



Providence Schools

Providence Public Schools Budget Update

October 2024

Key takeaways

1. The City of Providence has failed to meet funding obligations despite requirements under state law and a commitment to do so.
2. The City has made choices to invest in other areas, despite funding obligations to the school department.
3. PPSD and the State have consistently made clear the need for adequate funding required under the Crowley Act.
4. PPSD has had significant increases in student need that translate into additional, recurring costs.
5. PPSD has already made significant reductions to address City revenue shortfall, rising student need, and enrollment declines.
6. PPSD faces a budget gap of \$10.9M if litigation with City for FY24 isn't resolved favorably, as well as if no additional funds are provided in FY25.

Due to City underfunding, PPSD will need to consider implementing reductions that have a significant impact on student learning in the coming weeks

Crowley Act designed to prevent cities from underinvesting during state interventions

Statutory Requirements: Crowley Act

City must fund schools, “at the same level as in the prior academic year **increased by the same percentage as the state total of school aid is increased**”



City Commitments and Notifications

1. City agreed to fund schools in its collaboration agreement with RIDE/PPSD
2. Reaffirmed commitment to Department of Revenue in FY21 budget submission
3. DOR has notified City annually that budget does not meet statutory requirements

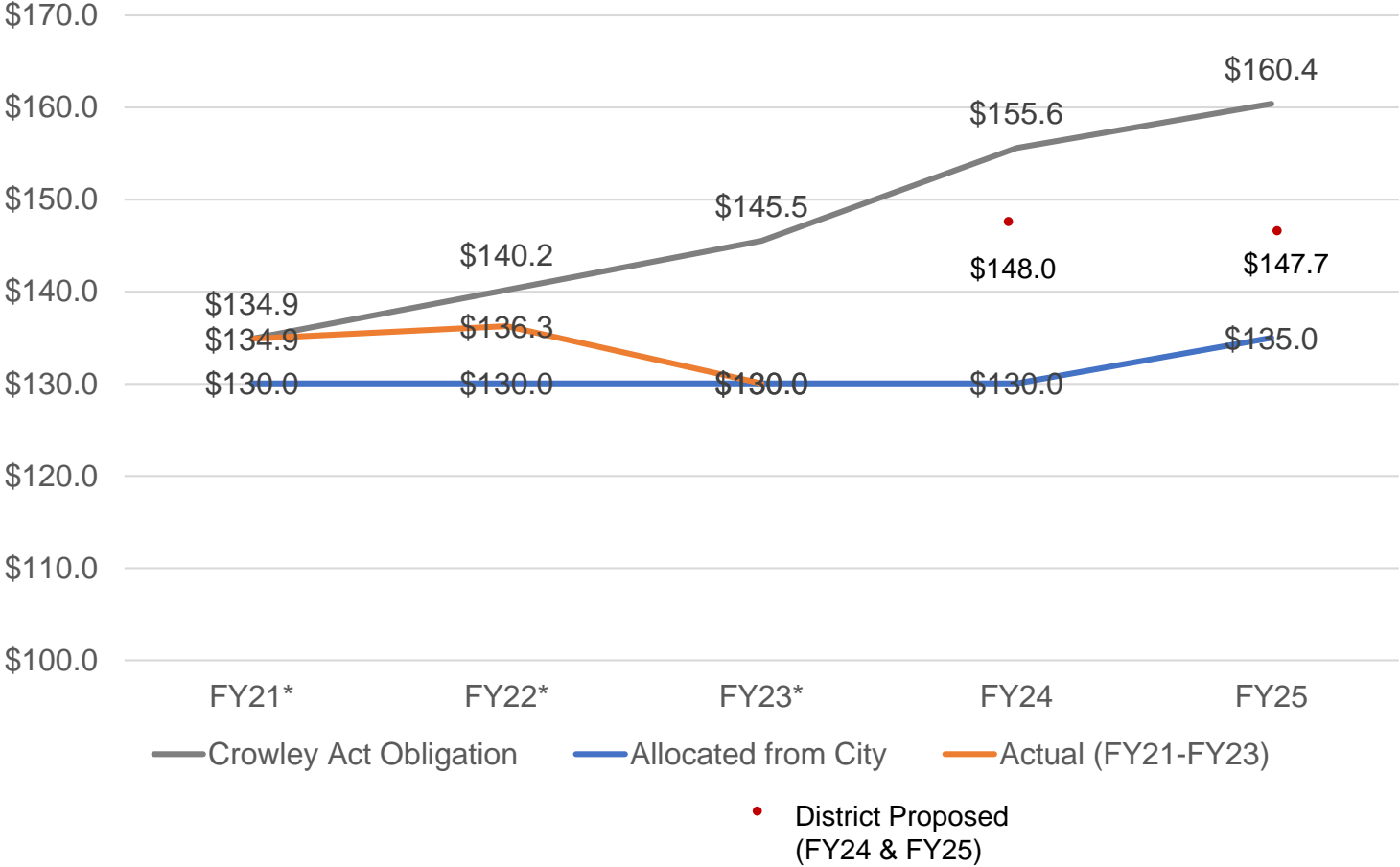


Despite these requirements and commitments, **City of Providence did not increase funding to the district in each of the first four years of the intervention**

Pre-Intervention Funding Increase (FY13-FY19)	
State	City
\$54.0M	\$3.6M

The City of Providence has failed to meet funding obligations despite requirements under state law and a commitment to do so

