of 1.7% was lower than the state average.

Student Performance Data:

In February 2012, Massachusetts received a waiver of certain aspects of the federal No Child Left Behind law. Through the waiver, we have unified state and federal requirements, allowing us to tailor our accountability and assistance system to better meet the needs of our local school districts and focus supports for the state's lowest performing schools and districts.

Massachusetts has replaced the No Child Left Behind (NCLB) goal of 100 percent of students reaching proficiency by the 2013-14 school year with the goal of reducing proficiency gaps by half by the end of the 2016-17 school year.



The proficiency gap is the distance between a group's current proficiency level and 100 percent proficiency. We will measure the progress of districts and schools for all students and up to 11 student subgroups, including a new “high needs” subgroup.

All Massachusetts schools and districts with sufficient data are classified into one of five accountability and assistance levels, with those meeting their gap-narrowing goals in Level 1 and the lowest performing in Level 5:

Level 1	Meeting gap narrowing goals (for all and high needs students)
Commendation Schools	High achieving, high growth, gap narrowing schools. Commendation Schools are a subset of Level 1
Level 2	Not meeting gap narrowing goals (for all and/or high needs students)
Level 3	Lowest performing 20% of schools (Including lowest performing subgroups)
Level 4	Lowest performing schools (subset of Level 3)
Level 5	Chronically underperforming schools (subset of Level 4)

The district uses student performance data for the allocation of financial and staffing resources to schools. Appendix A describes how general staffing allocations are made at elementary, middle and high school levels. However, the allocation of additional staff and resources at schools follows these basic parameters:

- Schools designated by the state as “Level 4,” those schools determined by the Massachusetts Department of Elementary and Secondary Education (DESE) to be the lowest performing schools in the state based on an analysis of four-year trends in achievement, go through a redesign process. Level 4 schools receive intensive staff development and expanded learning opportunities in accordance with state and federal requirements. Additional local funds (general fund and/or special revenue) are used to fund the redesign plan as identified by the school’s stakeholder planning process.
- State law requires DESE to annually classify the lowest 20 percent of schools into Level 3 (a subset of these schools may be eligible for classification as Level 4 or Level 5). A school is placed in Level 3 if any of its subgroups scores are among the lowest performing subgroups in the state. For these schools, the district uses local general and special revenue funds to provide additional supports to the school in a coordinated attempt to move the school to Level 2 or Level 1 status. Some of the resources that are used are intervention tutors that are part-time licensed teachers who work in small group settings with students to strengthen literacy and numeracy proficiency. In addition, through the use of federal Title 1 schools, schools in Level 3 status use specific student performance data at their school to design appropriate responses to the interventions using Supplemental Education Services funds provided in the grant. Options that have been used by the school include additional intervention tutors during the school day to afterschool intensive academic programs. These plans are reviewed annually and the schools’ response to the student performance is adjusted as needed.
- Schools determined to be Level 2 or Level 1, schools not in the lowest 20% of schools, have flexibility through the district’s resource allocation meetings between the building principal and the Chief Academic Officer, the school’s Manager of Instruction and School



Leadership, the Manager of Special Education, the Manager of Staff Development, the Manager of English Language Learners, and the Chief Financial and Operations Officer, to reallocate existing resources to reflect the needs of the school based on student needs and the school's accountability plan. Each school's accountability plan highlights are listed in the location based section of the budget.

Along with enrollment projections, the Worcester Public Schools also projects future resource allocation needs based upon student performance. Budget projections are critical to the proper long-term fiscal planning of the district.

Summary of School Level Status (2015 Data):

