

A photograph of a classroom. In the foreground, a young boy with dark skin and short hair is looking at a laptop screen. Behind him, a girl with long brown hair is writing on a piece of paper. In the background, a teacher with long blonde hair and glasses is smiling and looking towards the students. The classroom has a bulletin board with various papers and a map on the wall. A red rectangular overlay is positioned on the left side of the image, containing white text.

# Providence Schools

## **FY25 Budget Update**

May 22, 2024



## Budget and Finance

We will focus today's discussion on the proposed FY25 Plan

### FY25 Initial Planning (March – Finance Committee)

- Provide information on FY24 year to date
- Share updates on FY25 budget planning, including revenue projections

### Updated FY25 Plan (April)

- Review revised FY25 budget planning includes initial list of investments and reductions

### Proposed FY25 Plan (May)

- Review proposed FY25 appropriation, compensation, and classification ordinances

*Focus of today's presentation*

# Summary and Headlines

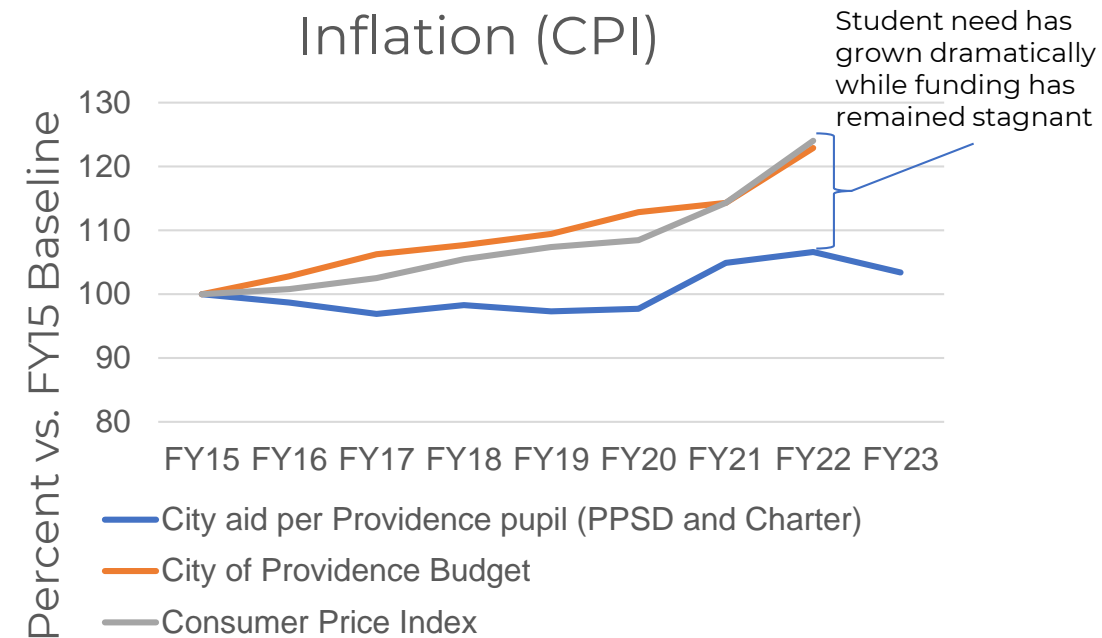
PPSD is facing significant financial challenges for the upcoming year

## Recap from Last Board Meeting

- Expiring COVID stimulus funds while **student need continues to grow**
  - PPSD has seen a \$10M+ increase in out of district special education this year
- **Declining enrollment** similar to many districts nationwide
- Historic **underfunding from the City of Providence**
  - Stagnant per pupil funding means the district needs to **make cuts just to keep pace with inflation**
  - With years of underfunding, Providence now spends **less than Warwick** – a district of half the size
  - Proposed FY25 City budget translates to a **3% increase in funding** since the start of the intervention while the **City budget has increased by 21%** over the same time

*City funding per student has not kept pace with inflation, even as the overall City budget has*

