



The Research Bureau

# BREAKING DOWN THE BUDGET

City of Worcester for Fiscal Year 2024

REPORT 23-07

August 2023





**EACH YEAR** on July 1, Massachusetts cities and towns must implement a new budget. The City of Worcester’s Fiscal Year 2024 (FY24) budget, entitled *Empowering Progress: Investing in Equity, Talent, and Culture*, took effect on July 1, 2023. Municipal budgets must balance—expenditures cannot exceed revenues. The budget process forces municipalities to confront the challenge of fixed costs, like debt service and pensions, while deciding among priorities like education, public safety, economic development, and public services.

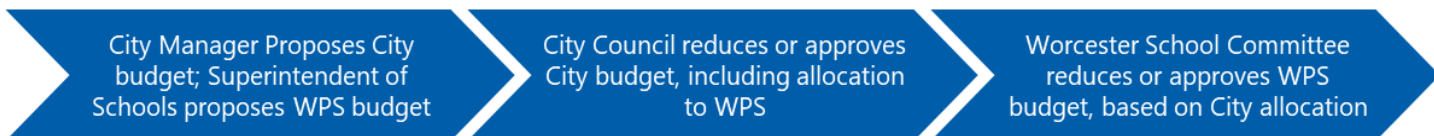
### WHO’S IN CHARGE OF THE BUDGET?

The City of Worcester operates under a Council-Manager form of government with a popularly elected Mayor, known as a modified Plan E form of government. The Worcester Public Schools (WPS) system is a quasi-independent department of the City.

The City Council is the City’s legislative body while the City Manager serves as chief executive officer. The City Council is made up of 11 members—six elected citywide (or at-large) and five elected from districts. The Mayor is the candidate who receives the most votes in the mayoral election and wins an at-large City Council seat. All at-large candidates are automatically entered into the mayoral race, and have the option of withdrawing their name from consideration for Mayor. In addition to their role as City Councilor, the Mayor serves as the ceremonial head of the government and chairs both the City Council and School Committee. The City Council hires the City Manager and can remove them by majority vote. The City Manager hires all City employees (except the City Clerk, City Auditor, and WPS employees), oversees City operations, and presents the City Council with an annual budget that must be approved by June 30 of each year.

The City Council has the authority to reduce applicable line items in the City Manager’s proposed budget, but not increase such items. The approved budget must be balanced.

The Worcester School Committee is the WPS’s legislative body while the Superintendent of Schools serves as chief executive officer. The School Committee consists of the Mayor and six elected at-large members. Per a lawsuit and corresponding Consent Decree, for the 2023 election cycle, the Worcester School Committee will be elected from six districts, with two majority-minority districts, and two at-large seats. The School Committee approves the district budget, and has authority to transfer within line item accounts, so long as the overall amount remains within the City’s appropriation. Additionally, the School Committee may hire or remove by majority vote the Superintendent and may establish and appoint the position of Assistant or Associate Superintendents. The Committee approves or disapproves those hirings, and upon the request of the Superintendent, provides an explanation of any disapproval.



*The financial information in this report is drawn from the City of Worcester FY24 annual budget and capital budget and the Worcester Public Schools FY24 budget.*

