

A photograph of a classroom. In the foreground, a young boy in a dark blue hoodie is looking at a laptop. Behind him, a girl with long brown hair is writing in a notebook. In the background, a teacher with long blonde hair and glasses is smiling and looking at another student. The room has a bulletin board with various papers and a map on the wall.

# Providence Schools

**FY26 Budget Update**

April 2025

## Goals for Today

We will focus today's discussion on initial FY26 budget planning

### Initial Plan/Overview FY26 Plan (April)

- Provide overview of FY26 budget and initial planning

*Focus of today's presentation*

### Proposed/Detailed FY26 Plan (May)

- Review proposed FY25 appropriation, compensation, and classification ordinances

# FY26 Budget

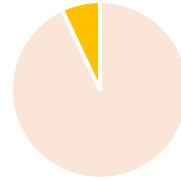
1 Budget Overview

2 Budget Details



# Revenue Sources

Primary funding comes from local funds, with smaller funding coming from Federal sources and other grants



## Local Funds: \$445M *(City and State)*

- All **ongoing operational expenses** for basic educational needs
- Examples:
  - Teachers' and staff salaries
  - Transportation
  - Facilities maintenance

## Non-Local: \$34.6M *(Federal)*

- **Supplements local funds**
- Examples:
  - Professional development
  - Supplemental curricula
  - Technology enhancements
  - Community engagement
  - Before and after school programs

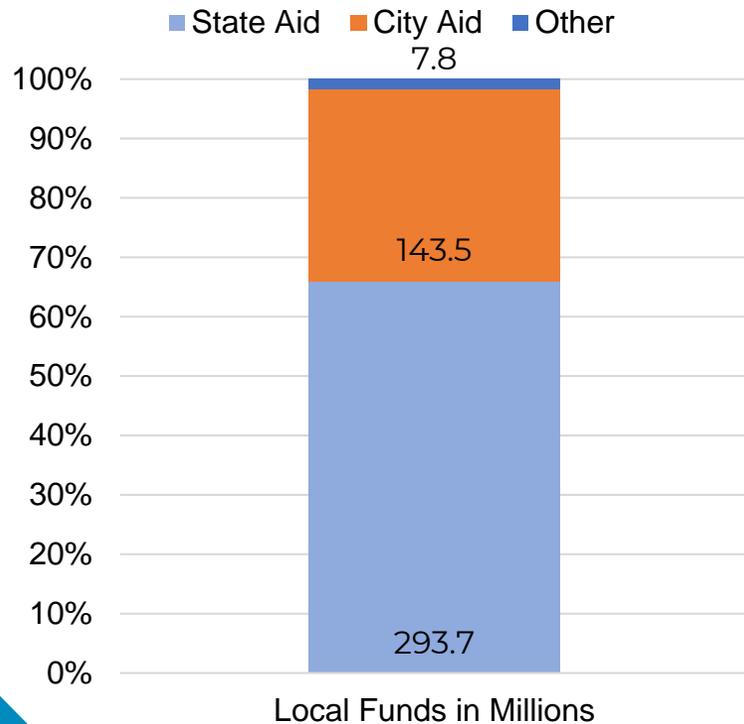
## Grants & Donations: *Varies* Facilities Bonds: *Varies*

- **Grants:** Includes one-time grants or donations, which are typically smaller scale and focused in targeted areas
- **Facilities bonds:** Supports capital projects; administered in partnership with the City & State, funding does not go directly to PPSP

# Revenue sources - Local

Roughly two thirds of local funding comes from the state based on per pupil allocations; City funding not tied to enrollment and based on requirements in Crowley Act

Revenue by Source (FY25)



## Key Funding Sources – Local (FY25)

### State Aid (\$293.7M):

- Driven by average daily membership, planned seat additions/reductions due to charter enrollment, and free and reduced lunch percentage
- Has grown in recent years but expected to slow down with funding formula rollout

**City Aid (\$143.5M):** city aid tied to total increase in state aid to education per Crowley Act, though amount has been negotiated in recent years