## Per Pupil City Funding vs. Inflation (CPI)



# Summary and Headlines

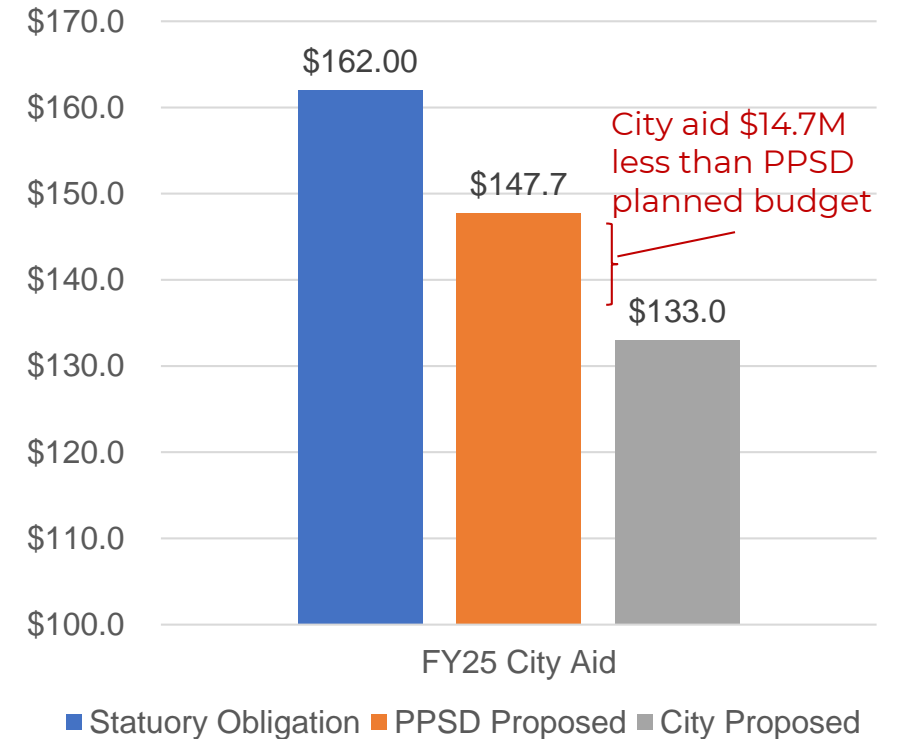
Proposed budget includes detailed spending plan for implementing these difficult decisions and tradeoffs

## Headlines from Today's Board Meeting

- Budget assumes \$147M in aid from the City, which is \$15M less than the statutory obligation but \$14M more than the City's initial budget
  - If City does not provide additional funding, **PPSD will have to make further reductions this year and beyond**
- Out of district tuition (\$10M) and transportation costs (\$2M) have grown due to **significant increase in student need**
- Budget includes **important investments to sustain:**
  - Increases in **translation and interpretation services**
  - Retaining some **additional social-emotional support and staffing** added in past years
  - **Tuition reimbursement** for ESL certifications
- PPSD has made **significant cost reductions for FY25:**
  - 290 FTE reduction in staff (approximately 9% of all staff), including a 19% reduction in central office
  - Improved transportation efficiency and school bell times
  - JSEC/360 and accelerated school closure of Gilbert Stuart
- Reductions have resulted in **staff member layoffs and non-renewals**

*Without adequate City funding, PPSD will have to make further cuts this year and beyond*

## FY25 City Aid



# FY25 Budget

1 Ordinances Overview

2 Questions



# Ordinance Overview

Ordinances detail district spending for the upcoming school year

1

## Appropriation

- Describes funding by category
- Organized by Uniform Chart of Account (UCOA) codes
- Covers spending by local funds (state aid and city aid)

2

## Compensation

- Identifies positions and salary ranges for FY25
- Assumes all contractually agreed upon salary increases
- Identifies positions added/removed from previous FY, with funding source

3

## Classification

- Identifies budgeted FTEs by school and department
- Provides local vs. non-local funding sources

# Ordinance Overview - Revenue

Unrestricted local aid projected to be flat, with a proposed increase in MLL categorical

