



# **School Board Budget Presentation**

## **Budget Overview and 2008-2009 Local Budget Description**

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April 21, 2008

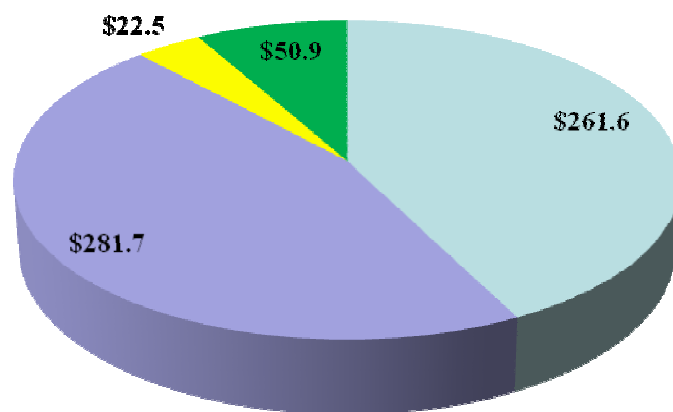
# Overview of Presentation

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- Objective is to provide an overview of the Providence School Department's FY 2009 Budget and the School Board's budgeting process and timeline.
  - FY 2009 Overview
  - How Do We Compare
  - School Budget Process and Timeline
  - Next Steps
  - Appendix

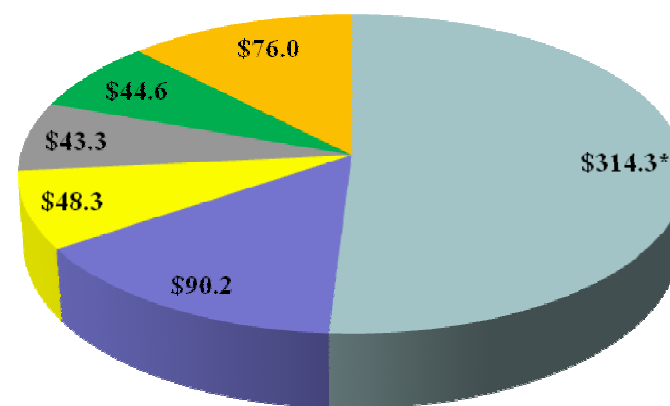
# FY 2009 Overview – City Budget

**FY 2008  
City Revenues  
(Millions)**



■ Property Taxes      ■ State Aid/Shared Taxes  
■ Special Revenue      ■ Departmental Sources

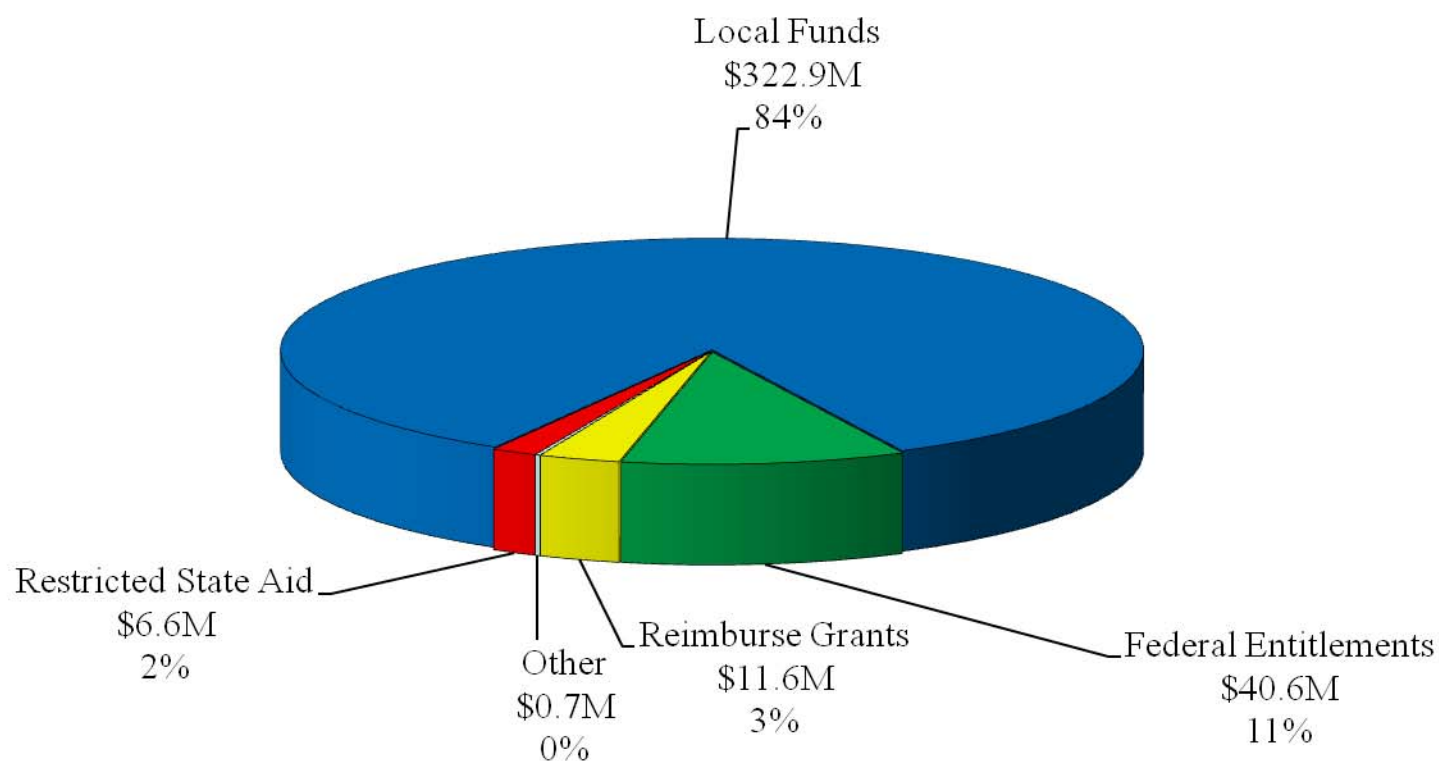
**FY 2008  
City Allocation  
(Millions)**



■ Schools    ■ Public Safety    ■ Debt Service    ■ Pension    ■ Medical    ■ Other

\*Includes \$189.5 million in State Aid.