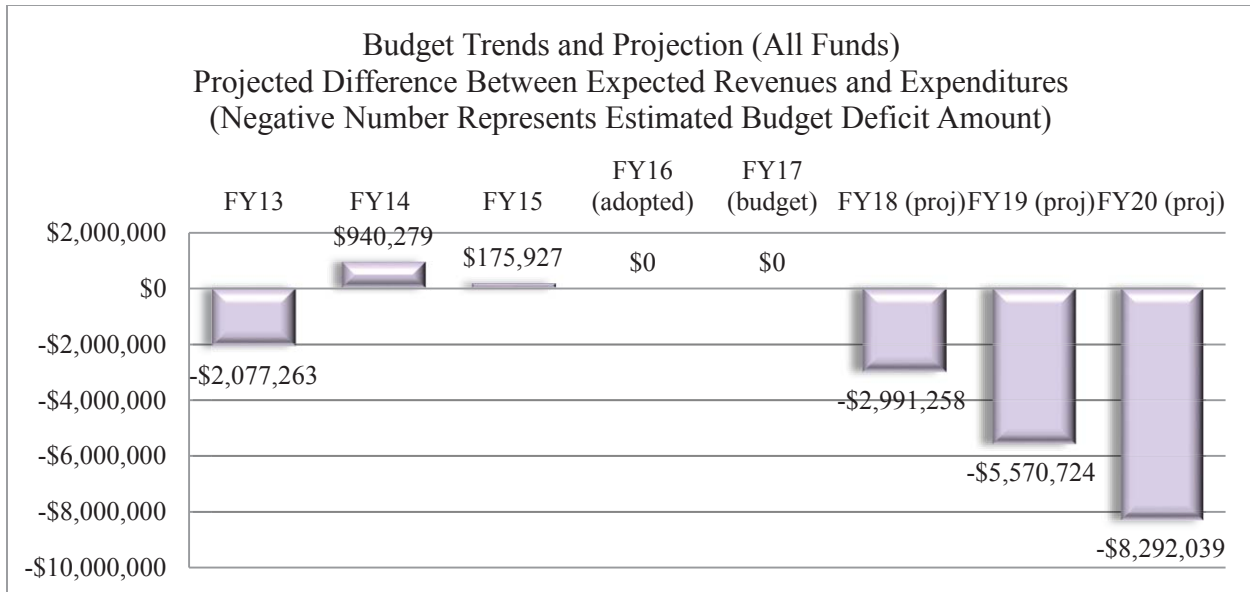
Accountability Level	Elementary	Middle Schools	High Schools	Total
Level 1	10	0	1	11
Level 2	8	1	1	10
Level 3	14	3	5	22
Level 4	1	0	0	1
Total	33	4	7	44



Budget Trends and Projections: (All Funds)
Dollar Amounts Expressed in Thousands

	Actual			Adopted Budget	Proposed Budget	Projected		
	FY13	FY14	FY15	FY16	FY17	FY18	FY18	FY20
Revenues:								
State Aid	\$194,265	\$202,739	\$203,399	\$214,330	\$218,294	\$221,568	\$227,107	\$232,785
Local Contribution	\$91,102	\$96,307	\$101,353	\$103,962	\$104,602	\$106,171	\$107,764	\$109,380
Federal Grants	\$31,943	\$30,645	\$29,677	\$30,041	\$30,482	\$30,452	\$30,421	\$30,391
Child Nutrition	\$10,042	\$13,714	\$11,831	\$12,084	\$13,850	\$14,266	\$14,694	\$15,134
State Grants	\$6,364	\$6,092	\$5,178	\$5,084	\$5,039	\$5,014	\$4,989	\$4,964
Other Special Rev.	\$6,165	\$5,333	\$5,409	\$5,183	\$4,851	\$4,873	\$4,887	\$4,902
Total Revenues	\$339,882	\$354,830	\$356,847	\$370,683	\$377,118	\$382,343	\$389,862	\$397,557
Expenditures:								
Administration	\$4,845	\$4,801	\$4,692	\$5,703	\$5,682	\$5,795	\$5,911	\$6,029
Instruction	\$213,663	\$213,307	\$206,031	\$209,995	\$209,486	\$213,676	\$217,950	\$222,309
Other School Servs.	\$20,973	\$33,243	\$39,070	\$45,320	\$48,294	\$49,985	\$51,734	\$53,545
Operations & Maint.	\$20,853	\$20,935	\$20,736	\$21,570	\$21,921	\$20,346	\$20,346	\$20,346
Fixed Charges	\$62,431	\$62,424	\$66,042	\$67,391	\$70,396	\$73,564	\$76,874	\$80,334
Community Services	\$563	\$339	\$625	\$509	\$445	\$454	\$463	\$472
Fixed Assets	\$285	\$386	\$406	\$422	\$538	\$549	\$560	\$571
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tuition Programs	\$18,346	\$18,455	\$19,068	\$19,773	\$20,355	\$20,966	\$21,595	\$22,243
Total Expenditures	\$341,959	\$353,890	\$356,671	\$370,683	\$377,118	\$385,335	\$395,433	\$405,849
Difference	-\$2,077	\$940	\$176	\$0	\$0	-\$2,991	-\$5,571	-\$8,292