City Aid – allocation, Crowley Act obligation and Actual/Proposed

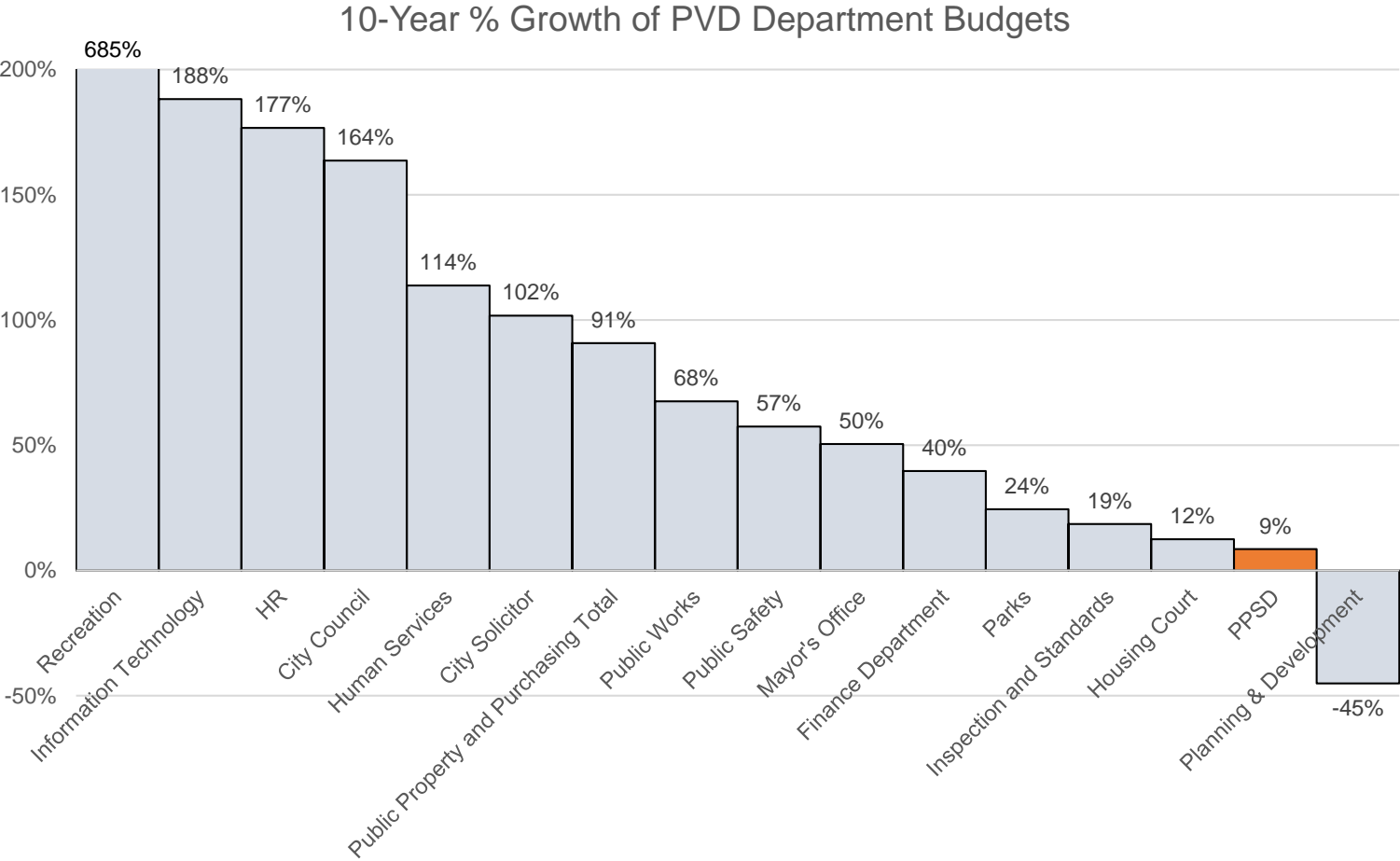


Key Context

- City of Providence included no increase to PPSD in FY21, FY22, FY23, and FY24
- After initial litigation, RIDE/PPSD and City reached settlement agreement for FY21-FY23