**Other (\$7.8M):** Medicaid and other items, which account for <2% of local aid



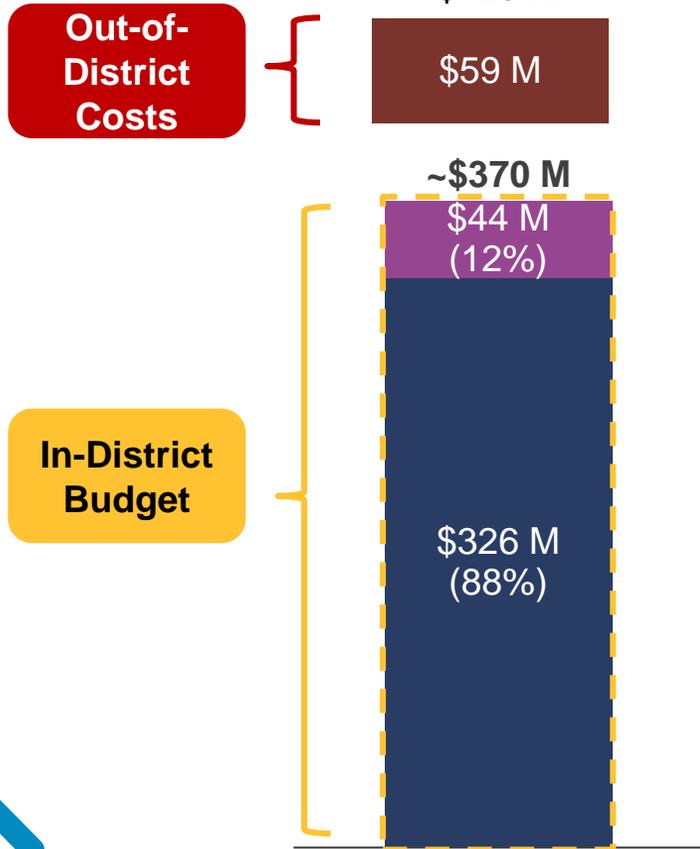
# Key Expense Drivers

The overwhelming majority of expenses occur at the school level

## Organization of FY24 PPSD Budget

Total Local Budget

\$429 M



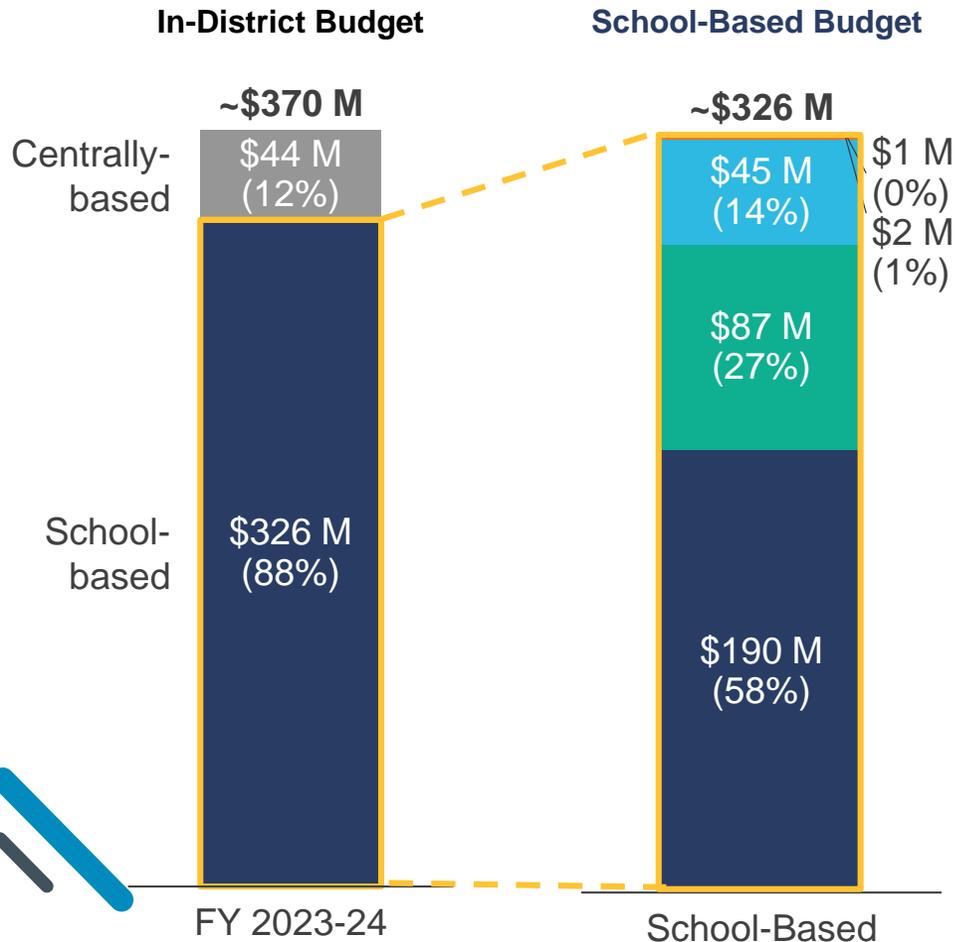
Category	Description
Charter and Private School Payments	<ul style="list-style-type: none"> <li>Reimbursement and Tuition to Charter/Private Schools</li> </ul>
Centrally-based Costs	<ul style="list-style-type: none"> <li>Central office positions and resources (ex. District leadership positions, HR staff, Utilities, Operations, etc.)</li> </ul>
School-based Costs	<ul style="list-style-type: none"> <li>Resources based in schools that should be managed by school leaders. (ex. Teachers)</li> </ul>

