



The Research Bureau

# PAYING FOR A PUBLIC EDUCATION

An Examination of the FY25 Worcester Public  
Schools' Budget

REPORT 24-14

October 2024





## EXECUTIVE SUMMARY

**THE WORCESTER PUBLIC SCHOOLS'** adopted budget for FY25, *From Here, Anywhere...Together!* (including general and special revenue) of \$544,809,848 is a 0.9% decrease from the adopted budget of FY24. This report, an on-going series from the Bureau, examines the budget-making process of the Worcester Public Schools, and analyzes some of the new additions to this coming year's adopted budget.

The report begins with an overview of the budgetary process and description of this year's revenues, including

an explanation of the Foundation Budget process and the City's role in education funding. Then, it examines expenditures, new initiatives, and the use of Student Opportunity Act funds this year. Finally, the report compares Worcester, Gateway Cities, and Worcester's neighbors on required local contributions and net school spending, and considers budgetary developments to watch in the coming years.

### PAGES 3-7 | THE PROCESS BY WHICH BUDGETS ARE MADE AND THIS YEAR'S REVENUE SOURCES

- The creation of Worcester Public Schools' budget is a months long process that starts in earnest in January with the release of the Governor's Budget proposal and the initial Foundation Budget calculation.
- This year's revenues and expenditures of the Worcester Public Schools, **\$544,809,848, is a 0.9% decrease from FY24.** This year, **WPS faced a \$22 million deficit** from smaller than anticipated state aid, increasing contractual obligations, and the continued effects of experienced inflation.

### PAGES 8-9 | EXPENDITURES IN THIS YEAR'S BUDGET

- Worcester Public Schools' largest expenditures are in salaries and benefits of its employees.
  - ▶ There are 5,060 employees budgeted for more than 24,000 students. Of this, **2,540 are teachers and 701 are paraeducators.** The other 1,819 employees are split into 14 categories in the budget.
  - ▶ There are 335 fewer employees in FY25 than in FY24, which includes 163 fewer teachers, 76 fewer teacher substitutes, and 42 fewer educational support employees.
- FY25 marks **the first full school year of the new strategic plan, "Our Promise to the Future."** Spending in FY25 is aligned with the priorities, aims, and promises for the 2027-2028 school year outlined in the plan.
- Worcester has budgeted \$11.55 million for facilities and capital improvements, including renovations, maintenance, and other repairs across a variety of its schools.
- **The City will open the new Doherty Memorial High School,** and continue to move Burncoat High and Middle School through the construction pipeline.

