



Providence Schools

FY23 Budget Update

April 19, 2022



Budget and Finance

We will focus today's discussion on initial FY23 budget planning

FY23 Initial Planning (April)

- Share updates on FY23 budget planning, including revenue projections and planned investments/reductions

Focus of today's presentation

Revised FY23 Plans (May)

- Review appropriation, compensation, and classification ordinances

Acceleration/Stimulus Spending (June)

- Review proposed spending for ESSER III

FY23 Budget

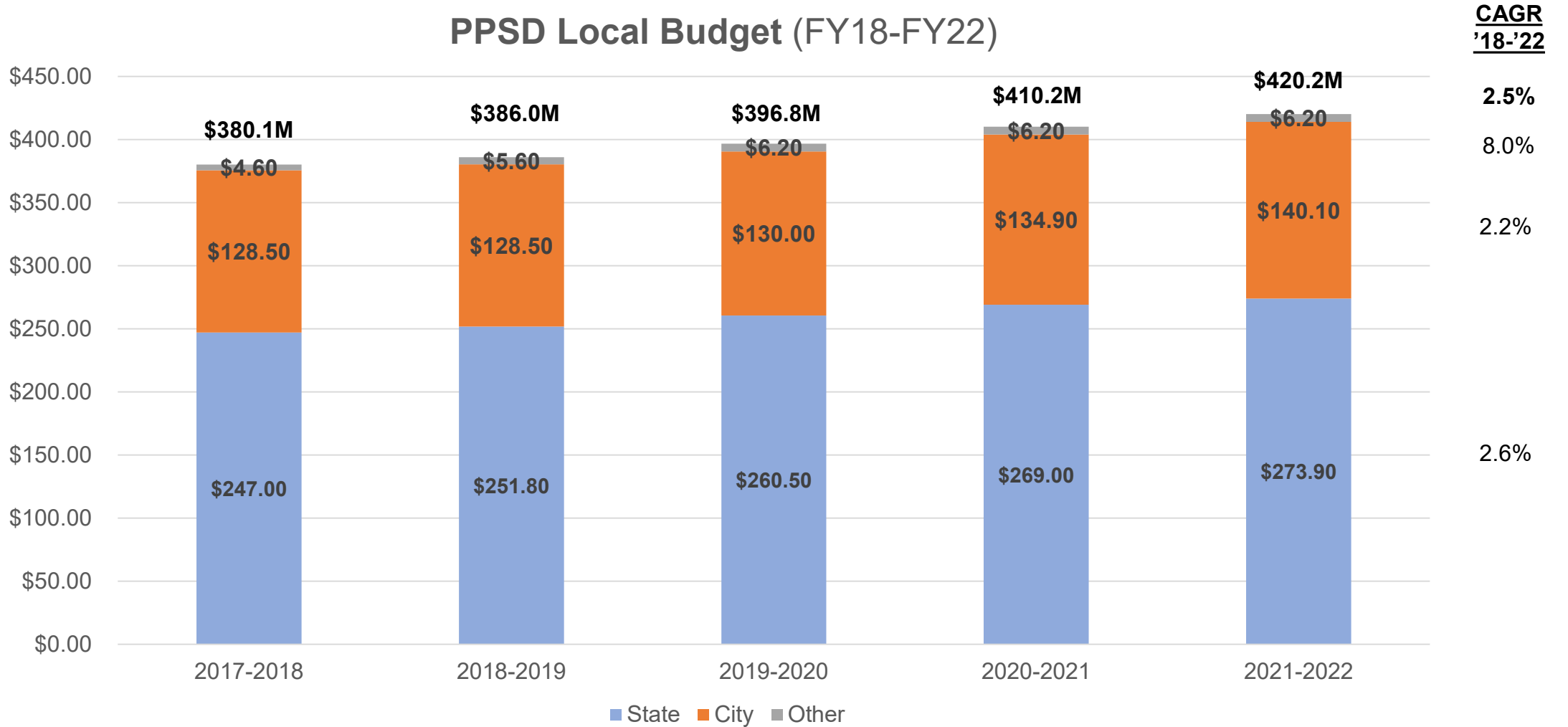
1 Budget Overview

2 Budget Details



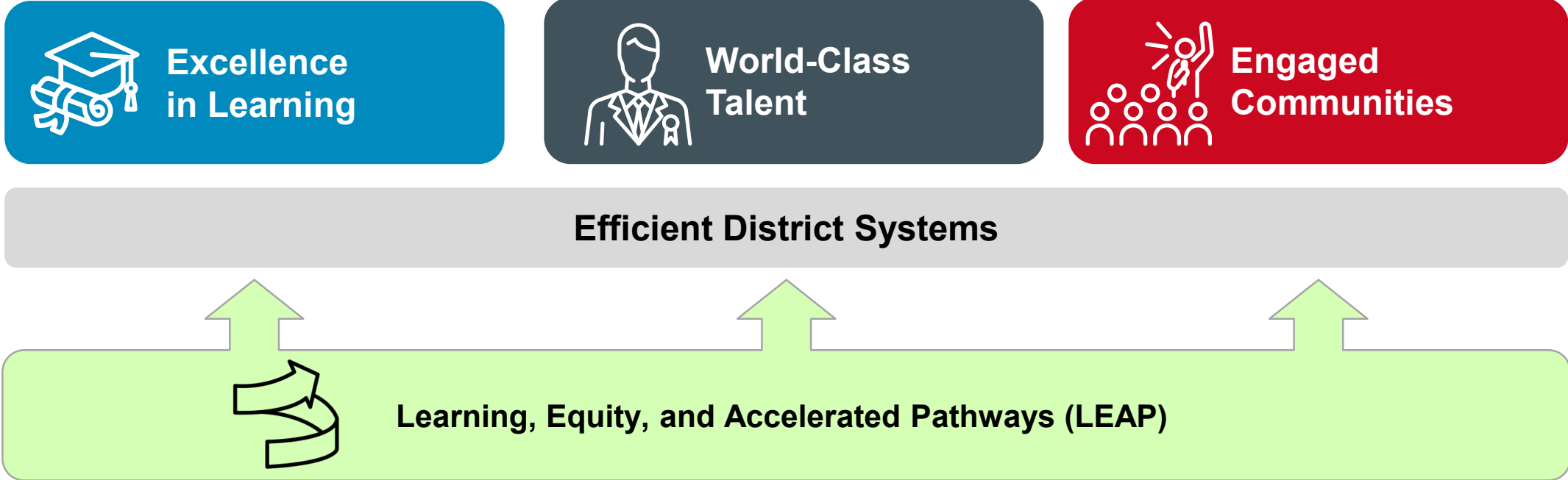
Budget Overview

PPSD local budget has grown by ~2.5% over the last 4 years, with state aid accounting for 65% of aid local aid in FY22



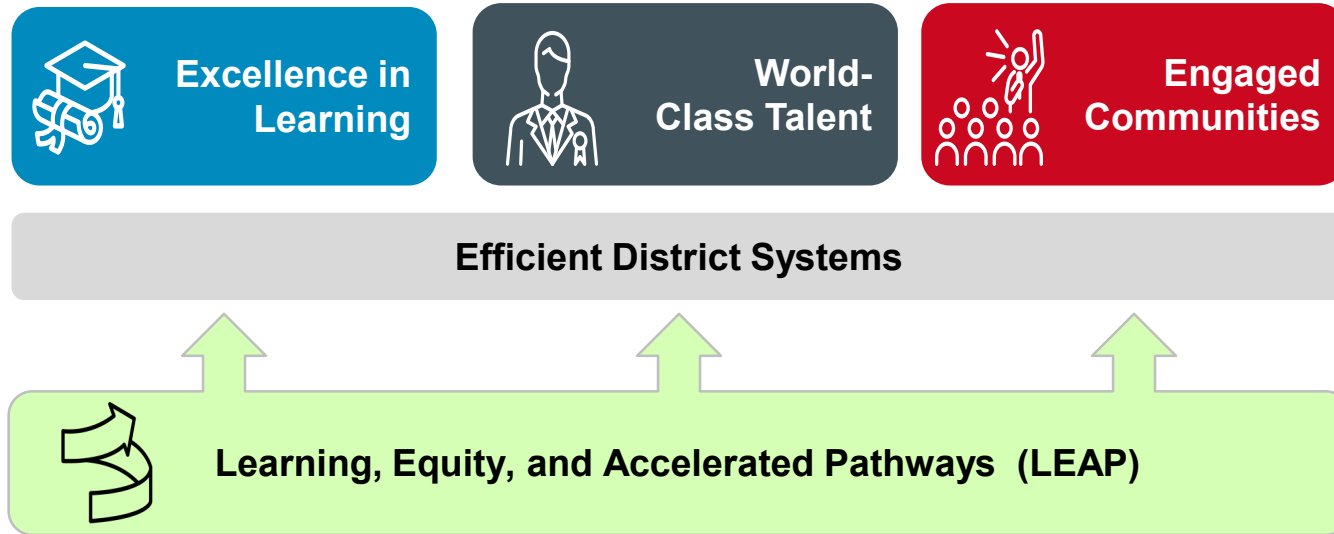
Budget Overview

Turnaround Action Plan drives investment decisions in the context of the COVID-19 and the need for learning acceleration