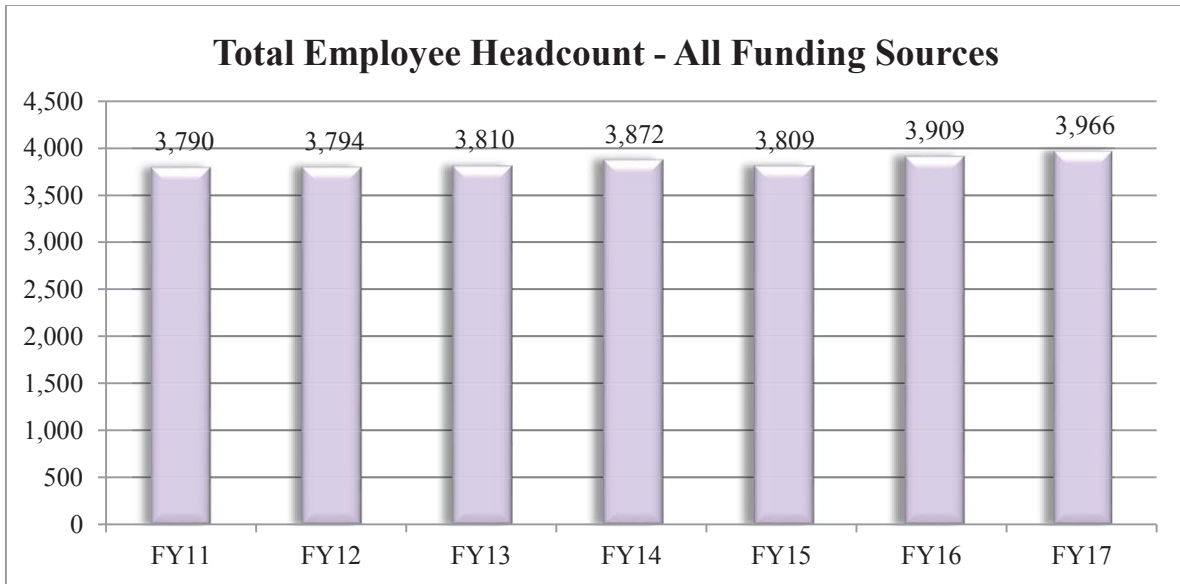
General fund revenue is expected to grow over the next three years based on enrollment and demographic changes, and anticipated inflation growth as measured by the national price deflator index for state and local government purchases. The overall enrollment is expected to be relatively flat over the next five years. Federal grant revenue is expected to slightly decline based on recent trends of overall funding to Massachusetts. The forecast does not assume any further reductions based upon sequestration or other federal budget cuts in FY17 or later. State grants are projected to be fairly level funded, with slight decreases based on previous state budget trends. Nutrition funds are expected to increase annually based on student participation rates and federal reimbursement rates under the Community Eligibility Program. Finally, other special revenue is mostly dependent on school choice revenue and special education reimbursement from the state. School choice revenue is predicted to remain constant and circuit breaker is expected to remain fairly level through the next three years. Overall, total revenues are expected to increase 5.4% between FY17 and FY20, or about 1.8% per year.

All expenditure line items are projected to increase based upon (a) student enrollment, (b) contractual increases for employees or services, and (c) increases to certain cost centers based on recent history and expected utilization of services. The cost drivers that continue to exceed budget growth are health insurance, tuition, and student transportation. These areas are projected to continue to create budget challenges in the future.

These predictions show expenditures exceeding revenues in each of the next three years, with the most challenging deficits in FY19 and FY20. The administration will continue with zero-based budgeting as well as advocacy for increased revenue in order to prepare each student for college and career readiness upon graduation beginning at the pre-school level.

As funding levels and operational needs of the district change, so do the staffing levels. As the following graph and table show, the total number of employees has decreased this past year as a result of flat enrollment and low inflation factor for the state’s education funding formula.





**Worcester Public Schools
Employee Headcount FY11-FY17
(All Funding Sources)**

All Positions	FY11	FY12	FY13	FY14	FY15	FY16	FY17	Change from FY16	
District Administrators	27	26	26	25	23	23	24	1	3.8%
School Administrators	77	78	78	78	79	79	79	0	0.0%
Teachers	2,013	2,038	2,079	2,136	2,093	2,158	2,161	3	0.1%
Instructional Assistants	519	524	537	551	591	601	599	-2	-0.4%
Bus Monitors	35	35	35	39	39	39	39	0	0.0%
Crossing Guards	104	104	104	106	106	106	106	0	0.0%
Educational Support	123	123	117	112	76	88	87	-1	-0.7%
Custodial Services	150	151	153	153	150	153	153	0	0.0%
Maintenance Services	40	32	32	31	33	33	33	0	0.0%
Full Year Clerical	74	67	69	70	63	63	63	0	0.0%
School Year Clerical	71	70	71	70	68	68	68	0	0.0%
School Nurses	45	45	51	54	54	55	55	0	0.0%
District Support	48	48	48	52	50	50	50	0	0.0%
Bus Drivers	37	38	38	42	42	42	43	1	2.6%
Child Nutrition	233	238	227	227	228	230	285	55	24.2%
Head Start	194	177	145	126	114	121	121	0	0.0%
Totals	3,790	3,794	3,810	3,872	3,809	3,909	3,966	57.2	1.5%



Conclusion

The FY17 budget of the Worcester Public Schools reflects the allocation of resources based on priorities of the School Committee, parents, business leaders, civic and community members, building principals, staff, students, and interested citizens. Resources have been allocated to provide high quality teaching and learning, to address programs that this community values, and to meet compliance requirements established by state and federal law.

The budget of the Worcester Public Schools continues to demonstrate sound financial practices, through a zero-based budget approach, resulting in the savings of millions of dollars that have been allocated to support instruction aimed at college and career readiness.