Source: PPSD Budget Data F24 FY 2023-24

# Key Expense Drivers

85% of school-based funds go toward salaries and benefits for positions within schools, with 15% of funds being used for services, supplies, and capital equipment.

## School-Based Funds

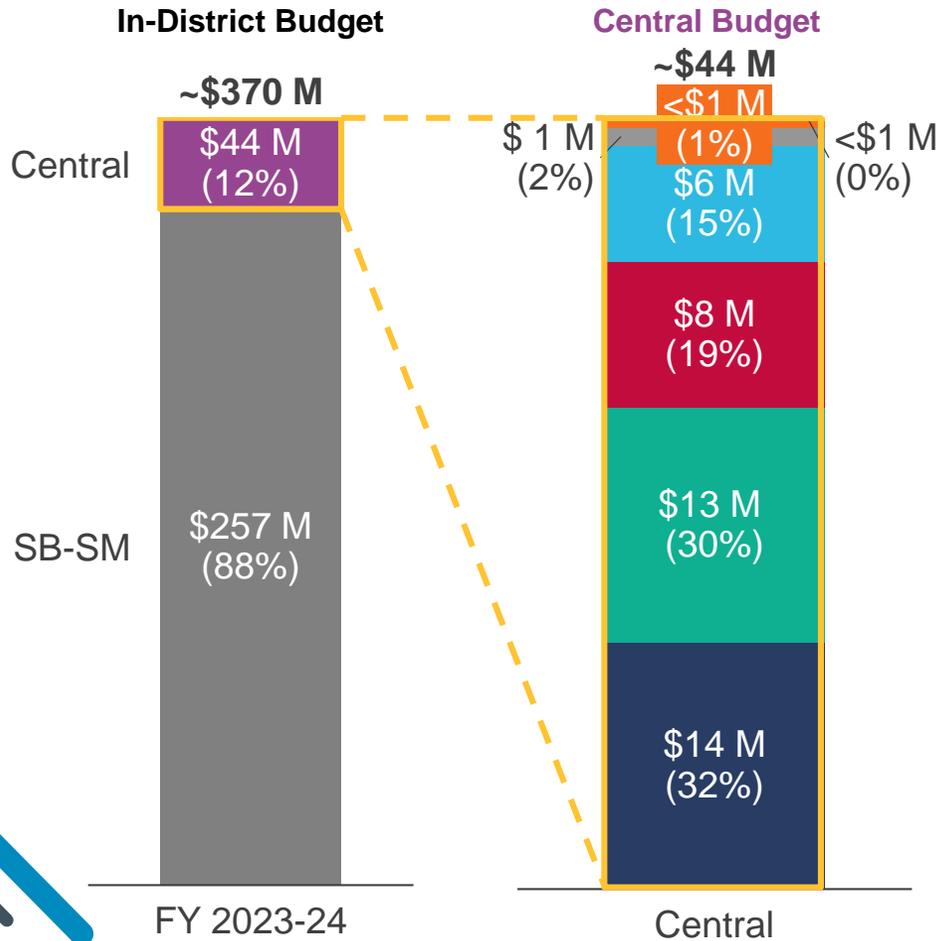


School-based Category	Major Costs
<b>Capital Equipment (&lt;1%)</b>	<ul style="list-style-type: none"> <li>Furniture and Fixtures (\$0.4M)</li> <li>Technology Related Hardware (\$0.3M)</li> </ul>
<b>Supplies (1%)</b>	<ul style="list-style-type: none"> <li>Instructional Materials (\$1.5M)</li> </ul>
<b>Services (14%)</b>	<ul style="list-style-type: none"> <li>Custodial Services (\$24 M)</li> <li>Transportation Contractors (\$20 M)</li> <li>Technology Repairs (\$0.3M)</li> <li>Officials/Referees (\$0.3M)</li> </ul>
<b>Benefits (27%)</b>	<ul style="list-style-type: none"> <li>Benefits for school-based positions</li> </ul>
<b>Salaries (58%)</b>	<ul style="list-style-type: none"> <li>General Ed. Teachers (\$54M)</li> <li>MLL Teachers (\$28M)</li> <li>Special Ed. Teachers (\$15M)</li> <li>Principals &amp; APs (\$13M)</li> <li>Guidance Counselors (\$5M)</li> <li>Special Ed. TAs (\$5M)</li> <li>Secretaries &amp; Clerks (\$5M)</li> <li>CTE Teachers (\$3M)</li> <li>General Ed. TAs (\$3M)</li> <li>School Nurse (\$3M)</li> <li>Librarian (\$3M)</li> </ul>