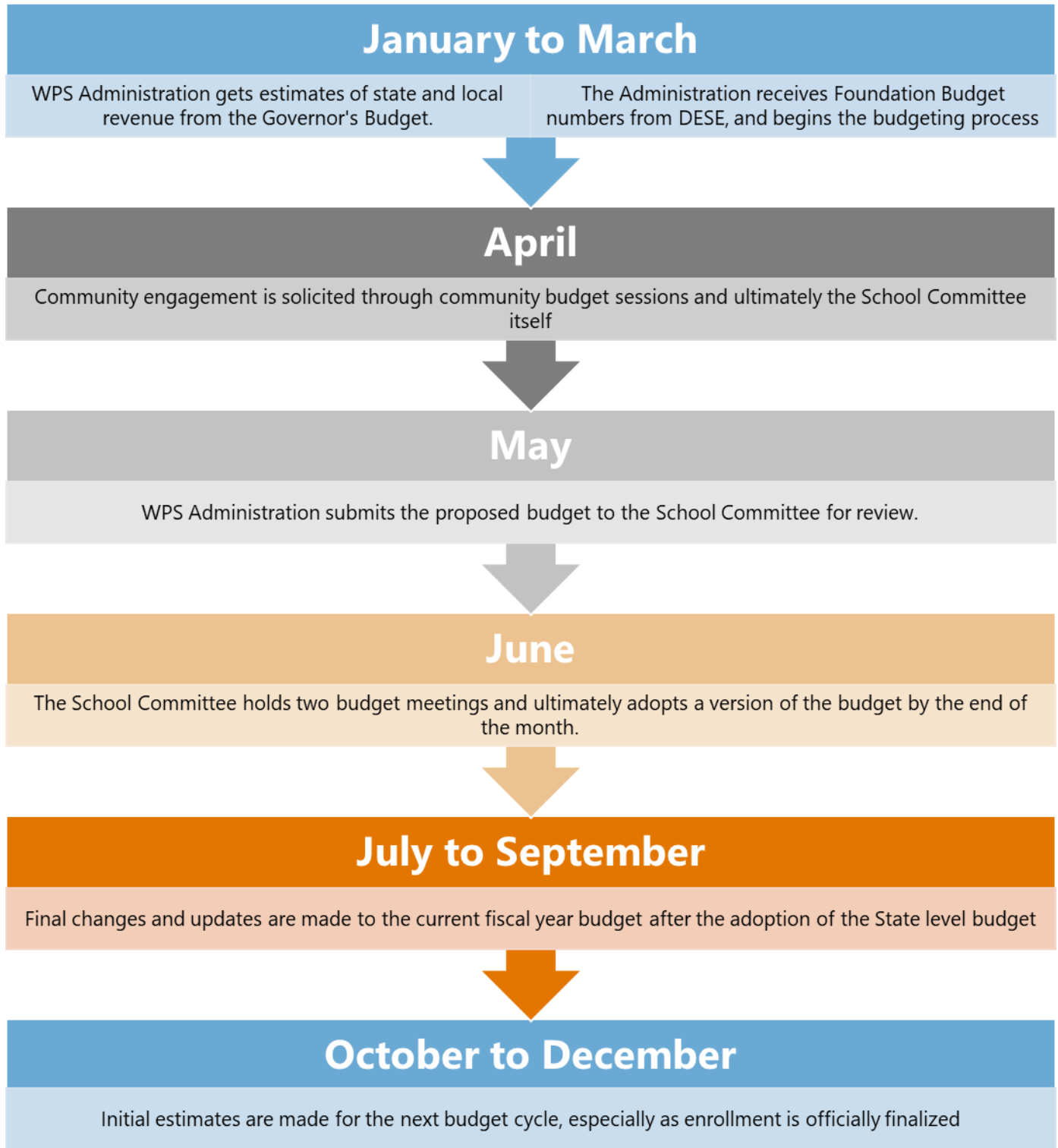
### PAGES 10-12 | COMPARISONS, WHAT TO WATCH, AND CONCLUSION

- Worcester's required local contribution in FY23, as a percentage of its foundation budget, is the third highest among the top 10 Gateway Cities by number of pupils. It is the lowest compared to its neighbors.
- Required local contributions are based on property wealth and total community income, so communities with higher values are required to contribute more as a percentage of their Foundation Budgets. **Communities with more students, and especially more low-income students have higher Foundation Budgets.**
- A number of developments to watch:
  - ▶ Next year, can and will the Commonwealth increase inflation rates—and its inflation cap—for state aid?
  - ▶ How will WPS implement SOA funds for its new SOA plans going forward?
  - ▶ How will WPS implement and keep track of its strategic plan priorities, aims, and promises leading up to its final goals in 2027-2028?
  - ▶ What will the timelines and costs of Burncoat be for the City and the Schools in the coming years?



## HOW DOES THE BUDGET PROCESS WORK?

The road to making a budget requires the input of many individual actors. The following graphic lays out the key timeline of events for making the school's budget every year. The "Foundation Budget," the key to determining how much the schools should spend on their students, is discussed in a subsequent section.





## UNDERSTANDING REVENUES

The adopted budget for the Worcester Public Schools' 2024-2025 school year (FY25) is **\$544,809,848, a 0.9% decrease** from the adopted budget of the year before. This amount is a combination of a **General Fund budget of \$485,710,712 and Special Revenue budget of \$59,099,137**. These numbers represent the budget of the Worcester Public Schools *only* and not any funds received by charter schools or school choice from the State or the City. The breakdown of WPS revenues can be found in the pie chart on this page.

Revenues for the schools come from a variety of sources, but the greatest source is the "General Fund," which is a combination of state aid and a contribution from the City. This year, **the total local contribution from the City accounts for \$135,414,755 and state aid (including charter school reimbursements) accounts for \$350,295,957 of the General Fund**. This year the Worcester Public Schools are experiencing a **\$22 million revenue deficit** from previously projected numbers, based on contractual increases in employee salaries and health insurance, increases in other line-item expenditures, and the effects of inflation on spending across the board. **The largest source of the deficit is**

**from low state aid compared to actual need, thanks to a low inflation factor (1.35%) applied to this year's "Foundation Budget" calculation** (described below), well below the actual experienced rate of inflation, which was 9.3% last year.

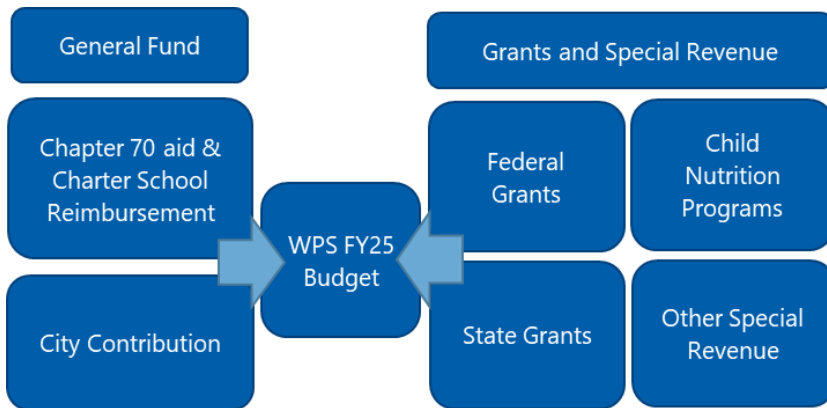
The bulk of Worcester Public Schools' revenue comes from state aid and a required contribution from the City, and these numbers are determined every year through what's known as the "Foundation Budget," a number calculated through a process outlined in Massachusetts' General Laws Ch. 70, and published by the Department of Elementary and Secondary Education every year. The next pages will describe the Foundation Budget process and, ultimately, the City's role in funding the Worcester Public Schools.