- Pending litigation for dispute over FY24 revenue

*FY21-FY23 aid figures based on settlement agreement between City of Providence and PPSD; FY24 and FY25 numbers remain in dispute

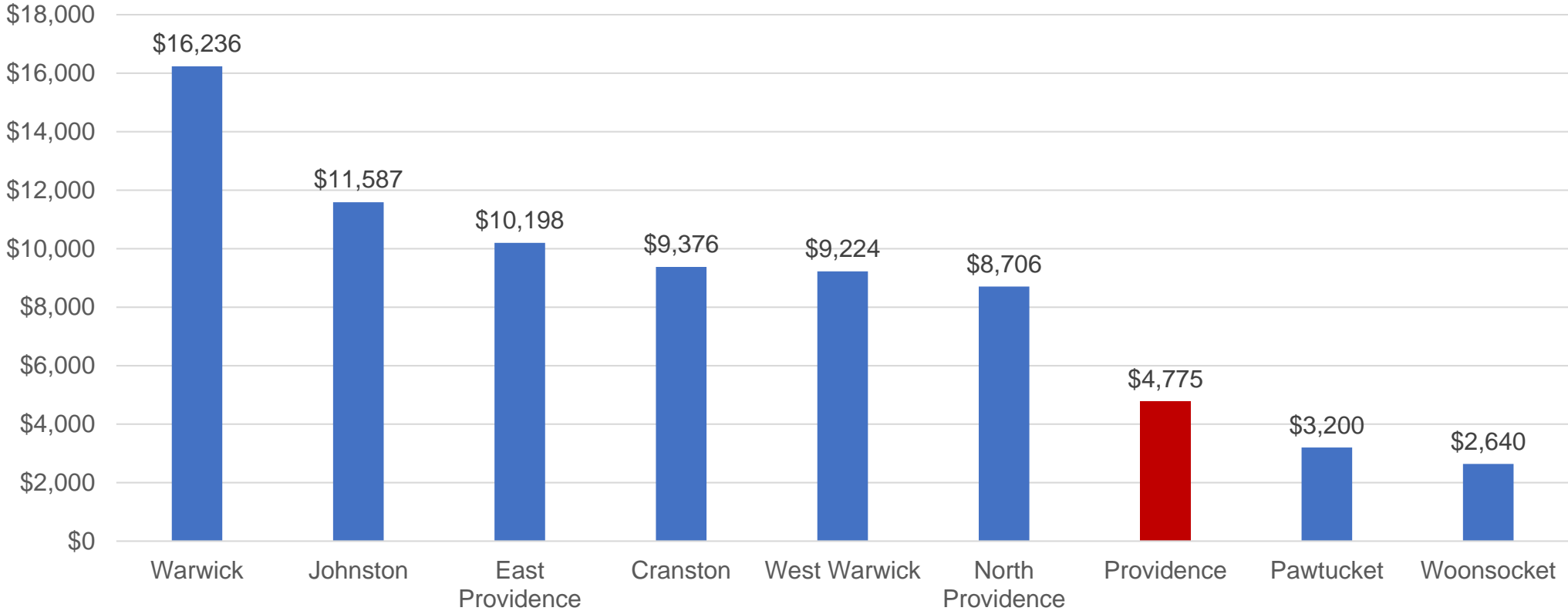
The City has made choices to invest in other areas of the City, despite funding obligations to the school department