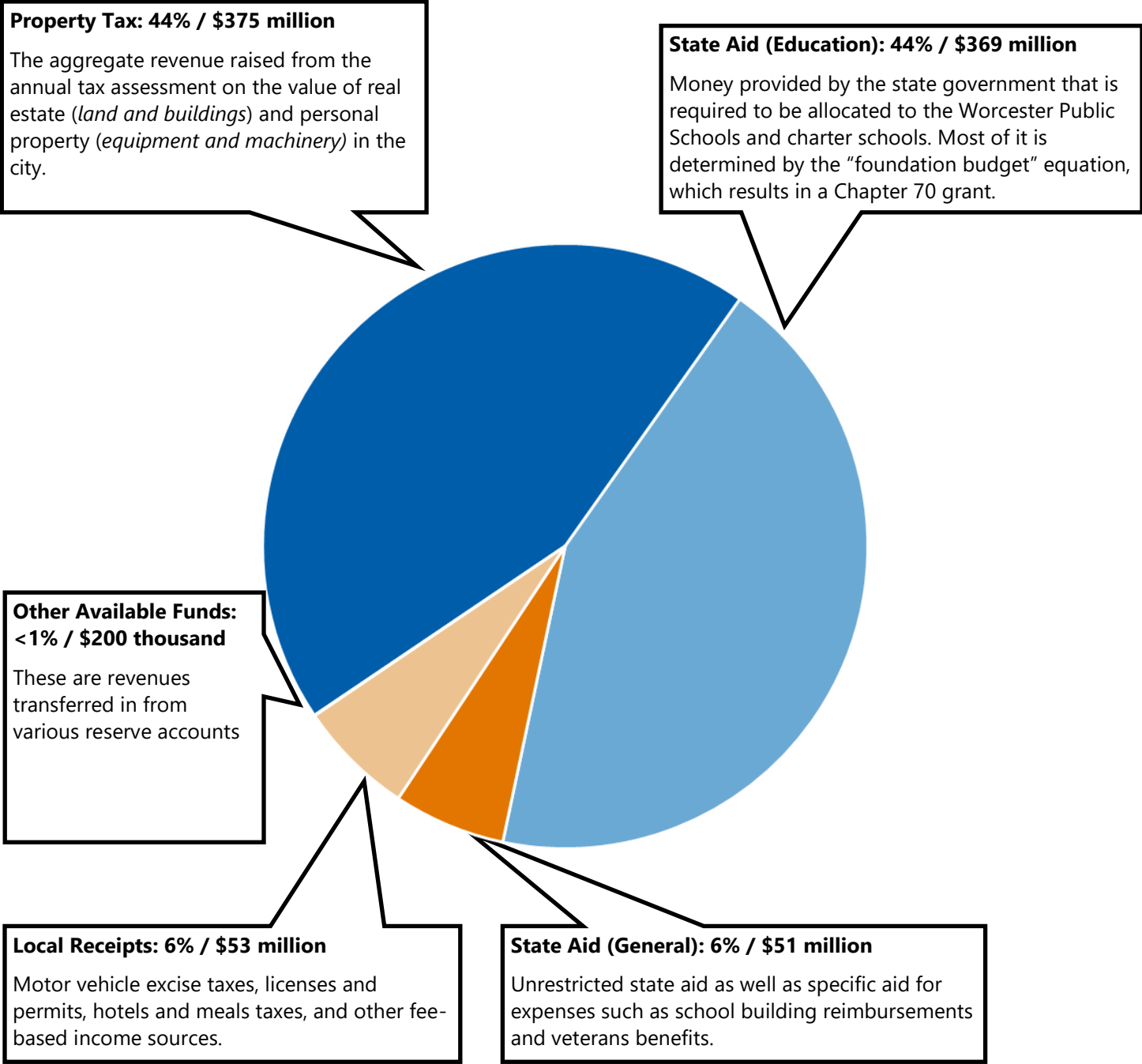


## WHERE DOES THE CITY'S MONEY COME FROM?

The City of Worcester's budget, approximately \$847.7 million for FY24, is financed by a combination of locally raised funds, funds provided by the State and Federal governments, as well as public and private grants. It

represents a 5.9% increase from the final FY23 budget of \$800.7 million.

Around 50 percent of Worcester's revenues are generated locally, from property tax and local receipts. The remaining 50 percent of revenues are primarily state aid programs. These are largely dedicated to public education, primarily through the Chapter 70 School Finance Program.





## HOW ARE PROPERTY TAXES ASSESSED?

Property taxes, the largest source of local revenue, are based on the value of land, buildings, and personal property. The property tax assessment process follows a regular year-long quarterly billing cycle.

Property values are determined by the City Assessor’s Office under the supervision of the Massachusetts Department of Revenue. Every five years, the Assessor conducts a reassessment of all properties in the city by sampling. Once every ten years, all properties in the city are reassessed by physical inspection. Property tax is assessed on the full and fair cash value of a property. Certain property classes such as commercial/income properties are assessed by the cost approach (the cost to replace the property) or the income capitalization approach (annual net operating income divided by the capitalization rate). A property owner can seek an abatement of property tax liability on the basis of 1) overvaluation; 2) disproportional assessment; 3) improper classification; or 4) statutory exemption.

The City Council sets the tax rate each fall. Unlike most of Greater Worcester (as seen in the table above), Worcester currently has a dual tax rate, taxing residential property and commercial/industrial/personal (CIP) property at different levels. In FY23, the residential rate decreased to \$14.34 per \$1,000 of property value, while the CIP rate decreased to \$31.26 per \$1,000.