## THE FOUNDATION BUDGET PROCESS

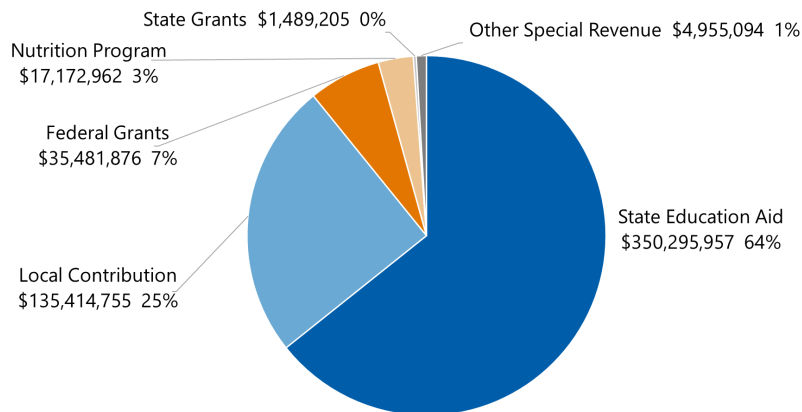
Understanding the "Foundation Budget" in Massachusetts is critical to understanding how schools across the state are funded. Each year, the Department of Elementary and Secondary Education, through the state's Chapter 70 program, determines how much money should be spent—at a minimum—on the state's many students. The current program has its origin in "An Act Establishing the Education Reform Act of 1993," which wholly replaced the State's previous education funding formula. Chapter 70's stated intention is to "assure fair and minimum per student funding for public schools" by "defining a Foundation Budget and a standard of local funding effort applicable to every city and town in the commonwealth" (M.G.L. Ch. 70 § 1 (1993)). This "foundation" budget is then used to determine how much money a municipality itself should contribute towards the education of students, and, from there, how much money the state will provide in aid to reach the Foundation Budget amount. Every district is guaranteed to receive some state aid, though some receive higher percentages than others. Ch.70 was further amended in 2019 with "An Act Relative to Educational Opportunity for Students," increasing the funding rates of some Foundation Budget cost centers, and applied an inflation factor to others.

The Foundation Budget for a district is determined by assigning different dollar amounts across a matrix. Different areas of a school (like teaching, or administration, or guidance) are assigned different dollar amounts depending on where (Pre-K, Kindergarten half day, Kindergarten full day, elementary, middle, high, vocational) they lay. Then, after enrollment

**Chart 1: Sources of Revenue in the WPS Budget**



**Chart 2: Revenues for FY25, All Sources**



Source: Worcester Public Schools, FY25 Recommended Budget



is determined on October 1st every year, the Foundation Budget takes the number of students in each category and assigns a dollar amount for each area. So, for example, imagine that for each elementary school student, \$5 was assigned for administration, \$10 assigned for classroom teachers, etc, one could determine the basic amount to be spent for each student by adding up these categories. Enrollment considers most resident students, including those that are enrolled in the district's own schools, in public charter schools, and school-choice students that attend a school in a different district but reside in that community.

However, the Foundation Budget calculation does not end there. For each student that falls into an additional category (special education in or out of district, English learners, and/or low income students), an additional amount on top of the base amount is added to the Foundation Budget. Therefore, for example, all other things being equal, one district with more low-income students than another would be allotted a higher Foundation Budget than the other. **This also means that districts with stable or declining enrollments will have lower foundation budgets year over year. Worcester has seen a slight trend downwards, leading to smaller, comparatively, amounts of aid.**

Each municipality is then plugged into a formula that considers property value and total income, in combination with the previous year's required contribution and other factors, to determine how much that municipality should contribute towards the Foundation Budget. The remainder is filled in with state aid. Municipalities can contribute more towards their schools' general budget if they wish, but they must contribute at least their required amount, or face a penalty in a subsequent year. The [Massachusetts Department of Elementary and Secondary Education has a wide variety of papers and spreadsheets](#) that explain, in detail, the various elements of the formula for each municipality and school district. The graphic below presents a simplified way of how local contributions are determined.

Importantly, the **Foundation Budget—including the required local contribution and Ch. 70 state aid—is not entirely allocated to the Worcester Public Schools.** Some of these funds are earmarked for Charter School and out-of-district school choice students.

The Foundation Budget represents the main process by which the bulk of a school district's revenues are determined. The local contribution in combination with

### Ensuring Statewide Uniformity

- 59% of the statewide foundation budget is made up of local aid. Half of this must come from a property value factor, and half from income. In this step, the State determines percentages applied to property values and aggregate income from every community, so that each counts as half of the statewide local aid target. These percentages are then applied to the values in every community.

### Determining The Target Local Aid Percentage

- Percentages from the previous step are applied to total property value and total income of the community and then added together. If it is less than 82.5% of the total municipal foundation budget, this is the start of determining what required local aid for schools will be. It is then used to determine what the target percentage of local aid to state aid should be.

### Determining the Required Local Contribution

- A municipal revenue growth factor (as determined by the Department of Revenue) is applied to the previous year's required contribution. This number is the preliminary contribution. If it, as a percentage of total foundation budget, is a certain amount higher or lower than the target percentage found in the previous step, it must be either lowered or raised to meet that percentage. Otherwise, this will become the required local contribution. State aid fills in the rest of the way to the Foundation.



	<b>Total</b>	<b>Percentage</b>
Foundation Budget	\$505,110,666	100%
Of which is the Required Local Contribution	\$127,670,996	25.3%
Of which is Chapter 70 State Aid	\$377,439,670	74.7%

state aid (including any relevant reimbursements given to the district thanks to the loss of students to Charter Schools) ultimately becomes the "General Fund." Since state aid is determined in part by what the municipality itself can contribute towards the budget of its schools, Worcester *does* play an important role in funding the Worcester Public Schools. Its contributions—both those that are required and any excess direct and indirect contributions it makes towards the operations of its schools—are explained in further detail in the next section.