## FY 2009 Overview - Where Does the \$382.5 Million Come From?



# FY 2009 Overview - Source of School Funding Dictates Use

Total Spending Plan				
1. Local Budget	2. Federal Funds	3. Restricted State Aid	4. Competitive Grants	5. Capital Fund
<ul style="list-style-type: none"> <li>•Provides foundational support for educational programs</li> <li>•Salaries</li> <li>•Benefits</li> <li>•Transportation</li> <li>•Maintenance</li> <li>•Educational Supplies</li> <li>•Utilities</li> </ul>	<ul style="list-style-type: none"> <li>•<i>Supplements</i>, does not <i>supplant</i> local budget (e.g. teachers to reduce class size; PD)</li> <li>•Also restricted by purpose based on source (e.g. IDEA must be spent on special education)</li> </ul>	<ul style="list-style-type: none"> <li>•Funding for specific purposes explicitly defined by law.</li> <li>•Example - Article 31 provides funds for SIT-led professional development activities</li> </ul>	<ul style="list-style-type: none"> <li>•Funding based on fulfilling requirements of grantor (e.g. Carnegie Grant for HS Reform)</li> <li>•Most often to <u>supplement</u> local budget uses (e.g. Carnegie supports reform facilitators, but not extra teachers)</li> </ul>	<ul style="list-style-type: none"> <li>•City controlled fund distinct from operating budget</li> <li>•City issues bonds to support capital projects</li> <li>•Capital projects include new construction and renovations but does not regular maintenance</li> </ul>

## FY 2009 Overview – What is the Local Budget?

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- Local Budget is approved by the School Board, Mayor, and City Council.
- Supported by the City and State Aid to Education
  - Providence receives nearly 40% of every school aid dollar distributed by the State;
  - Nearly 30% of the City of Providence's property tax levy is allocated to the schools.
- The Local Budget finances the District's annual operating budget.

# FY 2009 Overview - \$322.9 Million in Local Sources

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<b>1. Local Budget</b>  <ul style="list-style-type: none"> <li>•Provides foundational support for educational programs</li> <li>•Salaries</li> <li>•Benefits</li> <li>•Transport.</li> <li>•Maintenance</li> <li>•Educational Supplies</li> <li>•Utilities</li> </ul>	<b>a) State Aid:</b> Contribution from the state budget to support the city's local education program. State Aid is granted to the City of Providence which passes the funds to PPSD. Unrestricted funds.
	<b>b) City Revenues:</b> Contribution from the city budget to support the city's local education program; supported through local property taxes. Unrestricted funds.
	<b>c) Medicaid Reimbursement:</b> Reimbursement from the federal government for specialized services (e.g. speech therapy, occupational therapy, nursing services) provided to eligible students (low income with IEP)
	<b>d) Other:</b> Master Lease Reimbursement, E-Rate Reimbursement, Indirect Cost Transfers.

## FY 2009 Overview – School Budget Snapshot

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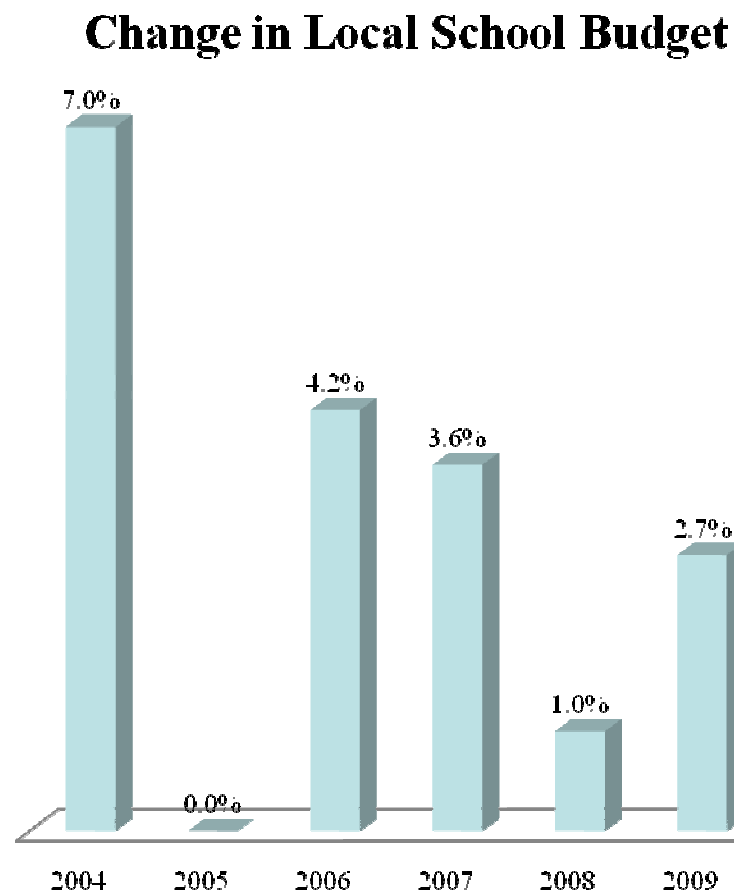
- Total FY 2009 Proposed Budget of \$382.5 million, of which \$322.9 million is the Local Budget.
- The \$322.9 million budget represents a \$8.6 million expenditure increase but a revenue gap of **\$9.7 million**.
  - Represents a 2.7% increase in spending.
  - Includes a reduction of 42.0 Teaching positions.
  - Nearly 60% of growth (\$5.1 million) is for employee pension and medical insurance.
  - New expenditures include staffing for Fine Arts BEP requirements, new career and tech programs, graduation requirements, technology license renewals and NEASC initiative.
  - State school aid unknown, expect level funding at best.
  - City appropriation unknown.
  - Loss in Medicaid revenue of \$1.0 million due to rule changes.
- Declining student enrollment of 4.0% overall - results in an estimated 23,800 students in FY 2009.