In 1980, Massachusetts voters adopted an initiative limiting tax levy increases each year to 2.5 percent over the previous year, plus the value of new construction. “Proposition 2½” also limited the total tax levy of a

FY23	Commercial/ Industrial	Residential
Worcester	\$31.26	\$14.34
Auburn	\$18.58	\$15.88
Paxton		\$17.58
Westborough		\$16.84
West Boylston		\$15.58
Holden		\$14.99
Grafton		\$15.71
Northborough		\$14.79
Boylston		\$14.40
Millbury		\$14.45
Leicester		\$12.86
Shrewsbury		\$13.12

Source: Massachusetts Department of Revenue

community in any given year to 2.5 percent of the total taxable assessed value of the community. Since the City of Worcester has not collected the maximum levy allowed by law each year, it has an unused tax levy capacity of approximately \$21.3 million. Under the law, the City has the authority to increase taxes to capture this additional amount without seeking a voter-approved override.

The City of Worcester relies heavily on the local property tax as a source of revenue. However, a significant portion of Worcester’s land area and property value are exempt from local taxes. As a result, the remaining taxable properties must generate sufficient revenue to maintain the general operations of government. The table below shows the estimated and assessed values of taxable and tax-exempt properties in Worcester as of the most recent Comprehensive Financial Report, in FY22.

Assessed and Estimated Actual Value of Taxable and Tax-Exempt Property, FY22		
Tax Status	Value	Percent of Total
Taxable Property Values	\$17,934,338	73.87%
of which Residential Property	\$13,858,704	57.08%
of which Commercial Property	\$3,139,338	12.93%
of which Personal Property	\$936,296	3.86%
Tax-Exempt Property Values	\$6,345,276	26.13%
Total Taxable and Tax-Exempt Property Value	\$24,279,614	100%

\*Amounts Expressed in Thousands (i.e., total value is more than \$24 billion)

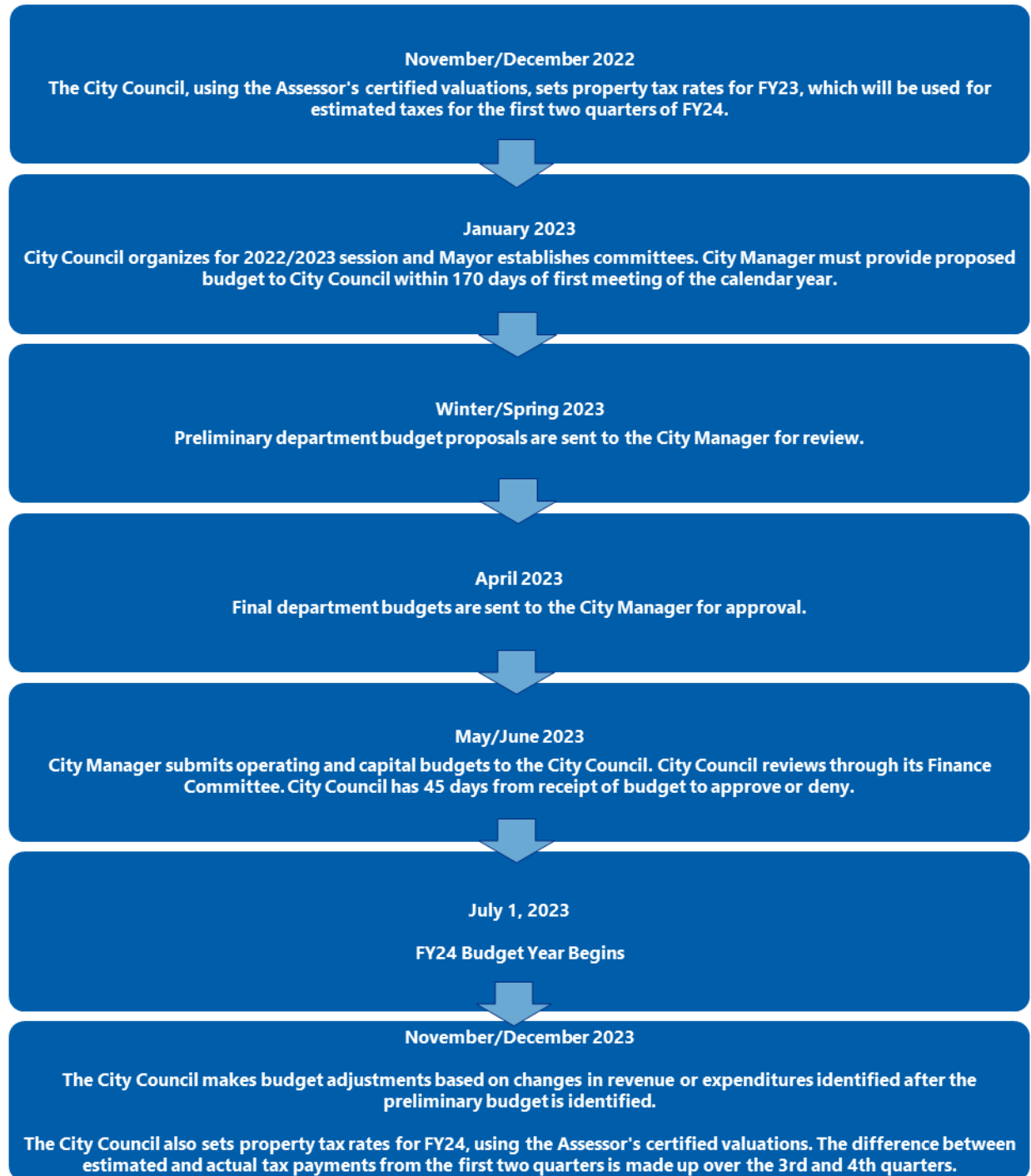
Source: City of Worcester Annual Comprehensive Financial Report, FY22