Budget Overview

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



Approach to Budget

- Leverage local funds to make “core” long-term investments aligned with TAP goals
- Focus stimulus funds to support short and medium-term learning acceleration efforts
- Critical to ensure investments are mutually reinforcing and that LEAP spending can enhance or accelerate long-term investments

Budget Overview

PPSD has made key investments over the past two years, both one-time and recurring, along with adapting to increasing expenses



Excellence in Learning

- 32 additional literacy and math coaches at middle and high schools
- 18 additional guidance counselors at elementary schools
- Unified elementary curricular material for ELA and Math
- Unified secondary curricular material for ELA and Math



World Class Talent

- 9 additional assistant principals
- Four additional professional development days
- Signing bonuses for teachers; pay increases for substitute teachers



Engaged Communities

- 26 additional school community specialists and culture coordinators
- Increased translation services
- Digitization of student records to simplify student records management

Efficient District Systems

- Seeding of revolving fund to do \$50M+ work over next 10 years
- 10,000 pieces of new furniture for all schools and 450 rugs for elementary schools
- 1,600 Laptops, 20,000+ Chromebooks, and 200 SmartBoards
- PPE and health-related supplies for COVID/re-opening

FY23 Budget

1 Budget Overview

2 Budget Details



Budget Details

State and City aid are primary revenue sources for PPSD, with several categories of expenses making up vast majority of district spending

Key Revenue Drivers

State aid:

- 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
- For FY23, governor has proposed funding to address COVID-19 impact



City aid: per Crowley Act, city aid tied to total increase in state aid to education



Other: Medicaid and other items, which account for <2% of local aid

Key Expense Drivers

Salaries (50% of expenditures): employee salaries driven by CBA agreements, as well as substitutes and overtime



Benefits and retirement (25%): employee medical and retirement benefits



Key service contracts (8%): transportation, RIPTA, custodial/facilities



Special education (4%): non-public tuition, contracted services

Budget Details

PPSD anticipates an increase of \$3M in revenue for FY23

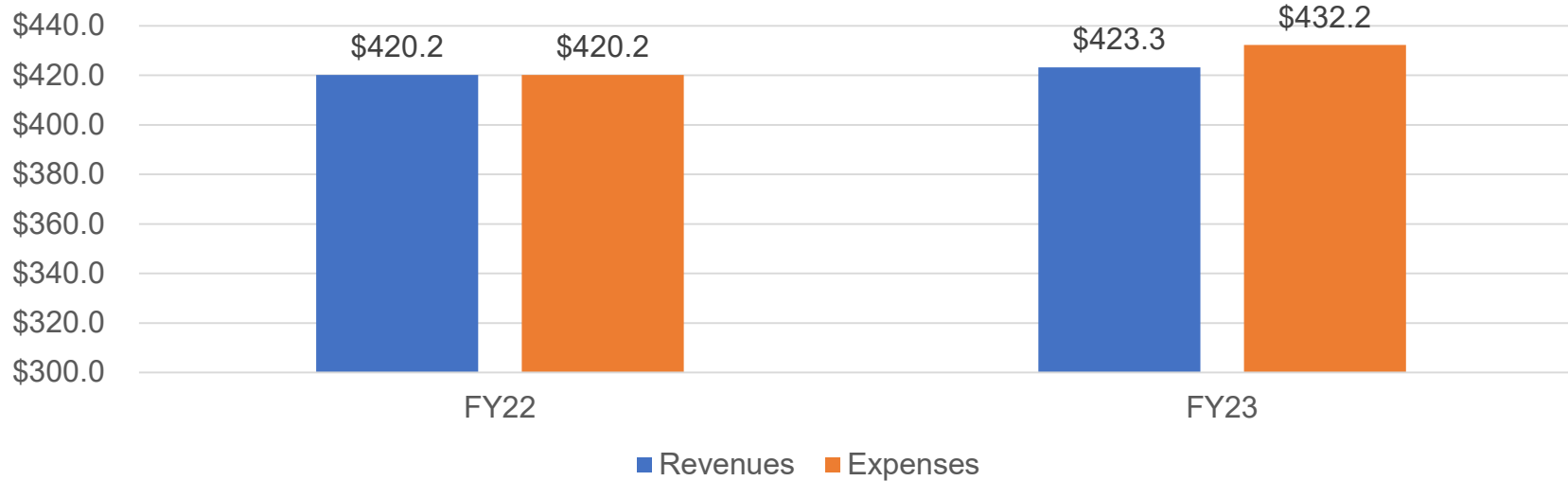
	<u>2021-2022</u>	<u>2022-2023</u>	<u>2022-2023</u>	
	<u>Final</u>	<u>RIDE Requested</u>	<u>Gov Requested</u>	<u>Change</u>
Enacted Aid	\$268,225,023	\$272,489,702	\$268,225,023	\$0
Funding Formula	4,264,679	(18,899,400)	4,264,679	0
Group Home Aid	371,569	371,569	217,663	(153,906)
Density Aid	689,500	689,500	665,207	(24,293)
High Cost Special Ed Categorical Funding	348,934	348,934	502,500	153,566
Subtotal	273,899,705	255,000,305	273,875,072	(24,633)
City Aid	140,075,066	140,075,066	143,164,202	3,089,136
Medicaid	4,450,000	4,450,000	4,450,000	0
Indirect Cost	1,200,000	1,200,000	1,200,000	0
Miscellaneous	585,000	585,000	585,000	0
Subtotal	146,310,066	146,310,066	149,399,202	3,089,136
Total Local Budget Revenues	<u>\$420,209,771</u>	<u>\$401,310,371</u>	<u>\$423,274,274</u>	<u>\$3,064,503</u>
<u>Other State Aid</u>				
Non-Public Transportation Offset	317,615	277,650	465,403	147,788
ELL Categorical	2,830,525	2,830,525	2,685,036	(145,489)
Subtotal	3,148,140	3,108,175	3,150,439	2,299
Total State Aid	\$277,047,845	\$258,108,480	\$277,025,511	(\$22,334)