# FY 2009 Overview – Achievement Requires Investment

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- The Local Budget has increased from \$288.3 million in FY 2004 to \$322.9 million in FY 2009.
- Average annual rate of growth of 1.9 percent since FY 2004.
- Pension and medical insurance obligations continue to be principle drivers of Local Budget.



# FY 2009 Overview - Budget Drivers

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- Student Achievement
  - Class size, curriculum development, professional development, classroom materials, extracurricular activities, smaller learning communities, common planning time, standards, and assessments
- Enrollment Changes
- Labor Contract Obligations
  - Salaries
  - Benefits
  - Class Size
- Employee Retirement Contributions
  - State
  - Local
- Service Contract Obligations
  - Transportation
  - Custodial and maintenance
  - Outside tuitions

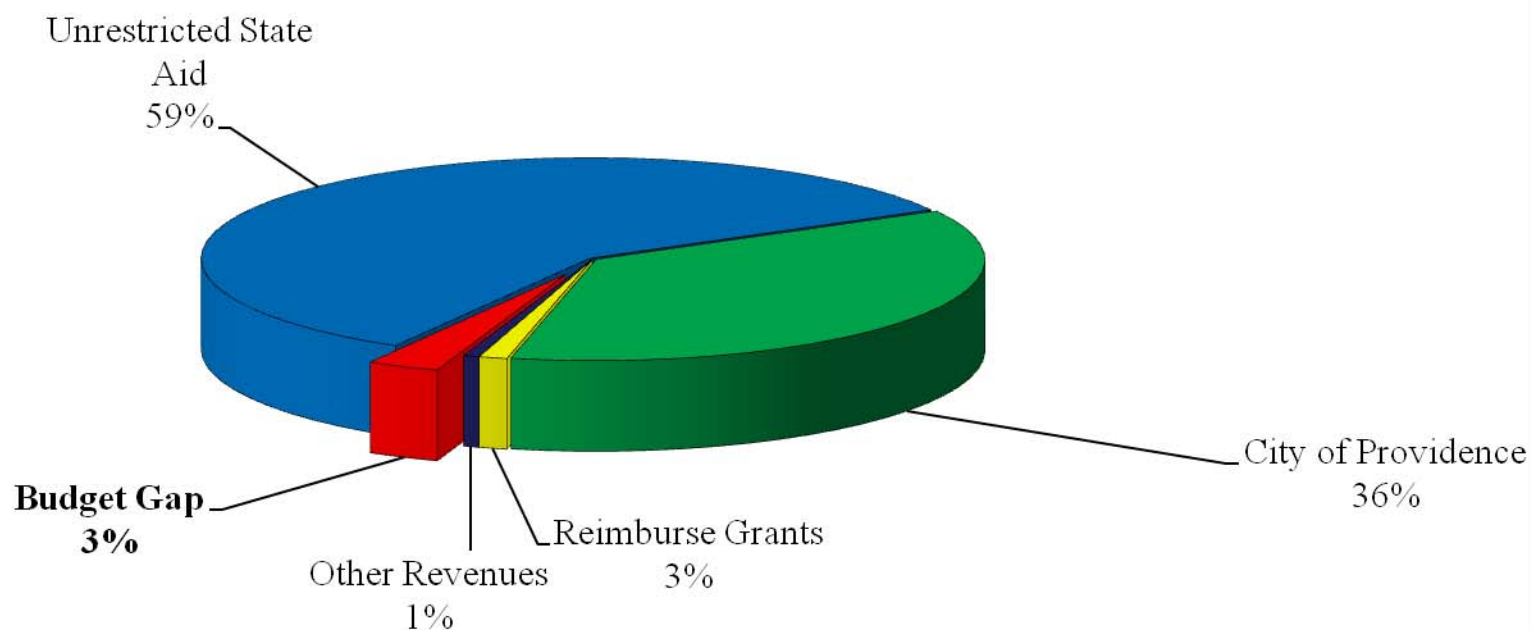
# FY 2009 Overview – Local Budget Changes (in millions)

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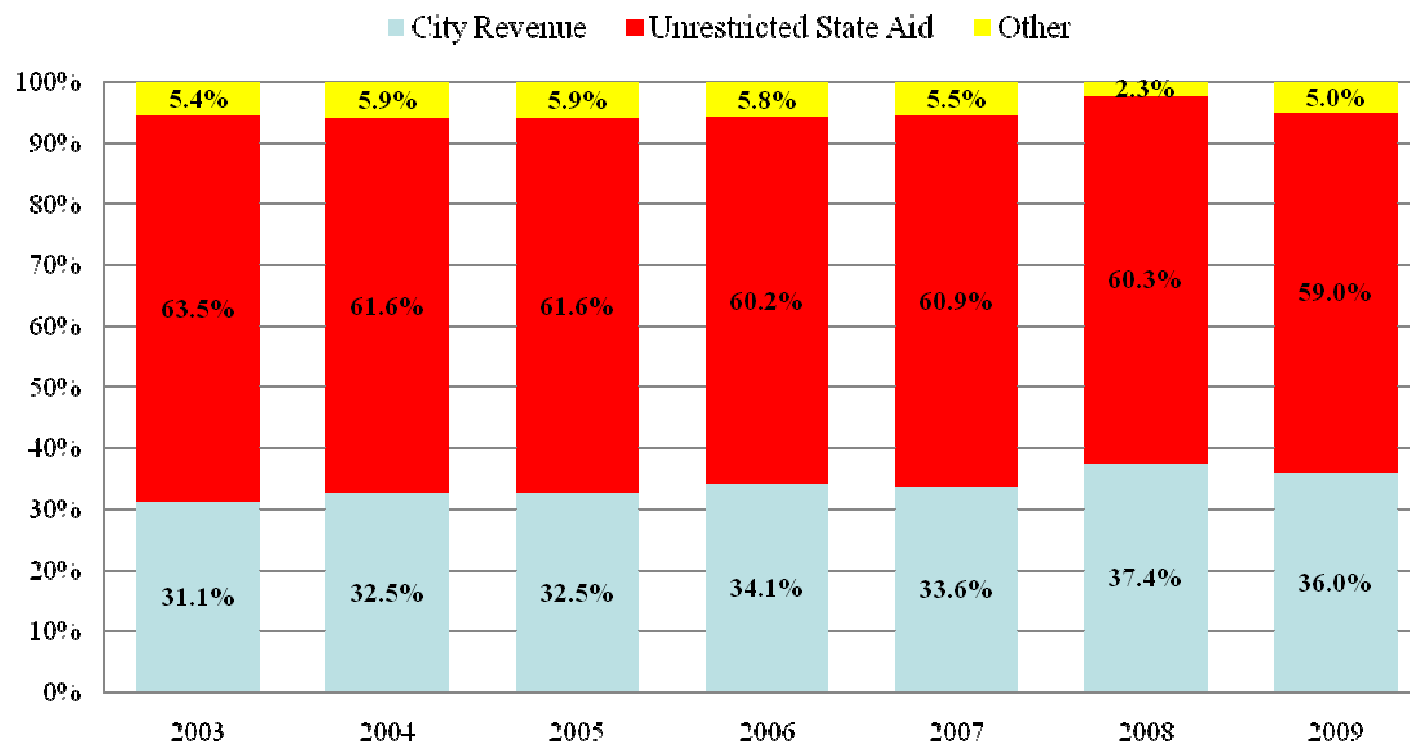
## Major Changes in FY 2009 Local Budget