### UNDERSTANDING THE CITY'S ROLE IN FUNDING EDUCATION

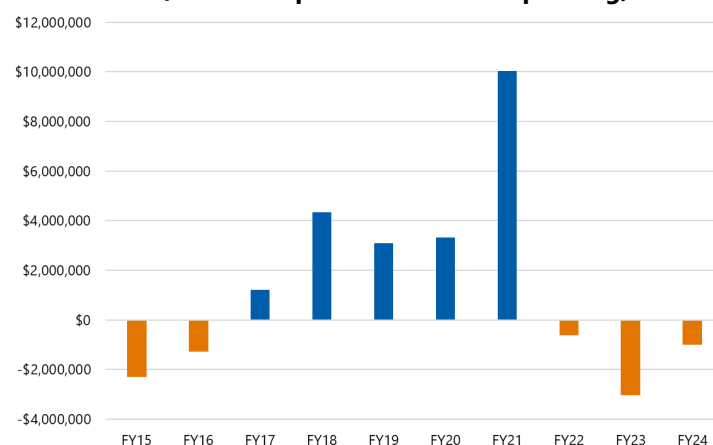
After the Foundation Budget process is completed, the City is required to make a local contribution towards net school spending each year; failing to meet that contribution could incur penalties on the City, including a reduction in other kinds of state aid in the next year. For some communities, the required local contribution is greater than the amount of Ch. 70 state aid that will be received, though every community is guaranteed to receive some state aid. This local contribution includes money spent on district schools as well as public charter schools and school choice tuition.

Again, communities are required only to meet the minimum contribution, but they can contribute more to their schools if they have the means. However, contributions to schools are complicated. Some community contributions count towards required spending, and some do not. For example, spending for student transportation, adult education, crossing guards, and building leases are included in the general budget of the schools, but do not count towards required school spending. This means that the specific amount contributed towards **required** school spending can sometimes be deceiving, as there may be other ways that communities contribute to their schools. As an example, although in FY25 the City will provide funds for the categories listed above, to the tune of \$25,793,712, those contributions are not counted by the Department of Elementary and Secondary Education towards the required net school spending amount the City has to provide. And, again, this required local contribution includes money spent not only on the Worcester Public

Schools but also public charter schools and school choice tuition.

Chart 3 uses data from the Department of Elementary and Secondary Education to show the excess or deficiency in required net school spending for the last ten years by the City of Worcester. For the Worcester Public Schools specifically, **the City of Worcester is contributing \$135,414,755 towards its general budget**, some of which is counted towards required spending and some of which, as already noted, is not (again, the City's total contribution, including eligible and ineligible funding, is split between WPS, the Charter Schools, and school choice tuition).

**Chart 3: Over/Under Required Net School Spending, FY15-24**



Source: Department of Elementary and Secondary Education, District Profiles

### THE STUDENT OPPORTUNITY ACT

This year represents the fourth year of implementation of the "Student Opportunity Act" (SOA), a 2019 law that changed and expanded the Foundation Budget funding formula for all Massachusetts school districts (amending M.G.L. Ch. 70), increasing long term funding of public schools to address inequitable gaps in student outcomes. More specifically, the law aims to close disparities in outcomes and experiences among low income students, English learners, and students of color. Each school district is required to submit an actionable plan to the state Department of Elementary and Secondary Education to close those gaps. These plans must be based on evidence-based program areas, and by law each district must make measurable progress towards each of its program choices and must regularly reevaluate their goals, metrics, and progress as funding increases each year.

General fund revenues of the Worcester Public Schools are expected to increase over the next two years thanks to the Student Opportunity Act's updated Foundation Budget formula. Ultimately, by the end of the six-year





implementation period, the Worcester Public Schools anticipates receiving an additional \$90 million a year from the Student Opportunity Act. This is \$90 million more than the Worcester Public Schools would have received without the Student Opportunity Act's passage in 2019.

### SPECIAL REVENUES

In addition to its general fund revenues, the Worcester Public Schools receive special revenues from a variety of sources, including State and Federal grants. These are also accounted for in the FY25 budget. These revenues are expected to total **\$59,099,137**. The adopted budget includes preliminary numbers for some of these revenue sources, as their total amount is not yet fully known. These categories include Federal grants, State grants, Child Nutrition Programs, and other revenues including other grant funds and funds raised directly by the Worcester Public Schools.

### UNDERSTANDING EXPENDITURES

For every dollar in revenue, WPS has an equal dollar expenditure. The pie chart on the next page shows the breakdown of major expenditure areas for FY25.

The Worcester Public Schools' largest expenses are on the salaries and benefits of its employees. **In FY25, there are 5,060 employees budgeted for more than 24,000 students.** This is a 335 employee decrease from the year before. Slightly more than half of those employees are teachers; if paraeducators and teacher substitutes are included in that number, **about 65% of WPS employees are directly teaching students**, but of course all employees are integral to the education of Worcester Public Schools' students. The Schools' \$22 million budget deficit meant that the bulk of cuts to labor, compared to the year before, came from these educator numbers.

This year's special revenues represent a **32.7% decrease** from FY24. This is almost solely due to the end of the Elementary and Secondary School Emergency Relief Fund (ESSER), which was fully spent in FY24—as required by law. However, this is not the primary cause of this year's budget shortfall in the Worcester Public Schools, as they knew well in advance this money would no longer be available. **The Schools spent ESSER funds on one-time purchases (like moving to in-house busing) and facility upgrades**, as well as forward funding Student Opportunity Act initiatives. Overall, they received \$122,448,776 in ESSER funds and **were able to avoid the so-called "fiscal cliff"** through spending initiatives and anticipation of future revenue sources.