- Since the start of the intervention (FY20), **other City departments have grown by \$88M, a 23% increase**
- Over that same time, **PPSD's allocation from the City has increased by \$5.5M, a 4% increase, all in the last fiscal year**

As a result, only Woonsocket contributes less per student with less cumulative increase in contributions since FY14

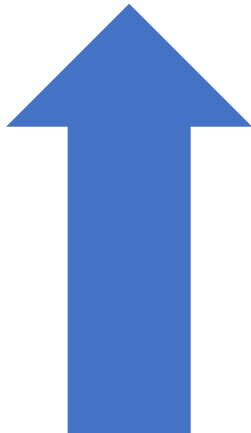
Municipal Revenue per Pupil



Cumm. % change in city contribution from FY14	Warwick	Johnston	East Providence	Cranston	West Warwick	North Providence	Providence	Pawtucket	Woonsocket
	13.4%	3.8%	23.9%	7.3%	7.4%	3.0%	4.1%	8.9%	2.5%

Since the beginning of the intervention, state aid has increased by \$30.5M while net aid from the City to PPSD has decreased by \$12.5M

Change in Aid Since Start of Intervention (FY20)



*\$30.5M
increase in
state aid*



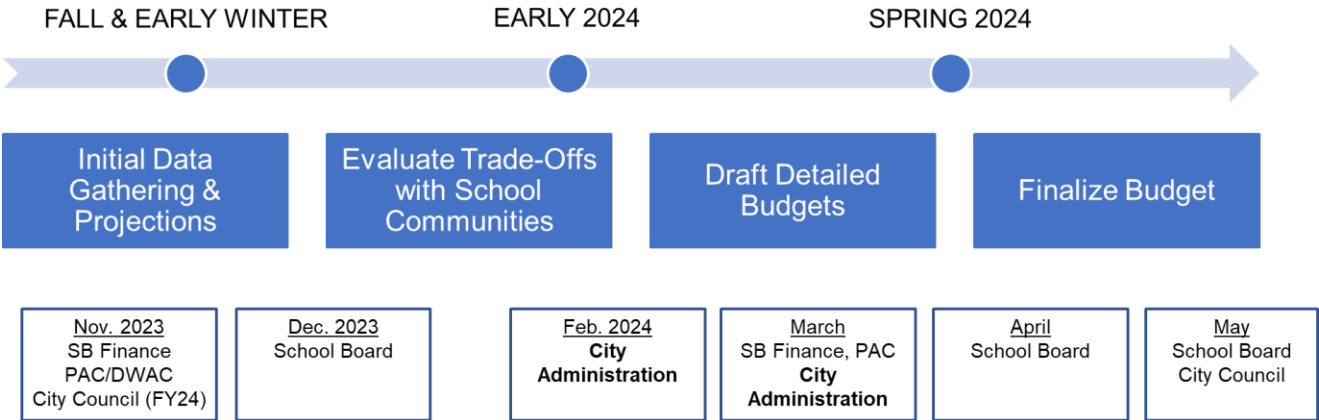
*\$12.5M
decrease in
net City aid**

Because PPSD is obligated to pass through funds to Providence charter schools, the amount received for PPSD students has declined as enrollment has declined and City revenue has remained stagnant

*Net City Aid excludes tuition payments to charter schools, which PPSD is obligated to pass through on behalf of the City

PPSD and the State have consistently made clear the need for adequate funding required under the Crowley Act

