



Providence Public School District

Summary of financial analysis

December 13, 2019

Limitations and restrictions

This report (the Report) has been prepared by Ernst & Young LLP (EY or we), from information and material supplied by Providence Public School District (the District or PPSD), the City of Providence (the City) and the Rhode Island Department of Education (the State), for the purpose of providing a financial analysis of Providence Public School District.

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Project overview

This report is the result of a 10-week financial assessment of Providence Public School District (PPSD or the District) that aimed to assess the financial health of the district and to provide a more detailed view on current resource allocation.

Background

- ▶ Over the last ten weeks, EY conducted a financial assessment of PPSP
- ▶ The goal of the analysis was to assess the financial state of the District and provide the Rhode Island Department of Education (the State), the City of Providence (the City), the District, and the public with an understanding of the District's financial health and resource allocation in light of the State's intervention
- ▶ As part of this analysis, EY interviewed and had discussions with numerous stakeholders, including PPSP leadership and administration; city finance, benefits and facilities teams; and state education and facilities departments
- ▶ EY analyzed budget and personnel data across multiple years to evaluate how resources are allocated in the District today and how this has changed over time and to assess potential areas for reallocation opportunities and investment need in the District

Key questions addressed

- ▶ How are resources allocated within PPSP today by category (e.g., central office vs. school supports vs. schools), and how does this differ by funding source?
 - ▶ What are the key cost and revenue drivers of the PPSP budget?
 - ▶ What are the trends in personnel and non-personnel costs?
 - ▶ How is the capital budget being deployed? How does it compare relative to the facilities need in the District?
- ▶ What is the current financial health of PPSP?
- ▶ Are there areas or functions in which PPSP is under- or over-resourced based on the needs of the students and schools, district obligations or other district benchmarks, where available?

Key findings (1 of 2)

- ▶ **PPSD has historically viewed its budget as fixed, reflecting a belief that the District lacks the ability to make meaningful changes in how resources are allocated (p. 8–12)**
 - ▶ A line-by-line reclassification of the FY20 ~\$450m budget into a new budget framework, done in collaboration with PPSD, increases budget transparency and is the foundation for the analysis and findings in this presentation

- ▶ **In 2018, the City of Providence projected an ~\$42m deficit in PPSD by FY24, which analysis suggests is likely overstated (p. 14–26)**
 - ▶ PPSD’s deficit projection was based on an assumption that revenue growth would decline to 0.5% per year
 - ▶ However, state appropriation has been growing at 2% to 3% per year, the State’s proposed budget summary represents that the overall education funding outlook is stable, and the City is obligated under the Crowley Act to invest alongside the State
 - ▶ Our analysis also suggests relative stability as it relates to most key cost drivers:
 - ▶ The areas experiencing the fastest historical cost growth include central office and transportation costs, which are areas where the District has the ability to seek efficiencies
 - ▶ Going forward, one of the areas that the City projects the fastest projected cost inflation is benefits – e.g., the City estimates medical benefits will grow ~5% per year vs. ~1% since FY16. But, with overall PPSD benefits spending equal to ~50% of salaries (above Rhode Island benchmarks), PPSD should seek opportunities to reduce cost
 - ▶ Altogether, assumptions based on historical cost growth and revised revenue projections would suggest a potential deficit estimate of \$3m to 5m, which is lower than the City’s ~\$22m estimate for FY21

- ▶ **Although the fiscal outlook based on today’s revenues and costs may be relatively stable, the analysis suggests that PPSD likely needs to invest and reallocate resources in schools to serve special populations, particularly English learners (ELs) (p. 33–35)**
 - ▶ In case studies of five PPSD elementary schools, analysis suggests that the District has a deficit of EL-certified teachers relative to Department of Justice (DOJ) requirements and a surplus of general education teachers
 - ▶ Interviews with PPSD stakeholders suggest that PPSD also has historically taken an inflexible approach toward staffing special education classrooms driven by its interpretation of the teacher contract; moving away from this rigidity could free up resources to pursue different support models for students with disabilities

Key findings (2 of 2)

- ▶ **Of the \$85m in costs budgeted centrally (both true central office and school supports budgeted centrally), analysis suggests that there are options both to drive efficiency and to reallocate funds to increase dollars controlled at the school level (p. 39–46)**
 - ▶ The majority of the District’s budget (>\$300m) goes to schools in the form of school-based staff, but less than 4% of these funds are in control of school leaders
 - ▶ While the size of the central office (\$25m) is in line with national benchmarks, the way in which resources are allocated invites opportunities for efficiency and reallocation
 - ▶ Additional analysis suggests that there is a pool of ~\$19m in areas such as academics, student supports and data/IT where the District could look to devolve a portion of these funds to schools to increase flexibility in decision-making
- ▶ **Many PPSD facilities are rated in poor condition; prior third-party work done in 2016 estimated a need for >\$500m in facilities investments (p. 48–59)**
 - ▶ For the last decade, capital outlays for PPSD facilities have significantly lagged benchmark districts
 - ▶ In 2019, the State approved \$278m of capital investment; the scheduled investment prioritizes urgent building repairs and maintenance over student-centric improvements and new construction
 - ▶ The District’s budget for ongoing maintenance will likely need to increase to meet changing state requirements, whereas custodial spend is higher than district benchmarks
 - ▶ The efficiency of facilities spend is influenced by a perceived lack of swing space for students, a lack of vendor competition and separation of authority over maintenance and capital funding
- ▶ **In summary, this analysis suggests that the “fixed cost” mentality cited by numerous district staff should shift to a more flexible, student-centered approach to budgeting, including: (p. 6)**
 - ▶ Ability to reallocate funds from both the central office and within schools to align with the needs of students in each school
 - ▶ Ability to rightsize the central office role and resources to match what schools need, which will be increasingly important if district enrollment slows or declines

Key findings

In summary, PPSD has both potential reallocation areas and investment needs

Realign resources to meet the needs of PPSD students and schools

Potential reallocation areas (District should conduct further exploration)

- ▶ Central office *and* school supports budgeted centrally
 - ▶ The District could seek personnel efficiencies within \$25m central office spend and/or opportunities to push resources to schools (~\$19m pool of potential funds)
- ▶ Transportation costs
 - ▶ PPSD appears to spend **~40% more per pupil** on transportation costs relative to the median of benchmark districts in Rhode Island
- ▶ Benefit costs
 - ▶ Benefits are **~10% more as a percentage of salaries** than the median for benchmark districts
- ▶ General education teachers
 - ▶ On the basis of the five schools we studied, there was an excess of **~3% to 45% general education teachers without EL certification**; however, this detailed analysis needs to be completed for every school to understand the District's aggregate surplus
 - ▶ *Possible actions*: Consider programming and incentives to recertify general education teachers to support EL students
- ▶ Special education staff
 - ▶ Special education teachers and support staff have historically been restricted by classroom type and grade level in ways that can inhibit flexible programming and inclusive settings for students
 - ▶ *Possible actions*: Redefine job descriptions and placement protocols for special education teachers and classroom support staff to enable greater flexibility in how these staff are assigned
- ▶ Custodial spend
 - ▶ PPSD appears to spend **~25% more per pupil** on custodial services relative to the median for benchmark districts
 - ▶ *Possible actions*: Assess existing contract terms for outsourced services

Potential investment needs (District should conduct further exploration)

- ▶ ESL-certified teachers
 - ▶ In the five schools we studied, the District may need to **double the number of English as a Second Language (ESL)-certified teachers** to align with DOJ guidelines; however, this detailed analysis needs to be completed for every school to understand the District's aggregate need
 - ▶ *Possible actions*: Consider programming and incentives to recertify general education teachers, as well as initiatives to recruit new ESL teachers to the District.
- ▶ Facilities – both on capital expenditures and on maintenance
 - ▶ Address issues related to swing space, vendor competition and integration of management of maintenance and capex to improve the efficiency of these investments
- ▶ Discretionary funds for schools
 - ▶ *Possible actions*: Devolve dollars closer to schools and build capacity at schools to support decision-making in how to utilize funds to drive student achievement

All possible actions described on this page reflect the synthesis of interviews, benchmarking and leading practice undertaken in other districts.

Agenda

- ▶ **System overview**
- ▶ Financial health
- ▶ School-level resources
- ▶ Central office and school supports
- ▶ Facilities

System overview

Today, PPSD appears to operate with a “fixed cost” budget and mindset

Today, PPSD appears to operate with a “fixed cost” budget and mindset.

- ▶ “97% of our costs are fixed” was a common refrain in our stakeholder meetings
- ▶ This reflects a belief that the District lacks the ability to make meaningful changes in how resources are allocated
- ▶ It also fits a system that has been stagnant in terms of enrollment and district strategy

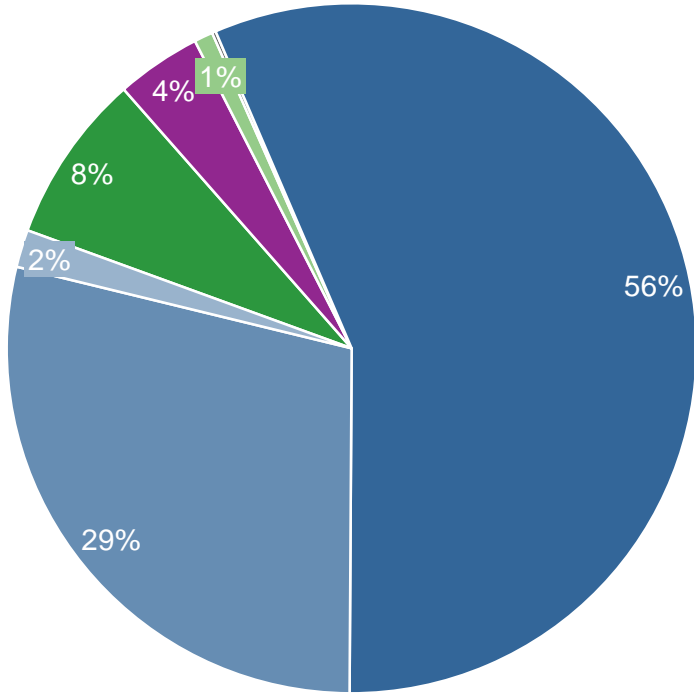
What could it mean to shift PPSD to a flexible, student-centered budget and mindset?

- ▶ The budget is viewed as a management tool to enable strategic priorities and drive outcomes for students
- ▶ Dollars are directed to meet the needs of students and schools
- ▶ Over time, resource allocation decisions are made closer to schools

System overview

In FY20, the District received ~\$450m to support public education, the majority of which comes from state aid

Total revenue by source, \$453m
All funds
FY20



	Funding source	FY20 budget	Fund elements
General fund	State aid	~\$256m	Aid calculated using the state funding formula
	City appropriations	~\$130m	City aid for public schools
	Other	~\$8m	Tuition from outside districts, miscellaneous fees and Medicaid reimbursement
Total general fund: ~\$394m			
Other revenue	Federal	~\$36m	Title funds, Perkins Act vocational aid and USDA fresh food grants
	Enterprise funds	~\$18m	Revenue-generating portions of district finances, including food services and the field house
	State	~\$4m	Funding for state initiatives outside the funding formula, such as EL categorical funds and Career and Tech. Education
	Local	~\$1m	Up-front, nonreimbursable grants that have restricted use cases, including funds from philanthropic sources
Total other revenue: ~\$59m			
Total revenue: ~\$453m			

These revenues exclude funds expended on behalf of PPSD schools that do not flow through the District, including ~\$3.7m that the City has budgeted in FY19 on employment initiatives, early learning, and summer learning; ~\$1.4m of city spend on district maintenance in FY19; and ~\$278m in scheduled capital investment awarded by the State in FY19.

System overview

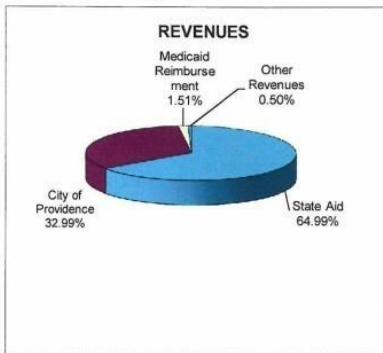
The way the budget is depicted publicly provides limited insight to inform how the District could make different resource allocation choices

Like many other districts, PPSD reports its budget by a few major categories of expenditures.

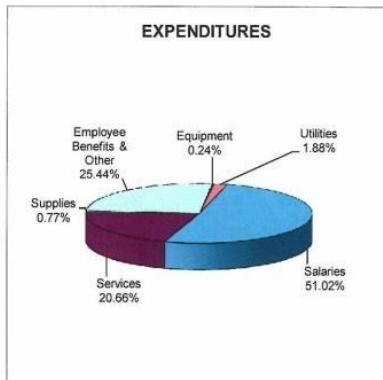
The State's UCOA system has a more detailed classification of budget items, but it is reported on a lag and does not appear to be used by PPSD management to make decisions.

Providence School Department 2019-2020 Proposed Local Budget

REVENUES	
State Aid	\$256,173,803
City of Providence	130,046,611
Medicaid Reimbursement	5,950,000
Other Revenues	1,985,000
Total Budget	\$394,155,414



EXPENDITURES By Major Account Group	
Salaries	\$201,080,600
Services	81,413,829
Supplies	3,022,228
Employee Benefits & Other	100,254,711
Equipment	963,170
Utilities	7,420,878
Total	\$394,155,414



FY2017-18 location summary

LOCATION Summary Level - Expenditures in \$	
00 Central Office	2,276,372
01 Education Services	26,966,527
02 Business Services	13,813,233
03 Elementary Schools	156,155,652
04 Middle Schools	74,039,501
05 High Schools	102,484,670
06 Alternative Schools	3,927,190
07 Other Schools	2,290,447
08 Non Public/Private	15,420,121
09 Preschools (In-District)	0
10 Charter Schools	17,938,343
11 Collaboratives	256,426
12 RIDE	0
13 Public Out of State	0
14 Adult Education	0
15 Out of District Transportation	3,203,740
16 Payments for Debt Service	0
17 Summer Camps	0
18 Payments for Retiree Benefits	6,837,382
19 Interagency Fund Transfers	0
20 Other State Agencies	0
23 Summer School-Elementary	213,246
24 Summer School-Middle	31,199
25 Summer School-High	878,204
33 After School-Elementary	436,050
34 After School-Middle	356,994
35 After School-High	496,240
Total	428,021,537

Source: Rhode Island RIDE; PPSD FY20 budget; District, City and State interviews

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System overview

EY mapped every line item into a new budget framework consisting of six major categories of costs

Central office 6%

- ▶ **Costs aligned to administrative and operational functions of PPSD**
- ▶ Examples:
 - ▶ *Superintendent's office*
 - ▶ *Personnel and non-personnel costs of Finance, HR, administration of IT, etc.*
 - ▶ *Managerial and secretarial costs related to school support or shared service functions (e.g., Chief Academic Officer, clerks in the transportation department)*

School supports budgeted centrally 14%

- ▶ **Costs that are budgeted at the central office but are aimed at directly serving schools or students**
- ▶ Examples:
 - ▶ *Majority of shared service functions, including food service, special education professionals or transportation costs, that can be attributed to **in-district** schools*
 - ▶ *IT staff or costs that are school-facing*

Schools 71%

- ▶ **Funds that are allocated to schools and are deployed within schools**
- ▶ Examples:
 - ▶ *Teachers and staff in buildings*
 - ▶ *Any discretionary or ad hoc funds allocated to schools*
 - ▶ *Costs associated with extracurricular activities or athletics*
 - ▶ **Out-of-district** special education placement **and** transportation costs

Facilities management 7%

- ▶ **Costs associated with the care and maintenance of district buildings**
- ▶ Examples:
 - ▶ *Custodial services*
 - ▶ *Utilities*
 - ▶ *Building repairs and maintenance*

Nonpublic student costs 1%

- ▶ **Funds that are passed through for payments to nonpublic or private schools or to support nonpublic student costs**
- ▶ Examples:
 - ▶ *Transportation costs that support students going to nonpublic schools*
 - ▶ *Nonpublic textbook pass-through*

Retiree benefits 1%

- ▶ **Health and medical payments for retirees**

System overview

This budget framework was then used to restate PPSD's budget, by revenue source, along these six categories

FY20 PPSD budget framework

	General Fund	Other Revenue: Federal	All Other Revenue	PPSD Total
Total Revenue	394,155,414	36,053,414	22,796,498	453,005,327
Revenue to Charter Schools	(20,875,432)	(362,519)	(13,199)	(21,251,149)
PPSD Net Revenue	373,279,982	35,690,896	22,783,300	431,754,177
Total Cost	373,279,982	35,690,896	21,583,300	430,554,177
Central Office	18,493,385	6,122,989	411,504	25,027,878
Superintendent's Office and Board	795,386	-	-	795,386
Human Resources	2,866,037	419,253	-	3,285,291
Finance	3,546,550	409,435	-	3,955,985
Engagement and Communications	2,667,241	933,676	1,984	3,602,901
Engagement/Communications	745,233	933,676	1,984	1,680,893
Student Registration Center	1,922,008	-	-	1,922,008
Data Processing and IT	1,291,279	-	105	1,291,384
Accountability and Transformation	898,140	1,144,775	66,950	2,109,866
Legal	650,217	-	-	650,217
Student Affairs	1,494,976	174,948	-	1,669,924
Central Administration of School Supports	4,283,559	3,040,902	342,465	7,666,925
School Supports Budgeted Centrally	36,071,105	5,933,973	17,735,815	59,740,893
Academics and Instruction	7,200,495	4,659,730	1,683,947	13,544,171
Student Supports	2,235,040	631,700	25,261	2,892,001
Transportation	24,597,099	328,624	4,240	24,929,963
Food Services	-	313,920	16,022,368	16,336,288
Data Processing and IT	2,038,471	-	-	2,038,471
Schools	282,061,241	21,770,049	3,296,342	307,127,631
District Schools	261,932,956	21,512,307	3,296,342	286,741,605
Out-of-District (includes transportation)	20,128,285	257,741	-	20,386,026
Facilities Management	28,923,745	15,832	138,347	29,077,924
Utilities	7,797,749	-	-	7,797,749
Maintenance	2,581,994	7,782	107,347	2,697,123
Custodial services	18,394,967	-	-	18,394,967
Other	149,035	8,050	31,000	188,085
Non-Public Student Costs	1,607,531	1,848,053	1,291	3,456,874
Retiree Benefits	6,122,976	-	-	6,122,976
Total cost by function	373,279,982	35,690,896	21,583,300	430,554,177
Salary	201,080,600	16,099,325	3,125,243	220,305,168
Benefits	99,537,411	8,106,746	775,921	108,420,078
Non Personnel	72,661,971	11,484,825	17,682,136	101,828,932
Net surplus/deficit	-	-	1,200,000	1,200,000

PPSD historically marks charter payments as a cost to the District; this framework classifies charter payments as a revenue deduction since dollars follow students, resulting in a "net revenue" for PPSD.

Note: These revenues exclude funds expended on behalf of PPSD schools that do not flow through the District. This includes ~\$3.7m that the City spends on employment initiatives, early learning and summer learning; ~\$278m in scheduled capital investment awarded by the State; and City spend on district maintenance, which was ~\$1.4m in FY19.

