

A classroom scene with a teacher and students working at laptops. The teacher, a woman with glasses and a black polka-dot shirt, is smiling and looking at a student. The students are focused on their work. One student in the foreground is wearing a dark blue hoodie with a yellow logo. The background shows a bulletin board with various papers and a world map.

Providence Schools

PPSD Budget Update to School Board
February 24, 2021



Budget and Finance

We will focus today's discussion on FY21 budget, with future sessions focused on long-term financial planning and FY22

FY21 Finalization

- Review final FY21 revenues after state's passage of final budget at end of FY21
- Discuss proposed spending adjustments for FY21

Focus of today's presentation

Long-Term Enrollment/Financial Planning

- Review 5-year enrollment projections and corresponding potential financial impact
- Discuss initial thinking on long-term deficit reduction strategies

March School Board meeting

FY22 Planning

- Share updates on FY22 budget planning, including revenue projects and planned investments/reductions

April/May School Board meeting

FY21 budget

PPSD has planned and implemented multiple budget changes given financial uncertainty caused by COVID-19 pandemic

FY21 Budget Development Timeline

February 2020: Governor’s proposed budget and enrollment indicate \$15.7M increase to PPSD for FY21

March: COVID-19 pandemic begins; state/city finances unclear

June: FY20 budget reduced and backfilled by ESSER. PPSD plans for level funding for FY21

December: State passes FY21 budget

January 2021: PPSD develops revised FY21 spending plan

	<u>2019-2020</u> FY20 Enacted Budget	<u>2020-2021</u> FY21 Adopted Budget	<u>2020-2021</u> FY21 Final	Change
Enacted Aid	\$259,312,069	\$259,312,069	\$259,312,069	\$0
Funding Formula			8,912,954	8,912,954
Group Home Aid	476,104	476,104	412,525	(63,579)
High Cost Special Ed Categorical Funding	731,507	731,507	383,469	(348,038)
Subtotal	260,519,680	260,519,680	269,021,017	8,501,337
City Aid	130,046,611	130,046,611	134,897,350	4,850,739
Medicaid	4,450,000	4,450,000	4,450,000	0
Indirect Cost	1,200,000	1,200,000	1,200,000	0
Fund Balance Transfer	0	1,063,203	0	(1,063,203)
Miscellaneous	585,000	585,000	585,000	0
Subtotal	136,281,611	137,344,814	141,132,350	3,787,536
Total Local Budget Revenues	\$396,801,291	\$397,864,494	\$410,153,367	\$12,288,873
<u>Other State Aid</u>				
Non-Public Transportation Offset	314,329	314,329	317,931	3,602
ELL Categorical	2,984,872	2,984,872	2,924,123	(60,749)
Subtotal	3,299,201	3,299,201	3,242,054	(57,147)

FY21 budget

Increase of ~\$12.3M will help support increased needs during school year, as well as enable PPSD to begin acceleration efforts early



Increased Needs/Costs in FY21

- Technology replacement for lost/damaged equipment
- Professional development/curriculum for VLA
- DOJ-required instructional coaching
- Plant maintenance costs (e.g., emergency roof repairs)
- Increase in active medical costs
- Increases in out-of-district special education tuition



SY20-21 Acceleration

- Increased learning time for students
- Targeted academic interventions for specific student groups
- Professional development for staff (technology, trauma-informed practices)
- Additional social-emotional supports
- High-quality district-wide curriculum for secondary grades

Additionally, increases in state and city aid improve PPSD's long-term financial outlook due to recurring nature of contributions

FY21 budget

FY20 surplus will help enable PPSD to cover unforeseen costs needed for COVID response and begin learning acceleration, as well as begin to develop necessary reserves

Potential PPSD Reserves

- Given PPSD does not have the financial backing of the city in the event of a deficit, it is important that the district **establish financial reserves** similar to the City's "rainy day" fund
- Best practices indicate districts should keep **3.5%-5% in reserves** for challenging financial times
 - Represents ~\$14M-\$20M for PPSD; while unlikely to achieve that amount, some portion will be necessary
- Reserves allow PPSD to:
 - Cover unforeseen expenses (e.g., emergency repairs)
 - Soften impact of future required reductions or deficits



PPSD Budget Update **Discussion**

- Questions?