# Key Expense Drivers

Centrally managed funds include costs related to salaries & benefits for positions in the central office and other costs not assigned to specific school sites.

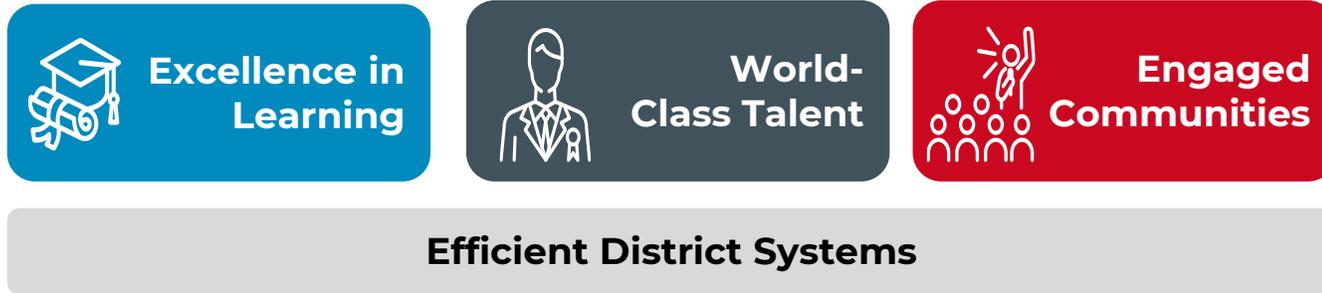
## Centrally Managed Funds



Central Office Category	Major Costs
<b>Special Items (&lt;1%)</b>	<ul style="list-style-type: none"> <li>Tech Software</li> <li>Instructional Materials</li> </ul>
<b>Supplies (&lt;1%)</b>	<ul style="list-style-type: none"> <li>Instructional Materials</li> </ul>
<b>Capital Equipment (2%)</b>	<ul style="list-style-type: none"> <li>Technology Software</li> <li>Furniture and Fixtures</li> </ul>
<b>Services (15%)</b>	<ul style="list-style-type: none"> <li>Liability Insurance</li> <li>Technical Services</li> <li>Translation Services</li> </ul>
<b>Utilities (19%)</b>	<ul style="list-style-type: none"> <li>Electricity, Natural Gas, Sewage, Water, Wireless Connectivity, Phones, etc.</li> </ul>
<b>Benefits (30%)</b>	<ul style="list-style-type: none"> <li>FICA</li> <li>Benefits for centrally-based positions</li> </ul>
<b>Salaries (32%)</b>	<ul style="list-style-type: none"> <li>Central Office Staff (Directors, Academic Officers, District Leadership, School Board, Coordinators, Central Office Clerks/Admin, etc.)</li> </ul>