## HOW IS THE BUDGET APPROVED?

Under the City Charter and State law, the City Manager must submit a budget to the City Council within 170 days of the Council's first meeting in the new calendar year. The Council must act on the budget within 45 days of receiving it and approve it by June 30. If it is not voted on, the City Manager's budget automatically goes into effect.

The Council is limited in its authority over the budget. While it can make general reductions in the budget, it cannot increase it without the recommendation of the City Manager. Thus, City Council is not able to move funding from one priority to another; it can only reduce general funding and request that the City Manager consider alternative priorities. Since the City's budget must be balanced, the budget process requires the City Manager and City Council to set priorities as they decide how to spend the City's limited resources.





## WHERE DOES THE CITY'S MONEY GO?

The City of Worcester sorts its expenditures into three categories. Education, which encompasses money sent to the Worcester Public Schools for their budget and charter school payments, makes up \$507.4 million or 60 percent

of the budget. City Services, which includes most public-facing departments like public safety and public works, is \$183.7 million, or 22 percent. Fixed Costs, which the City defines as financial obligations like health care as well as some City services like snow removal, is \$156.6 million or 18 percent.

Expenditure Summary	FY24 Budget	Change from Adopted FY23	Manager's Categorization
Worcester Public Schools	\$462,693,121	10.7%	Education
Police	\$55,226,214	0.1%	City Service
Fire	\$44,960,420	-1.3%	City Service
Charter Schools	\$44,742,981	17.9%	Education
Debt Service	\$42,333,297	3.5%	Fixed Cost
Pensions	\$37,713,980	4.4%	Fixed Cost
Health Insurance	\$31,804,844	4.9%	Fixed Cost
Public Works and Parks	\$23,007,151	3.0%	City Service
Financial Integrity Plan Funds*	\$18,399,344	-16.3%	Fixed Cost
Pension Bond Debt Service	\$10,369,848	-1.9%	Fixed Cost
Innovation and Technology	\$9,396,124	24.8%	City Service
Public Library	\$6,624,195	3.0%	City Service
Snow Removal	\$6,000,000	0.0%	Fixed Cost
Health and Human Services	\$5,358,794	-18.5%	City Service
Inspectional Services	\$4,934,362	7.0%	City Service
Intergovernmental Charges	\$4,705,146	4.0%	Fixed Cost
Contingency	\$4,186,285	-53.5%	City Service
Law/Insurance/Court	\$4,013,419	-12.4%	City Service
Transportation and Mobility	\$3,417,579	2.7%	City Service
Emergency Communications	\$3,319,762	-5.6%	City Service
Finance	\$3,258,975	7.4%	City Service
Public Facilities	\$3,110,450	-4.0%	City Service
Economic Development	\$2,642,278	26.6%	City Service
Human Resources	\$2,132,106	6.0%	City Service
Streetlights	\$1,495,490	0.0%	Fixed Cost
City Manager's Office	\$1,343,120	-22.2%	City Service
Worker's Compensation	\$1,335,759	11.6%	Fixed Cost
Injured on Duty	\$1,331,371	32.9%	Fixed Cost
Assessing	\$1,169,205	-3.4%	City Service
Elections	\$1,135,742	33.2%	City Service
City Clerk	\$1,057,158	21.5%	City Service
OPEB Trust Deposit	\$974,359	-74.9%	Fixed Cost
Diversity, Equity, and Inclusion	\$744,423	67.1%	City Service
Auditing	\$736,442	9.6%	City Service
Union Station	\$528,305	0.0%	City Service
Sustainability	\$527,214	1.4%	City Service
City Council	\$501,768	2.2%	City Service
Workforce	\$200,000	0.0%	City Service
Mayor	\$177,208	2.2%	City Service
Unemployment	\$119,840	0.0%	Fixed Cost
Enterprise (Golf)	-	-100.0%	City Service
DCU Center	-	-	City Service
Energy/Asset Management	-	-	City Service
<b>Total Education</b>	<b>\$507,436,102</b>	<b>11.3%</b>	
<b>Total City Services</b>	<b>\$183,708,699</b>	<b>-1.7%</b>	
<b>Total Fixed Costs</b>	<b>\$156,583,278</b>	<b>-1.0%</b>	