Funding formula update based on Governor's stabilization fund for all districts due to statewide enrollment declines

Budget Overview – FY23

Based on revenue and expense projections for FY23, PPSD anticipates a starting budget gap of \$9M

FY22 vs. FY23 – Revenues and Expenses



Revenue increases (\$3.1M)

- State aid expected to be flat based on Governor’s stabilization fund to account for loss in enrollment over past 2 years
- City aid increases by \$3.1M based on overall increase in state aid of 2.2%

Expense increases (\$12.0M)

- Salaries (\$4.6M)
 - PTU, 1033, and 1339 labor contracts
 - Other contracts
 - Decreases in FTE due to enrollment decline
 - Special education class size reductions
- LEA contribution to charter schools (\$5M)
- Benefits increases (\$4.1M)
- Equipment purchases (-\$1.2M)

Budget Overview – FY23

Current approach to gap closing includes several deficit reduction activities as well as leveraging FY22 fund balance

Approach to FY23 Gap Closing	
Starting gap	<u>(\$8,971,910)</u>
<i>Gap closing measures</i>	
Utility and service savings (D'Abate and Fo	\$350,000
Benefits reductions	\$700,000
Projected salary attrition	\$750,000
Position shifts to non-local (IDEA, ESSER)	\$1,000,000
Shift ESY/summer programming to ESSER	\$1,500,000
Bus reductions (5 buses)	\$400,000
FY22 fund balance transfer	<u>\$4,271,911</u>
Total gap closing measures	\$8,971,911
Remaining gap	<u><u>\$0</u></u>

Budget Details

PPSD continues to monitor both short-term and long-term impacts to financial projections

Key Short/Long -Term Impacts



FY23 state aid: Governor's proposed budget includes stabilization funds to address statewide enrollment declines; removal or changes to that would impact financial outlook



Fringe benefits: final medical and pension benefits may impact planned expenditures



Funding formula and state aid adjustments: Any changes to state funding formula or long-term adjustments to address enrollment declines could have material impact on PPSD financials



City revenue contribution: Continuing conversations with City of Providence could impact funding for FY21 or FY22



Addressing key cost drivers: Need to focus on addressing key cost drivers – transportation and service contracts, staffing, special education, and district footprint – to address potential future revenue declines

Budget Details

Upcoming plans for budget engagement

Date	Action
April 13, 2022	School Board Finance presentation
April 27, 2022	Full School Board presentation
April 29, 2022	Budget shared with City Finance Director and City Council
May 13, 2022	Detailed budget book published
May 18, 2022	Revised budget presentation to School Board
June 2022	Meetings with City Council to discuss budget
June 1, 2022	Consolidated Resource Plan submitted to RI Department of Education
July 2022	Commissioner approves PPSD spending plan

Questions?