Item	Increase	
	Amount	Percent
Pension Fund contributions	\$1.8	7.4%
Salaries	0.6	0.4%
Medical Insurance	3.6	13.5%
Special Education Tuitions	0.4	2.4%
Other Employee Benefits	0.2	1.6%
Utilities	0.5	7.4%
Debt Service	0.8	195.0%
Total Change	\$7.9	

## FY 2009 Overview – \$322.9 Million in Local Sources Only

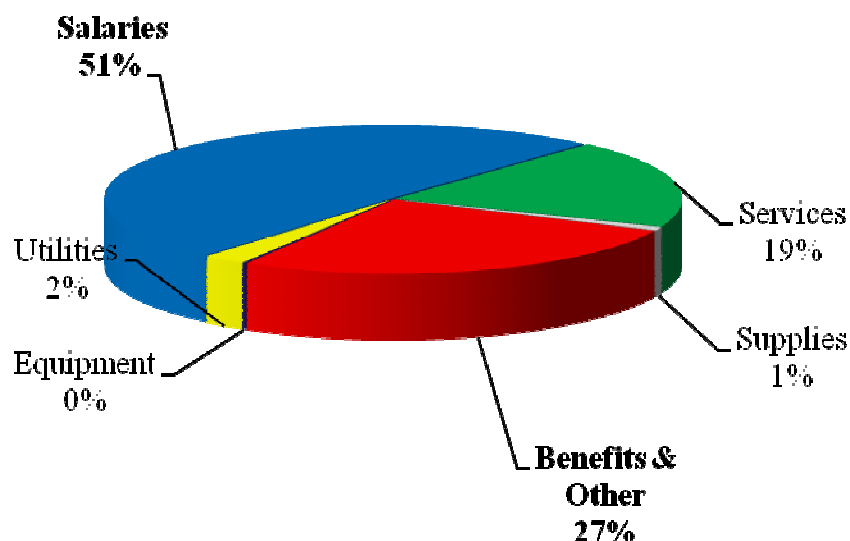


# FY 2009 Overview – Unrestricted State Aid Shrinking as Share of School Funding



# FY 2009 Overview – Local Budget is the Backbone of Budget

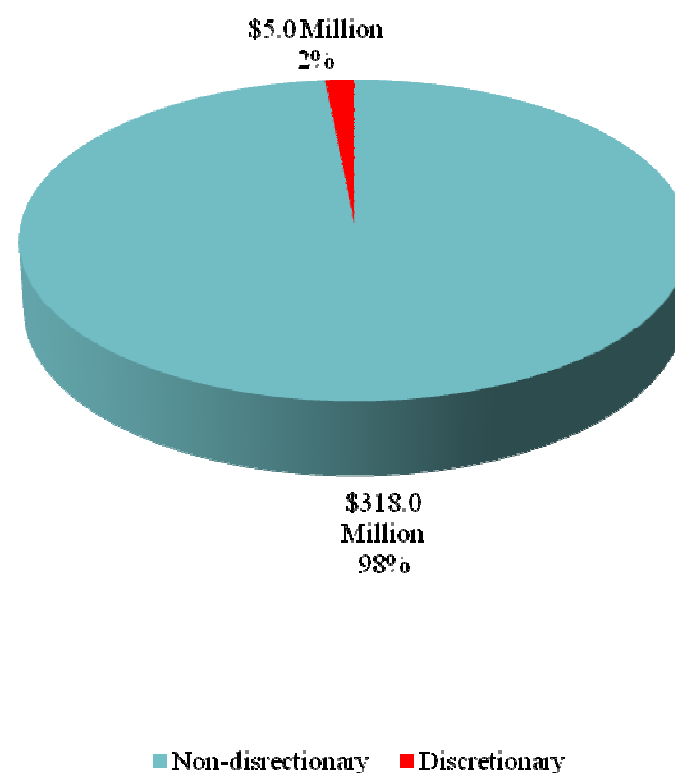
\$322.9 Million



- Local Budget is principle support for staffing – 78.0% (\$249.6 million) of the \$322.9 million is for Salaries and Benefits.
- Teachers comprise ~49.0% (\$158.1 million) of the Local Budget for salaries and benefits
- Services include
  - Transportation
  - Custodial
  - Special Education Tuition
  - Utilities
  - Debt Service

## FY 2009 Overview - Local Budget is largely fixed by regulation & contract

- Contractual/Non-Discretionary  
**\$318.0 Million (98.0%)**
  - \$249.6 million is estimated salary and benefits.
  - \$19.8 Million is Tuition and out of district charter schools
- Non-Contractual/Discretionary  
**\$5.0 Million (2.0%)**
  - \$1.3 million is education supply and equipment
  - \$900,000 for maintenance and snow removal