Massachusetts sets the minimum amount that must be spent on each student; the amount seen here is largely state aid and a required local contribution of \$120 million, with total excess contributions of \$26.2 million. Of that, \$24.7 million is considered a non-educational expense by the state.

The addition of a new charter school in Worcester, Worcester Cultural Academy, in August 2023 accounts for this line item increase.

The Financial Integrity Plan is described on page 8. The plan, in existence since 2007, is intended to strengthen Worcester's financial outlook. Funds tend to change from adopted amounts as free cash is allocated over the course of the year in accordance with the plan.

Contingency for this year includes funds for cost of living increases for represented City employees, stipends for the Police Department's body-worn cameras, and includes \$250,000 for other City-wide funds, including for staffing of the City Council Office.

According to the Financial Integrity Plan, the OPEB trust will have 30% of remaining free cash appropriated to it at year end. The budgeted amount in FY23 was \$885,781, but the amount ultimately deposited was \$3.89 million, accounting for the "decrease" seen here.

Reorganization of the Executive Office of Diversity, Equity, and Inclusion over FY23 led to the addition of 7 positions and cost-of-living increases, contributing to this increase.

The DCU Center's debt service costs are usually covered by convention center and arena revenue and special district income, so no tax levy money is allocated in FY24.

This increase is largely due to more than \$46.5 million in additional Ch. 70 state aid and charter school reimbursement, an additional \$6 million increase in required City contributions, and \$6 million in new Charter School assessments.



## HOW DOES THE CITY FUND CAPITAL PROJECTS?

In addition to its operating budget, the City of Worcester approves an annual capital budget to fund lasting items such as equipment purchases (police cars, snow plows), infrastructure improvements (roads, sidewalks, parks), technology upgrades, and major building maintenance. For the capital budget, the City issues debt and finances these purchases over the lifespan of the item using tax levy funds, enterprise accounts and grants from Federal and State government. The debt is issued as a municipal bond and is often exempt from Federal and State taxes. Under the Financial Integrity Plan, the City caps how much borrowing it can do in any one year based on prior year borrowings and debt service (based on capacity to support debt, with no more than 10 percent of the budget on debt service).

Also included in the capital budget is borrowing for the City’s enterprise funds. Enterprise accounts are funded by fees paid for those services, not by the tax levy. Worcester’s credit ratings, which determine interest rates on municipal bonds, were Aa3 from Moody’s Investors Service, AA– from Standard and Poor’s and AA by Fitch Ratings as of the latest Comprehensive Annual Financial Report. The City has maintained these credit ratings since FY17, when Fitch raised its rating from AA– to AA. Previously, the City underwent upgrades from Moody’s and Standard and Poor’s in FY13 and FY14.

Capital expenditures may be higher than borrowing in a given year because of remaining authorizations from the prior fiscal year. The cost of a piece of equipment, facility improvement or infrastructure project can be spread over multiple fiscal years—the City provides debt service obligations for five years in the future in the capital budget. For this reason, the scope of investment in a department or project may not be fully reflected in just one year’s capital budget.