# Budget Overview - Priorities

We must ensure investments are aligned, recognize the unprecedented needs of our students and schools, and effectively balance short, medium, and long-term financial outlook



## Budget Priorities for FY26

- **Sustain TAP-aligned investments** that have proven effective
- Align resources with **rising student need**
- Plan for **long-term financial sustainability**

# Budget Planning – Aligning to Priorities

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

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## Sustain TAP-aligned Investments

### Excellence in Learning

- Focus on student-facing interventionists in response to seeing positive student outcomes in schools with this staffing model
- Supporting multilingual learners (MLLs) in secondary through a 7-period schedule to ensure access to electives

### Engaged Communities

- Continued investment in translation and interpretation services for families; re-bid contract to ensure best fit and competitive rate

2

## Meet Rising Student Need

- Adding 6 special education classrooms at K/1 grades to support increase in PK/K special education students
- Sustain increased PK classrooms and screening/evaluation teams
- Sustain increase budget for out of district placement expenses

3

## Plan for Long-Term Financial Sustainability

- Increased recruitment/retention strategies for special education to reduce out of district placements
- Potential savings through negotiations with City for use of energy credits
- Potential for energy/custodial savings as we reduce district footprint (Hopkins and Kennedy co-location)

# Student-Based Budgeting (SBB) Process

SBB in Providence Public Schools creates a more transparent and equitable approach to resource allocation and budgeting

## Goals of SBB

1. Equity
2. Differentiation Based on Need
3. Transparency
4. Predictability
5. School Empowerment and Flexibility
6. Alignment with District Strategy

## How it works



Funds “follow” students, rather than following programs or staff.



Per-student funding varies according to a student’s needs.



Principals use their allocated budget to meet their schools’ needs.

# Annual Budget Process

Based on enrollment, revenue, and expense projections, we allocated funds to schools and identify potential areas for further reductions



# FY25 Budget

1 Budget Overview

2 Budget Details



## Context – District Finances

PPSD is facing some revenue uncertainty with known areas of expense growth

### Revenue Projections

- ➔ **City aid increasing slightly** for FY26 but offset by energy credit reduction after court-ordered increase in FY25
- ➔ Projecting slight increases in **state aid**, with more known in June based on Governor's proposed budget
- ? **Federal funds uncertain** due to potential reductions from the federal level



### Expense Projections

- ➔ **Standard, required expenses grow** even without adding any new positions or services (2-3%)
- ➔ Continued growth in **high-need special education students**, particularly at the K and grade 1 level

### FY26 Starting Projections

Expense increases with revenue uncertainty will require district to balance risk with need to sustain key work

# Budget Details

Recent enrollment updates leads to increase in funding formula though planned City contribution less than planned