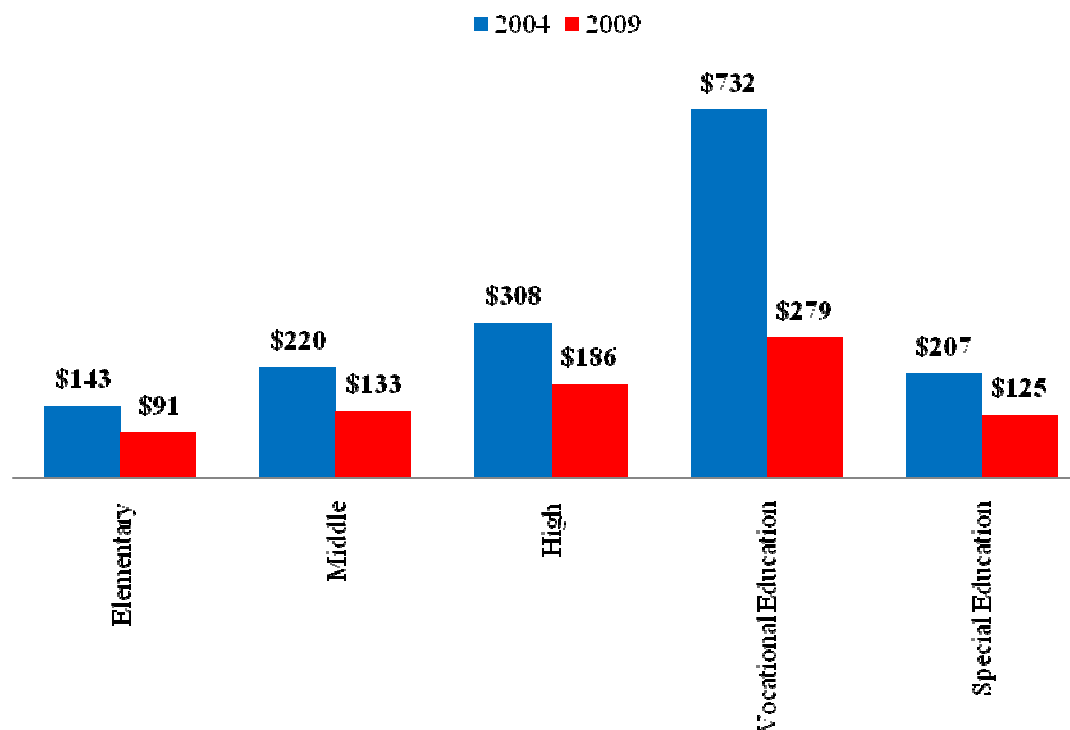


Note: Detailed breakdown provided in FY 2009 Budget Detail.

# FY 2009 Overview - Local Budget supports school-based budgeting

- In 2008-2009, the budget includes \$3.4 million for school based budgeting allocated on a per pupil basis. Schools use these discretionary budgets to purchase additional educational materials, supplies, and other needs.

## School Based Per Pupil Allocation





# FY 2009 Overview – Non Public School Requirements

- State law requires Providence to provide materials and services to Providence-residing students who attend non-public schools.
- Spending for non-public schools totals \$5.3 million - nearly 71.1% (\$3.8 million) supported with Local Budget Funds.
- Supports the following FTEs:
  - 19.0 Crossing Guards;
  - 3.1 Special Education Support; and
  - 2.1 Nursing Teachers

## FY 2009 Non-Public School Expenditures

Requirement	Amount
Transportation	\$2,500,000
Title I	1,106,000
Crossing Guards	767,980
Title II	320,076
Special Ed Support	255,361
Nurse Teachers	189,946
Title IV	80,293
Textbooks	55,000
Title V	28,978
<b>Total</b>	<b>\$5,303,634</b>

# FY 2009 Overview – Initiatives & Efficiencies

## Recent Budget Efficiency Initiatives

(Millions)

Initiative	Estimated Annual Svgs
Energy Education (1)	\$0.4
Remote Boiler Monitoring	0.4
CBA 2004-2007	1.5
State Purchasing Group	TBD
Text Book Inventories	0.2
Duplication of Services	TBD
<b>Total</b>	<b>\$2.5</b>

Notes:

1 - In development, implementation underway, with a goal of 20% savings, equal to \$1.4 million

## Recent Contract Changes

- Co-share of medical for current employees (3-year average of 10%).
- Co-share for all new retirees
- Newer lower-cost medical plan
- All new hires pay a medical co-share
- Longer school day and mandatory Professional Development for all faculty in compliance with regulations set forth by the RIDE Board of Regents
- No-layoff provisions rescinded from clerical, teacher assistants, and crossing guard collective bargaining agreements.

# FY 2009 Overview – Capital Budget

## City of Providence Projected FY 2008 - FY 2012 Capital Expenditures for School Facilities (Millions)

Project	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Total
Central High School	\$12.0	-	-	-	-	\$12.0
Hanley CTE	24.9	24.9	-	-	-	49.8
Nathan Bishop M.S.	3.1	24.7	7.8	-	-	35.5
Gregorian Library	2.0	-	-	-	-	2.0
Athletic Complex	10.5	10.5	-	-	-	21.0
Renovations to all Bulidings (1)	5.0	5.0	5.0	5.0	5.0	25.0
Projected Expenditures (2)				6.5	52.1	58.6
<b>Total</b>	<b>\$57.5</b>	<b>\$65.1</b>	<b>\$12.8</b>	<b>\$11.5</b>	<b>\$57.1</b>	<b>\$203.9</b>

(1) Referred to as Warm, Safe and Dry Projects in facility reports.