FY25 Budget Engagement Summary



Key Engagement

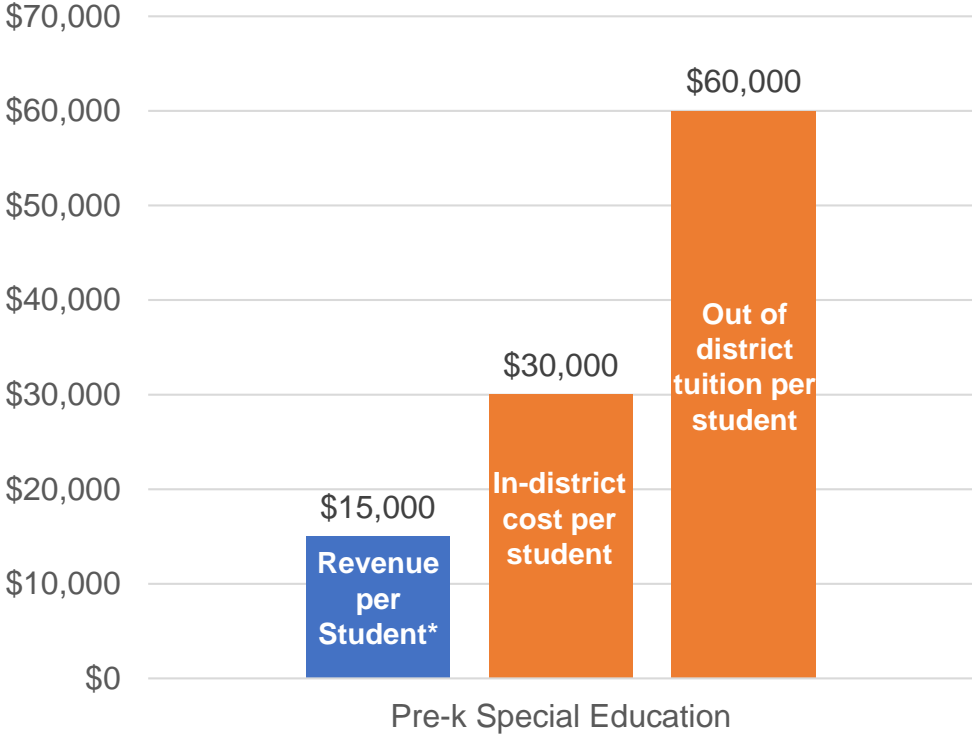
- February 2024: PPSD shares FY24 budget projections with City of Providence
- March 2024: PPSD shares projections for FY25 with City Administration
- April 2024: PPSD shares letter outlining City revenue needs for FY25
- May 2024: PPSD presents at City Council and School Board, outlining need for City contribution and potential consequences for underfunding
- August 2024: Meeting with City Administration and Council Leadership to outline concerns with City revenue shortfall

PPSD has had significant increases in student need that translate into additional, recurring costs

Increases from FY22 compared to FY25

Item	Cost
<i>Differently Abled Students</i>	
Out of district tuition	\$10.6M
Out of district transportation	\$2.0M
Additional pre-K and special education classrooms	\$3.0M
Pre-K evaluation teams and admin support	\$2.8M
<i>Multilingual Learners</i>	
Staffing (e.g., teachers, bilingual social worker, support staff)	\$2.5M
Translation and interpretation services	\$1.1M
Curriculum and professional development	\$0.9M
MLL certification reimbursement	\$0.8M
Total	\$23.7M