Some notable points of interest in this year’s capital budget include:

- ▶ Public Schools MSBA includes borrowing for the continued construction of Doherty Memorial High

Funding Source	FY23 Borrowing	FY24 Borrowing	% Change
WPS - MSBA	\$60,791,600	\$48,477,642	-20.26%
Tax Levy	\$39,731,331	\$45,656,742	14.91%
Sewer Enterprise	\$17,750,000	\$21,485,000	21.04%
Water Enterprise	\$15,125,000	\$22,675,000	49.92%
Off Street Parking	\$8,290,000	\$3,010,000	-63.69%
DCU	\$6,343,919	\$12,750,000	100.98%
Energy Services Company	\$2,000,000	\$5,876,000	193.80%
Golf Enterprise	-	\$150,000	-
Total	\$150,031,850	\$160,080,384	6.70%

Expenditure	FY23	FY24	% Change
Public Schools - MSBA	\$60,791,600	\$48,477,642	-20.26%
DPW Water	\$15,125,000	\$22,675,000	49.92%
DPW Sewer	\$17,750,000	\$21,485,000	21.04%
DPW	\$14,100,000	\$16,435,000	16.56%
Public Facilities DCU	\$6,343,919	\$12,750,000	100.98%
DPW Parks	\$8,255,500	\$10,358,475	25.47%
Sustainability & Resilience	\$2,530,000	\$5,961,000	135.61%
Public Schools	\$4,000,000	\$5,410,703	35.27%
Fire	\$146,813	\$5,258,418	3481.71%
Public Facilities	\$8,335,000	\$3,000,635	-64.00%
DPW Off Street	\$8,290,000	\$2,950,000	-64.41%
Emergency Management	\$0	\$1,759,175	-
Public Facilities Union Station	\$850,000	\$1,543,773	81.62%
Police	\$532,500	\$1,119,540	110.24%
Innovation and Technology	\$2,667,210	\$606,000	-77.28%
DPW Golf	-	\$150,000	-
Inspectional Services	\$314,308	\$140,023	-55.45%
Total	\$150,031,850	\$160,080,384	6.70%

Source: City of Worcester, FY23 and FY24 Capital Budgets

School, and roof, ADA, and code compliance upgrades at Worcester Arts Magnet Elementary.

- ▶ The increase in the line item for Energy Services Company (ESCO), which is found under Sustainability and Resilience. This money is aimed at energy efficiency infrastructure projects throughout the City’s current assets.
- ▶ The DCU Center is currently undergoing a large renovation project, including replacing arena seating, updating the fire notification system, and other improvements to its infrastructure.
- ▶ The Fire Department is completing the purchase of two Engines and two ladders that was begun in FY23.



## IS THERE A PLAN?

The City of Worcester adheres to what is called a Financial Integrity Plan, previously known as the Five Point Plan and then the Seven Point Plan. It lays out several budgetary guidelines:

- ▶ Creation of a high school construction stabilization account for two high school replacement projects (South High School and Doherty High School)
- ▶ Increase of general fund reserve level target to 10 percent of general fund revenues (from 5 percent)
- ▶ Connection of the City's annual tax levy supported debt to debt service coverage (8 to 10 percent of the operating budget), as opposed to a fixed amount
- ▶ Establishment of an Other Post Employment Benefits (OPEB) Trust Fund and Commission
- ▶ Memorialization of budgetary assumptions and methodology
- ▶ Enhancement of financial reporting and transparency
- ▶ Addition of any "new growth" above the budget estimate to unused tax levy capacity at the time of the tax rate recap (sometimes called "tax relief")

## POINTS OF INTEREST

The **Department of Transportation and Mobility** enters its second year. Over FY23, the Department grew its staff to 21 of 24, won a Safe Streets for All federal grant to develop a Comprehensive Road Safety plan, and initiated a Worcester Mobility Action Plan. The Mobility Plan grew out of the Worcester Now|Next master planning process, and aims to increase safety, equity, and sustainability on Worcester's streets. The planning process is underway as of spring 2023, and continues with stakeholder engagement and public input throughout summer 2023.