Source: Providence Public School District

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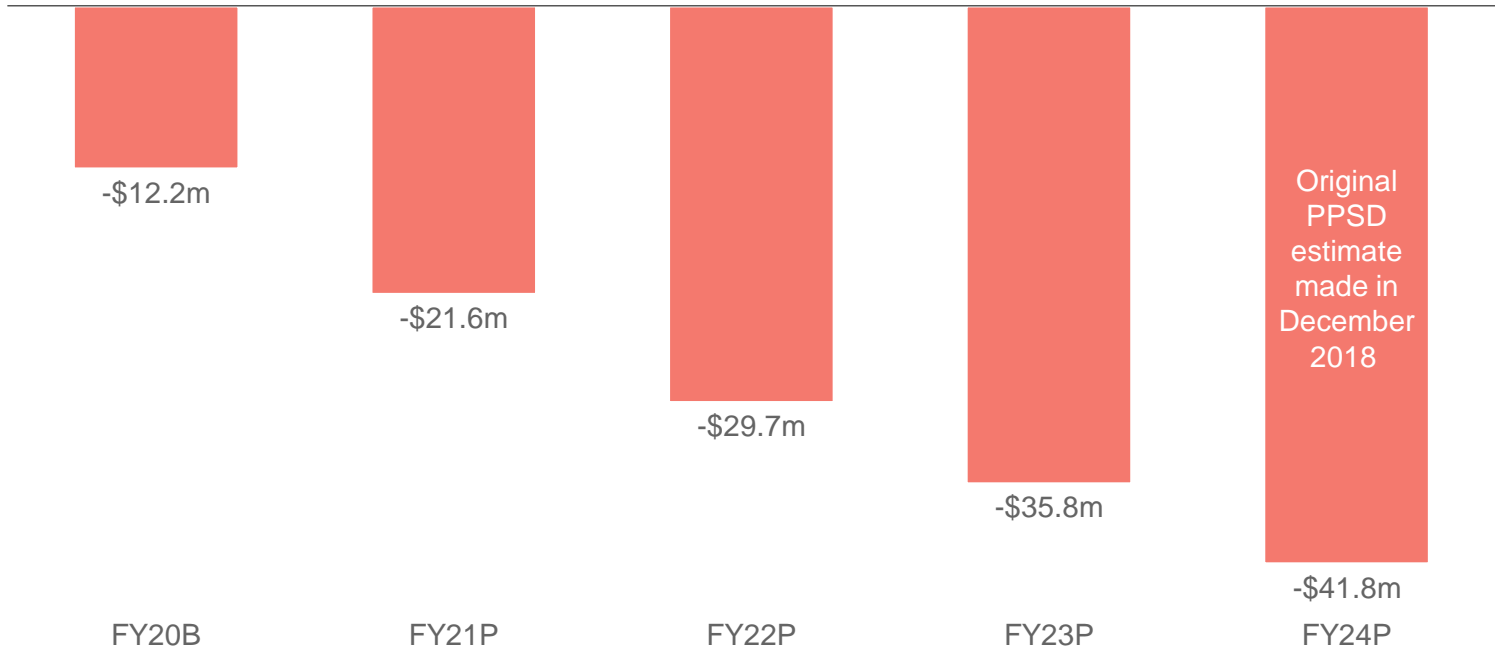
Agenda

- ▶ System overview
- ▶ **Financial health**
- ▶ School-level resources
- ▶ Central office and school supports
- ▶ Facilities

Financial health

In 2018, the City of Providence projected an ~\$42m deficit in PPSD by FY24

City of Providence five-year projections for PPSD
Local budgets
 FY20B–FY24P
 Developed in December 2018



Revenues	\$388.8m	\$391.4m	\$393.9m	\$396.5m	\$399.1m
Expenditures	\$401.1m	\$413.0m	\$423.6m	\$432.3m	\$440.9m

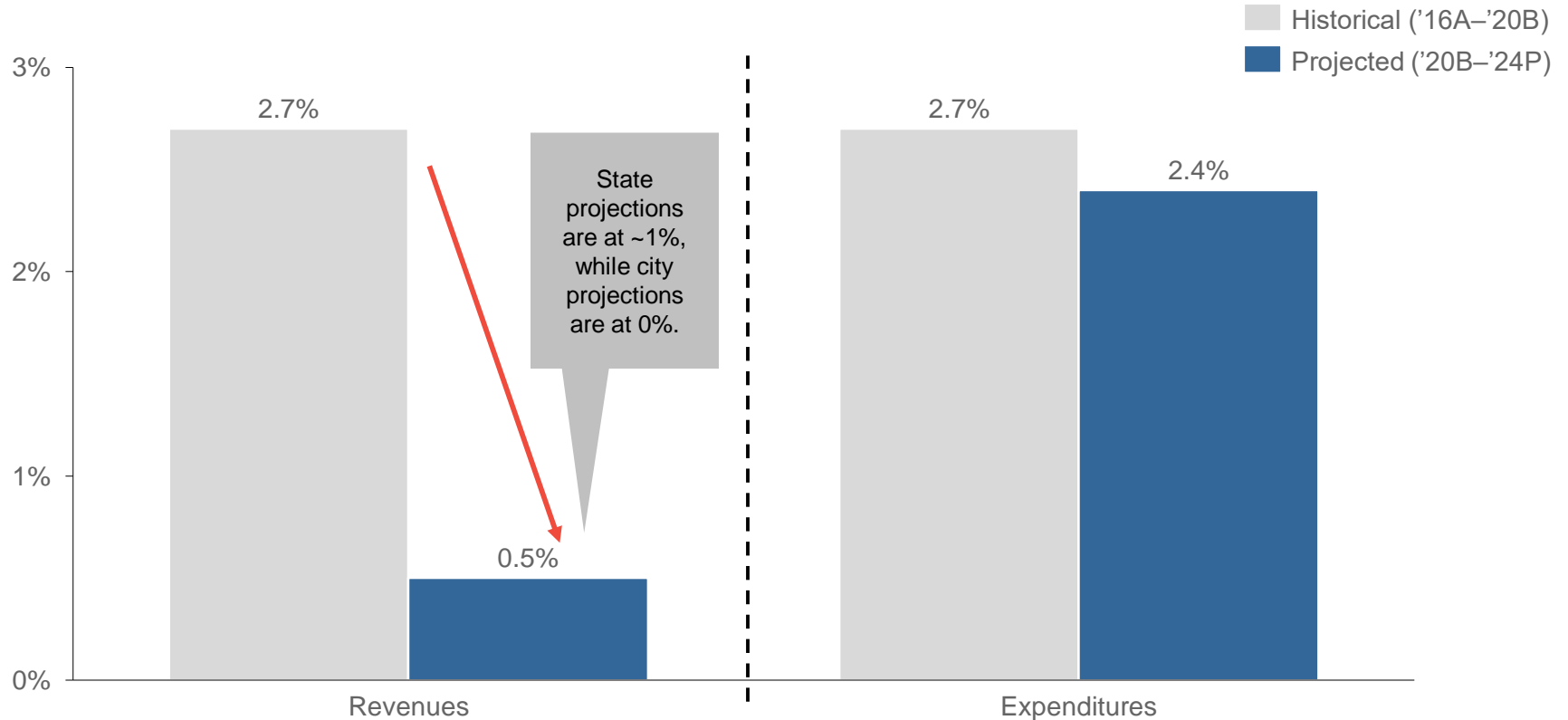
Source: FY2019 FY2020 to FY2024 five-year plan, Elorza administration published January 2019; District, City and State interviews

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Financial health

The City's deficit estimate was based on a significant projected reduction in revenue growth (the City actually anticipated slowing cost growth)

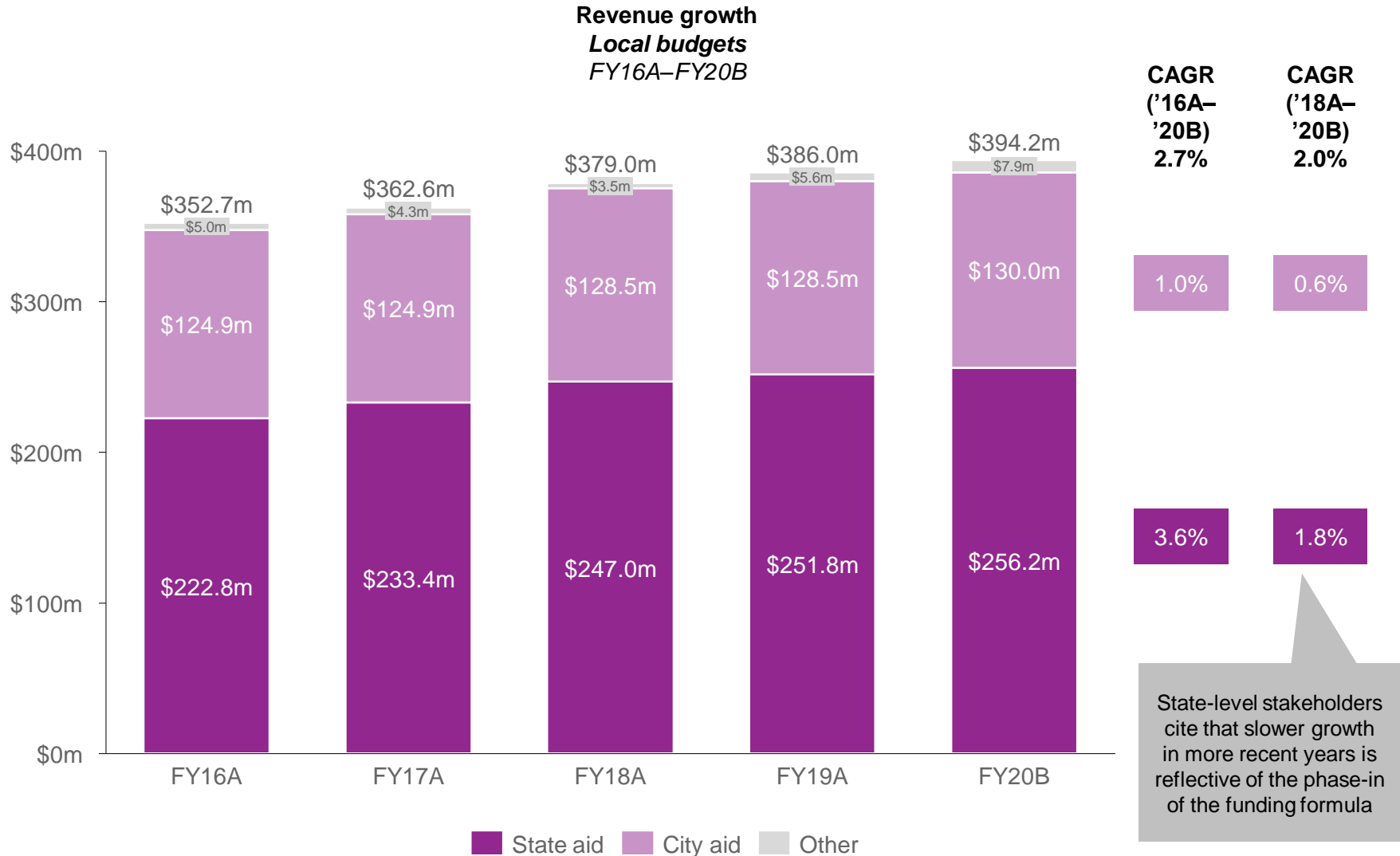
Annual cost growth, local budget revenues vs. expenditures
CAGR FY16A–FY20B and FY20B–FY24P



The subsequent pages consider historical trends in revenues and costs, as well as anticipated projections or pressures — all of which can be used to provide insight into PPSD's financial health

Financial health – historical revenues

However, revenue has grown ~3% annually since 2016, driven primarily by increases in state aid; growth has slowed to ~2% since 2018



Note: Other includes Medicaid reimbursements; indirect costs from federal, state or private sources; and other miscellaneous revenues.

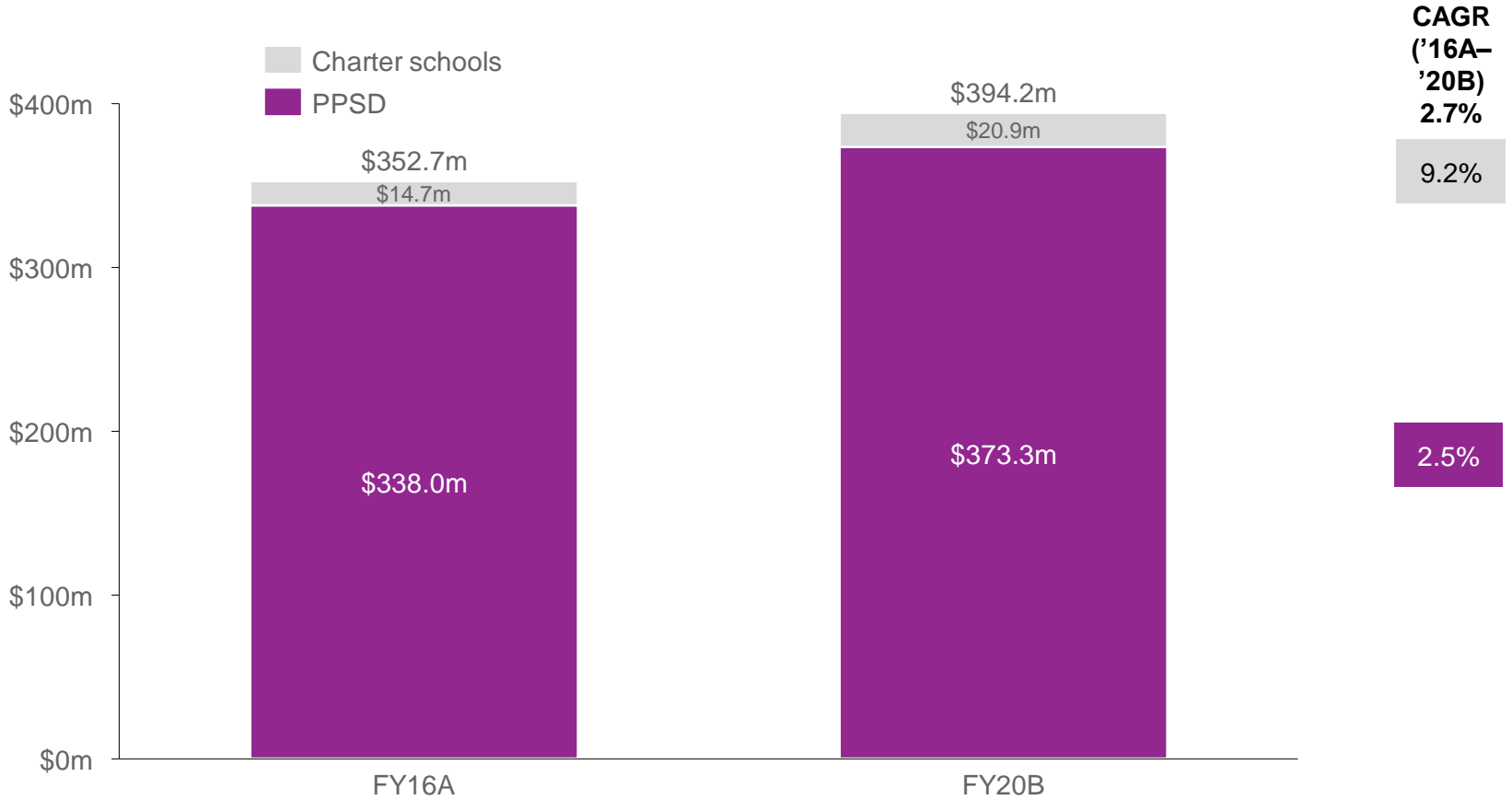
Source: Rhode Island Department of Education; Providence Public School District; District, City and State interviews

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Financial health – historical revenues

Further, PPSD revenues have grown since FY16, outpacing PPSD enrollment growth, even net of charter school growth

Revenue growth
Local budgets
 PPSD “net revenue” as a portion of total, FY16A–FY20B

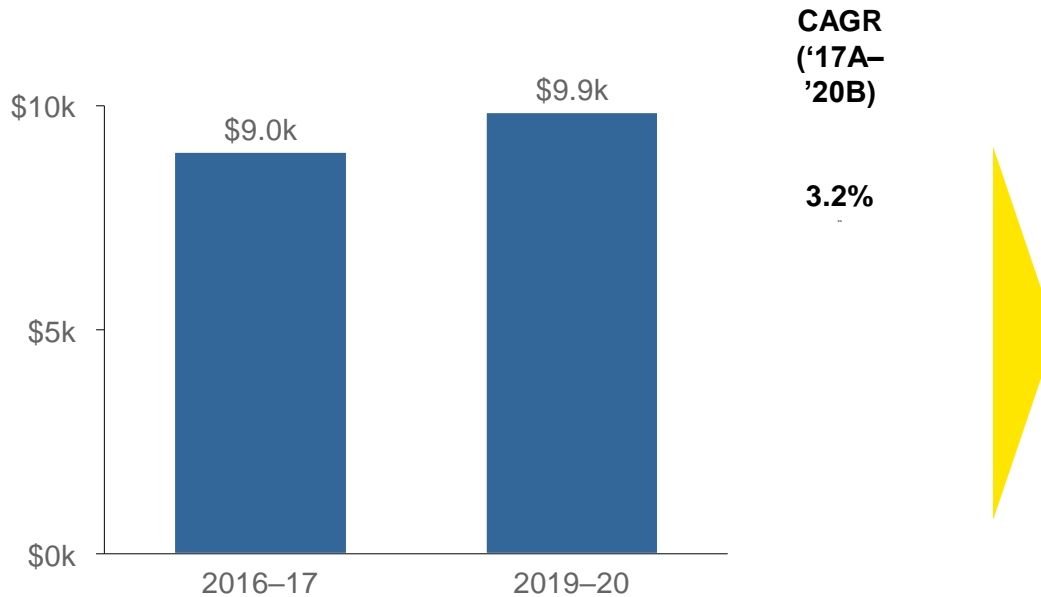


District enrollment	23.9k	24.0k	0.1%
Charter enrollment	3.3k	4.9k	10%

Financial health – estimated revenues

Key drivers of state aid overall are growing at 3%, and the State now anticipates growth at 2% next year for PPSD specifically

Rhode Island core instructional amount per pupil
FY17–FY20



State projections anticipate PPSD revenue from the State will grow slightly slower, at 2%, in the next year

- ▶ State revenue to PPSD is growing more slowly than the overall funding formula due, in part, to the fact that the funding formula is fully phased in

- ▶ The Rhode Island core instructional amount per pupil is a key component of the State’s funding formula and represents >85% of state aid
- ▶ The core instructional amount is calculated as an average of state expenditures on education in four New England states and, therefore, is not driven by policy or decision-making in Rhode Island
- ▶ Additionally, states that make up the core instructional amount, such as Massachusetts and Connecticut, have increased (or are anticipated to increase) their state expenditures on education, which will have a lagged, positive effect on the core instructional amount over time

Note: The core instructional amount per pupil is calculated by RIDE by averaging historical state expenditures in Rhode Island, Connecticut, Massachusetts and New Hampshire and adjusted by the Consumer Price Index (CPI) to normalize dollars.