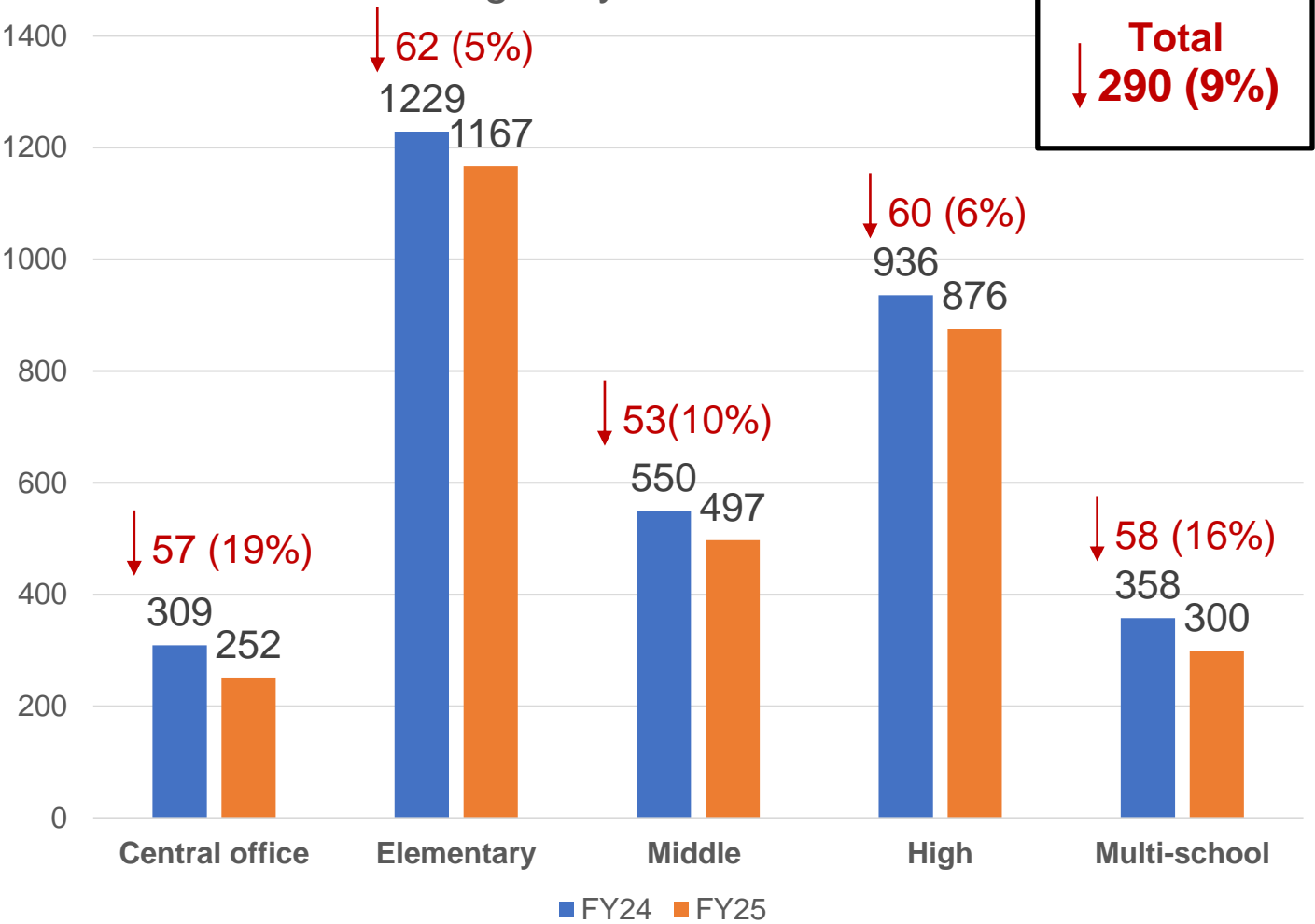
Average Pre-K SPED Revenues and Costs



*Revenue for new pre-k enrollment typically lags by one year as funding is based on prior year enrollment

PPSD has already made significant reductions to address City revenue shortfall, rising student need, and enrollment declines

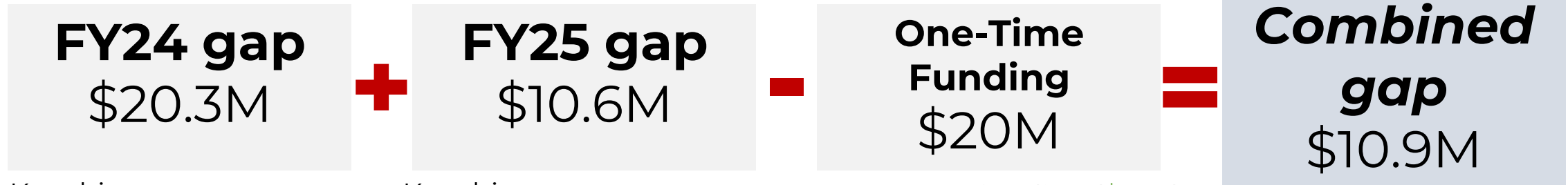
FTE Changes by Level FY24 to FY25



Total
↓ **290 (9%)**

- Key Context - Reductions**
- Closure/consolidation of 5 schools
 - Scheduling efficiencies in middle and high schools
 - Transportation efficiencies including bell time adjustments
 - Central office reductions (57 FTE/19% from FY24 to FY25)