Education is a labor-intensive exercise. The 2,540 teachers are a decrease in FY25 of 163; the 701 paraeducators is a decrease of 25. Overall, there are 335 fewer employees in WPS budgeted for FY25 than in FY24, and 89 fewer than in FY23. Teachers faced the largest personnel cut this year, followed by Teacher Substitutes (-76) and Educational Support (-42). In terms of percentage of total employees in each category, though, teacher substitutes lost the most (-68.5%) followed by educational support (-35.3%). The 163 teacher loss represents a decrease of 6.2%. In addition, there was a decrease of 10 district administrators (-25.6%) but an increase of 9 school-level administrators (+10.2%)

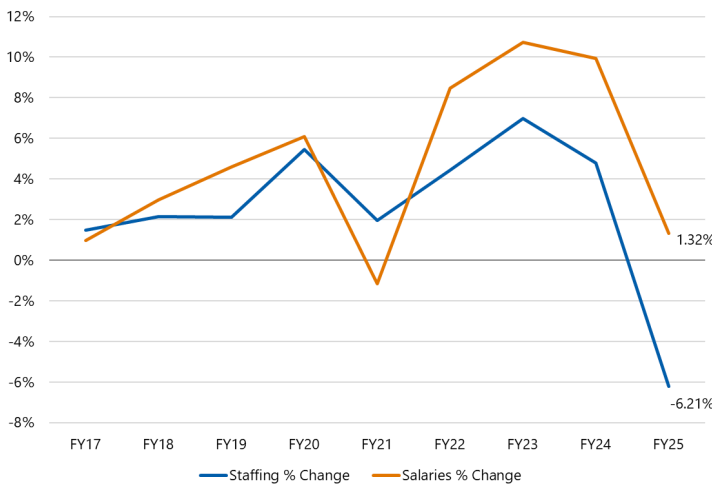
In FY25, employee salaries account for \$360,777,304 in expenditures; "fringe benefits," that is, health insurance, retirement, and other employee benefits account for \$98,703,149. Chart 4 shows change in both staffing and total salaries between FY16 and FY25. For all years before FY24, the final "actual" salary total is used.

### A NEW STRATEGIC PLAN

FY25 marks the first full year of implementation of the Worcester Public Schools' new five year strategic plan, *Our Promise to the Future*, which was adopted in December 2023. The Strategic Planning Committee included many members of the community, including The Research Bureau, and members of the Schools' Administration. The plan seeks to align spending with six key priorities and their sub-aims:

1. Providing equitable resources for educational programming.
2. Engage in and foster two-way communication between families, schools, and the community.

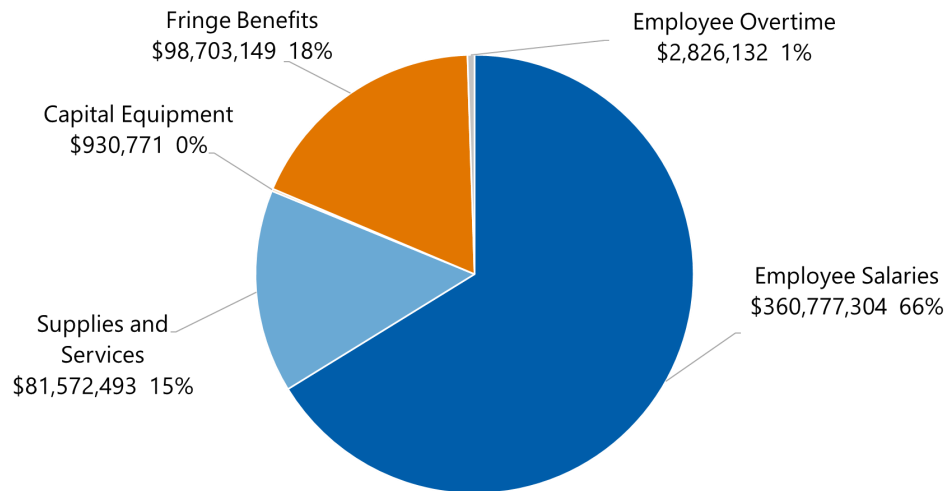
**Chart 4: Percentage Change in Staffing and Salaries, FY16-25**



Source: Worcester Public Schools FY19-FY25 Budgets



**Chart 5: WPS FY25 Expenses by Account Area**



Source: Worcester Public Schools, FY25 Budget

3. Providing and sustaining environments in which members of the school community grow, thrive, and feel safe.
4. Prioritizing, valuing, and compensating staff by creating a culture of inclusivity and growth.
5. Upgrading infrastructure across all school facilities to provide a modern teaching and learning environment.
6. Prioritizing equitable services and programs that focus on the mental and physical well-being of all members of the schools' community.

Spending that is aligned with the new plan is described in the FY25 budget on pages 68-74, under each priority area table. For example, under the Climate & Culture priority, eight climate and culture specialists are newly allocated to the secondary schools. While each priority area has sub

goals to aim towards, the plan itself does not include a way to track how close the schools are to achieving these goals on a yearly basis.