Source: Rhode Island Department of Education; Rhode Island Office of Management and Budget; FY2020 State of Rhode Island and Providence Plantations Executive Summary; Providence Public School District; Connecticut School and State Finance Project; *The Boston Globe*

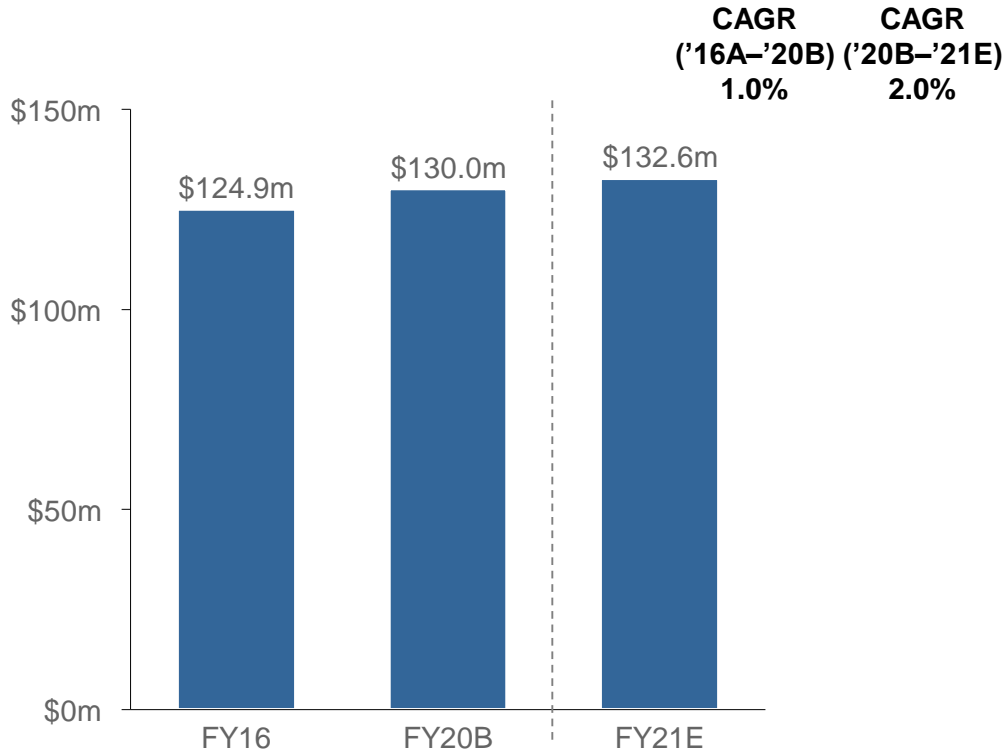
Financial health – estimated revenues

The State’s takeover also obligates aligned City and State investment

City appropriations for public education

Local budgets

FY16–FY21E



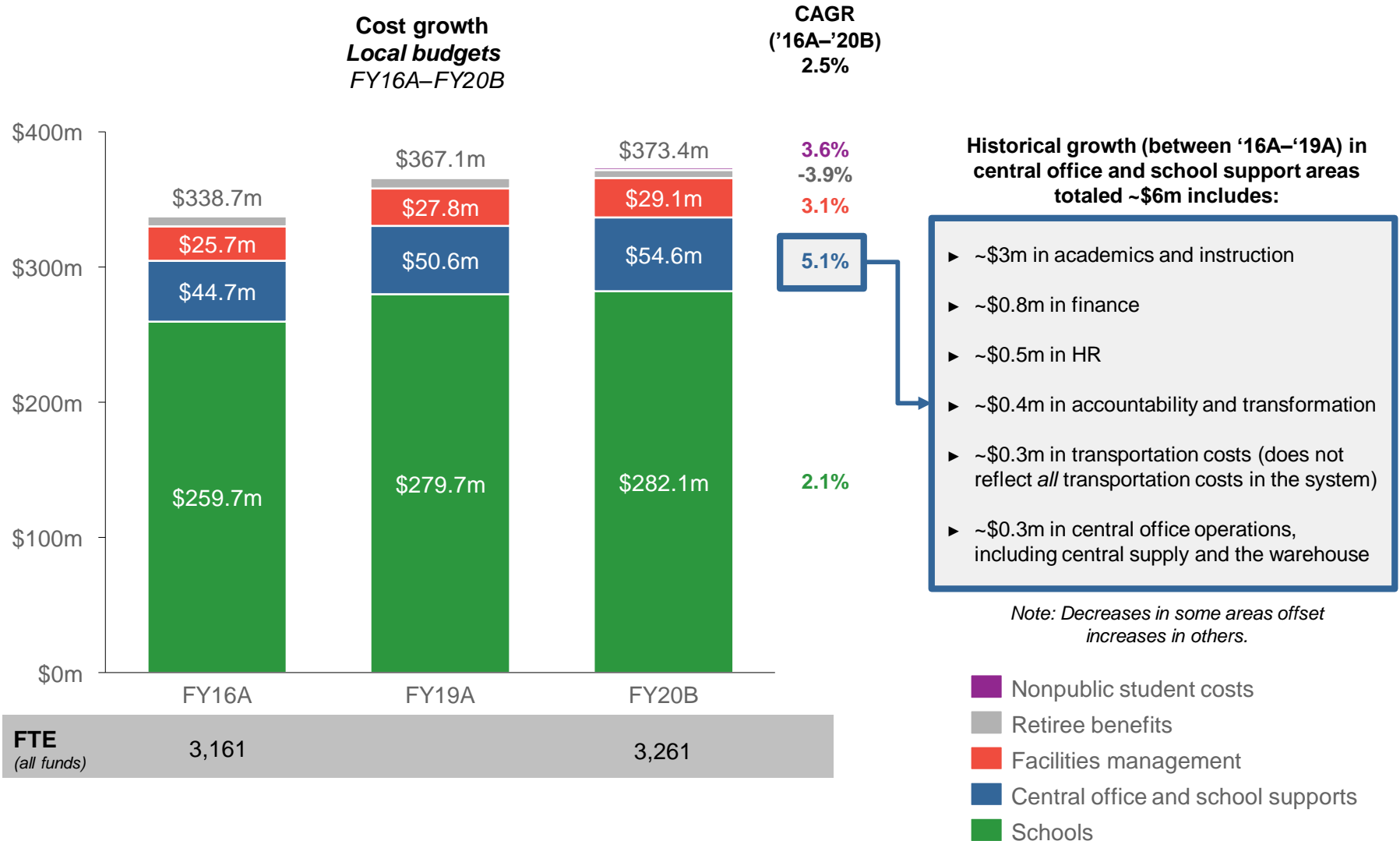
While city aid has been relatively flat historically, the Crowley Act enables the District to receive more revenue

*“If a school or school district is under the board of regents’ control as a result of actions taken by the board ... the local school committee shall be responsible for funding that school or school district at the same level in the prior academic year **increased** by the **same percentage** as the **state total** of school district aid is **increased.**” – Crowley Act*

Assuming city aid grows in line with state aid to the District, city revenue could reach \$132.6m in FY21, which is ~\$4m more than the City’s projections for the same year (which was at \$128.5m)

Financial health – historical costs: central office

Since FY16, central office and transportation costs have grown faster than school budgets and district-budgeted facilities spending



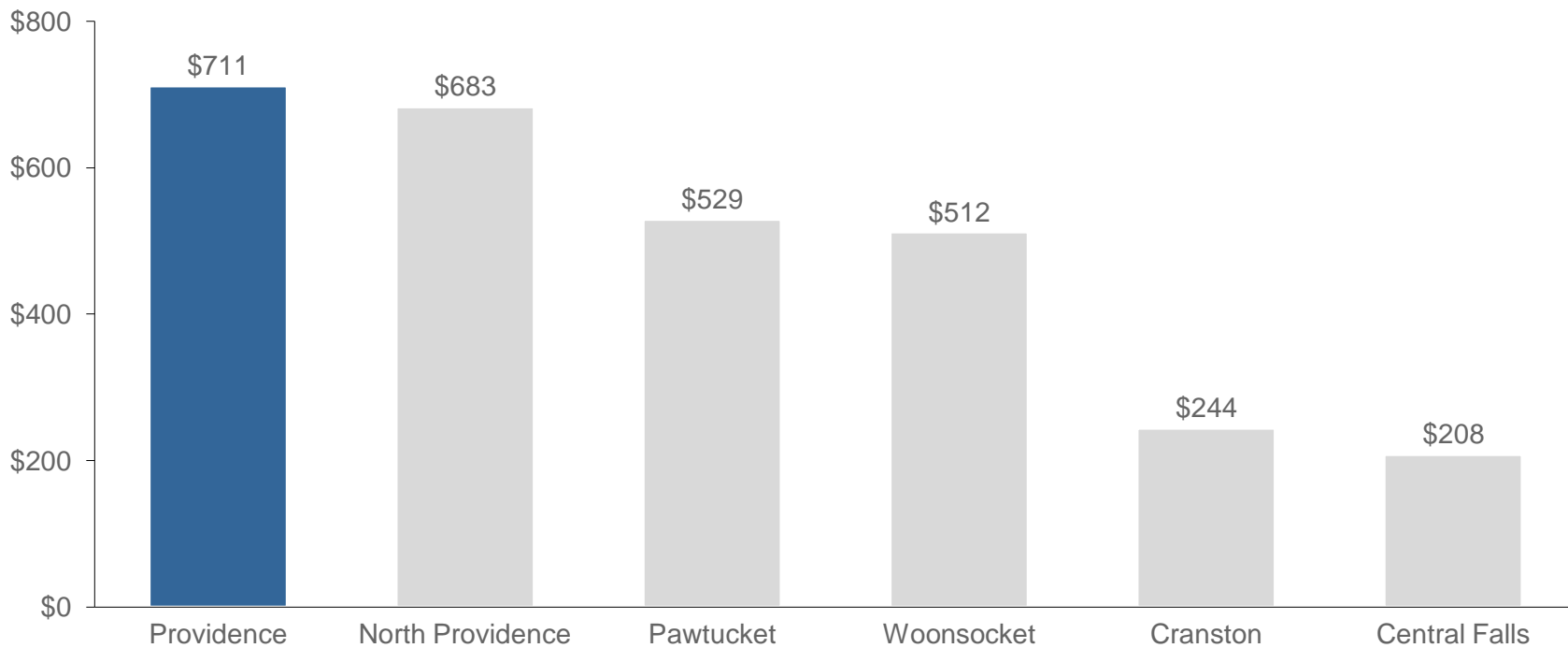
Note: "Key areas" only include central office and school supports segments that have increased by more than \$0.3m from 2015–16 to 2018–19; FTE counts exclude substitutes, seasonal workers and vacancies; in this view, charter costs are not included as they are considered a revenue deduction.

Source: Providence Public School District

Financial health – historical costs: transportation

PPSD spends more on student transportation than most benchmarked Rhode Island districts

Student transportation contracts and services, per pupil expenditures
FY18



Further transportation analysis may be needed to understand not only cost per pupil across districts but also cost per bus and cost per rider

Note: Student transportation contracts and services include in-district, out-of-district and public transportation costs.

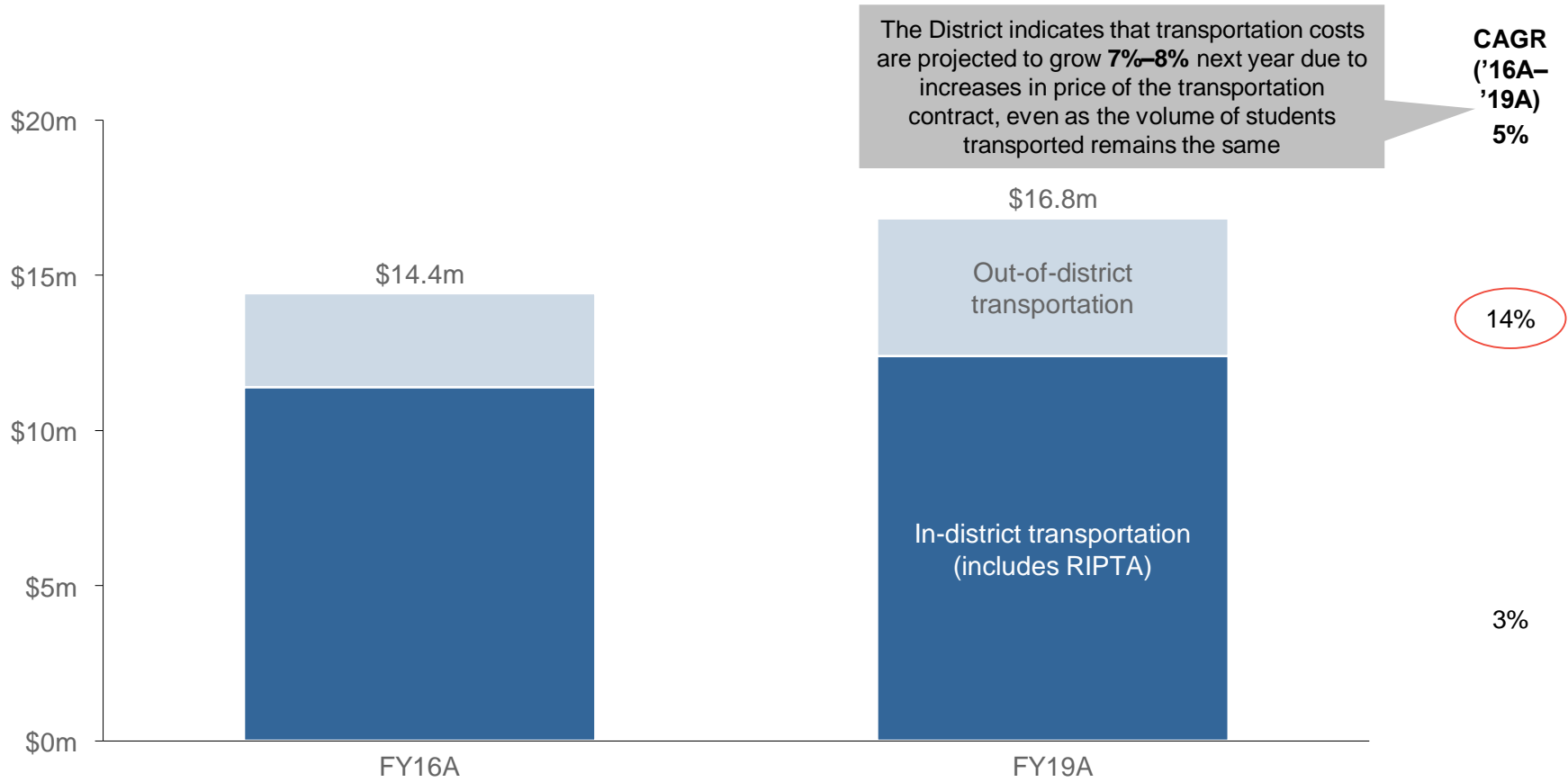
Source: Rhode Island Department of Education UCOA

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Financial health – estimated costs: transportation

Out-of-district transportation costs have driven overall cost growth in this category; the district expects even faster cost growth next year

Transportation contracts, in- and out-of-district students
 All budgets
 FY16A–FY19A



Total district operated buses	FY16A	FY19A
	139	140

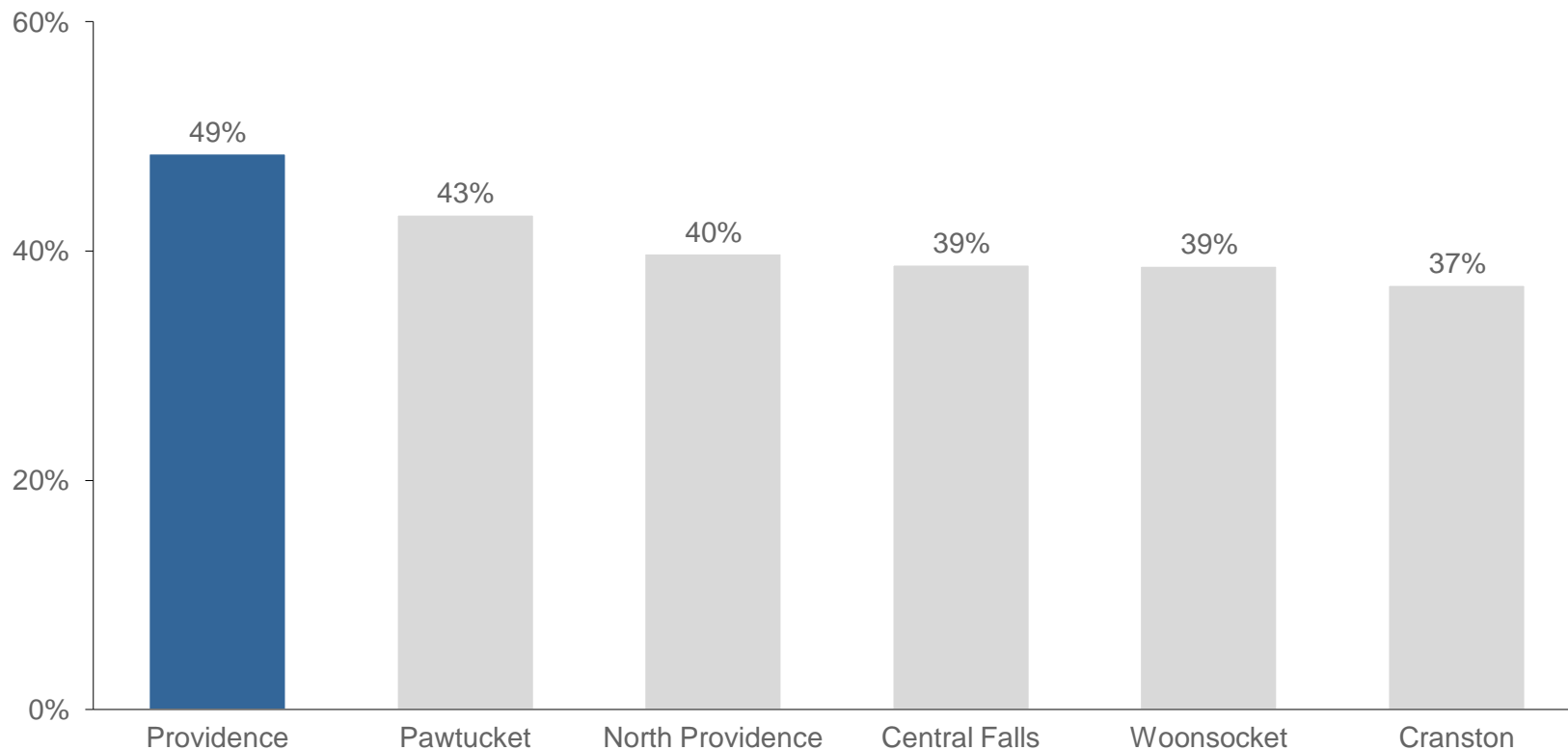
Source: Providence Public School District

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Financial health – historical costs: benefits

PPSD benefits expenditures total approximately half of PPSD salaries, and outpace other districts in Rhode Island

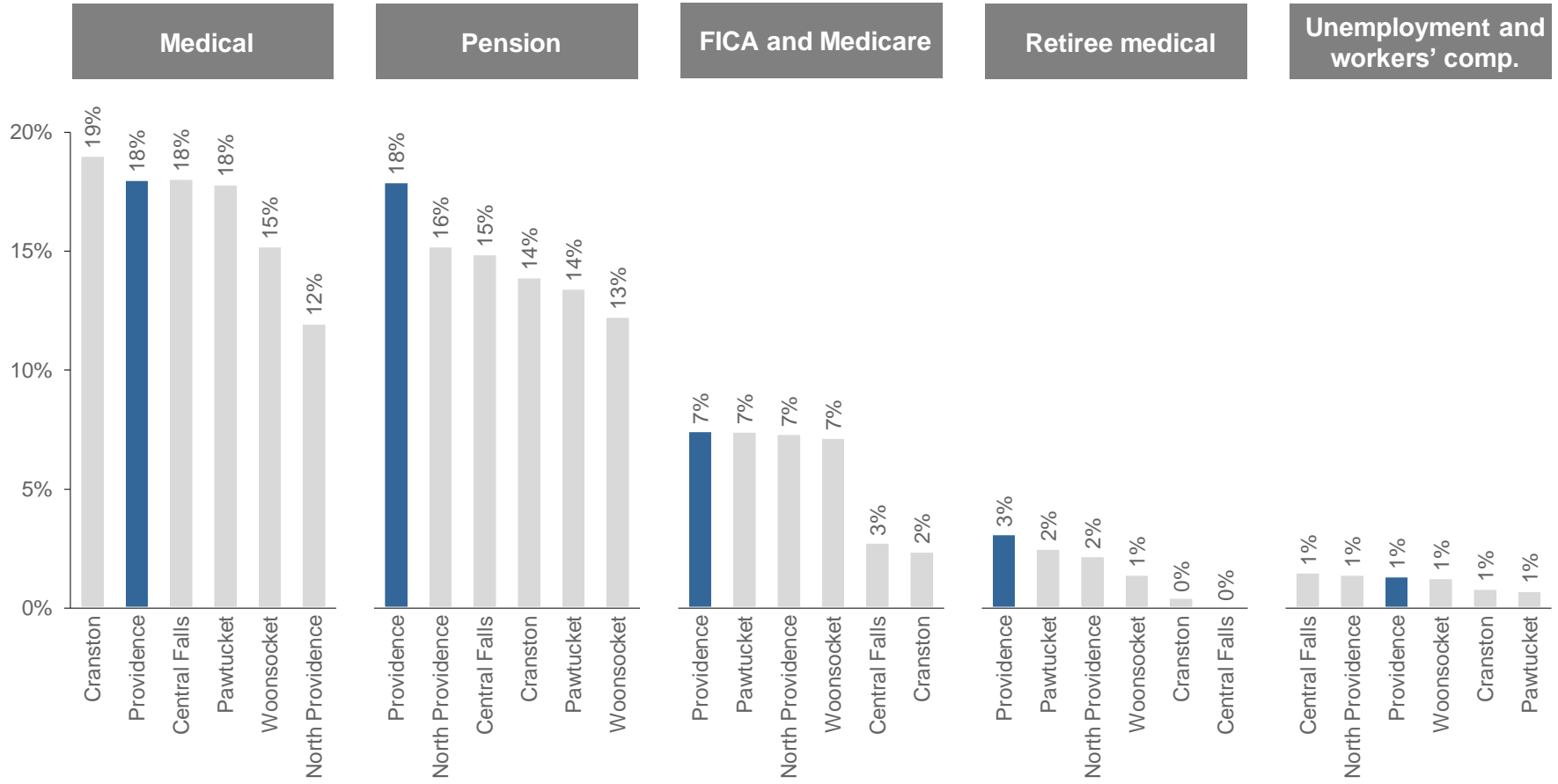
Benefits expenditures as a percent of salary expenditures
FY18



Financial health – historical costs: benefits

Pension and retiree medical benefits are the two cost areas most out of line with Rhode Island benchmarks

Benefit expenditures as a percent of total salary expenditures by type and district
FY18



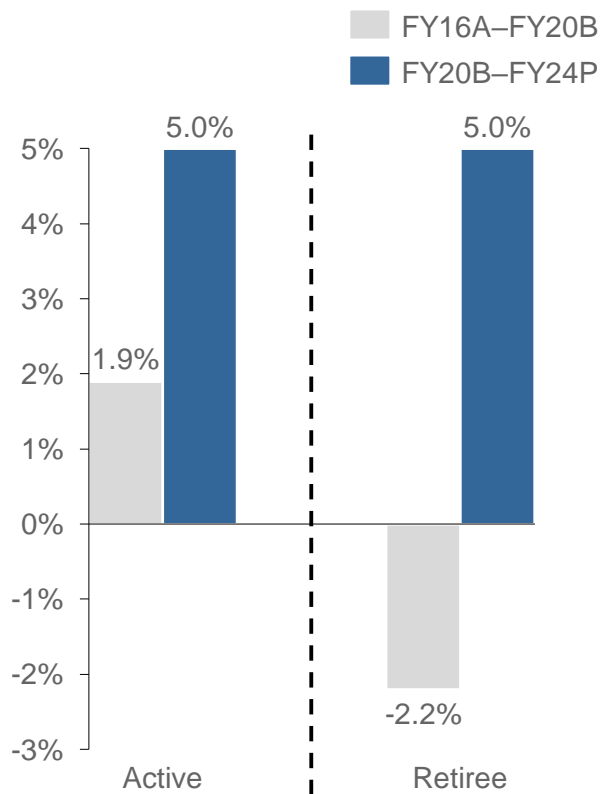
Note: Excludes benefit expenditures less than 1% of salaries across all districts; FICA and Medicare expenditures in Central Falls and Cranston are lower than expected based on federal requirements but is what is reported in the State's UCOA data; all data is taken from UCOA's verified financials as reported by the District.