(2) Total proejcted expenditures of \$75.0 Million

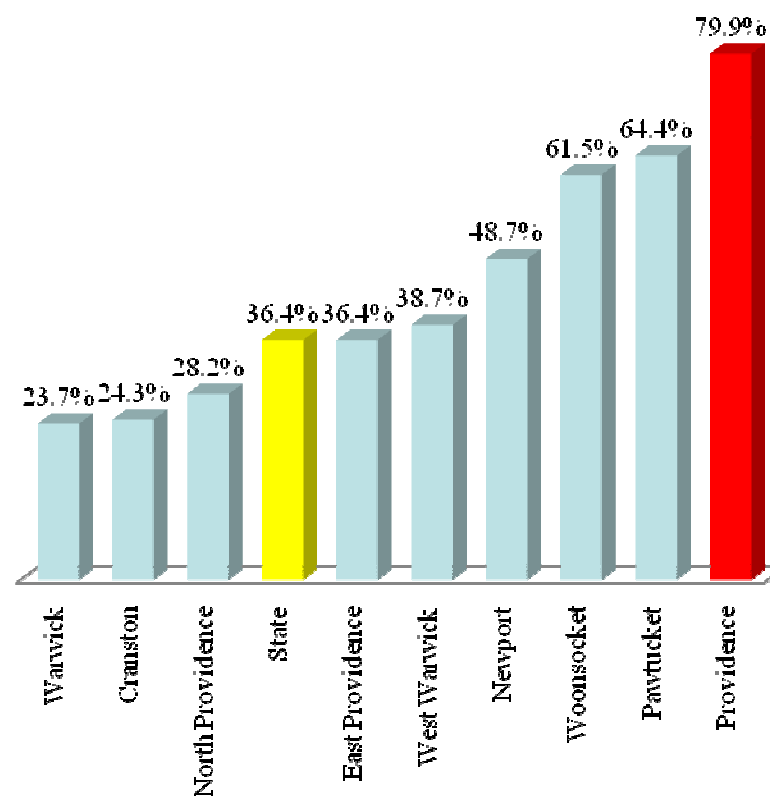
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# How Do We Compare?

## How Do We Compare – FY 2007 Demographics

- Providence has 20,122 of the 53,788 children eligible for the Free/Reduced Lunch Program in the State – 37.4% of the State total.
- Approximately 80.0% of the City's enrollment is eligible for Free/Reduced Lunch Program.
- Experts note that high poverty districts face stiffer challenges and need to spend about 40% more than non-poor systems to stay even with typical students (*The Funding Gap 2004 – Education Trust*)

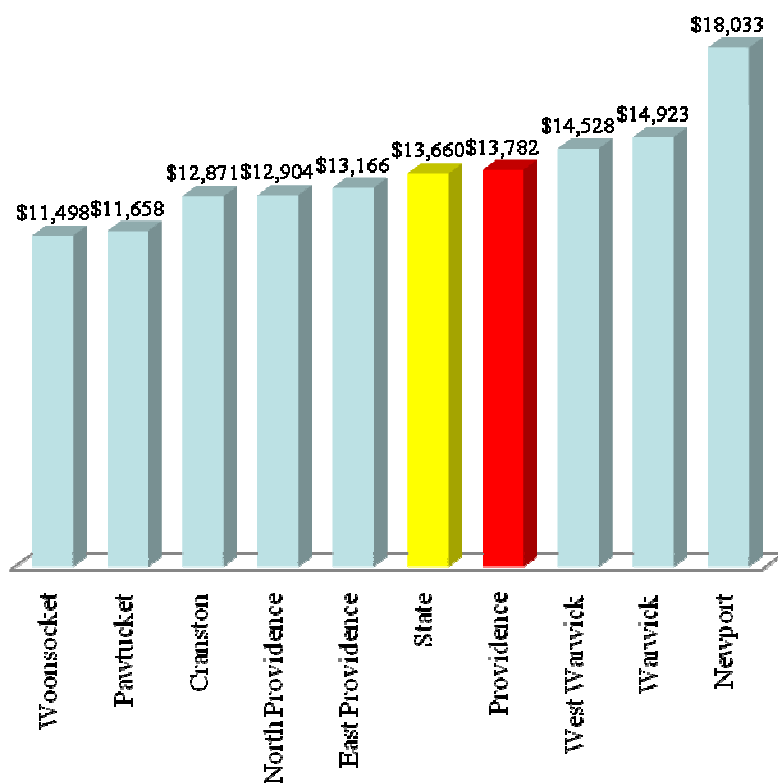
**FY 2007 Enrollment Eligible for Lunch Subsidy**



Source: Rhode Island Department of Education

# How Do We Compare – FY 2007 Spending

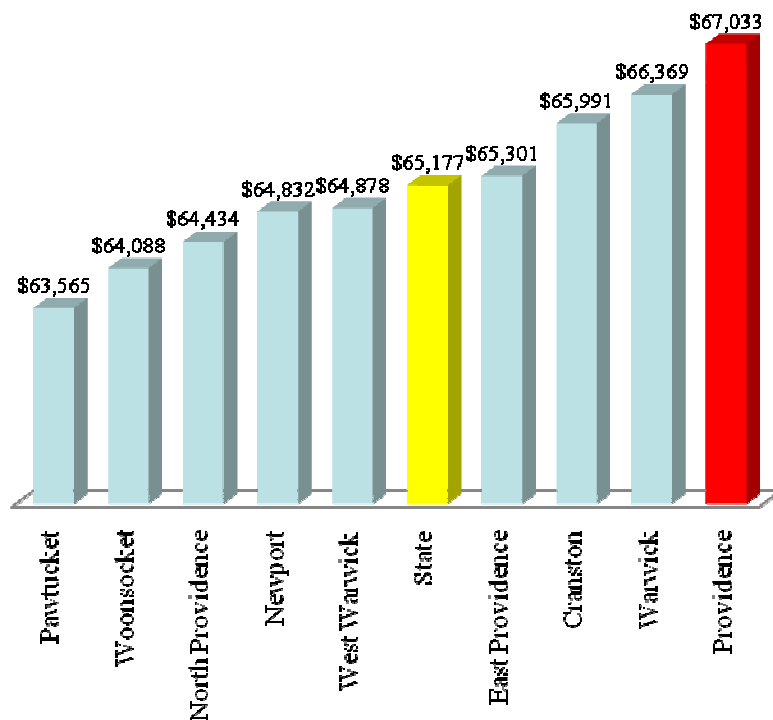
**FY 2007 Per Pupil Spending**



- Rhode Island school districts spent slightly more than \$2.0 billion in FY 2007 – at a per pupil cost of \$13,660.
- Providence spent \$13,782 per pupil in FY 2007 – ranking it 18<sup>th</sup> highest.
- Providence's per pupil spending was less than 1.0% higher than the State average.