## PPSD 2024-25 Local Budget Projected Revenue

	<u>2023-2024</u>	<u>2024-2025</u>
	<b>Budget</b>	<b>March Data Updates</b>
Enacted Aid	\$273,476,553	\$262,261,735
Funding Formula	(11,214,819)	2,005,593
Enrollment Loss Transition Fund	8,103,721	5,064,825
Enrollment Loss Transition Fund	0	2,317,362
High Cost Special Ed Categorical Funding	1,955,903	1,394,186
Group Home Aid	138,359	128,830
Subtotal	272,459,717	273,172,531
<b>*City Aid</b>	<b>147,950,978</b>	<b>147,677,530</b>
Medicaid	5,700,000	5,700,000
Indirect Cost	1,950,000	1,500,000
Miscellaneous	585,000	585,000
Subtotal	156,185,978	155,462,530
<b>Total Local Budget Revenues</b>	<b>\$428,645,696</b>	<b>\$428,635,061</b>
<b>Other State Aid</b>		
Non-Public Transportation Offset	502,097	600,029
ELL Categorical	9,904,518	17,511,435
Subtotal	<b>10,406,615</b>	<b>18,111,464</b>
<b>Total State Aid</b>	<b>\$282,866,332</b>	<b>\$291,283,995</b>

### Key Context

- City proposing ~\$29M less than \$162M obligation under statute; PPSD's budget assumes \$15M less than obligation
- City aid for FY24 still in litigation
- Increase in funding formula aid in March data update due to in-year enrollment gains
- MLL categorical funding subject to General Assembly approval in June

# Ordinance Overview – Key Spending Increases

PPSD has seen increased funding obligations due to significant increases in student need in recent years

## Multilingual Learners

*PPSD's MLL population growth from 20% in SY15 to ~40% in SY24 and oversight from the DOJ has resulted in growing annual financial obligations*



- Translation and interpretation needs (\$950K)



- ESL certification reimbursement (\$800K)



- Additional ESL certified teachers for English Language Development classes

## Differently Abled Students and Pre-K

*Significant increases in students with significant need, particularly among our earliest learners, coupled with teacher shortages has increased district obligations*



- Out of district tuition costs (\$17.6M)



- Additional special education (\$900K) and Pre-K special education (\$2.1M) classrooms

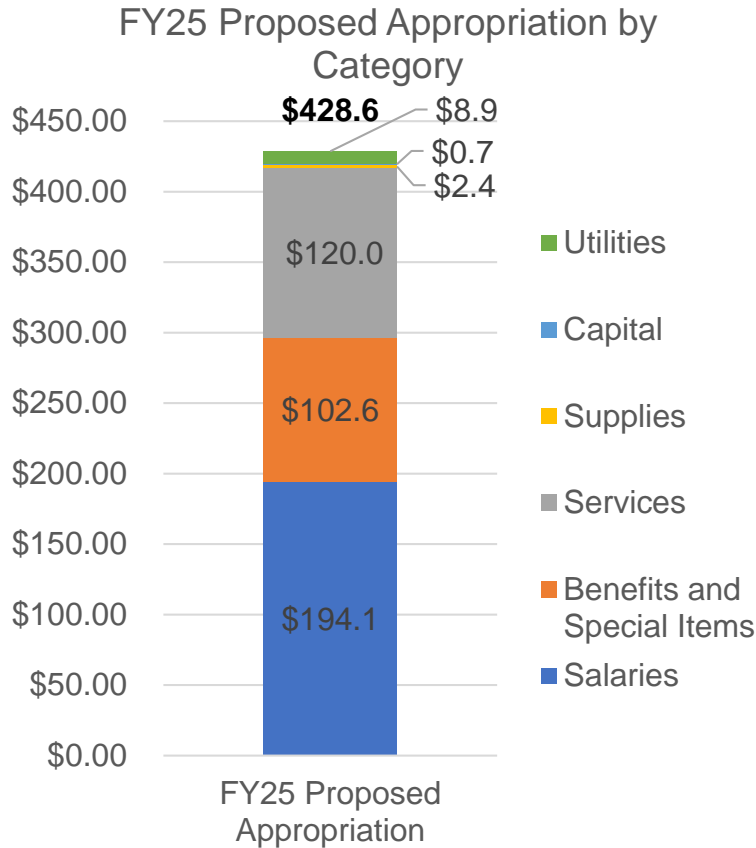


- Additional evaluation and screening teams for Pre-K (\$2.3M)