Source: Rhode Island Department of Education UCOA

Financial health – estimated costs: benefits

While medical benefits costs have only increased ~1% annually since FY16, the City projects growth at ~5% annually going forward

Medical benefits annual cost growth
CAGR FY16A–FY20B and FY20B–FY24P



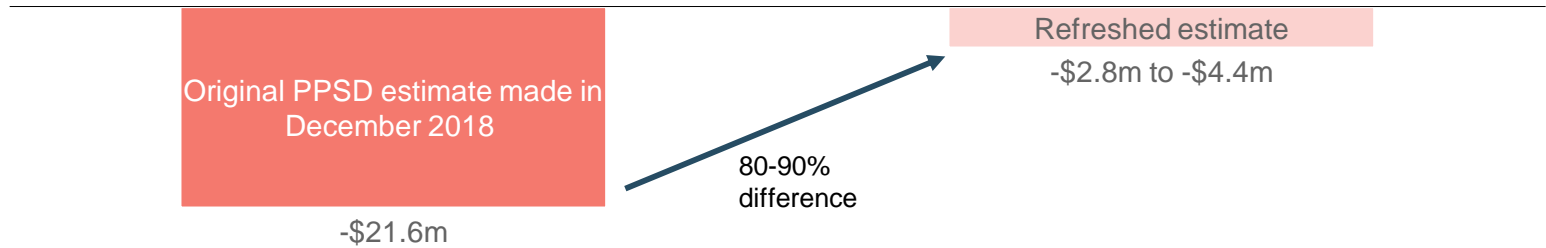
In aggregate, medical benefits growth was ~1% annually between FY16 and FY20 and is anticipated to grow at ~5% annually in the next four years

- 1 Historically, the City has experienced low cost growth due to a combination of cost-saving levers and low-claims activity**
 - ▶ The City has introduced various initiatives to help control costs, including coordination of benefits, plan revisions and transitioning from self-funded to third-party insured plans for retirees
 - ▶ The City has yet to face any high-cost claims over ~\$1m, which experts believe to be a statistical anomaly given the size of its employee base
- 2 Stakeholders anticipate future growth in benefits to exceed historical trends.**
 - ▶ The City has an aging workforce that is likely to drive a larger volume of health claims in the future. Additionally, the City is anticipating an uptick in high-cost claims relative to historical
 - ▶ The City has already pulled many available levers to contain cost growth that have been easier to implement
- 3 There are additional levers that remain to control costs but could require more structural changes.**
 - ▶ The City offers 48 benefit plans and tiers for employees
 - ▶ Stakeholders believe that controlling future costs could include plan design changes that involve shifting costs to employees through higher co-pays and deductibles

Financial health

Altogether, State and District revenue and cost assumptions indicate a potential deficit of ~\$3-5m in FY21, *prior to any required school-level investments*

Estimated district deficit Local budgets FY21P



Assumption	Revenue estimate assumptions	
	Original estimate	Refreshed estimate*
Revenues	<ul style="list-style-type: none"> ▶ Assumes slowed revenue growth of 0.5% overall ▶ Revenue from the State grows at 1%, while revenue from the City remains flat at 0% growth 	<ul style="list-style-type: none"> ▶ Assumes historical revenue growth of 2%, based on trends in the two most recent years ▶ Assumes city growth aligns to state growth at 2%, given the provisions of the Crowley Act ▶ Includes an assumption that all currently approved charter seat expansions are filled, but no additional new schools or seats are considered
Costs	<ul style="list-style-type: none"> ▶ Assumes cost growth slows to 2.4% going forward 	<ul style="list-style-type: none"> ▶ Assumes costs grow at historical rates ▶ High end of the range in deficit includes assumptions in departments where the City or PPSD expects costs to grow faster than historical: medical benefits and transportation

*Note: Refreshed estimate calculated based on State OMB guidance for state revenue and Crowley Act obligations for city revenue.

Source: FY2019 FY2020 to FY2024 five-year plan, Elorza administration; Providence Public School District; District, City and State interviews

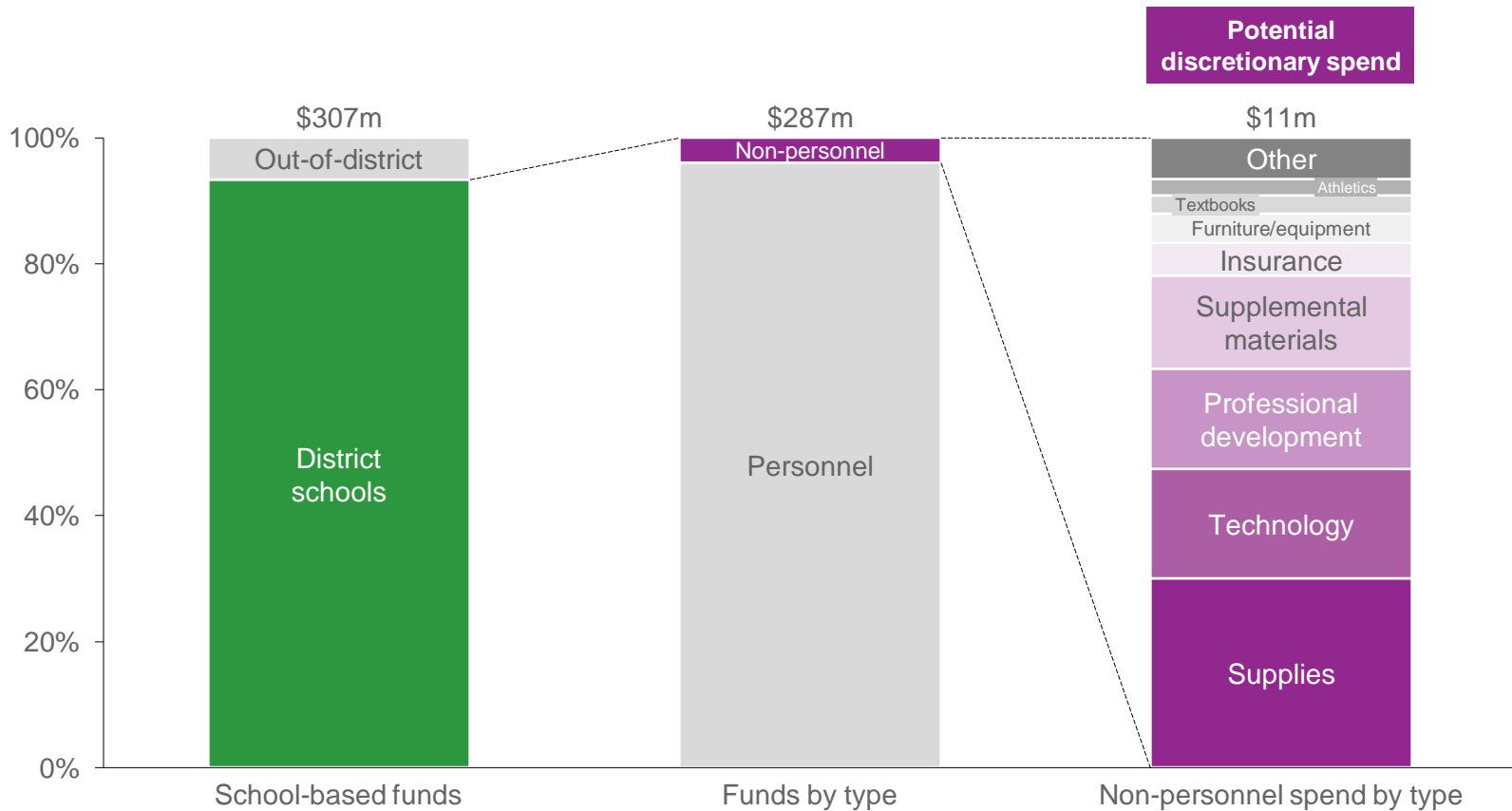
Agenda

- ▶ System overview
- ▶ Financial health
- ▶ **School-level resources**
- ▶ Central office and school supports
- ▶ Facilities

School-level resources

Less than 4% of the \$287m for school budgets can be used at a school leader's discretion

School-based funds by location and type
2019-20



Note: Out-of-district costs include costs such as tuition and transportation for special education students placed in schools outside of the district

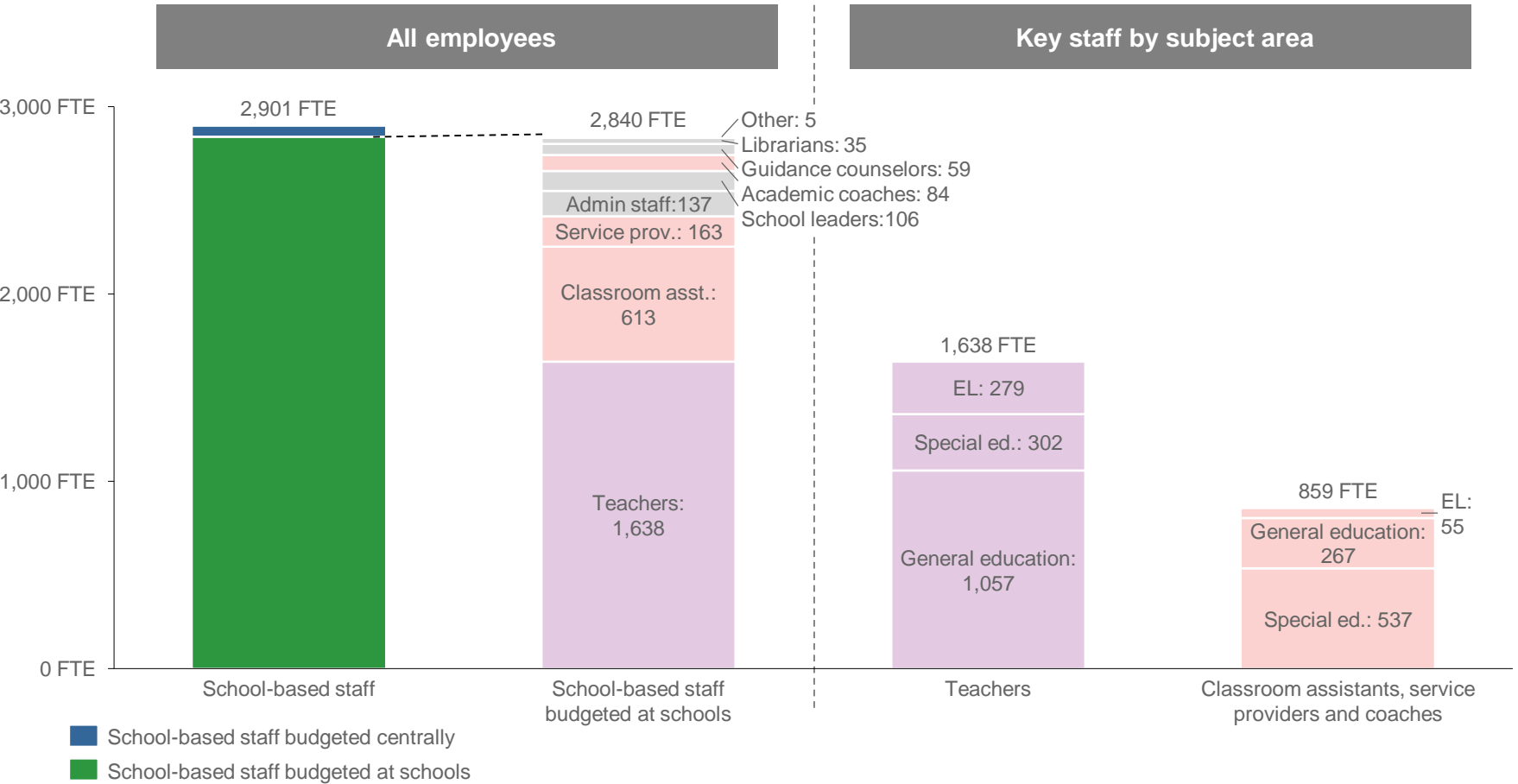
Source: Providence Public School District; District, City and State interviews

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School-level resources

~2,800 staff are budgeted and based in schools; general education teachers make up ~65% of the teaching force

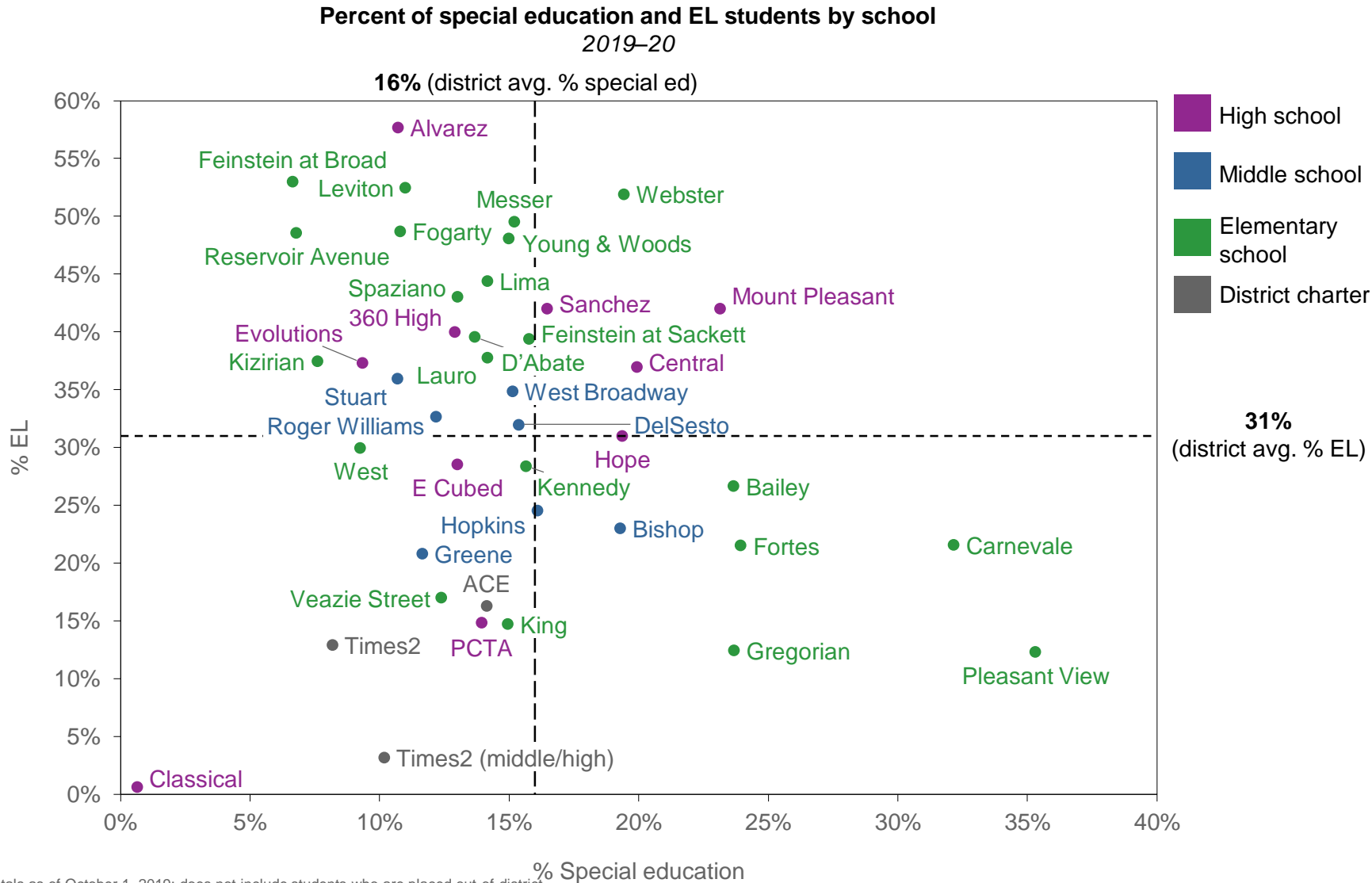
PPSD school-based staff by location and type
2019–20
As of November 2019



Note: Excludes substitutes and seasonal employees; does not include employees of charter schools; FTE data as of November 2019
Source: Providence Public School District

School-level resources – English learners

PPSD schools have a varying degree of student need in terms of special education and EL status



Note: Enrollment totals as of October 1, 2019; does not include students who are placed out-of-district

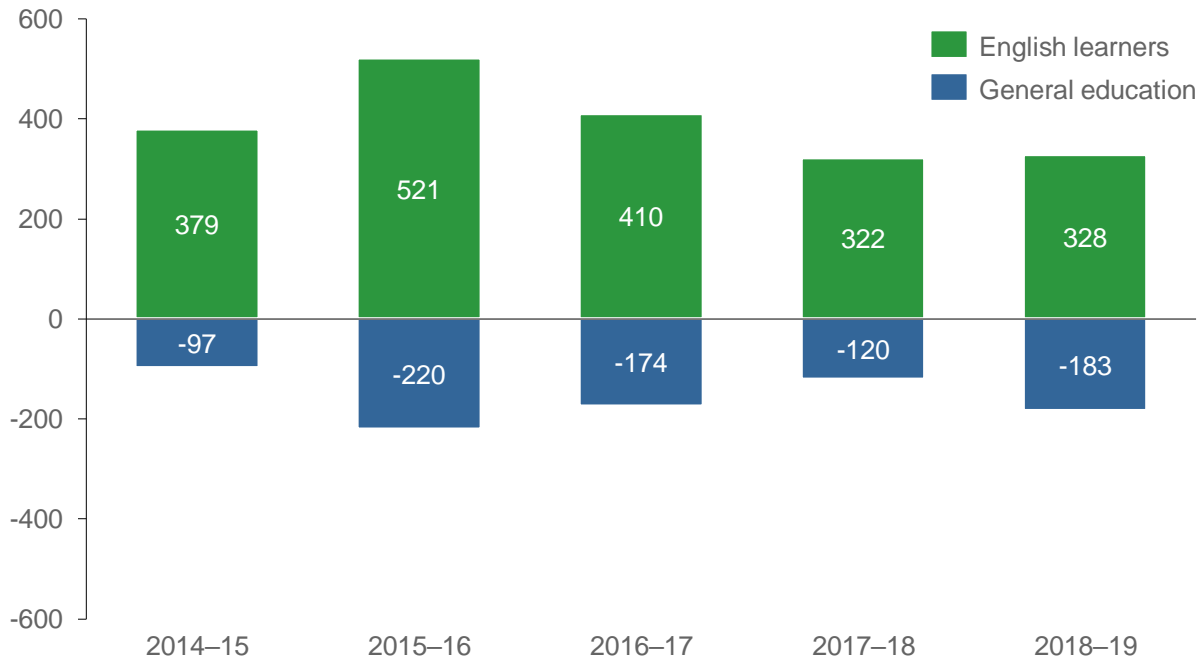
Source: Providence Public School District