Appendix




Enrollment/Financial Planning

City aid obligations calculated based on requirements under the Crowley Act

Description of City Aid Increase Calculation*

- Crowley Act identifies the amount of funds municipalities are obligated to contribute when under state control:
 - *At the same level as in the prior academic year increased by the same percentage as the state total of school aid is increased*

Total state aid increased by 3.7% from FY20 to FY21, which equates to a ~\$4.9M increase for City aid

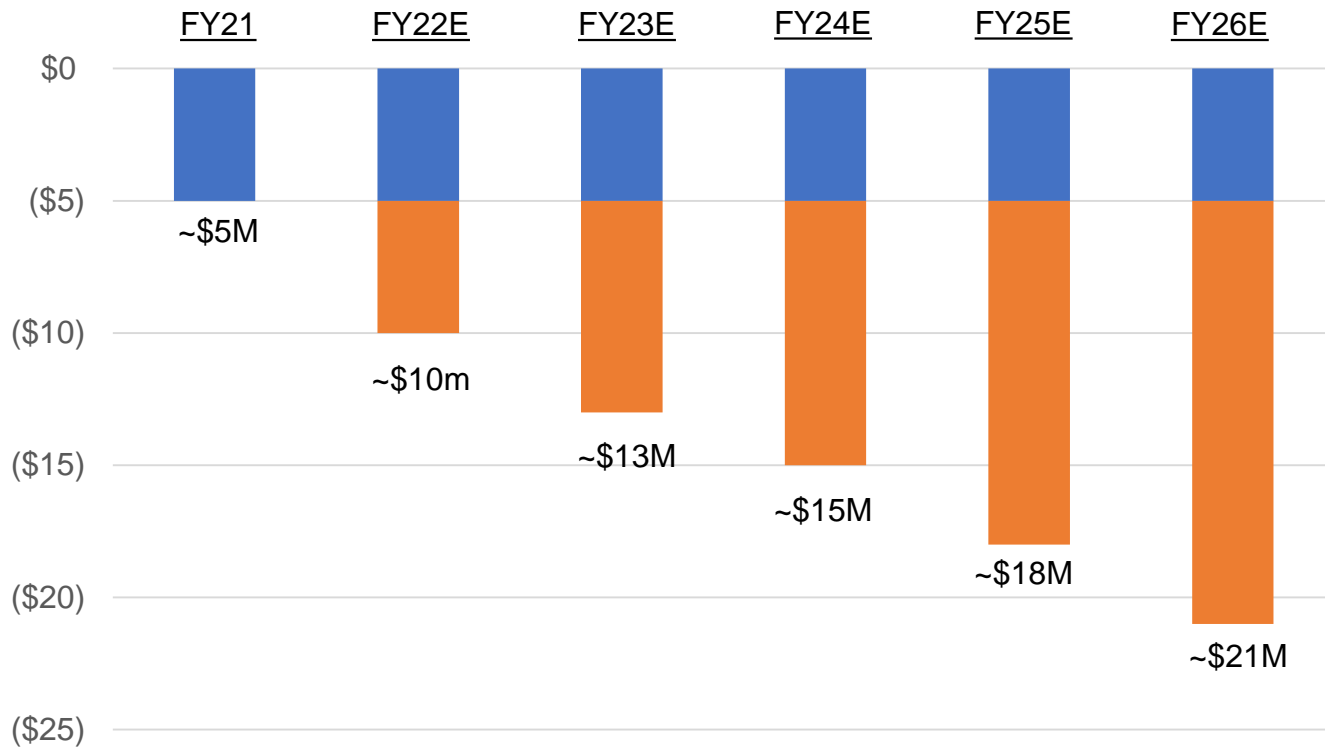


Year	Total State Aid	City Aid
FY20	\$997,504,731	\$130,046,611
FY21	\$1,034,714,691	\$134,897,350
% change	3.73%	

Enrollment/Financial Planning

Reduction in FY21 City Aid could result in ~\$30M loss in revenue through FY26; additional reductions could jeopardize ~\$80M through FY26

Potentially foregone city appropriations (FY21-FY26)



Notes and Assumptions

- City aid calculated based on requirements under the Crowley Act
- Assumes total state aid grows by 2% from FY23E FY26E, as projected by OMB

FY21 budget

Additional detail on proposed FY21 spending plan

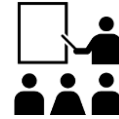
FY21 Spending Plan Overview

	2020-2021 Proposed Approved	2020-2021 Proposed Final	Change
Salaries and Benefits	304,497,911	309,985,164	5,487,253
Services	82,229,340	85,230,960	3,001,620
Utilities	7,218,878	7,218,878	0
Supplies	2,971,551	5,821,551	2,850,000
Equipment	946,814	1,896,814	950,000
Total	397,864,494	410,153,367	12,288,873

FY21 Spending Plan Highlights



Teacher professional development (\$3.4M)



Afterschool tutorials/Saturday programs (\$2.6M)



High school curriculum (\$2.8M)



Technology/Chromebooks (\$950K)



Virtual Learning Academy curriculum/PD (\$600K)



Student social-emotional supports (\$400K)