The **Ballpark District Improvement Financing Reserve Fund** is the vehicle for capturing tax revenues associated with the Polar Park project, towards the costs of the bonds used for the public portion of the construction expenses. In FY24, the City is budgeting for a \$2,343,524 deposit, from incremental property tax revenues and the relevant Meals and Use taxes, a 0.75% tax on meals inside the stadium and ballpark district collected or anticipated in FY24. This is the second such annual contribution, with the ballpark in its third season of operation. The "care, custody, and control" of Polar Park is with the Worcester Ballpark Commission, which oversees both the team and City programs at the facility; however, as of July 2023, the City Manager's office has proposed eliminating the Commission and moving its functions into the Department of Public Facilities.

Local governments are required to report on **Other Post-Employment Benefits (OPEB)** liabilities, or the future costs of benefits committed to municipal employees upon their retirement. The state's Public Employee Retirement Administration Commission utilized 2020 data in compiling a breakdown of OPEB liabilities statewide that showed Worcester with the third highest liability, exceeded by Springfield as the second highest and Boston as the top, with \$3 billion in such liabilities. As of

June 30, 2022, Worcester had a total OPEB liability of \$1,256,269,218 (an 18% decrease from prior year), with \$30,859,128 in its OPEB Trust Fund (19.7% increase), for a net liability of \$1,225,410,090. The City FY24 budget includes a contribution of \$974,359, a 10% increase as called for by the City's Financial Integrity Plan. As part of the plan, when the City calculates "free cash" in the fall, 30% is contributed towards OPEB liabilities, which last year led to an additional deposit of \$3,014,002.

The City undertook a reorganization of the **Executive Office of Diversity, Equity, and Inclusion** in FY23, and the FY24 budget reflects this anticipated completion of this reorganization. Three new positions were created and four positions were moved from Human Resources and Health and Human Services into this Office, increasing staff from two to nine. Over the past year, the City conducted racial equity audits on Human Resources, Health and Human Services, and the Police Department. In FY24, the City plans to continue to implement their recommendations.

In FY23, the City budgeted for a **Rental Registry** in the Inspectional Services Department to identify and assess rental units in the city, while developing a database of such properties and their owners/managers. The Council approved the Registry in September 2022. While the FY24 budget makes no mention of the progress on the registry's creation, its mention in departmental objectives would indicate it is on its way this year.

The **Massachusetts School Building Authority** is a quasi-independent government authority that reimburses cities, towns, and regional school districts for school construction costs at varying percentages. The Worcester Public Schools FY24 budget includes renovation plans (roof replacement, ventilation systems upgrades, boiler replacement, bathroom renovations, etc.) for the next five years with an estimated total project expense of





\$57,984,856. It is estimated that the MSBA share will be \$27.6 million through the Accelerated Repair Projects Program, the City share will be \$17.5 million, and ESSER will be used for the remaining costs, approximately \$10.2 million to be spent in FY24. MSBA paused accelerated repair reimbursements in 2023. In addition to the Accelerated Repair Program, cities are able to submit major renovation projects to MSBA for consideration. There is one project submitted in FY24 for replacement,

Burncoat High School. Burncoat was previously denied replacement by the MSBA due to its estimated cost of \$500 million to replace the integrated facilities of the middle school and high school. As noted later in this document, the MSBA grant limits for facility replacement have been increased for FY23 and FY24. Doherty Memorial High School is in the final phase, construction, and is anticipated to be open for the 2024-2025 school year.

## FEDERAL RELIEF FUNDS

The federal American Rescue Plan Act of 2021 (ARPA) is a \$1.9 trillion package that provides municipal governments with resources to cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic.

In Worcester’s case, the City is receiving approximately \$146.6 million directly from the federal government. The direct funding is coming in two installments, with the first in June 2021 and the remainder coming a year later. Under federal guidelines, the funds will cover costs incurred between March 3, 2021 and Dec. 31, 2024, and are specifically prohibited from being used to offset state tax reductions, contribute to public pension funds, support debt service, issue legal settlements, or replenish reserves. The four areas of eligibility are Public Health and Economic Recovery, Revenue Replacement, Premium Pay, and Water/ Sewer/ Broadband.

In December 2021, the City Manager submitted a preliminary plan for these funds to the City Council for its consideration. This plan takes into account ARPA community input sessions that occurred throughout the fall. The City Manager proposed several ad-hoc committees to provide insight and oversight of ARPA funding applications, stressing the importance of equity in guiding membership and decision-making. These committees are responsible for allocating nearly \$50 million in community-based initiatives. The City developed an online dashboard to view ARPA funds, found here: <https://www.worcesterma.gov/arpa>. As of early August 2023, that dashboard shows \$33.3 million spent and \$113.4 million unspent.