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School-level resources – English learners

Each year, the District receives new EL students during the year, while losing general education enrollment

Change in enrollment from October to June, general education vs. English learners
2014–15 to 2018–19



Commentary

The District has struggled to accommodate the needs of its growing EL population, especially as students enter after the first day of school

- ▶ School and district stakeholders report already being at or near capacity for EL seats across several grade levels and expect hundreds of additional students to enter the District throughout the year
- ▶ While this particular trend of EL students entering the District and general education students leaving the District during the school year has occurred over the past several years, staffing and budgeting practices have not changed to account for EL students who enter the District after the beginning of the year

Enrollment change, EL	7%	10%	7%	5%	5%
enrollment change, gen. ed.	-1%	-1%	-1%	-1%	-1%

Note: Enrollment data provided by the EL department and not broken out by program type

Source: Providence Public School District; District, City and State interviews

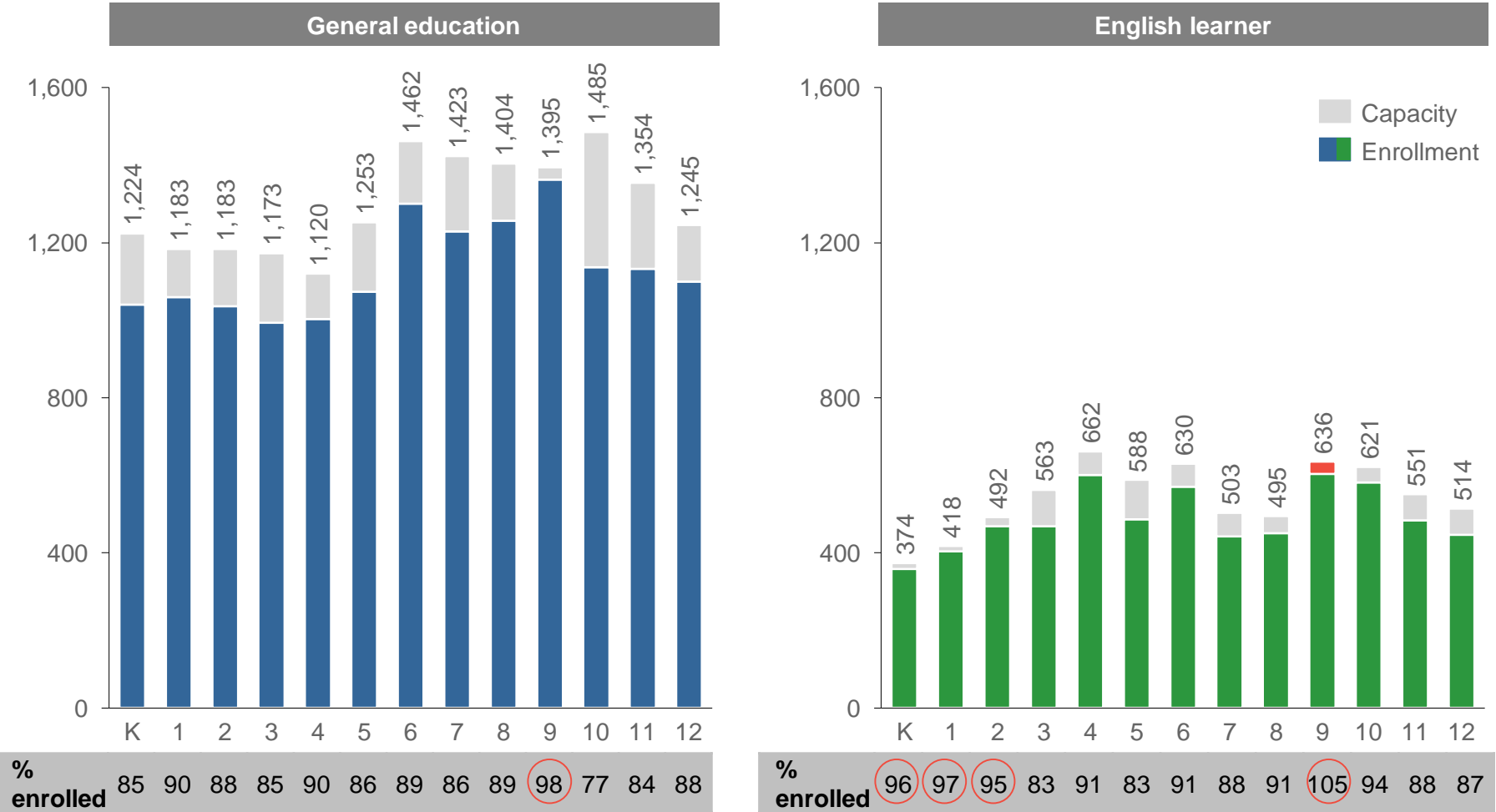
Reliance restricted. Does not constitute assurance or legal advice. Please refer to limitations and restrictions on page 2.

School-level resources – English learners

Within the first month of SY19–20, PPSD had some capacity in general education but very little room to accommodate new EL students

General education and EL enrollment and capacity by grade

District reported as of October 1, 2019



Note: Analysis aggregates all EL and general education seats by grade to calculate enrollment and capacity. The District's actual ability to place students in general education and EL seats will be further restricted by the number and type of seats available on a school-by-school basis. Analysis does not include students in dual enrollment programs.

Source: Providence Public School District

School-level resources – English learners

A staffing analysis explores whether the District has the right mix of teachers to support ELs

The District is currently in the process of implementing a settlement agreement with the DOJ that proposes a set of guidelines for placement of EL students

This analysis models the number of EL and general education teachers that would be *implied* based on:

- ▶ Number of EL students enrolled, by grade and by level
- ▶ DOJ advised guidelines that indicate the ratio of EL students to EL-certified teachers (e.g., 26 levels 1–2 EL students in a sheltered classroom, 13 levels 3–4 students in an integrated setting)
 - ▶ Note: Builds in DOJ guidelines that stipulate that levels 1–2 students must be integrated after two years in the system, despite their tested level. Currently, students testing at levels 1–2 are sheltered for up to five years
- ▶ Assumed built-in additional capacity that enables late entrant EL students to enter the District*



How does this **implied** number and type of teacher compare to the actual number of teachers in the building?

*Note: For the illustrative purposes of these case studies, assumptions around built-in additional capacity are currently modeled to be ~10% excess seats in each classroom (e.g., EL classrooms are capped at 23 instead of 26), based on guidance from the EL department. Additional analysis would be required to understand where in the city excess EL capacity would need to be built in, as late entrant EL growth may not necessarily be uniform across the District. Case studies were developed in conjunction with district leadership and the EL department. All numbers are based on data provided by and assumptions made and confirmed by district leadership

Source: District, City and State interviews

School-level resources – English learners

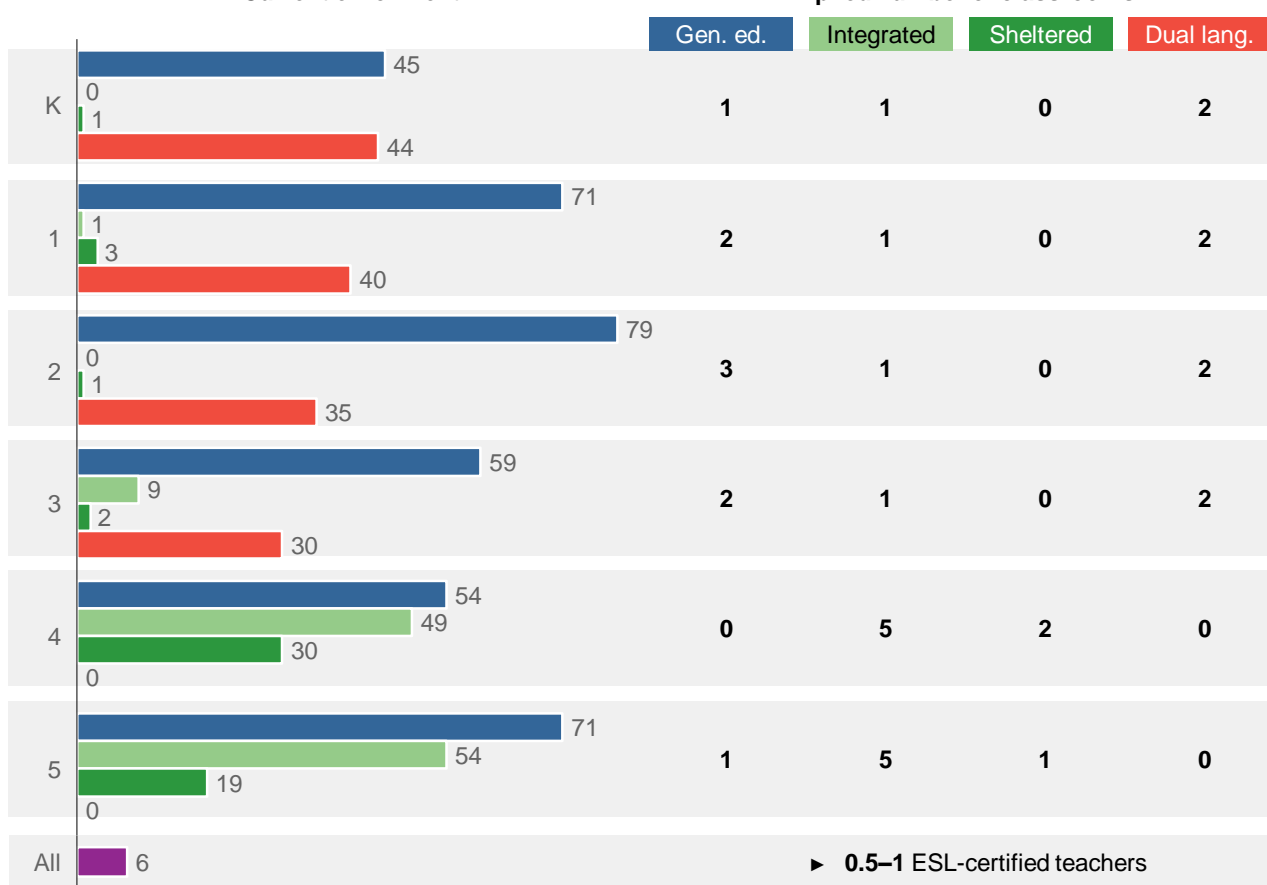
Consider one example elementary school, where staffing guidelines suggest there is a need for ESL-certified teachers to support integrated EL classrooms

General education and English learner enrollment and classroom needs

Select elementary schools, 2019–20

Current enrollment

Implied number of classrooms



	General ed.	English learner	Dual lang.
Students	379	174	150
Current teachers	23 (2 leave)	6	8
Teachers based on implied need	9	17–18	7
Difference	12–14 teach. too many	11–12 teach. too few	1 teach. too few

■ General education ■ EL: integrated ■ EL: sheltered ■ Dual language ■ EL: self-contained spec. ed.

Note: Enrollment data as of October 1, 2019; assumes maximum general education class size of 26 students; inclusion classrooms have no more than 11 EL students and 23 students total; assumes no sheltered EL class of fewer than 10 total students; all EL classrooms have ~10% extra capacity to make room for late entrant students; if a grade has fewer than 10 sheltered EL students, these students are placed in an integrated EL setting to avoid very small classrooms; FTE data as of November 2019

Source: Providence Public School District; District, City and State interviews

School-level resources – English learners

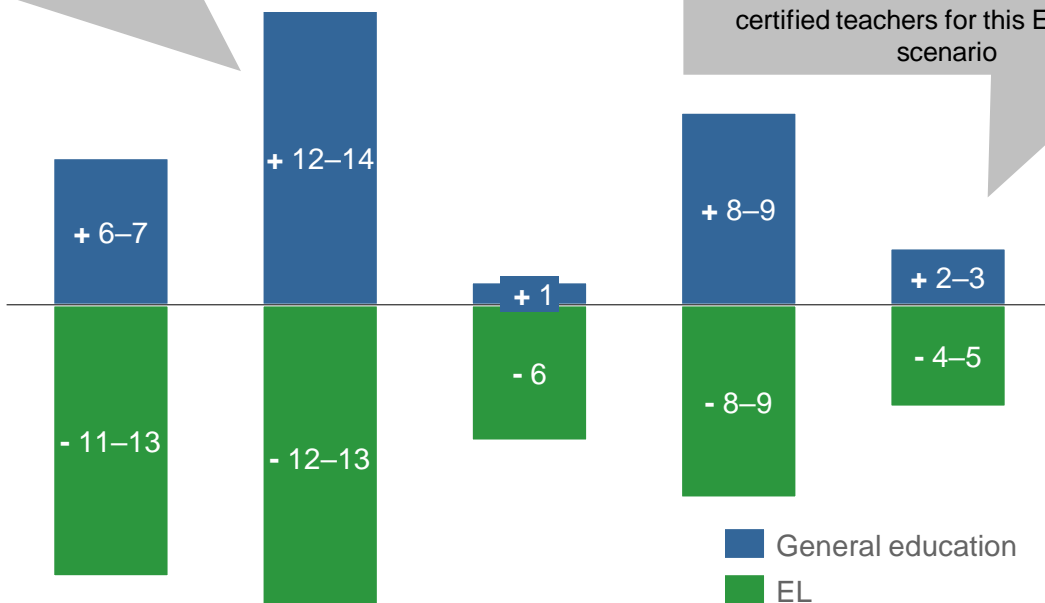
An analysis with PPSD of five sample elementary schools suggested a need for additional ESL-certified teachers to meet DOJ guidelines

Current classroom count as compared to implied staffing scenario

Select elementary schools, 2019–20

The need for additional EL classrooms is more acute in schools with larger EL student populations. According to district leadership, many of these EL students are receiving services in a pullout period or by a teacher coach in the absence of ESL-certified teachers and integrated classrooms

For example, elementary school #5 currently has 2–3 too many general education teachers and 4–5 too few ESL-certified teachers for this EL staffing scenario



- ▶ In these five schools, there is an implied need for:
 - ▶ **~40–50 additional ESL-certified teachers**, more than double current staffing levels
 - ▶ **~30–35 fewer general education teachers lacking ESL certification**, an ~35%–45% decrease in staffing levels
 - ▶ **A net need of ~10–20 additional teachers**, ~10%–15% increase in teaching force

Since each school has its own unique staffing needs, this analysis **cannot be extrapolated to all district schools**

This analysis **does not consider** the current space constraints at many PPSD schools when proposing the need for additional classrooms

% EL students	Elementary school #1	Elementary school #2	Elementary school #3	Elementary school #4	Elementary school #5
	50%–55%	35%–40%	25%–30%	20%–25%	15%–20%

Note: Enrollment data as of October 1, 2019; assumes maximum general education class size of 26 students; inclusion classrooms have no more than 11 EL students and 23 students total; assumes no sheltered EL class of fewer than 10 total students; all EL classrooms have ~10% extra capacity to make room for late entrant students; FTE data as of November 2019

Source: Providence Public School District; District, City and State interviews

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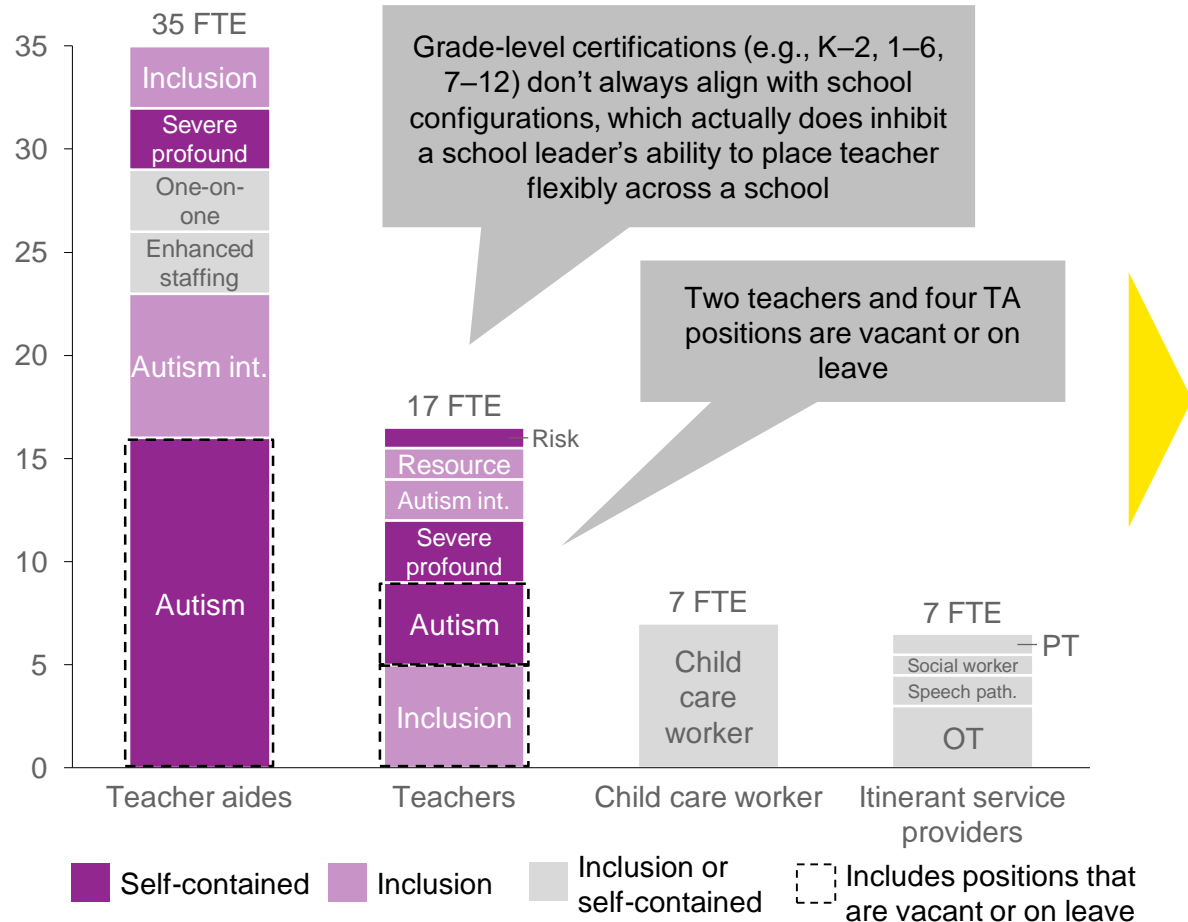
School-level resources – special education

Furthermore, PPSD staff confirmed that special education staffing is done with limited flexibility, driven by interpretation of the collective bargaining agreement

Special education teachers and staff by type

Select elementary school, 2019–20

As of November 2019



- ▶ The school has ~60 special education dedicated FTE; however, district staff believe most are hired to a **specific** classroom type, including at the grade level
- ▶ If the school has excess capacity in special education resource teachers, for example, the District typically has not shifted teachers between classrooms
- ▶ *“Right now, you can't even ask a resource teacher to provide inclusion or co-teach services ... Ideally, you'd have 2 to 3 general special educators in a building who have flexibility to cross programs, which would also reduce the number of self-contained classrooms”*

Stakeholders believe that this behavior is driven by a misinterpretation of the teachers' contract; school leaders and district staff have more flexibility than they believe

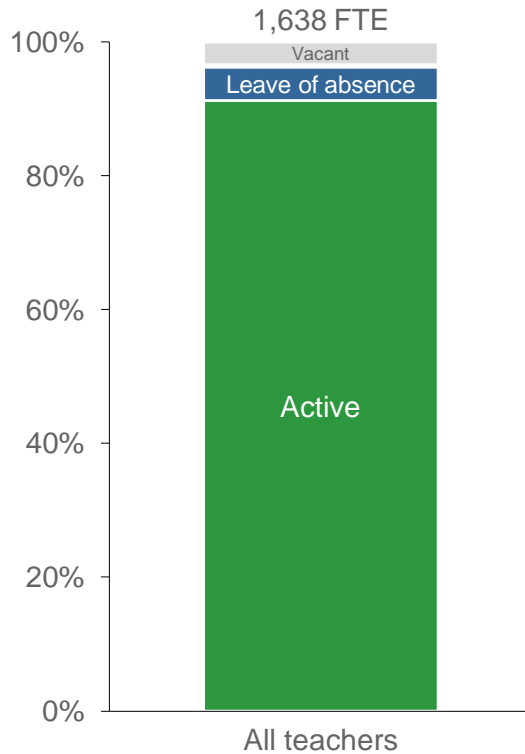
Note: The severe profound teaching position does require advanced certification and may need to be contracted and staffed separately; FTE data as of November 2019.