## PPSD 2025-26 Local Budget Projected Revenue

	<u>2024-2025</u>	<u>2025-2026</u>	<u>2025-2026</u>	Change	Change
	<b>Budget</b>	<b>Gov's Budget Updated 2/27</b>	<b>Gov's Budget with Success Factor</b>	<b>FY 24 / FY 25 Change w/o Success Factor</b>	<b>FY 24 / FY 25 Change w/Success Factor</b>
Funding Formula	\$284,752,093	\$284,589,592	\$284,589,592	(162,501)	(162,501)
Success Factor 3% increase			4,278,415	0	4,278,415
Enrollment Loss Transition Fund 40%	5,064,825	2,595,046	2,595,046	(2,469,779)	(2,469,779)
Enrollment Loss Transition Fund 25%	2,448,524	1,530,328	1,530,328	(918,196)	(918,196)
Group Home Aid	109,622	71,924	71,924	(37,698)	(37,698)
High Cost Special Ed Categorical Funding	1,341,441	4,178,198	4,178,198	2,836,757	2,836,757
Subtotal	293,716,505	292,965,088	297,243,503	(751,417)	3,526,998
City Aid	143,546,611	147,000,000	147,000,000	3,453,389	3,453,389
Medicaid	5,700,000	5,700,000	5,700,000	0	0
Indirect Cost	1,500,000	1,250,000	1,250,000	(250,000)	(250,000)
Miscellaneous	585,000	585,000	585,000	0	0
Subtotal	151,331,611	154,535,000	154,535,000	3,203,389	3,203,389
<b>Total Local Budget Revenues</b>	<b>\$445,048,116</b>	<b>\$447,500,088</b>	<b>\$451,778,503</b>	<b>\$2,451,972</b>	<b>\$6,730,387</b>
<b>Other State Aid</b>					
Non-Public Transportation Offset	600,029	726,751	726,751	126,722	126,722
Subtotal	600,029	726,751	726,751	126,722	126,722
<b>Total State Aid</b>	<b>294,316,534</b>	<b>293,691,839</b>	<b>297,970,254</b>	<b>(624,695)</b>	<b>3,653,720</b>

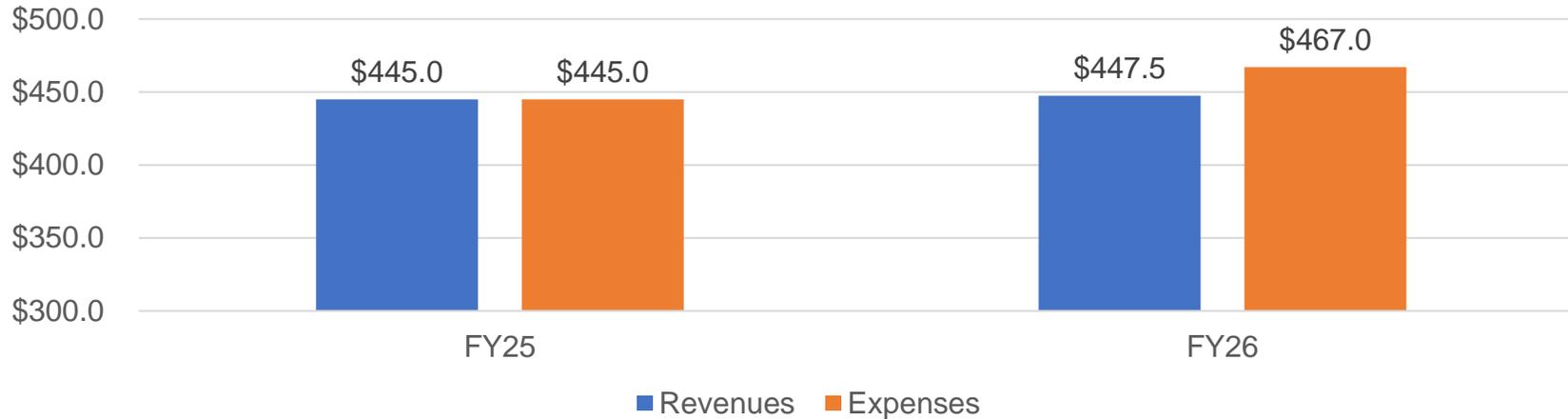
### Notes

- Governor's budget assumes increase in student success factor, a \$4.3M increase for PPSD
- Anticipate increase in funding formula aid in March data updates
- Increase in City revenue offset partially by energy credit reduction

# Budget Overview – FY26 Initial Projections

Based on initial revenue and expense projections for FY26, PPSD anticipated a starting budget gap of \$19.6M to begin the budget season

FY25 vs. FY26 – Budgeted Revenues and Expenses  
(Governor’s Request/No Success Factor increase)



## Starting Revenue Increase (\$2.5M)

- Unrestricted aid originally expected to be (\$2.5M) more. Governor’s budget includes proposed increases to success factor (3%) ~\$4.2M spending
- Miscellaneous revenue originally projected \$250k less
- City aid \$3.45 increase