CARES Act Funding Overview

Providence Public Schools has received funding related to COVID-19 from a variety of sources, each with its own purpose, guidelines, and timelines

Funding Source	Grant Summary	Allocation	Timeframe
Elementary & Secondary School Emergency Relief Fund (ESSER)	<ul style="list-style-type: none"> • Used for expenses related to the COVID-19 pandemic, including purchasing educational technology for students and other activities necessary to maintain LEA operations • Required to provide equitable services to non-public schools 	\$14,390,240	March 1,2020 - September 1,2022
Supplemental Impact Aid Coronavirus Relief Fund (CRF)	<ul style="list-style-type: none"> • Necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease, including expenses related to planning, communications, health and safety, and distance learning • Expenditures were not accounted for in the budget most recently approved as of March 27,2020 • Funds cannot be for government revenue replacement 	\$17,248,109	March 1,2020 - December 30,2020
COVID-19 Summer Urban Block Grant	<ul style="list-style-type: none"> • To support LEA's in addressing academic gaps or learning needs that have either been revealed, exacerbated by, or occurred because of COVID-19 • Expenditures were not accounted for in the budget most recently approved as of March 27,2020 	\$536,811	March 1,2020 - December 30,2020
Substitute Teacher Grant	<ul style="list-style-type: none"> • To enhance the districts recruitment efforts for substitute teachers and cover increased substitute teacher expenses that are directly related to COVID-19 teacher absences 	\$414,325	September 14, 2020 - December 30, 2020
School Building Authority COVID-19 Capital Fund	<ul style="list-style-type: none"> • Capital Improvements related to the COVID-19 pandemic • Including, but not limited to, ventilation, filtration, electrical, plumbing, HVAC, systems and air quality testing, or other associated work 	\$1,429,245	July 1,2020 - August 31,2021

ESSER Funding

ESSER Funding was used to cover FY20 state aid reduction, with a portion provided to non-public schools

ESSER Funding Overview

- In June 2020, PPSD state aid was reduced by ~\$14.4M, which was the same amount PPSD was slated to receive through ESSER
- PPSD required to provide \$2.2M to non-publics as part of equitable service component
- ESSER expenses used to cover both FY20 and FY21 expenses, and address cash flow needs

FY 2020	June State Aid Appropriation	\$23,082,044	
	June State Aid Payment Received	<u>8,691,804</u>	
	PPSD's Cash Position Shortfall		14,390,240
		14,390,240	
	Non Public Equitable Service Component	<u>2,229,932</u>	
	PPSD's ESSER Expenditures		<u>12,160,308</u>
Budgeted Revenue not Received			
FY 2020 (short fall)			\$2,229,932
	ESSER Allocation	\$14,390,240	
	Non Public Equitable Service Component	<u>2,229,932</u>	
	PPSD's ESSER Allocation	12,160,308	
FY 2020	Expenditures	<u>7,789,190</u>	
	Subtotal ESSER Balance	4,371,118	
FY 2021	Expenditures	<u>(4,371,118)</u>	
ESSER Balance			\$0

CRF Funding

Coronavirus Relief Funds were used to support reopening costs; December 30 expenditure required effective planning of pre and post Dec 30 expenditures

CRF Overview

CRF used to support all aspects of reopening:

- Salaries and benefits: salaries for health care providers/screeners, substitute teachers, AM/PM supervision
- Professional services: professional development, interpretation services
- Purchased services: transportation (additional bus runs, cleaning), additional custodial services, building repairs (e.g., fan installation), equipment for meals in classroom
- Supplies and materials: PPE (hand sanitizer, masks, disinfectant spray), HEPA filters curriculum
- Technology: Chromebooks, laptops, and other technology

Allocation

\$17,248,109

Salaries & Benefits

Health Care Providers / COVID Screenings	3,096,581	
Substitutes Class Coverage / Additional Staff	1,093,267	
Student Supervision & Staff Overtime	444,248	
Professional Development for Curriculum Alignment	296,434	
		<u>4,930,530</u>

Professional Technical Services

Professional Development Educational Consultants	280,880	
Speech / Interpreting Services	254,273	
Internet Connectivity	214,112	
		<u>749,265</u>

Purchased Services

Transportation Services	2,642,657	
Custodial Support / Building Repairs	1,037,570	
Food Service Support & Equipment	390,197	
		<u>4,070,424</u>

Supplies & Materials

Aligned Curriculum & Educational Supplies	3,946,820	
PPE Supplies & Equipment	885,220	
		<u>4,832,040</u>

Technology

Chromebooks / Laptops / Smartboards	2,665,850	
		<u>2,665,850</u>

Subtotal Expenditures

17,248,109