Source: Providence Public School District; District, City and State interviews

School-level resources

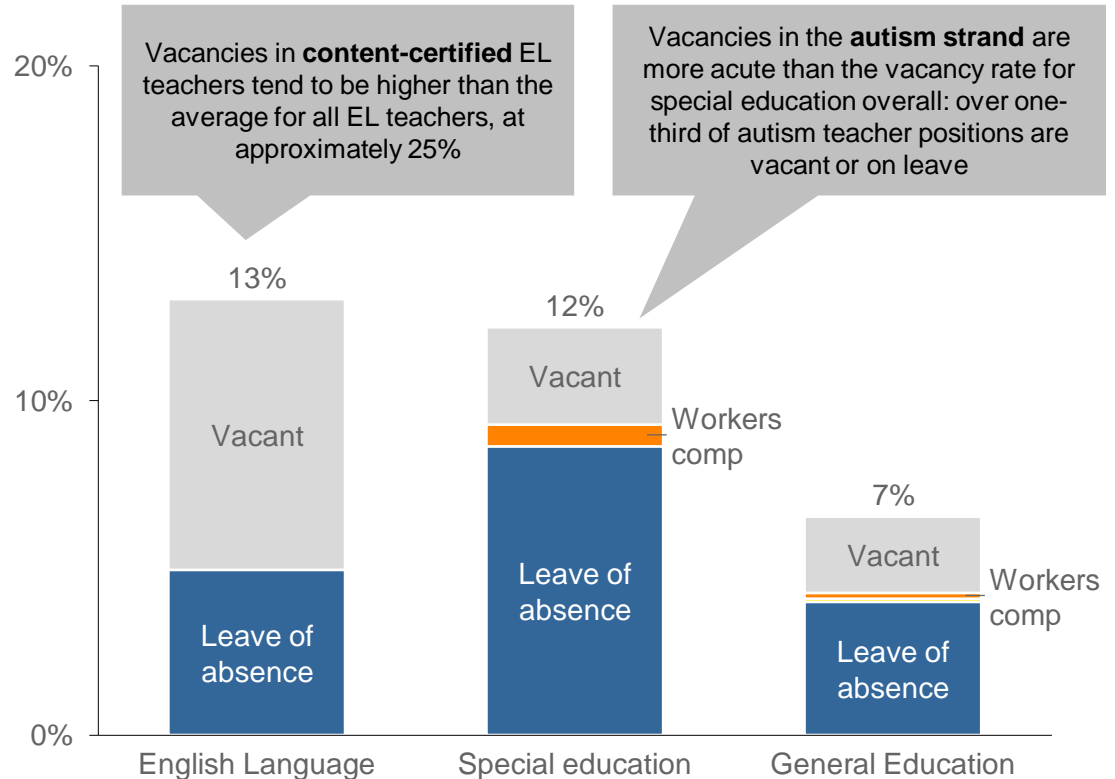
Vacancies in positions that serve special populations exist at double the rate of general education positions and exacerbate the staffing challenge

Teacher positions by status
2019–20
As of November 2019



% vacant/leave 9%

Share of teacher positions that are vacant or on leave by type
2019–20
As of November 2019



Note: The segment of employees on suspension or workers' compensation is too small to be seen in the "teacher positions by status" bar above; the workers' compensation segment also includes employees with the status "on-the-job injury"; teacher positions are calculated based on FTE; does not include charter employees, substitutes, seasonal employees or teachers budgeted to the central office.

Source: Providence Public School District

Agenda

- ▶ System overview
- ▶ Financial health
- ▶ School-level resources
- ▶ **Central office and school supports**
- ▶ Facilities

Central office and school supports budgeted centrally

A total of ~\$85m and ~470 FTE are budgeted to central office, between core administrative functions and direct school-based supports

Central office
(\$25m, 206 FTE)

School supports budgeted centrally
(\$60m, 263 FTE)

Costs that align to core administrative and operational functions

Costs budgeted to central office, but support personnel that spend most or all of their time in schools

Components

- ▶ Superintendent's office and board costs
- ▶ Finance
- ▶ Human resources
- ▶ Chief of Staff's office, including research, planning and data functions
- ▶ Legal
- ▶ Communications and public affairs
- ▶ Student enrollment and placement office
- ▶ Student affairs – department that handles discipline and truancy hearings for students
- ▶ Costs associated with PPSD's warehouse and associated personnel (termed, "central supply")
- ▶ Managerial and administrative costs associated with school supports budgeted centrally functions, such as:
 - ▶ The Chief Academic Officer, directors, supervisors and secretaries in academics
 - ▶ The Chief of Administration, directors and clerks in operations areas such as transportation or IT

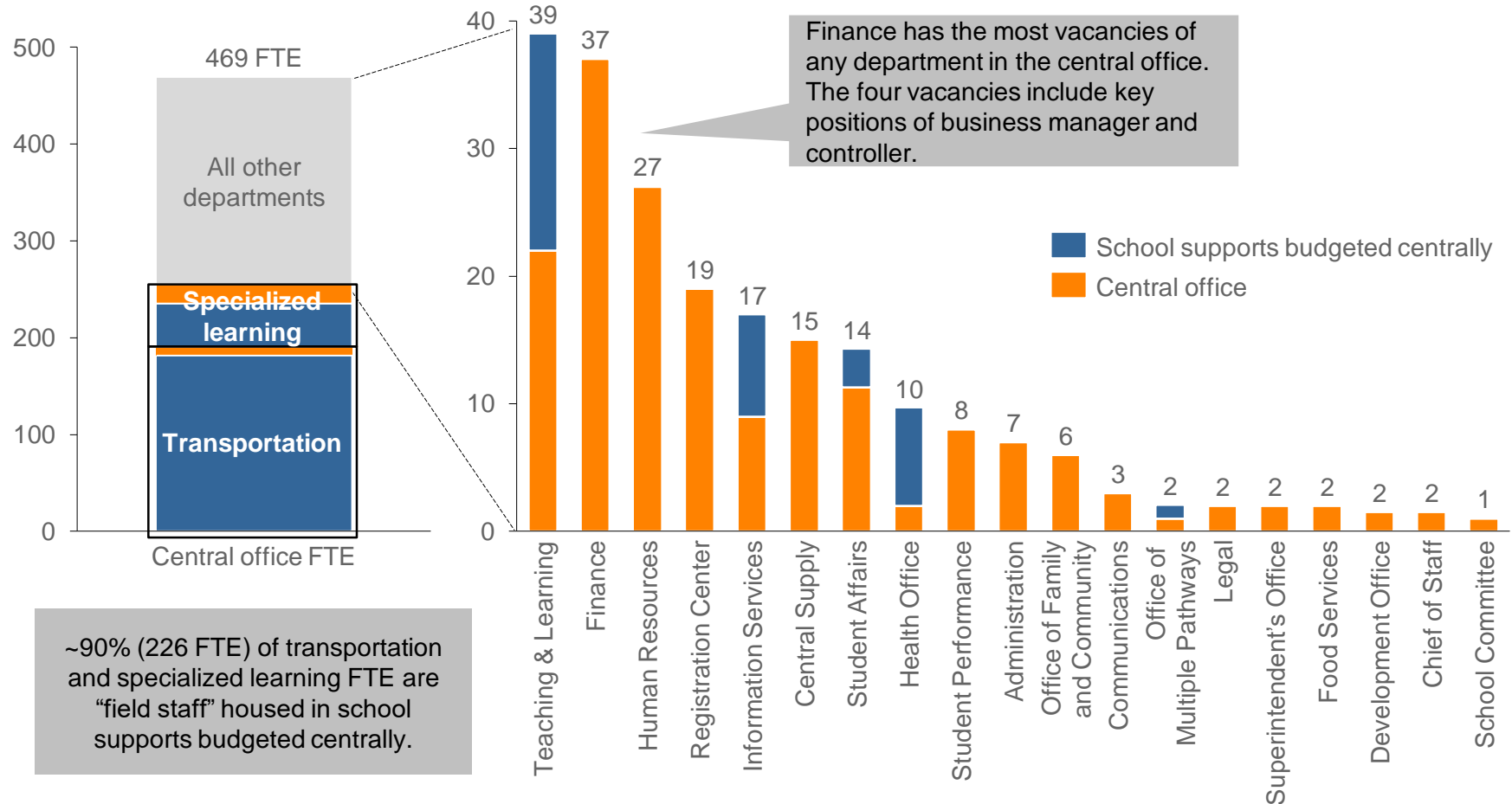
- ▶ While budgeted centrally, costs that can be attributed to directly supporting schools or students, such as:
 - ▶ Transportation contracts and RIPTA passes for in-district students and personnel, such as bus monitors and crossing guards
 - ▶ Food service contract
 - ▶ Academics and instructional staff, such as coaches, special education-related itinerant service providers (e.g., psychologists, speech language pathologists, social workers)
 - ▶ IT staff that are school-facing (e.g., computer management specialists)
 - ▶ Student supports, including the dropout prevention office, home attendance visitors, the student relations office and student health services (e.g., nurses, physicians, dentists)

Given the limited level of discretion and decision-making that schools have over school-based funds, are there opportunities to redeploy resources and find efficiencies to *increase* the level of discretionary funds that go to schools?

Central office and school supports budgeted centrally

Altogether, personnel budgeted centrally totals nearly 500 FTE, of which transportation and specialized learning make up ~50%

Central office and school supports budgeted centrally FTE, by department type
2019–20
As of November 2019



~90% (226 FTE) of transportation and specialized learning FTE are "field staff" housed in school supports budgeted centrally.

Note: Central office FTE count does not include seasonal employees, per diem employees, substitutes or retirees; includes all employees regardless of current employee status (e.g., active, on leave, suspension, workers' compensation, etc.); does not include 11 employees on school committee.

Source: Providence Public School District

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Central office and school supports budgeted centrally

Staff in centrally budgeted departments span from chief level to clerks, most of whom support back-office functions

Central office and school supports budgeted centrally FTE, by job type
2019–20, as of November 2019

	~ Salary range	Total FTE	Included positions
Chiefs	~\$150k–\$165k	6	Department chiefs and superintendent
Executive directors	~\$100k–\$140k	8	Student supports, teaching and learning, school zone EDs
Directors	~\$80k–\$120k	15	Directors of departments (e.g., student affairs)
Supervisors/managers	~\$70k–\$110k	25	Academic, curriculum, IT, HR and finance managers
Coordinators	~\$65k–\$80k	8	Budget, IT, out-of-school and transformation coordinators
Specialists	~\$55k–\$80k	46	Academic, IT and family-interfacing specialists
Officers	\$50k–\$80k	29	HR, IT and budget officers; other mid-level positions
Nurses	~\$50k–\$80k	9	Nurses budgeted centrally but who spend time in schools
Certified staff	~\$30k–\$85k	53	Teaching and support staff budgeted centrally <i>(including those that serve out-of-district students)</i>
Administrative support staff	~\$35k–\$50k	20	Non-secretarial/clerical positions, such as record-keepers, buyers and admin. staff making less than \$50k
Secretaries	~\$35k–\$50k	23	Departmental secretaries and executive assistants
Clerks	~\$25k–\$50k	45	Clerical staff in central office
Bus monitors	~\$20k	88	Monitors for elementary and special populations students
Crossing guards	~\$10k	94	Employees who monitor traffic and pedestrian access to schools

 Includes direct school or student supporting staff  ≥ 20 FTE

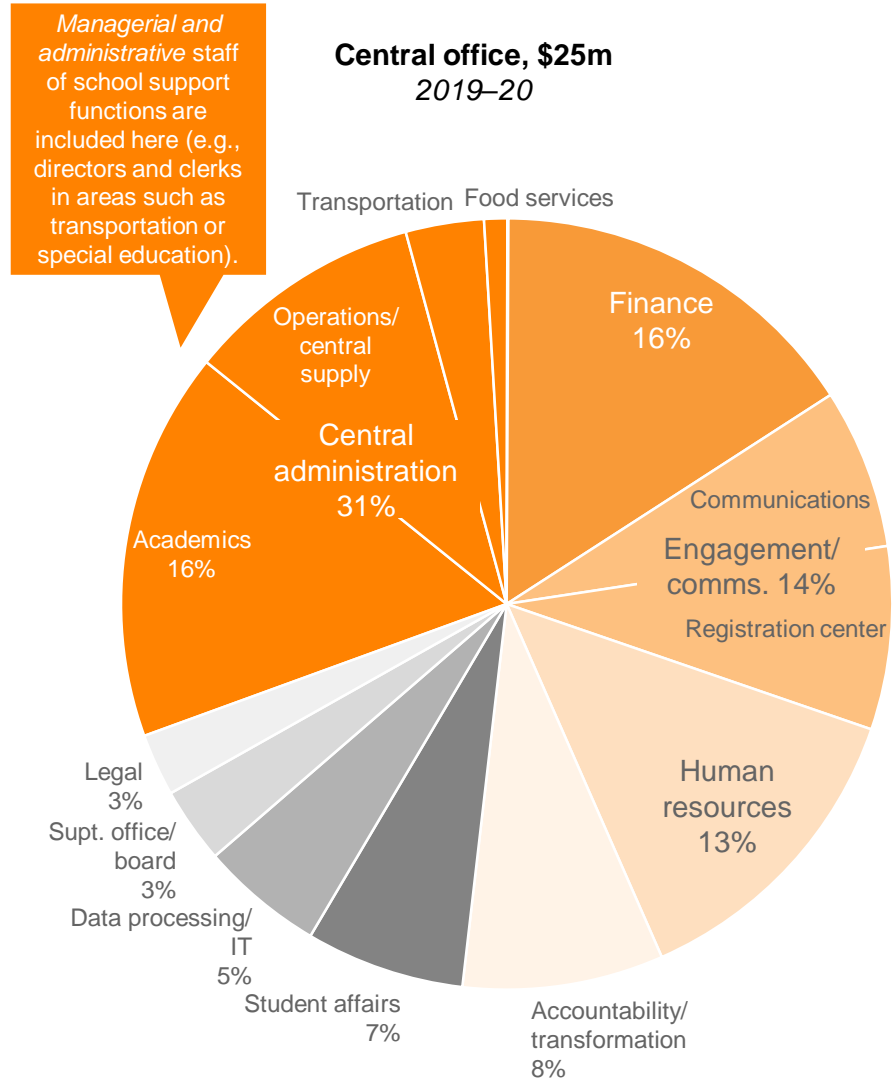
Note: Salary ranges were approximated using a combination of the Mayor's local budget, the PPSD 2019–20 budget and the City of Providence Budget Ordinance.

Source: Providence Public School District, City of Providence Budget Ordinance

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Central office

Managerial and administrative functions of areas such as academics and operations represent the largest portion of central office spend



Central office expenditures by personnel vs. non-personnel 2019-20

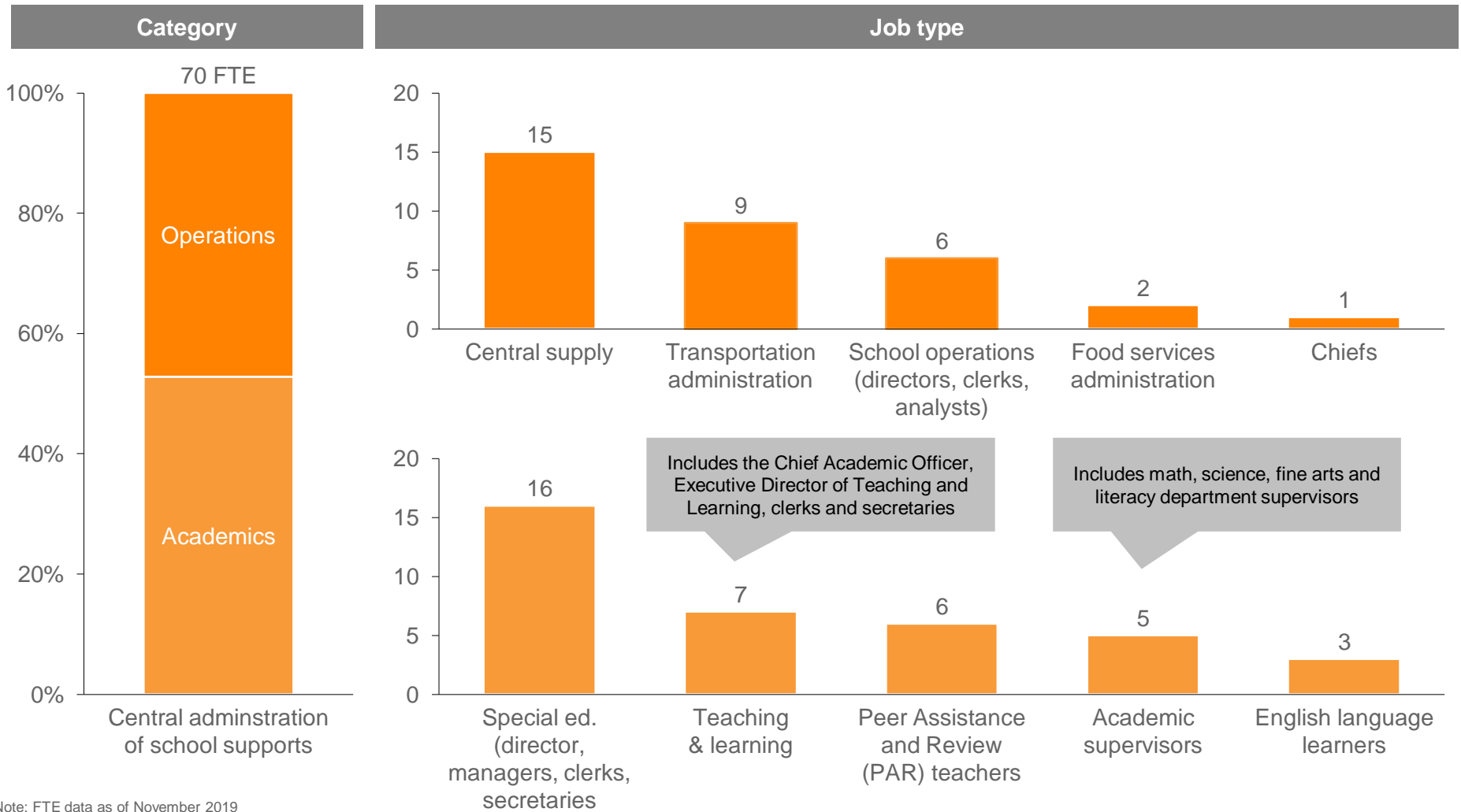
Central office function	Personnel expenses	Non-personnel expenses	FY20 budget	# FTE
Central administration	\$6.1m	\$1.6m	\$7.7m	70
Finance	\$3.5m	\$0.5m	\$4.0m	37
Engagement/communications	\$3.3m	\$0.3m	\$3.6m	32 (19 in registration)
Human resources	\$2.6m	\$0.7m	\$3.3m	27
Accountability/transformation	\$1.9m	\$0.2m	\$2.1m	12
Student affairs	\$1.6m	\$0.1m	\$1.7m	14
Data processing/IT	\$1.2m	\$0.1m	\$1.3m	9
Superintendent's office/board	\$0.6m	\$0.2m	\$0.8m	3
Legal	\$0.4m	\$0.3m	\$0.7m	2
Total	\$21.2m	\$3.9m	\$25.0m	206