The City Manager provided an update on ARPA funds in June 2023 to the City Council. Committed funds are those that have been contractually obligated to projects and subrecipients. Uncommitted have not been so contracted. The table below details the budgets, expenditures, committed, and uncommitted funds for each category.

ARPA Fund Expenditure Summary (June 2023)				
Area	Budget	Expenditures as of 3/31/23	Committed	Uncommitted
Community Initiatives	\$68,007,082	\$1,810,364	\$38,231,286	\$27,965,431
Public Health	\$4,137,495	\$455,324	\$760,006	\$2,922,165
Public Asset and Infrastructure	\$37,305,000	\$2,747,373	\$922,602	\$34,089,209
Technology Improvements	\$15,255,042	\$6,333,706	\$8,184,095	\$737,241
Administrative Overhead	\$3,625,963	\$105,025	\$3,204,222	\$316,716
Revenue Recovery	\$15,789,523	\$15,789,523		
Premium Pay	\$2,514,500	\$2,514,500		
<b>Total</b>	<b>\$146,634,605</b>	<b>\$29,755,816</b>	<b>\$51,302,211</b>	<b>\$66,030,761</b>

Source: June 13, 2023 City Manager Communication to City Council



## IMPACTS FROM THE STATE

Every year, the Commonwealth of Massachusetts should have a budget in place before the start of the Fiscal Year on July 1. This year, as last year, the General Court did not pass a budget on time. The Governor's initial budget was filed on March 1, 2023, the Massachusetts' House passed a budget on April 26, 2023, and the Senate passed its budget on May 25, 2023. On July 30, House and Senate negotiators agreed on a \$56.2 billion budget deal. On August 9, Governor Healey signed a \$56 billion budget, vetoing about \$272.4 million from the July 30 compromise, but still representing about a 6.3% increase over the FY23 budget.

The \$56 billion budget is based on a forecast of \$32.9 billion in expected tax revenues, and \$24.2 billion in non-tax revenues. The budget also sets aside \$580 million in tax relief, which is undergoing separate negotiations. This is the first year of the voter-approved Constitutional amendment that added a 4% surtax on incomes above \$1 million. These funds can only be spent on education and transportation, and this year's budget sets aside \$1 billion in expected revenue from this tax. It is split nearly evenly between education and transportation. Officially, this funding source is known as the "Education and Transportation Fund."

The FY24 state budget includes a number of highlights of interest for Worcester:

- ▶ More than \$6.593 billion in Chapter 70 school aid for public schools across the state, a \$594 million increase from the year before. This includes \$357.5 million in Chapter 70 aid for Worcester Public Schools, and a \$9.8 million charter school reimbursement.
- ▶ The FY24 state budget includes \$1.271 billion in unrestricted government aid to municipalities, a \$39.4 million increase from the year before. Of that, \$49.7 million is allocated for Worcester, a \$1.5 million increase from FY23. This is \$577,676 more than the initial projections from the Governor's Budget and what the City budgeted for in this work. Overall, the cherry sheet estimates show that the City will receive \$51.9 million in various state aid to the City itself.
- ▶ Regional Transit Authorities will receive a large increase in operating funds from the State in FY24. \$150 million will be split on operating costs between the state's 15 RTAs, an increase from the \$96.5 million provided in FY23. That \$150 million is a combination of \$94 million from the usual state funding mechanism for RTAs, and \$90 million from funds raised by the new income surtax.

- ▶ The establishment of the MassReconnect program at \$20 million, which enables adults aged 25 and older without a college degree to receive an Associate's Degree at no cost from public community colleges in MA.
- ▶ \$171.5 million is to be spent on Universal Free School Meals. \$69 million of that is from the new Education and Transportation Fund.
- ▶ An additional \$100 million to the Massachusetts School Building Authority to pay for cost escalations on projects approved prior to October 2022 but agreed to after January 1, 2022. In addition, Section 7 of Chapter 70B is amended, raising the base limit of grants approved by the School Building Authority for school facility construction from \$800 million to \$1.2 billion, and raises the maximum rate of yearly growth of that limit from 4.5 to 6.5%. This amendment also provides that the accelerated repair program (boilers, roof replacements, etc) does not count towards this limit. Finally, this \$1.2 billion is backdated to FY23, allowing the MSBA to provide larger reimbursements for costs induced in the previous fiscal year.



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