# How Do We Compare – FY 2007 Teacher Salaries

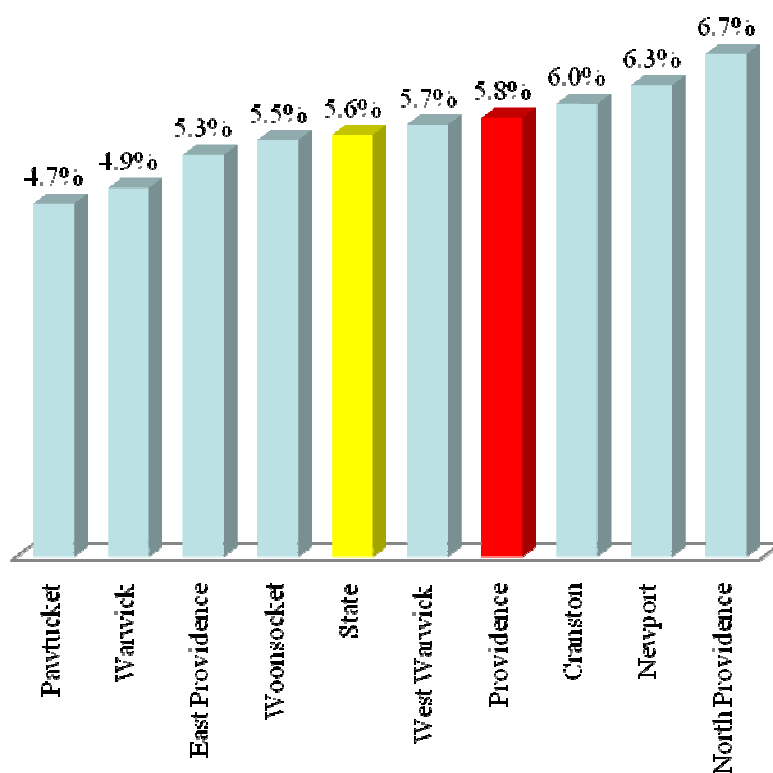
**FY 2007 Teacher Salaries**  
10th Step



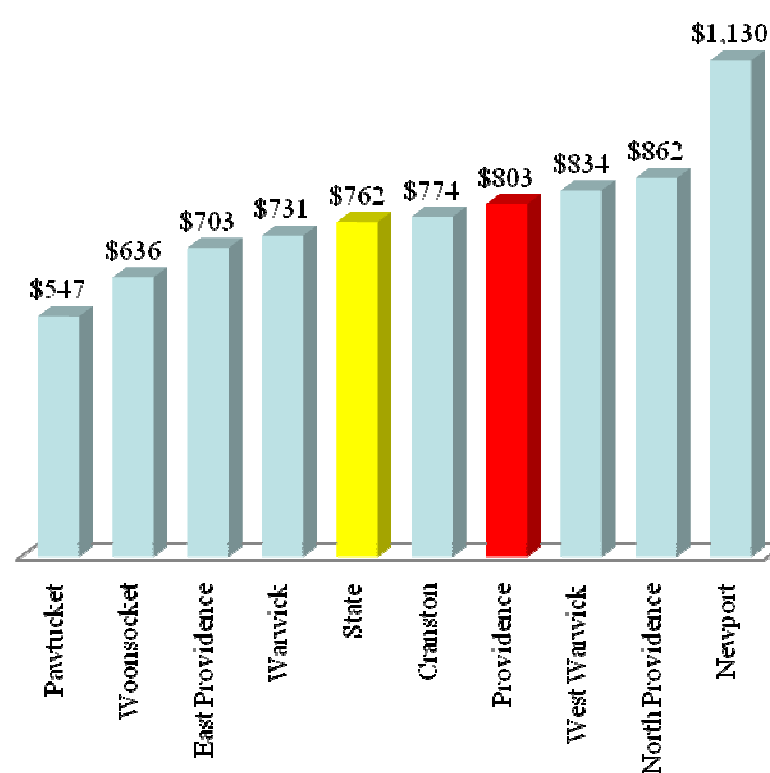
- Rhode Island districts paid an average of \$65,177 in salaries per teacher in FY 2007 (10<sup>th</sup> step).
- Providence paid \$67,033, which ranked the district 5<sup>th</sup> highest in the State.
- Providence's average teacher salary was 2.8% above the State average.