Note: FTE data as of November 2019; totals may not tie due to rounding
 Source: Providence Public School District

Central office

Central administration includes personnel who facilitate activities that directly interface with schools, such as transportation and special education admin

Central administration, by category and job type
2019–20
As of November 2019

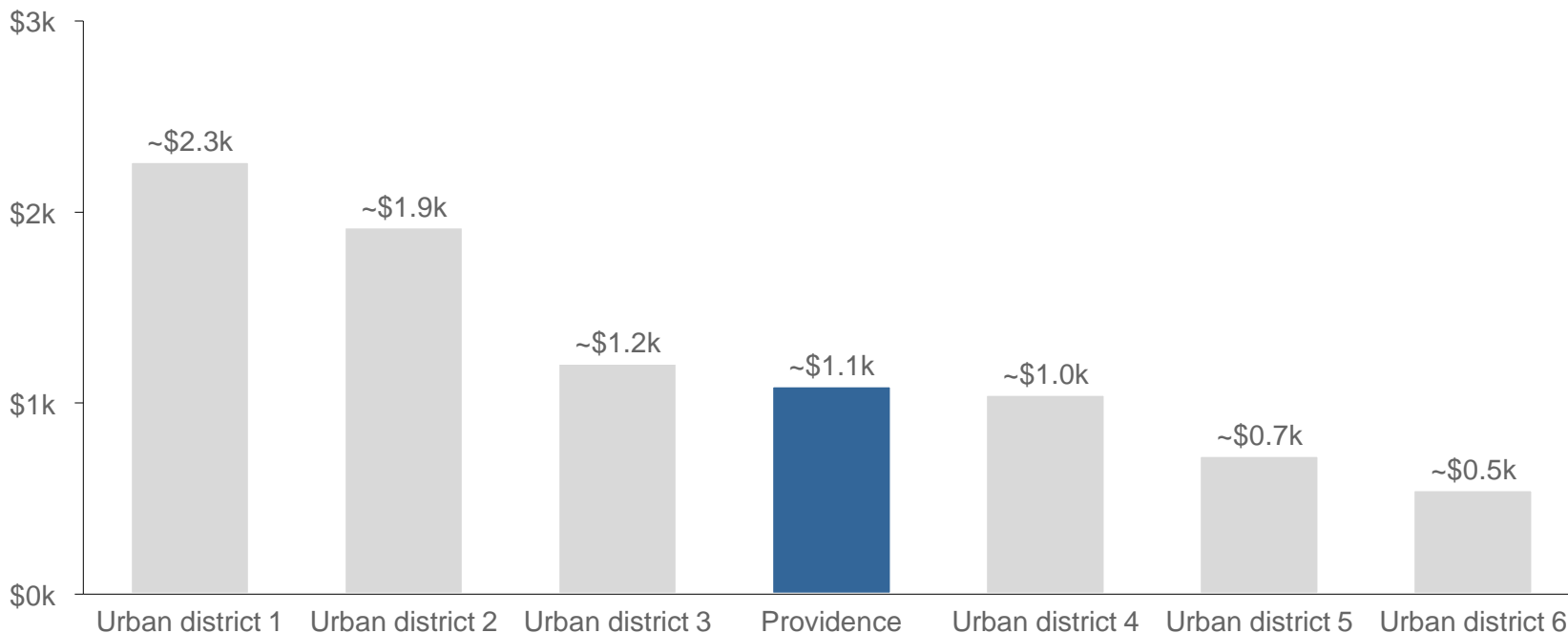


Note: FTE data as of November 2019
Source: Providence Public School District

Central office

PPSD central office expenditures are in line with other out-of-state urban districts across geography and size

Central office expenditures per pupil
2018–19



2018–19 enrollment	~38k	~36k	~51k	~24k	~92k	~40k	~27k
% of district budget	~11%	~9%	~5%	~6%	~9%	~7%	~4%

Note: 2018–19 available enrollment reports were pulled in October 2018 and January 2019 and do not compare enrollment as a single moment in time.

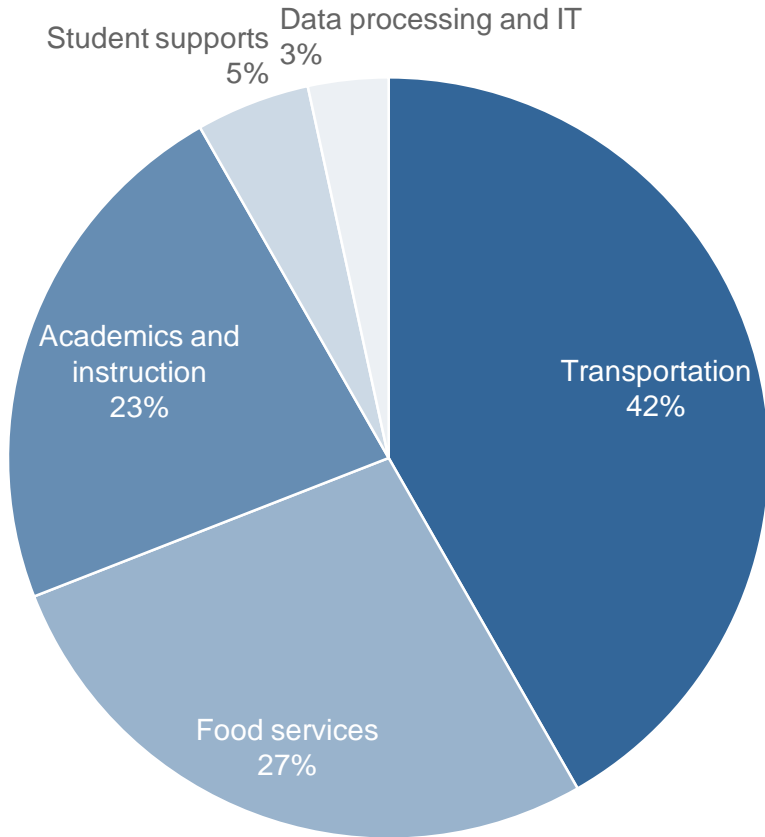
Source: State departments of education; school district websites

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School supports budgeted centrally

Key school support functions budgeted centrally include transportation, academic supports and food services

School supports budgeted centrally, \$59.7m
2019–20



School support expenditures by personnel vs. non-personnel
2019–20

School support function	Personnel expenses	Non-personnel expenses	FY20 budget	# FTE
Transportation	\$9.9m	\$15.0m	\$24.9m	182
Food services	—	\$16.3m	\$16.3m	—
Academics and instruction	\$10.9m	\$2.7m	\$13.5m	59
Student supports	\$2.1m	\$0.8m	\$2.9m	14
Data processing and IT	\$1.2m	\$0.8m	\$2.0m	8
Total	\$24.1m	\$35.6m	\$59.7m	263

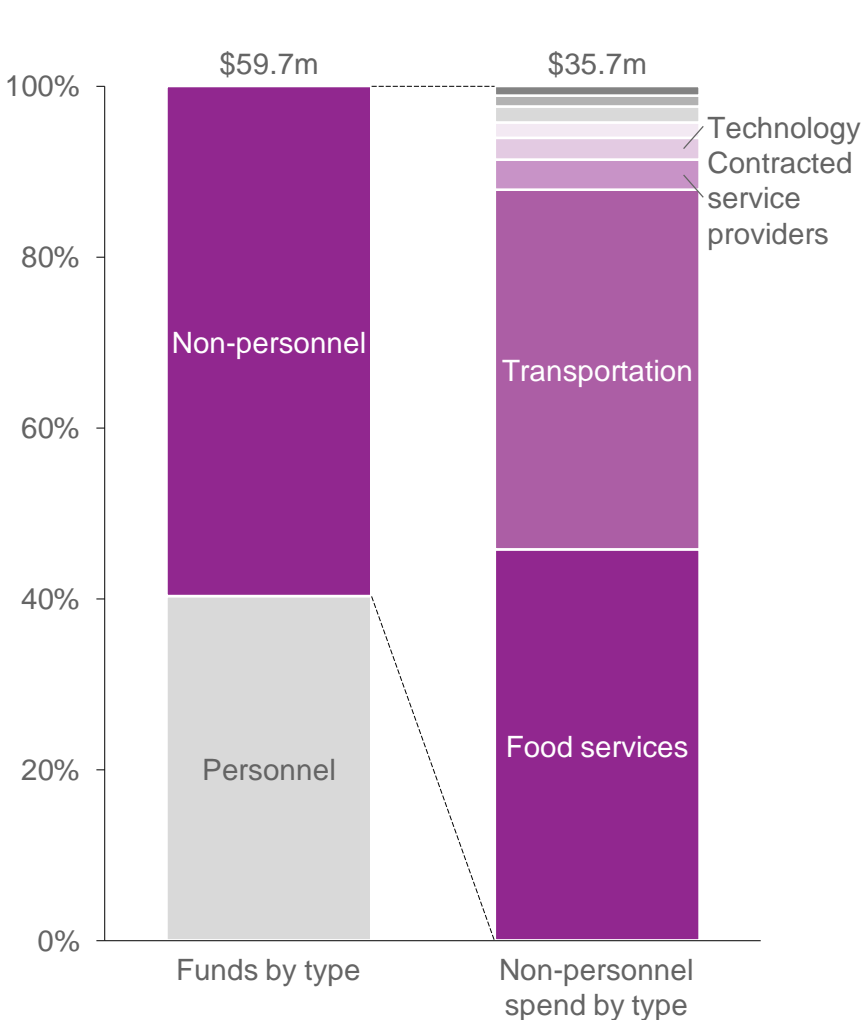
■ Opportunities to devolve supports and resources to schools to increase decision-making

Note: FTE data as of November 2019; totals may not tie due to rounding
Source: Providence Public School District

School supports budgeted centrally

A large portion of the school supports budget is comprised of non-personnel contracts and expenditures, the largest being transportation and food services

School services budgeted centrally funds by type
2019–20



		Contract detail	Total non-personnel
Food services	Food services contract	Outsourced contract for food services	\$16.2m
	Food services utilities	Armored car service, gasoline and pest control	\$0.1m
	Total food services		\$16.3m
Transportation	In-district bus transportation	In-district transportation for PPSD students	\$12.5m
	Public transportation	Public transportation for PPSD students	\$2.5m
	Uniforms	Crossing guard uniforms	\$0.02
	Total transportation		\$15.0m
Other non-personnel expenditures	Contracted service providers	Health and special education service providers (e.g., dentist, audiologist) and police/fire details	\$1.3m
	Technology	Computer management specialists, technology and maintenance	\$0.9m
	Digital supplemental materials	Teaching and learning contracts for digital practice and assessment materials	\$0.7m
	Purchased educational services	Includes contracts for summer programs, interim assessment platform and EL/special education support	\$0.7m
	Supplies/materials	Books, equipment, furniture and other supplies	\$0.4m
	Professional development	Centrally budgeted and organized professional development	\$0.4m
	Total other		\$4.4m

Source: Providence Public School District; District, City and State interviews

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Agenda

- ▶ System overview
- ▶ Financial health
- ▶ School-level resources
- ▶ Central office and school supports
- ▶ **Facilities**

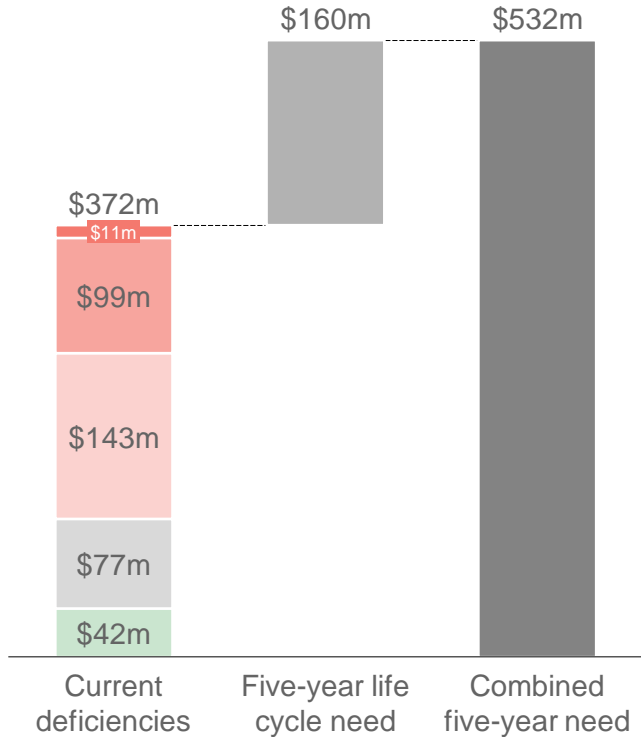
Facilities

In 2016, the State’s School Building Authority, with PPSD, embarked on a facility master planning process and estimated total need at over ~\$500m

Fast facts

- ▶ PPSD has 40 schools and 1,562 instructional spaces
- ▶ Total deficiencies in 2016 equaled \$372m, with the projected life cycle need in years one through five at an additional \$160m, totaling **\$532m for the total five-year need**

Five-year facilities need
Jacobs, 2016–2021



Priority level	Category of priority	Examples
Priority 1	Mission-critical concerns	Building safety, code compliance, severely damaged or failing building components
Priority 2	Indirect impact to educational mission – could progress to Priority 1 if not addressed in the near term	Inadequate roofing that could cause deterioration of integral building systems, roof/window replacements
Priority 3	Short-term conditions – necessary to maximize facility efficiency and usefulness	Site improvements, plumbing deficiencies
Priority 4	Long-term requirements	Aesthetic or functional improvements (removal of abandoned equipment, cabinets, finishes, educational accommodations associated with special programs)
Priority 5	Enhancements	Repainting, replacing carpet, improved signage, etc.

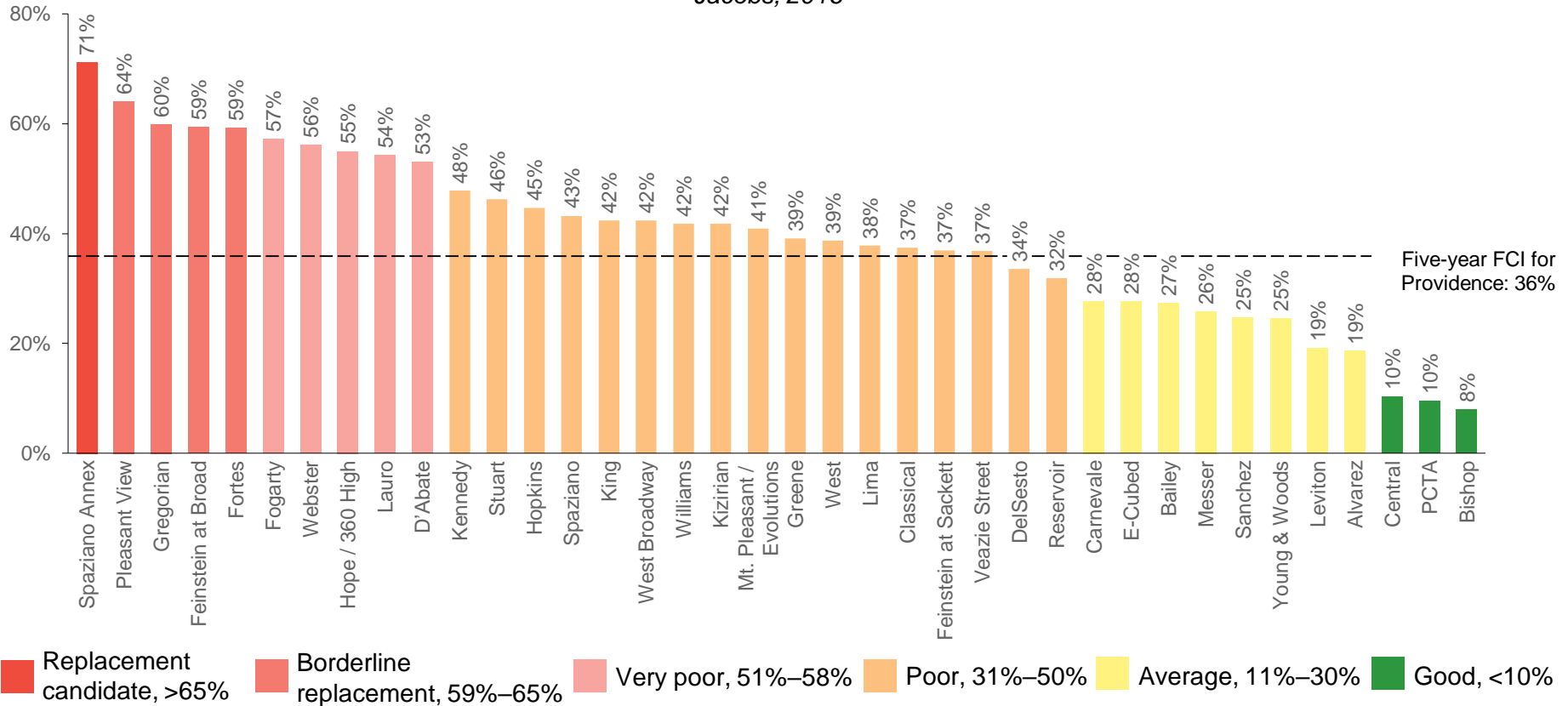
Facilities

As a part of this assessment, many PPSD facilities were rated “poor” on the Facilities Condition Index (FCI)

About the FCI

- ▶ The FCI is used throughout the facilities assessment industry as a general indicator of a building’s health.
- ▶ The FCI is derived by dividing the total repair cost by the total replacement cost
- ▶ Financial modeling has shown that over a 30-year period, it is more effective to replace rather than repair a school with an FCI of 65% or greater
- ▶ The five-year FCI for Providence is 36% (in the “poor” range)

Five-year FCI ranges
Jacobs, 2016

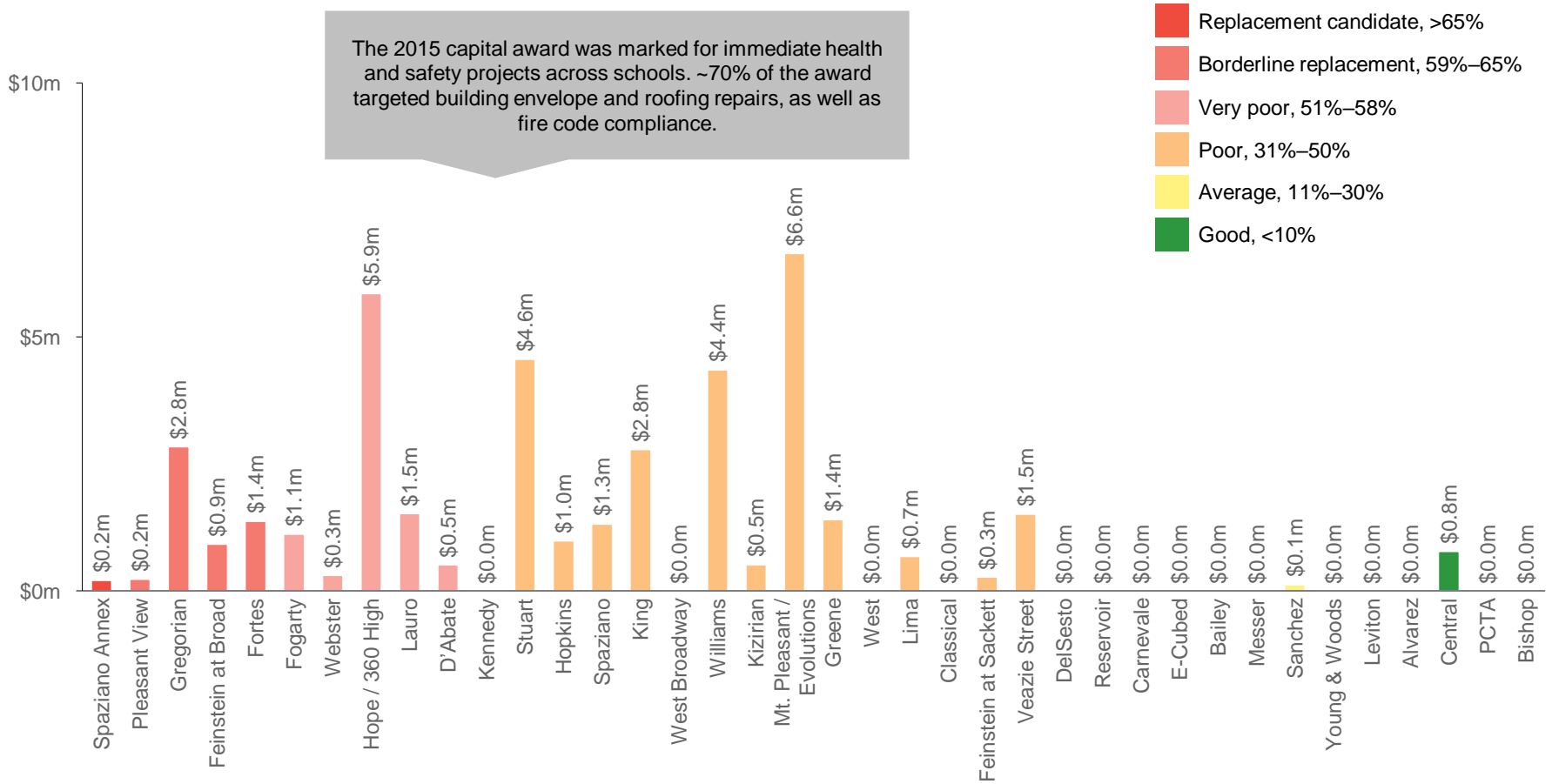


Facilities – capital expenditures

Subsequently, the City invested \$42m in district buildings, most of which were in poor, very poor or borderline replacement status