## Starting Expense Increases (\$22M)

- Salaries \$8.2M (*prior to any reductions*)
- Benefits increases (\$4.5M)
- LEA contribution to public schools of choice (\$3.2M)
- Special Ed Tuitions (\$1.0M)
- Transportation (\$1.1M)
- Computers (\$1M)
- Utilities (\$3M)

# Budget Overview – FY25

Based on initial budget projections, PPSD took steps to reduce the budget gap through expense reductions and use of alternative revenue sources

## Approach to FY26 Gap Closing

<u>Projection</u>	
FY 26 Revenue Increase Gov's Budget w/o Success Factor	\$2,451,972
FY 26 Expenditure Growth	<u>22,010,817</u>
<b>Subtotal Projected Budget Gap</b>	<b>(19,558,845)</b>
<u>Budget Investments</u>	
High School 7 Period Schedule	1,713,602
K/1 Additional Special Education Classrooms	1,457,929
ELC Teachers to support self-contained classrooms	727,544
Additional buses for swing space	<u>682,139</u>
<b>Subtotal Investments</b>	<b>4,581,214</b>
<u>Budget Reductions / Efficiencies</u>	
Reduction in discretionary funds weight for schools	(3,172,637)
Reduction in teacher assistants at secondary level	(1,282,249)
Facilities & Utilities Savings from Building Reductions	(1,400,000)
Technology Reductions	(975,000)
Estimated Fringe Benefits Savings	(600,000)
Central Office Staff Reductions	(400,000)
Moving Services	(150,000)
Attorney Fees	(150,000)
Special Ed Building Rental	<u>(50,000)</u>
<b>Subtotal Reductions</b>	<b>(8,179,886)</b>
<b>Projected Budget Gap before Data Updates</b>	<b>(15,960,173)</b>

# Budget Overview – FY26

Changes since the last update include increases in revenue along with expenditure increases

## Approach to FY26 Gap Closing – Current Gap

<b>Budget Gap before March Data Updates</b>		<b>(\$15,960,173)</b>
	<b><u>Expenditure Updates</u></b>	
Energy Updates	(1,500,000)	
Special Ed Tuitions	(800,000)	
Charter Seat Adjustments	(427,000)	
Fringe Benefit Update	<u>(294,357)</u>	
	<b>Subtotal Expenditure Updates</b>	<b>(3,021,357)</b>
	<b><u>Revenue Updates</u></b>	
Pending March Enrollment & EDC Update	<u>8,717,595</u>	
	<b>Subtotal Revenue Updates</b>	<b>8,717,595</b>
<b>Updated Budget Gap with March Data Updates</b>		<b>(\$4,221,221)</b>
-		
<b>*Budget Gap w/o Governor's proposed Success Factor</b>		<b>(\$4,221,221)</b>
<b>PPSD Fund Balance or Success Factor</b>		<b>\$4,221,221</b>
<b>Proposed Budget Gap</b>		<b>\$0</b>

## Potential additional budget impacts

PPSD is monitoring potential additional changes to FY26 budget projections that could impact PPSD both positively and negatively

### Potential Revenue Impacts

- State aid - other funds: general assembly could make updates to funding formula, including the Student Success factor
- Federal funds: uncertainty due to potential changes in federal funding

### Potential Expense Impacts

- Benefits: Currently working to refine projections with City
- Contract negotiations: in negotiations with multiple bargaining units, which may impact planned expenses
- Special education out of district: steps this year have led to reductions, though we continue to monitor closely given size
- Additional reductions: depending on revenue/expense trends, additional reductions may be necessary to close gap

# Budget Timeline

Upcoming plans for budget engagement

Date	Action
April 9, 2025	School Board Finance
April 23, 2025	School Board presentation
May 14, 2025	Revised budget presentation to School Board Finance with proposed ordinances
May 21, 2025	Revised budget presentation to School Board
May 2025	Detailed budget book shared
May/June 2025	Meetings with City Council to discuss budget
June 2025	State aid finalized by General Assembly
July 2024	Commissioner approves PPSD spending plan

# Questions?