**FACILITIES AND CAPITAL IMPROVEMENTS**

The FY25 budget includes \$4.5 million from the City and \$6,546,500 from DESE and City ARPA funds for facilities improvements and building renovations, and \$500,000 from the City for capital equipment purchases and maintenance. The City Manager recommends the capital budget for the City to City Council, and capital improvement projects are funded through borrowed funds. These debts are represented in the City budget rather than the Public Schools' budget. The Massachusetts School Building Authority (MSBA) provides a reimbursement of 78% to Worcester for approved Accelerated Repair Projects, which are windows, roofs,

**Table 2: Capital Improvement Plan - Facilities Repairs, Renovations, and Other Infrastructure (FY25)**

Location	Purpose	City Share	DESE IVAQ or City Arpa Funding	Total
Thorndyke Road	ADA Upgrades		\$2,315,000	\$2,315,000
Lincoln Street School	ADA Upgrades		\$2,000,000	\$2,000,000
Sullivan Middle	Boiler Replacement	\$750,000		\$750,000
Canterbury Street	Boiler Replacement	\$550,000		\$550,000
Vernon Hill	Materials Lift Replacement	\$500,000		\$500,000
Burncoat Middle	ADA Upgrades	\$500,000		\$500,000
McGrath Elementary	Gym/Café Floor Replacement	\$500,000		\$500,000
Worcester Technical High School	Parking Garage Repairs	\$425,000		\$425,000
Lincoln Bathroom	Bathroom Replacement	\$425,000		\$425,000
Challenge & Reach (Harlow Street)	ADA Upgrades		\$225,000	\$225,000
Gerald Creamer Center	ADA Upgrades		\$177,500	\$177,500
West Tatnuck	Cafeteria/Stage Floor Replacement	\$100,000		\$100,000
Various Locations	Upgrade Building Controls	\$100,000		\$100,000
Design/Engineering/Const. Admin	Includes Updated Facilities Master Plan	\$650,000	\$1,829,000	\$2,479,000
<b>Capital Equipment</b>				
Facilities	Vehicle Replacement and Equipment	\$200,000		
Information Technology	Infrastructure Replacement	\$175,000		
Student Transportation	Vehicle Equipment	\$125,000		
<b>Totals</b>		<b>\$5,000,000</b>	<b>\$6,546,500</b>	<b>\$11,546,500</b>





and boiler projects. Interested readers should read the Bureau’s [Building the Future: Investing in Worcester Public Schools’ Facilities](#) to learn more about how the MSBA operates.

There are three important updates to facilities and capital improvements on which to focus. First, not included in Table 2 is the construction of the new Doherty Memorial High School, which will officially open for students in August 2024. In total, the project cost about [\\$316 million](#).

Second, in 2023, the City of Worcester and Worcester Public Schools submitted a Statement of Interest to the MSBA for the replacement of Burncoat High School, after its 2022 Statement of Interest was ultimately rejected in December 2022. This time, however, as of an MSBA Board Meeting on December 6, 2023, Burncoat High School was invited into the MSBA’s Eligibility Program, which helps to determine whether the City and School District are prepared to take on the capital project. Subsequently, on April 2, 2024, the City Council authorized the City Manager to submit a statement of interest for Burncoat Middle School to the MSBA, after the School Committee had, on March 7, voted the same. Burncoat Middle and Burncoat High School share a campus and facilities, making the reconstruction of both at the same time a priority.

Finally, although it is in Table 3 at the bottom, it is worth pointing out that WPS has budgeted \$500,000 to support other, non-construction related capital equipment. Capital equipment includes vehicle replacement and equipment and infrastructure replacement in IT. IT infrastructure includes tens of thousands of Chromebooks, iPads, and desktop computers, as well as the WPS’ VOIP telephone, security, and other relevant systems. IT is level funded at \$175,000.

**NEW INITIATIVES**

The adopted budget for FY25 has a number of new initiatives, including (but not exclusively):

- ▶ A Youth Development Support Team for each quadrant; meant to support and address school-based student behavior without having to move students to different settings.
- ▶ Eliminates third-party security guards at several schools to instead pay for district employees to oversee visitor management.
- ▶ Establishes a school psychologist pathway through an internship for area college students; the aim is to ultimately recruit and retain school psychologists.

- ▶ Funds the contractual teacher tuition reimbursement program and provides funds for teacher professional development.
- ▶ Provides funds for an electronic bus pass system to more efficiently track student ridership and provide better updates to caregivers for when students enter and exit buses.

**STUDENT OPPORTUNITY ACT EXPENSES**

New Student Opportunity Act funds continue in FY25. The use of these funds continue to be informed by the Worcester Public Schools’ SOA implementation plan, which has changed over time (districts must reevaluate their plans every three years or so). This plan initially included four program areas:

- ▶ Expanding preschool with the aim of increasing early literacy and improving third-grade reading achievement
- ▶ Expanding early college programming
- ▶ Diversifying Worcester educators, through an emphasis on pipeline programs that will allow WPS to support homegrown educators
- ▶ Focusing on social-emotional learning and increasing staff to support those programs and students who have experienced trauma.

Updates from 2023 on the implementation of this plan can be found on the [website of the Massachusetts Department of Elementary and Secondary Education](#).

For the upcoming school year, the FY25 budget notes updates in the District’s SOA Plan, focusing especially on the DESE-defined “lowest-performing student group”:

- ▶ Implement a multi-tiered system of supports that helps all students progress academically and in their social, emotional, and behavioral development.
- ▶ Select and skillfully implement high-quality, engaging instructional materials that support culturally and linguistically sustaining practices and foster deeper learning.

This year, there are no new funded initiatives related specifically to the Student Opportunity Act. Instead, FY24’s budget had used Federal ESSER funds to forward fund SOA initiatives, allowing the District to begin implementing them a year ahead of schedule. This year, with no more ESSER funds to use, WPS is using its SOA funds to continue to fund the initiatives begun a year ago—which was in fact the original plan, to help avoid a fiscal cliff when the ESSER funds ended.