# Ordinance Overview - Appropriation

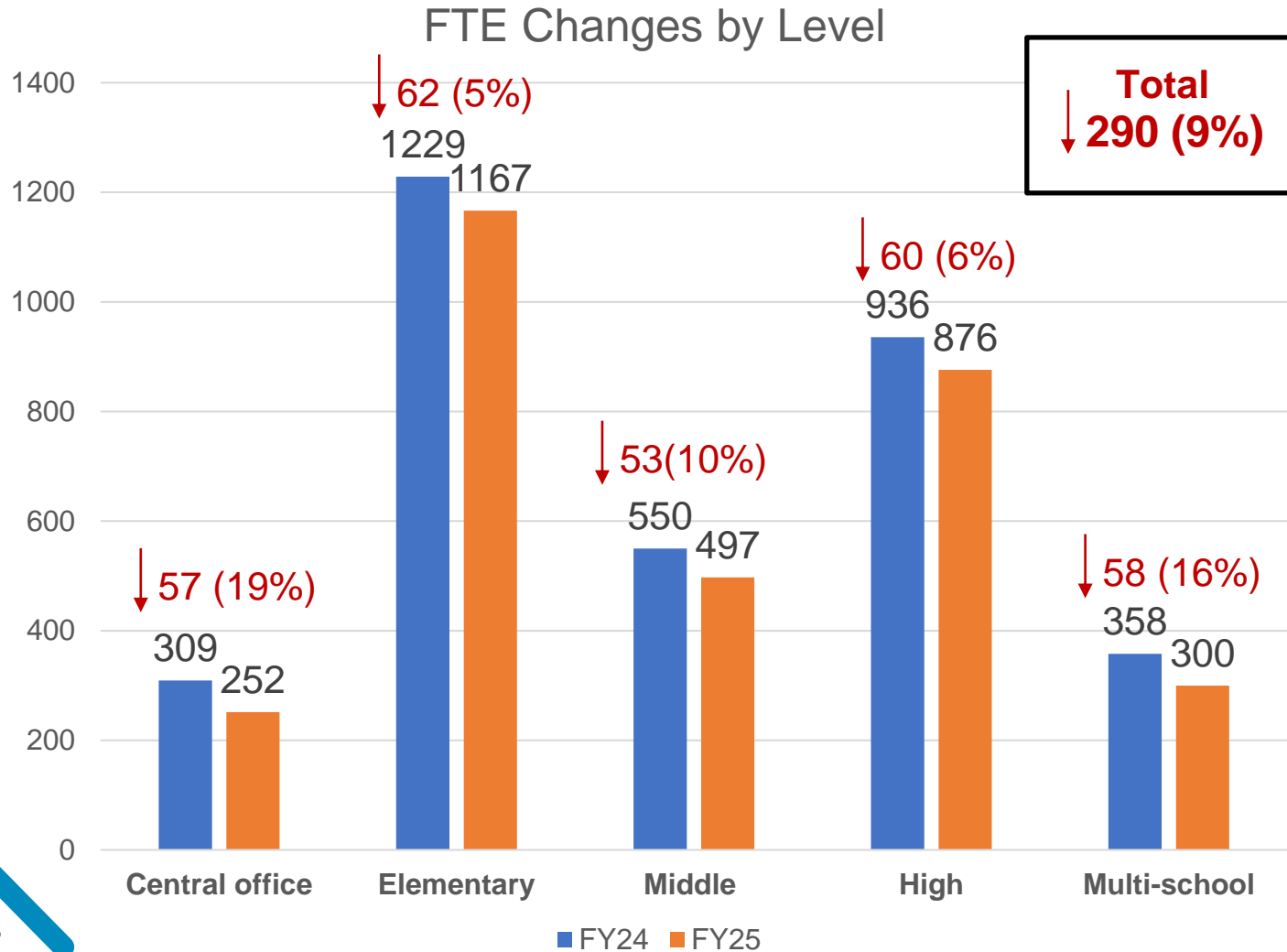
Local expenditures projected to be flat between FY24 and FY25



