

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 world map on the wall.

# Providence Schools

**PPSD FY26 Budget**

May 14, 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

### Proposed/Detailed FY26 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

## Summary and Recap from Last Board Meeting

- PPSD has a balanced budget for FY26, with plans for multiple revenue scenarios

### 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

- Despite uncertainty, PPSD is prioritizing TAP-aligned investment, addressing rising student need and planning for financial sustainability
- Slightly better than anticipated revenue numbers in March reduce revenue uncertainty

# FY26 Budget

1 Ordinances Overview

2 Questions



# Ordinance Overview

Ordinances detail district spending for the upcoming school year

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## 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 FY26
- 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 increase after March Data Updates

## PPSD 2025-26 Local Budget Projected Revenue

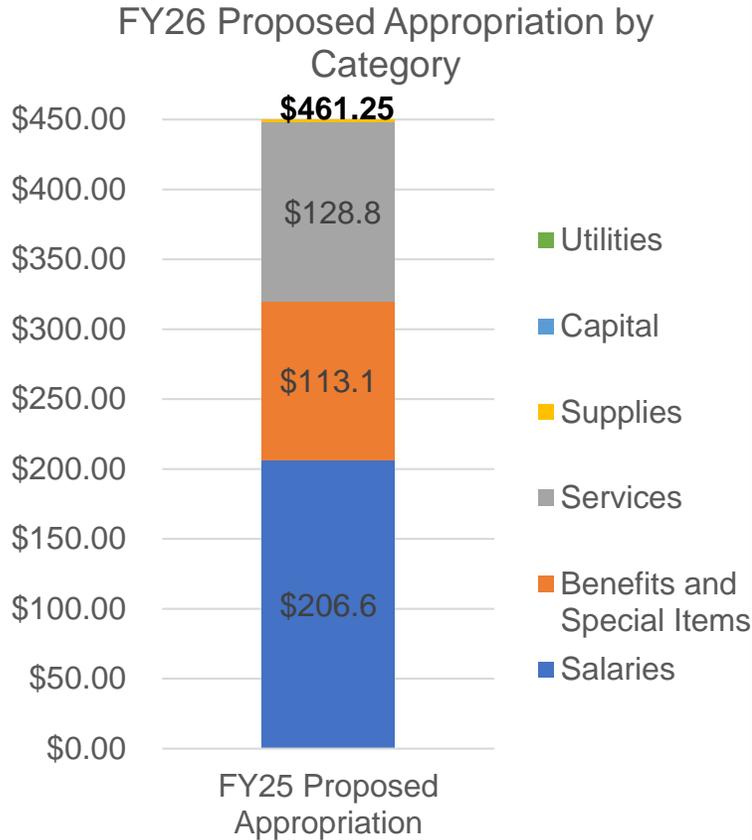
	<u>2024-2025</u>	<u>2025-2026</u>	<u>2025-2026</u>
	<b>Budget</b>	<b>March Data Updates</b>	<b>Change</b>
Enacted Aid	\$284,752,093	\$297,520,983	\$12,768,890
Enrollment Loss Transition Fund	5,064,825	0	(5,064,825)
Enrollment Loss Transition Fund	2,448,524	1,549,217	(899,307)
High Cost Special Ed Categorical Funding	1,341,441	4,178,198	2,836,757
Group Home Aid	109,622	71,924	(37,698)
Subtotal	293,716,505	303,320,322	9,603,817
City Aid	143,546,611	147,000,000	3,453,389
Medicaid	5,700,000	6,000,000	300,000
Fund Balance	0	2,583,582	2,583,582
Indirect Cost	1,500,000	1,250,000	(250,000)
Miscellaneous	585,000	1,100,000	515,000
Subtotal	151,331,611	157,933,582	6,601,971
<b>Total Local Budget Revenues</b>	<b>\$445,048,116</b>	<b>\$461,253,904</b>	<b>\$16,205,788</b>
<b>Other State Aid</b>			
Non-Public Transportation Offset	502,097	726,751	224,654
Subtotal	<b>502,097</b>	<b>726,751</b>	<b>224,654</b>
<b>Total State Aid</b>	<b>\$294,218,602</b>	<b>\$304,047,073</b>	<b>\$9,828,471</b>

### Key Context

- March Data Updates does not include proposed change in Student Success Factor; proposed change would yield additional \$4.8M in revenue
- March data updates provided slightly more revenue than originally projected due to increases in MLL students and students experiencing poverty
- Increase in City revenue offset partially by energy credit reduction

# Ordinance Overview - Appropriation

Local expenditures projected to increase 3.64% between FY25 and FY26



Category	FY25 Final	FY26 Prop.	\$ Change	% Change	Notes
Salaries	\$200.68	\$206.60	\$6.00	2.95%	<ul style="list-style-type: none"> <li>Cost of living increases</li> <li>Funding shifts from ESSER (ESY, PK screening)</li> <li>Position reductions</li> </ul>
Benefits and Special Items	\$110.99	\$113.10	\$2.10	1.91%	<ul style="list-style-type: none"> <li>Increases in city retirement (\$.7M)</li> <li>Increases state retirement (\$1.3M)</li> </ul>
Services	\$122.00	\$128.80	\$6.73	5.51%	<ul style="list-style-type: none"> <li>Transportation services increases – district/statewide rates, additional swing space buses (\$2.1M)</li> <li>Special ed services (\$1.1)</li> <li>Public schools of choice tuition (\$2.1M)</li> <li>Out of District CTE Programs (\$1M)</li> </ul>
Supplies	\$4.00	\$4.60	\$0.58	14.43%	<ul style="list-style-type: none"> <li>New MS &amp; HS ELD materials</li> </ul>
Capital	\$1.25	\$0.88	(\$0.37)	-29.80%	<ul style="list-style-type: none"> <li>Reduction in furniture/ technology equipment</li> </ul>
Utilities	\$6.03	\$7.26	\$1.23	20.34%	<ul style="list-style-type: none"> <li>New City energy credits agreement</li> </ul>
<b>Total</b>	<b>\$445.05</b>	<b>\$461.25</b>	<b>\$16.20</b>	<b>3.64%</b>	

## Potential additional budget impacts

PPSD is monitoring potential additional changes to FY25 budget projections that could impact PPCSD 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

- Contract negotiations: in negotiations with multiple bargaining units, which may impact planned expenses

# 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?



# Appendix



# Budget Planning – 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

- 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)