## COMPARING WORCESTER TO OTHER COMMUNITIES

Since the bulk of education funding is a combination of a local contribution and State aid, it is possible to compare to different municipalities on these particular metrics. However, this cannot be a straight one-to-one comparison because Foundation Budgets vary wildly from district to district based on student demographics, and required community contributions can differ significantly because of the local wealth of that community.

What could be valuable, however, is these numbers in conjunction with community contributions above required net school spending. As was explained earlier, communities do make many direct and indirect

contributions towards their schools. Some of these contributions count towards required spending, and some do not. The following table compares Worcester on these metrics with other Gateway Cities, its direct neighbors, Boston, and the state in FY23, the most recent year for which full information is available. Statewide, based on 318 reporting districts, schools spent 26.4% more than required net school spending.

A couple of caveats should be noted about the data. First, in FY23 Worcester’s foundation enrollment counted 26,165 students, making it the 3rd highest in the state that year (this number includes students in the district as well as Charter School and School Choice students attending schools outside of the city). Second, excess school spending does not, as was previously established,

**Table 3: Net School Spending for FY23, Worcester compared to Gateway Cities and Neighbors**

City	FY23 Foundation Budget***	Required Local Contribution	State Aid	Required Net School Spending (including carryover penalty if applicable)	Actual Net School Spending	Amount Over or (Under) NSS	Actual NSS as a % of Required NSS
<b>Gateway Cities</b>							
Quincy	\$146,803,428	\$111,395,437	\$35,407,991	\$146,803,428	\$170,116,785	\$23,313,357	115.88%
Haverhill	\$121,331,843	\$47,425,533	\$73,906,310	\$121,331,843	\$136,300,885	\$14,969,042	112.34%
Brockton	\$276,250,953	\$52,190,600	\$224,060,353	\$276,250,953	\$305,445,056	\$29,194,103	110.57%
Lowell	\$257,876,445	\$56,906,426	\$200,970,019	\$257,876,445	\$258,933,202	\$1,056,757	100.41%
New Bedford	\$233,389,315	\$34,303,277	\$199,086,038	\$233,389,315	\$233,801,269	\$411,954	100.18%
Lynn*	\$299,740,597	\$57,821,484	\$241,919,113	\$301,699,117	\$302,099,468	\$400,350	100.13%
Springfield	\$483,882,872	\$44,717,025	\$439,165,847	\$483,882,872	\$483,882,870	(\$2)	100.00%
Worcester*	\$430,557,180	\$114,317,014	\$316,240,166	\$431,177,466	\$428,143,850	(\$3,033,616)	99.30%
Fall River*	\$204,753,290	\$36,332,032	\$168,421,258	\$206,429,718	\$200,512,646	(\$5,917,071)	97.13%
Lawrence*	\$253,714,475	\$13,007,684	\$240,706,791	\$264,976,508	\$252,478,748	(\$12,497,760)	95.28%
<b>Greater Worcester</b>							
Berlin-Boylston	\$11,425,016	\$8,986,309	\$2,438,707	\$11,425,016	\$18,154,488	\$6,729,472	158.90%
West Boylston	\$10,560,011	\$8,098,019	\$3,108,465	\$11,206,484	\$15,771,305	\$4,564,821	140.73%
Millbury	\$20,670,956	\$12,891,181	\$8,024,392	\$20,915,573	\$29,246,171	\$8,330,598	139.83%
Wachusett Regional School District	\$79,469,579	\$47,034,063	\$32,435,516	\$79,469,579	\$99,214,675	\$19,745,096	124.85%
Auburn	\$30,252,650	\$16,217,482	\$14,035,168	\$30,252,650	\$37,236,696	\$6,984,046	123.09%
Shrewsbury	\$70,918,717	\$55,216,447	\$20,613,148	\$75,829,595	\$93,058,736	\$17,229,141	122.72%
Grafton	\$36,001,738	\$23,384,218	\$12,617,520	\$36,001,738	\$43,471,776	\$7,470,038	120.75%
Leicester	\$19,402,051	\$9,299,222	\$10,102,829	\$19,402,051	\$20,858,650	\$1,456,599	107.51%
Worcester*	\$430,557,180	\$114,317,014	\$316,240,166	\$431,177,466	\$428,143,850	(\$3,033,616)	99.30%
<b>Boston and Statewide</b>							
Boston	\$1,012,695,286	\$827,212,576	\$227,236,505	\$1,054,449,081	\$1,432,098,480	\$377,649,399	135.81%
Statewide	\$12,890,335,881	\$7,166,744,291	\$5,997,901,329	\$13,189,737,667	\$16,665,284,529	\$3,475,546,862	126.35%

\*Required NSS includes carryover from underpaying year before

\*\*Foundation budgets include all students in a community, including Charter School enrollments; in some cases the required NSS is higher than the Foundation Budget but is not a carryover penalty; in general, state aid does not decrease from the prior year, and local contributions also use the previous year as a base, leading to this discrepancy.

Source: Massachusetts Department of Elementary and Secondary Education, FY23 District Profiles



count certain categories of expenses that municipalities may contribute towards their schools, and so does not necessarily tell the entire story. **For example, despite contributing more money than required towards its schools—WPS and Charter—in FY23, the City of Worcester was still deficient by \$3.03 million.** Indeed, this was because \$26.9 million of the City's contribution went to vital school services, including student transportation, crossing guards, adult education, building rentals, and prior "unexpended encumbrances," and these contributions do not count by the state towards required school spending, despite their importance. That deficiency gets carried to the next year.