Category	FY24 Final	FY25 Prop.	\$ Change	% Change	Notes
Salaries	\$205.1	\$194.1	(\$11.0)	-5%	<ul style="list-style-type: none"> <li>Reduction of school-based and central office FTEs</li> <li>Collectively bargained salary increases</li> <li>MLL categorical funding shift</li> </ul>
Benefits and Special Items	\$108.6	\$102.6	(\$6.0)	-6%	<ul style="list-style-type: none"> <li>Increases in city retirement (\$1.5M)</li> <li>Decreases state retirement (\$3.8M)</li> <li>Decreases in active medical (\$4M)</li> </ul>
Services	\$102.9	\$120.0	\$17.1	17%	<ul style="list-style-type: none"> <li>Increases                             <ul style="list-style-type: none"> <li>Out of district services for differently abled students (\$11M)</li> <li>Out of district transportation (\$2.4M)</li> <li>Public schools of choice tuition (\$1.7M)</li> </ul> </li> <li>Sustaining interpretation/translation ESSER investment (\$850K)</li> </ul>
Supplies	\$3.0	\$2.4	(\$0.7)	-23%	<ul style="list-style-type: none"> <li>Reduction in educational supplies (\$500K)</li> </ul>
Capital	\$1.2	\$0.7	(\$0.5)	-44%	<ul style="list-style-type: none"> <li>Reduction in furniture/ technology equipment (\$500K)</li> </ul>
Utilities	\$7.8	\$8.9	\$1.1	15%	<ul style="list-style-type: none"> <li>City removal of energy credits (\$1M)</li> </ul>
<b>Total</b>	<b>\$428.6</b>	<b>\$428.6</b>	<b>0</b>	<b>0</b>	

# Ordinance Overview – Compensation and Classification

FY25 proposed budget includes 290 FTE reduction across all funding sources



## Key Context – School-Based Reductions

- **60+ teaching positions**, including reductions to art, music, and physical education at the elementary level
- **25+ social-emotional and behavioral staff**, including social workers, school counselors, and behavior interventionists
- **30+ administrator and academic support staff**, including assistant principals and reading interventionists
- **45+ classroom and support staff positions**, including teacher assistant and childcare workers

## Potential additional budget impacts

PPSD is monitoring potential additional changes to FY25 budget projections that could impact PPSD both positively and negatively

### Potential Revenue Impacts

- City revenue: unknown and subject to ongoing litigation
- State aid - other funds: general assembly could make updates to funding formula or proposed categorical funding

### Potential Expense Impacts

- Additional reductions: depending on revenue/expense trends, additional reductions may be necessary to close gap

# Budget Timeline

Upcoming plans for budget engagement

Date	Action
March 13, 2024	School Board Finance – FY 24 and FY 25 discussion
April 17, 2024	School Board presentation – FY25 updates
May 15, 2024	Revised budget presentation to School Board Finance with proposed ordinances
May 22, 2024	Revised budget presentation to School Board
May 2024	Detailed budget book shared
May 30, 2024 (tent.)	Meetings with City Council to discuss budget
July 2024	Commissioner approves PPSD spending plan

# Questions?



# Appendix



# Budget Details – Aligning to Priorities

Despite a challenging financial outlook, PPSD is sustaining key investments and planning for long-term financial sustainability

1

## Sustain TAP-aligned Investments

### Excellence in Learning

- Retaining 22 behavior interventionists to support students

### Engaged Communities

- Double investment in translation and interpretation services for families

### World Class Talent

- Maintain \$8,000 per teacher reimbursement for ESL certification

### Efficient District Systems

- Sustain investments in assessment and learning management system platforms

2

## Meet Rising Student Need

- Add 12 special education classrooms at K/1 grades to support increase in PK/K special education students
- Sustain increased PK classrooms (506 in SY21 to 824 in SY24) and screening/evaluation teams
- Increase budget for out of district placement expenses

3

## Plan for Long-Term Financial Sustainability

- Reduce district footprint for utilities/facilities savings through accelerated closure of Gilbert Stuart
- Restructure of JSEC/360
- Realign bell times to improve transportation efficiency
- Reduce central office FTEs by ~18%
- School-based reductions