# How Do We Compare – FY 2007 Leadership Spending

**FY 2007 Leadership Spending as Percent of Total Spending**



**FY 2007 Leadership Per Pupil Spending**





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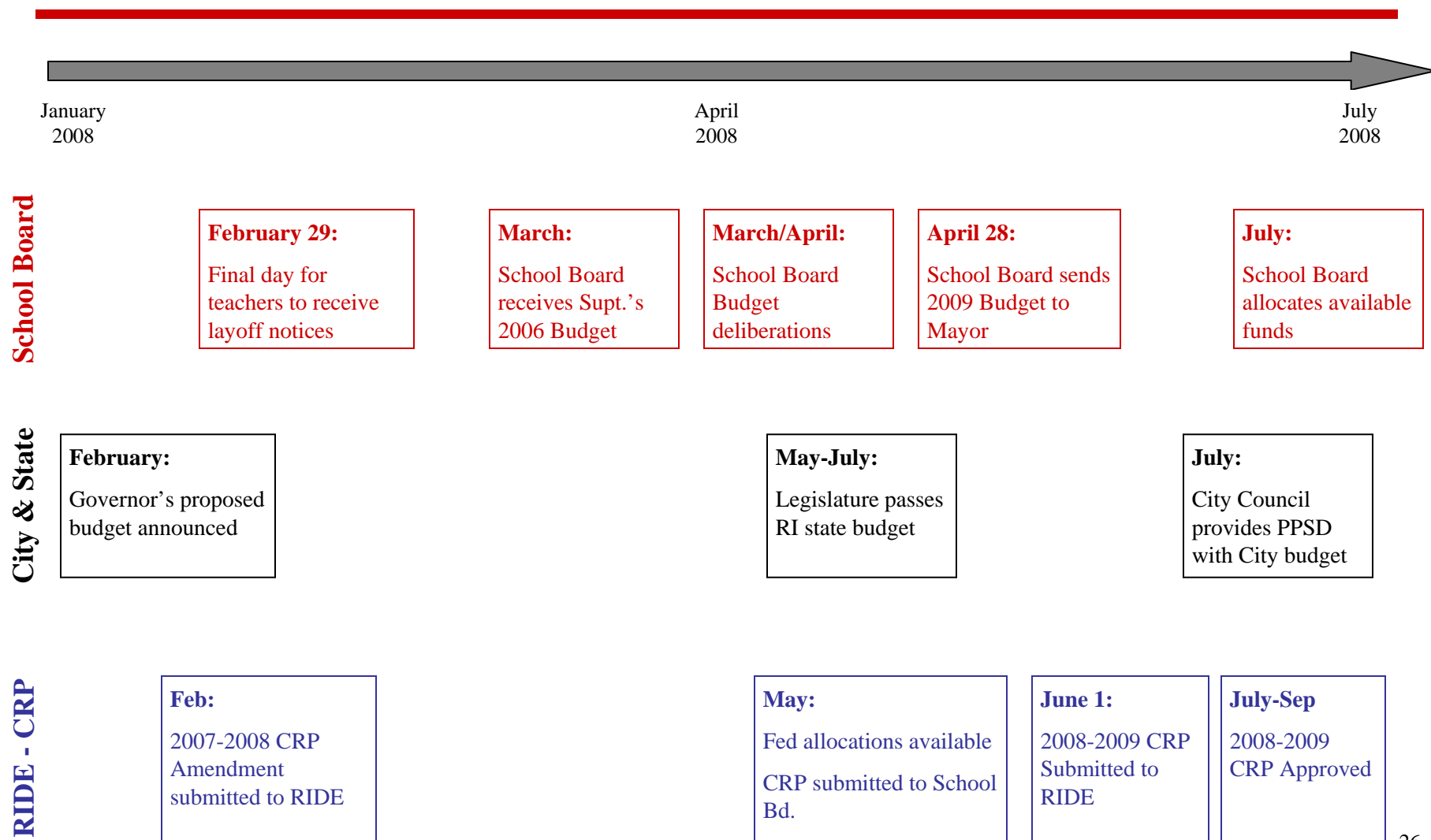
## Schools Budget Process and Timeline

## Budget Process – Budget Calendar

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- April Budget Workshops
- April 21 Public Workshop
- April 28 Approved Budget to Mayor
- May Budget submitted to Council
- June Council Budget hearings
- June-July Final State Aid
- July Council Adopts City Budget
- July-August School Board Approval
- September ? Council approves ordinances

# Budget Process - Timelines



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## Next Steps

# Next Steps – Status of Superintendent’s Local Budget

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## Recent History of Actions on Budget

Year	Superintendent	Mayor	Final
2006	\$305.5	\$300.3	\$300.3
2007	315.9	311.8	311.2
2008	322.2	320.6	314.3
2009	322.9	TBD	TBD

## Next Steps – What Have We Done in the Past?

**Local School Budget Reductions**  
(Millions)

Item	2004	2005	2006	2007	2008	Total
Positions	\$5.7	\$5.9	\$1.9	\$2.8	\$4.5	\$20.8
Supplies	0.0	0.0	0.8	0.0	0.0	2.8
Contractual	0.0	2.6	0.0	0.0	0.0	2.6
Medical	0.0	0.0	0.8	0.7	1.0	2.5
Transportation	0.5	0.0	1.5	0.3	0.0	2.4
Substitutes	1.0	0.3	0.1	0.0	0.0	1.4
Retirements	1.3	0.0	0.0	0.0	0.0	1.3
Custodial	0.1	0.0	0.0	0.6	0.0	1.1
Security	0.1	0.0	0.0	0.0	0.0	0.6
Non-Union	0.2	0.0	0.0	0.0	0.2	0.4
Athletics	0.3	0.0	0.0	0.0	0.0	0.3
Tuition	0.0	0.0	0.0	0.2	0.0	0.2
Legal Fees	0.1	0.0	0.0	0.0	0.0	0.1
Total Annual	\$9.3	\$8.8	\$5.1	\$4.6	\$5.7	
Cumm Total	\$12.3	\$21.1	\$26.2	\$30.8	\$36.5	

## Next Steps - Challenges

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- Close FY 2009's \$9.7 million budget gap.
- Assume no increase in State and Federal Aid.
- Reviewing staffing, vendor contracts, transportation, health care and tuition expenditures for expenditure relief opportunities.
- Understand and anticipate additional expenditure pressures, such as 1.0% salary increase for all employees (\$1.9 million).

# Appendix



## Appendix - Budget Resources

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- Providence Public School Department 2007-2008 Budget Book (2008-2009 available May 1)
  - Comprehensive detail of PPSD budget.
  - [www.providenceschools.org/dept/fin/index.html](http://www.providenceschools.org/dept/fin/index.html)
- Public Financial Management (PFM) Five Year Financial Strategy
  - Independent audit of the City of Providence; includes a detailed section on PPSD.
  - [www.providenceri.com/press/Full\\_PFM\\_FIVE\\_YEAR\\_Report.pdf](http://www.providenceri.com/press/Full_PFM_FIVE_YEAR_Report.pdf)
- In\$ite Database
  - Easy-to-understand information and financial reporting system for school district expenditures for all schools and districts in Rhode Island.
  - [www.ridoe.net/ride\\_insite/default.htm](http://www.ridoe.net/ride_insite/default.htm)
- Rhode Island Public Expenditure Council
  - Independent public policy research and education agency.
  - [www.ripec.org/matriarch/default.asp](http://www.ripec.org/matriarch/default.asp)
- Education Trust
  - National compilation of research and data focused on eliminating the achievement and funding gap among different student groups.
  - [www2.edtrust.org/edtrust](http://www2.edtrust.org/edtrust)