Finally, notice that the required local contribution as a percentage of the Foundation Budget is the third highest among Gateway Cities, but the lowest among Worcester's neighbors. What does this tell us? Local contribution is based on a combination of property value and total

income of the community. Worcester's required local contribution being a lower percentage of its Foundation Budget than its neighbors indicates that, overall, due to its much larger number of students, and greater number of higher needs students, the "combined effort" of income and property values is significantly lower than its foundation budget minimums. High property and income values and smaller numbers of students of all kinds lead to different required contributions.

#### **WHY NOT COMPARE ON PER-PUPIL EXPENDITURES?**

Municipalities could be compared based on per-pupil expenditures. However, demographic differences between schools make these comparisons fraught. The funding formula allocates higher needs and greater costs in districts with more low-income students, so that *more* could potentially be spent per-pupil in low-income districts than in high-income districts.

## **WHAT TO WATCH IN FUTURE BUDGETS**

In FY26, and beyond, there are several things to watch.

### **First, a major question remains to be answered: can and will the Commonwealth increase its inflation rates in its state aid contribution going forward?**

Based on current trends in expenditures, the Worcester Public Schools already predict budget shortfalls in the next three years—due in part to cost of recently negotiated and existing employee salaries and health insurance outpacing projected funding rate increases, as Worcester anticipates lower student enrollments going forward—which could be exacerbated by lower-than-expected state aid. The District was already unexpectedly short this year by \$22 million, and had to make tough choices to balance the budget. **The Student Opportunity Act was meant to bring more money into public school districts to raise all boats, but it is hardly doing its job if basic costs continue to outpace aid.** The State caps its inflation factor at 4.5%—which does not always reflect the actual experienced rate of inflation.

Second, this year continued Student Opportunity Act initiatives that were begun in the previous year. However, in following years, **how will the District continue to use its new SOA funds (which will continue to increase for the next two years) to fulfill its goals?** As noted on page 9, the District is focusing on the DESE defined lowest-performing student group, with its multi-tiered support system and focus on educator instructional development. What will these programs look like in future years?

Third, WPS is currently entering its first full school year under its new strategic plan, *Our Promise to the Future*. The plan is organized into six key priorities, overseeing several aims each which are then broken down into further "promises"—metrics which can be tracked. FY25's budget is written with this strategic plan in mind, and specific spending and new spending that is aligned with the plan can be found on pages 68-74 of the FY25 budget. One thing to look for in future budgets is where these spending initiative continue and where new spending takes place. Additionally, the strategic plan metrics list promises to be met for the end of the FY28 school year; **going forward, it would be interesting to see the metrics tracking how each subsequent budget advances the plan's "promises."** Currently, there are no such year-by-year goals that can mark progress in the plan. Therefore, **how will WPS implement and keep track of its strategic plan priorities, aims, and promises leading up to its final goals in 2027-2028?**

Fourth, as the City of Worcester and the Worcester Public Schools embark on reconstructing Burncoat High School (and Burncoat Middle School as they share a building and a campus), **what will those timelines and costs look like?** The **interested public should keep an eye not on the budget of the Schools, but the capital budgets of the City itself**, including how the City will pay for the school, how much the Massachusetts School Building Authority will reimburse, and the overall timeline for reconstruction. If Doherty is any example, the timeline will be a long one, played out over the next few years. It should be noted that the reconstruction of Burncoat does not mark the end of the Schools' facility needs—there are



other schools, including Worcester East Middle, which will need to be turned to in the following years.

## **CONCLUSION**

While FY24 marked the largest year of spending ever in the Worcester Public Schools, FY25 sees a small decrease in that spending. Part of the reason for that is the loss of ESSER funds, which were legally obligated to be spent by the end of FY24. The Worcester Public Schools used their ESSER funds for one-time purchases and to forward fund other initiatives, thereby enabling it to avoid a fiscal cliff from falling grant revenues.

However, the major reason why Worcester Public Schools has a smaller budget than the year before is the \$22 million deficit from a smaller increase in state funding coupled with contractual increases in salaries and benefits and higher base costs thanks to inflation. WPS can project how much it will spend each year based on current staffing levels, but cannot predict how inflation might affect the future prices of goods and services.

In addition, the Department of Elementary and Secondary Education's foundation budget formula applied an inflation factor to its calculations of 1.35% (to all categories other than employee benefits), well below the legal cap of 4.5%. While the 1.35% is connected with the

implicit price deflator for gross domestic product, it may not necessarily reflect "the reality on the ground." Indeed, actual inflation rates experienced in the last two years by the schools for goods and services, as explained in the District's February 2024 budget presentations, was 5.9% and 9.3%—in other words, the Commonwealth's inflation factor this year is nowhere near enough to cover the gap. As a result of all these factors, the schools fell well short of their projected expenditures, and had to cut positions, including 163 teachers, as a result.

It is hard to say what the numbers will look like in FY26. The District already projects revenues to be below expenditures in the next three years, a result of projected declining enrollments, contractual increases for employees and services, and, in general, inflation.

In the coming years, the Worcester community should keep an eye on how the Worcester Public Schools continues to respond to potential budget deficits; the replacement of Burncoat Middle and High School; the continued use of Student Opportunity Act funds as they become available; and how the District keeps track of its new five-year strategic plan and how it chooses to spend its funds to achieve the priorities, aims, and promises within it.



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