PPSD faces a budget gap of \$10.9M with no additional increase in City Funding for FY24 (current litigation) and FY25



Key drivers

- City revenue shortfall (-\$17.9M)
- Increase in Medicaid and misc. revenue (\$1.6M)
- Net expense increase driven by out of district tuition/ transportation for differently abled students (+\$3.9M)

Key drivers

- City revenue shortfall (-\$12.1M)
- Increase in state aid in final state budget (\$3.0M)
- Net expense increase driven by state retirement increases in final budget and requirements for DOJ settlement (+\$1.5M)

- Reserve funding (\$12M)
- ESSER Indirect (\$8.0M)

Potential Mitigation Steps

Due to cash flow issue likely arising in January without additional City funding, PPSD will need to take steps to mitigate budget shortfall in the coming weeks

Reduction	Estimated savings
<i>Spending freeze - only allow supplies for basic school operations</i>	<i>(\$252,652)</i>
<i>Overtime freeze - only allow overtime for emergency needs</i>	<i>(\$244,950)</i>
<i>Central office administration hiring freeze</i>	<i>(\$990,000)</i>
5 furlough days for central office staff members, principals, and assistant principals	(\$550,000)
Withdraw contribution to capital revolving fund	(\$3,600,000)
Layoff non-union staff at schools	(\$500,000)
Eliminate all athletic programming - winter and spring	(\$1,700,000)
RIPTA - raise eligibility from 1 to 2 miles for remainder of year	(\$735,000)
Eliminate ELL certification reimbursement	(\$800,000)
Deeper school-based position cuts/freezes (e.g., eliminate 1 teacher assistant ECS/ASD/BIP classrooms)	(\$2,624,000)
Subtotal	(\$11,966,602)

Already in process

Appendix



Budget myths debunked

Myth #1: PPSD's enrollment has declined in recent years and therefore PPSD doesn't really need the City's contribution to increase.

- The City's contribution to PPSD funds all students in Providence, at both PPSD and public charter schools. PPSD is obligated to pass through funds to Providence charter schools on a per pupil basis. As a result, aid from the City to PPSD has actually decreased by \$12.5M since FY20.
- On a per pupil basis, the City's funding has increased ~1% annually, which is well short of basic inflation and disregards the dramatic increase in student needs over this time.

Myth #2: While the City may need to contribute more, the state needs to step up their contributions as well.

- While we can always advocate for more funding, the state has significantly increased funding to PPSD since the beginning of the intervention, increasing funding by \$30.5M while net aid from the City has declined by \$12.5M over that time.
- While at the start of the intervention, roughly two-thirds of PPSD's local budget came from the state, that proportion has increased to roughly three-quarters in FY2025

Myth #3: PPSD will bankrupt the City and its asks are unreasonable.

- PPSD has consistently requested far less funding than is required under the Crowley Act; for example, in FY25 the district requested less than half the difference between what the City has offered and what is required under the Crowley Act
- Additionally, PPSD was able to reach a compromise with the prior administration for \$11M, despite Crowley requiring ~\$30M over that time

Myth #4: PPSD is in this situation due to fiscal mismanagement, and building a budget with funds that they didn't have.

- PPSD has made significant reductions to address budget pressures, including closing 5 schools, reducing head count in the central office, and seeking efficiencies in transportation and other areas.
- In each year since the intervention, PPSD has communicated to the City about its need to increase funding. The City has been acting irresponsibly by building a budget that directly disregards state law.

Myth #5: PPSD's central office is bloated and it should reduce spending their to close its budget gap.

- Vast majority (88%) of PPSD's budget goes directly to school services. Of the remaining 12%, the majority goes to cover districtwide expenses like centralized benefits, utilities, and insurance.
- PPSD's central office head count is in line with the size of other district's nationwide of similar size. PPSD's central office size has declined since the start of the intervention, with a 16% decrease since last year.