FY15 capital award allocation by school

Total: \$42m



2016 FCI	71	64	60	59	59	57	56	55	54	53	48	46	45	43	42	42	42	42	41	39	39	38	37	37	37	34	32	28	28	27	26	25	25	19	19	10	10	8
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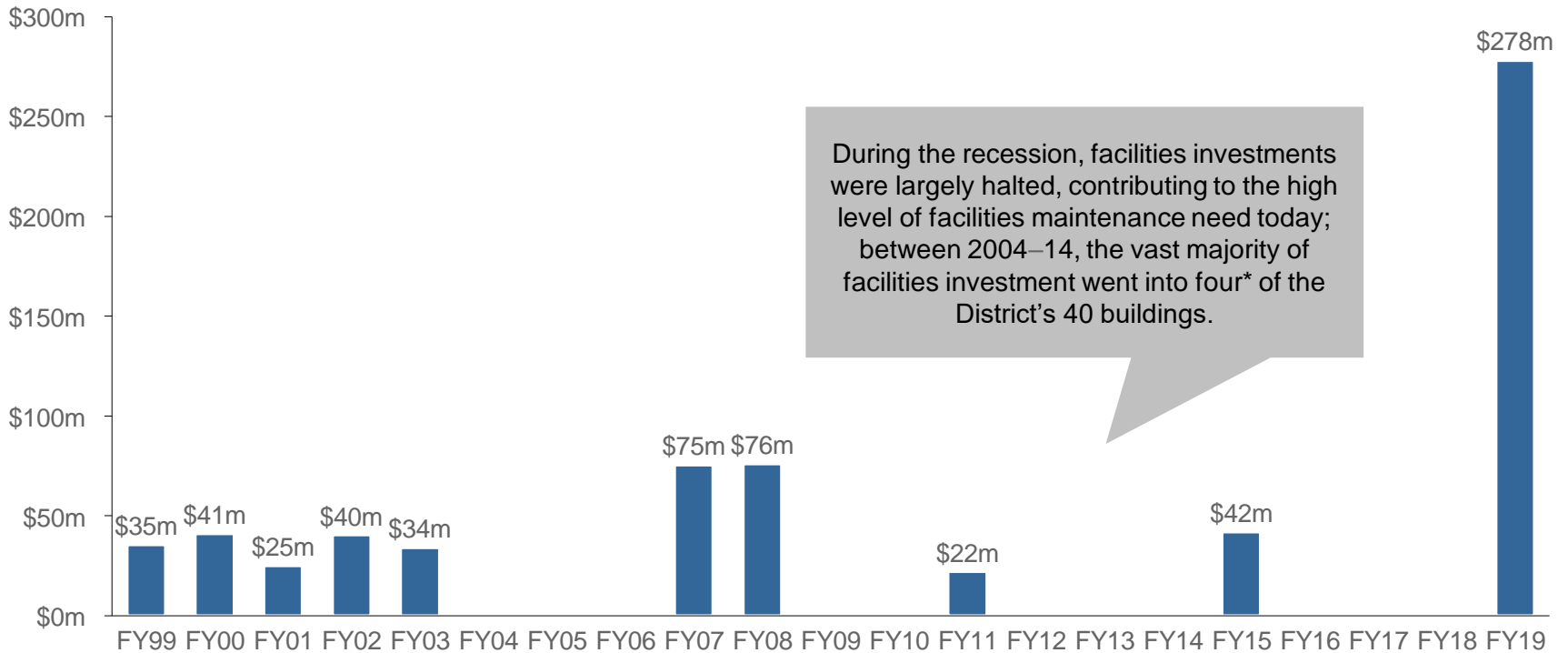
Note: \$1.4m of the 2015 capital award was allocated together to Lima and Fortes. For this analysis, 50% of that total was allocated to each school separately.

Source: City of Providence; Rhode Island Statewide Facilities Assessment

Facilities – capital expenditures

Historically, capital investment has been low, contributing to high levels of current need

Historical and planned capital allocations *by year of award*
FY99–FY19



State capital awards are typically available for facilities projects across a five-year period. For example, the District’s FY19 award of \$278m is for projects planned from FY19–FY24

*Note: In 2007 and 2008, all dollars went to two facilities: Providence Career Technical Academy and Nathan Bishop. In 2011, over 60% of the dollars went to two facilities: Mt. Pleasant High School and West Elementary School.

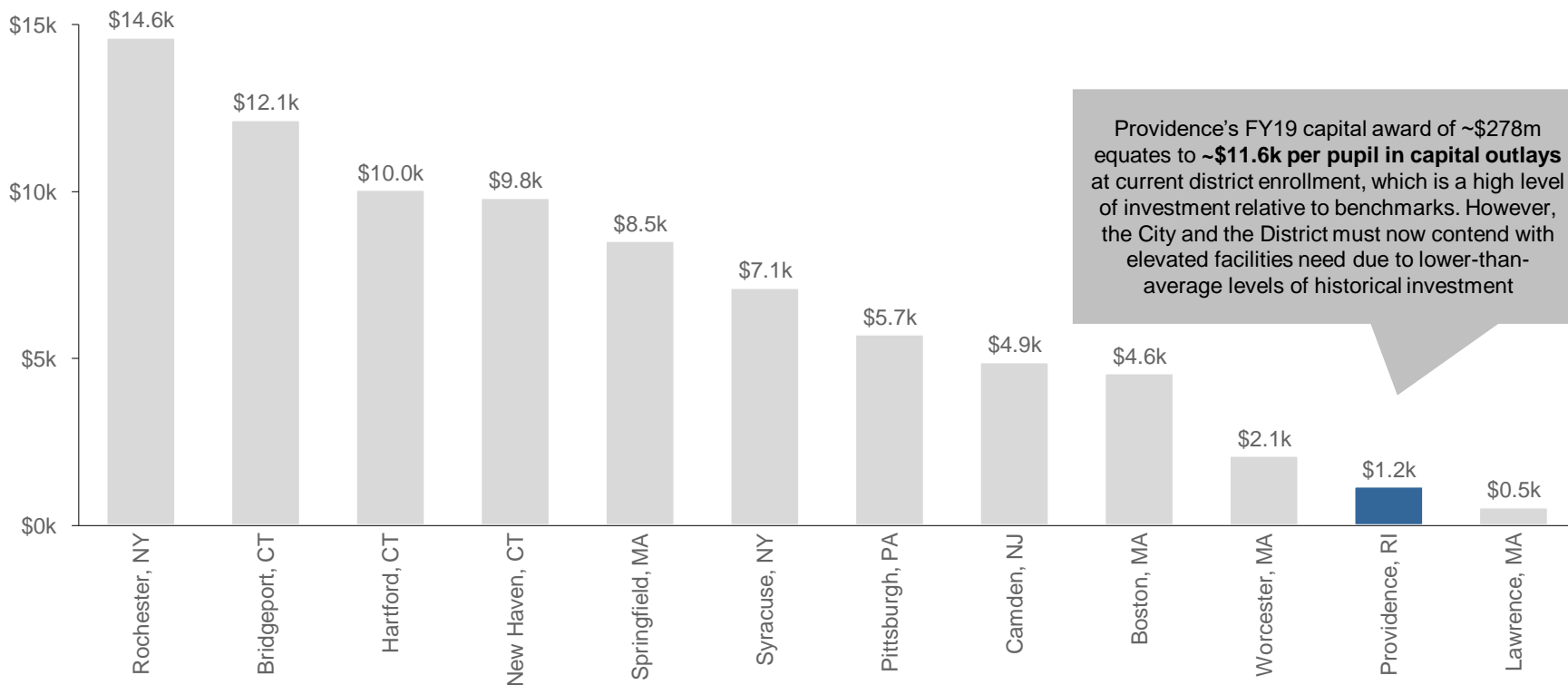
Source: City of Providence and Providence Public School District; City, State and District interviews

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Facilities – capital expenditures

While historical investment is low relative to benchmarks, there is potential for higher-than-average facilities investment in the next five years

Per pupil historical capital outlay spend, benchmark districts
FY12–FY16



Providence's FY19 capital award of ~\$278m equates to ~\$11.6k per pupil in capital outlays at current district enrollment, which is a high level of investment relative to benchmarks. However, the City and the District must now contend with elevated facilities need due to lower-than-average levels of historical investment

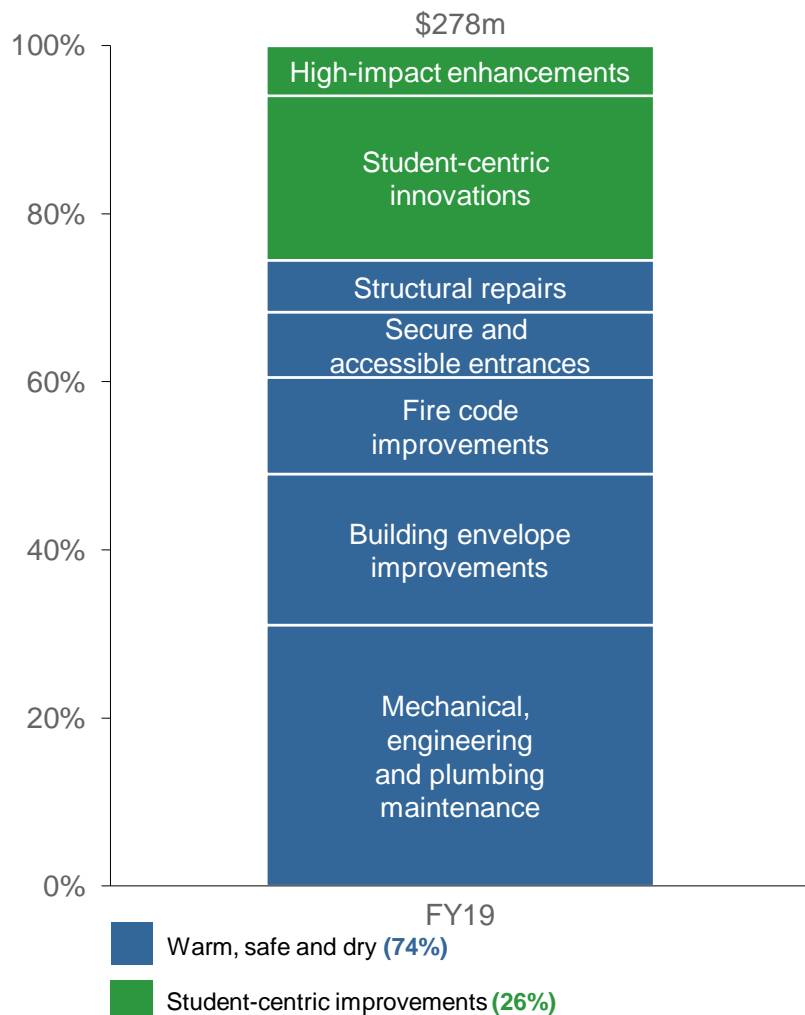
	Rochester, NY	Bridgeport, CT	Hartford, CT	New Haven, CT	Springfield, MA	Syracuse, NY	Pittsburgh, PA	Camden, NJ	Boston, MA	Worcester, MA	Providence, RI	Lawrence, MA
FY12–FY16 total spend	\$422m	\$255m	\$210m	\$212m	\$219m	\$149m	\$138m	\$54m	\$245m	\$53m	\$28m*	\$7m
2015–16 enrollment	29k	21k	21k	22k	26k	21k	24k	11k	54k	26k	24k	14k

Note: Capital outlays include expenditures for construction, equipment purchases and major alterations to fixed structures with routine repair expenditure excluded; spend per student is calculated based on 2015–16 district enrollment from NCES; national benchmark districts were chosen to be urban districts in the Northeast with between 20k–30k student enrollment in 2015–16. *Providence received a \$22m capital award in FY11 and an additional \$42m in FY15. Much of the FY15 award is still being spent today, which is part of the reason why NCES reports active capital spend from FY12–FY16 at \$28m. Even if the full \$42m was considered in FY15, per-pupil district capital spend would still be lower than benchmarks.
Source: NCES

Facilities – capital expenditures

The State awarded \$278m for capital improvements, which under the current plan will go to urgent repairs and deferred maintenance, rather than new construction

Planned capital allocations and project type
FY19



Commentary

The Jacobs report recommends districts invest the majority of their budgets in new schools and educational enhancements rather than reactive repairs

- ▶ “[We recommend] an investment to help districts transition away from exceptionally small schools in need of significant repairs, and toward newer and fewer schools that can provide enhanced learning opportunities ... This analysis suggests that Providence has schools that may be candidates for replacement”
– Jacobs Recommendations for Consideration

Providence has deployed the majority of its capital budget toward urgent repairs but may be looking to enhancements in the future

- ▶ Some stakeholders suggest that Providence has historically had a reactive orientation toward facilities management, rather than a forward-planning, student-centered approach that considers capital improvements through the lens of educational improvement
- ▶ Stakeholders acknowledge that the emphasis on critical repairs for **all** schools was driven by a community and school-leader informed process that desired an investment approach that benefited all schools (investment over the past ~10 years, when it had been made, had focused on a small subset of schools), and that a second phase of work was anticipated to drive a more ambitious, student-centered strategy

Facilities – capital expenditures

The District’s capital strategy has focused repair efforts across all schools, including schools that are candidates for replacement

Buildings that were identified in the Jacobs report as candidates for replacement or borderline candidates for replacement, by allocated capital investment

PPSD 2019–20; Jacobs 2016

	Facilities Condition Index (FCI)	Planned capital investment	% of investment on urgent repairs
Spaziano Annex Elementary	71%	\$3.0m	93%
Pleasant View Elementary	64%	\$12.4m	76%
Vartan Gregorian Elementary	60%	\$5.1m	78%
Feinstein at Broad Elementary	59%	\$4.5m	67%
Fortes Elementary	59%	\$3.8m	77%

■ Replacement candidate, >65%
 ■ Borderline replacement, 59%–65%



The Jacobs report recommends that districts focus **repair efforts** toward schools with a **lower level of need** relative to replacement costs (FCI < 59%) and **replacement efforts** toward schools with a **higher level of need** relative to replacement costs (FCI > 59%)

Note: Planned capital investments are based on Providence’s \$278m approved capital budget; urgent repairs include “warm, safe, dry”; Jacobs includes ACE as a candidate for replacement, but in-district charter schools manage their own facilities and do not receive any of the District’s capital award.

Source: Rhode Island Statewide Facilities Assessment; RIDE Action Plan - Jacobs Recommendations for Consideration; Providence Public School District

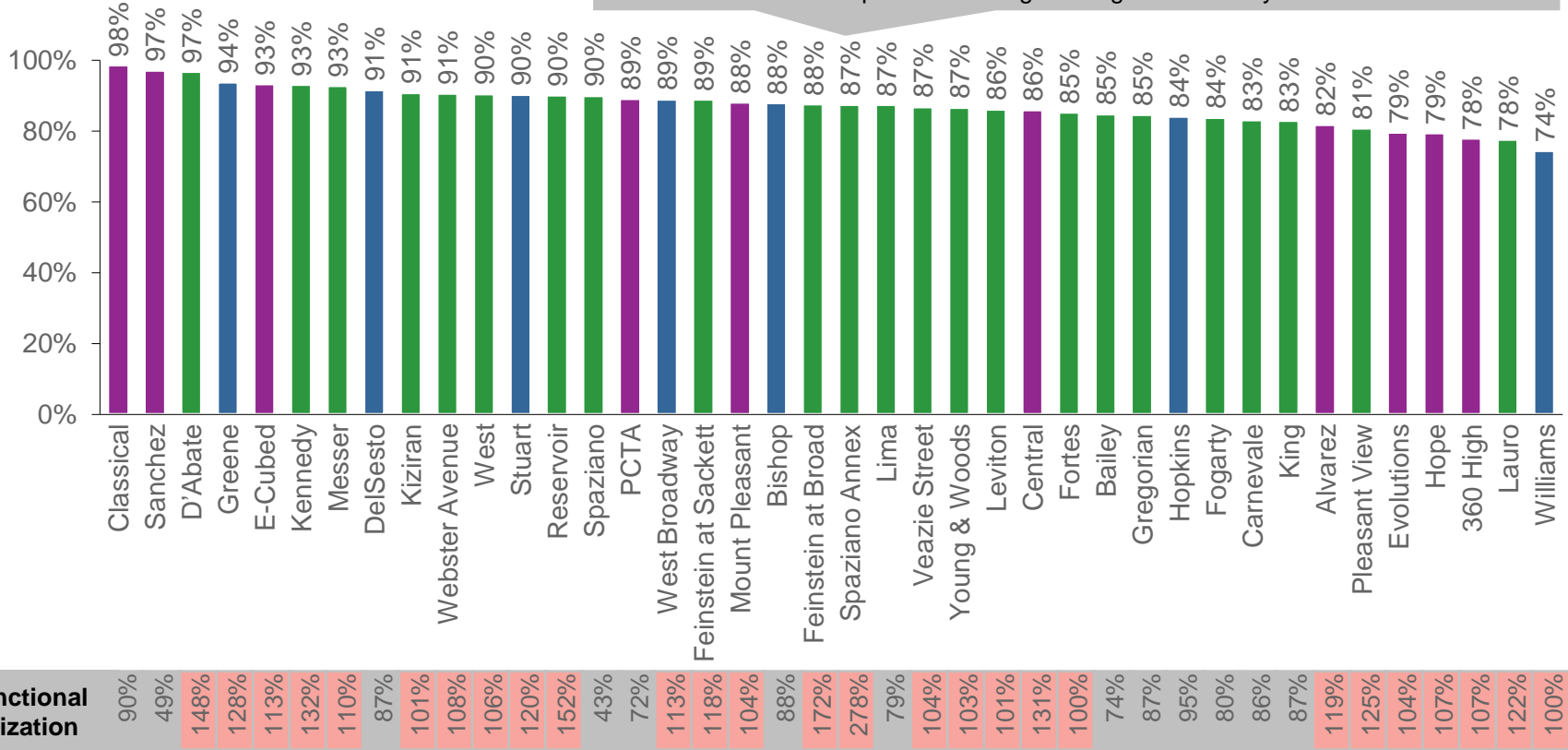
Facilities – capacity and utilization

PPSD schools typically have a high level of capacity utilization

Schools by district-reported utilization vs. functional utilization

PPSD 2019–20; Jacobs 2016

While **average district-reported utilization is 88%**, functional utilization, as described in the Jacobs report to be the utilization given how facilities are *actually* being used, is **107%**. Regardless of the measure used, all district stakeholders agree that space in existing buildings is extremely limited



■ Elementary school
 ■ Middle school
 ■ High school
 ■ >100% functional utilization

Note: District-reported enrollment and utilization data as of October 1, 2019; functional capacity attempts to capture how the spaces within the school are being used; functional utilization is calculated by dividing 2019–20 district-reported enrollment by Jacobs 2016 functional capacity numbers; utilization capacities for Evolutions, Mount Pleasant, Hope and 360 were calculated together because they are housed in the same building, respectively.

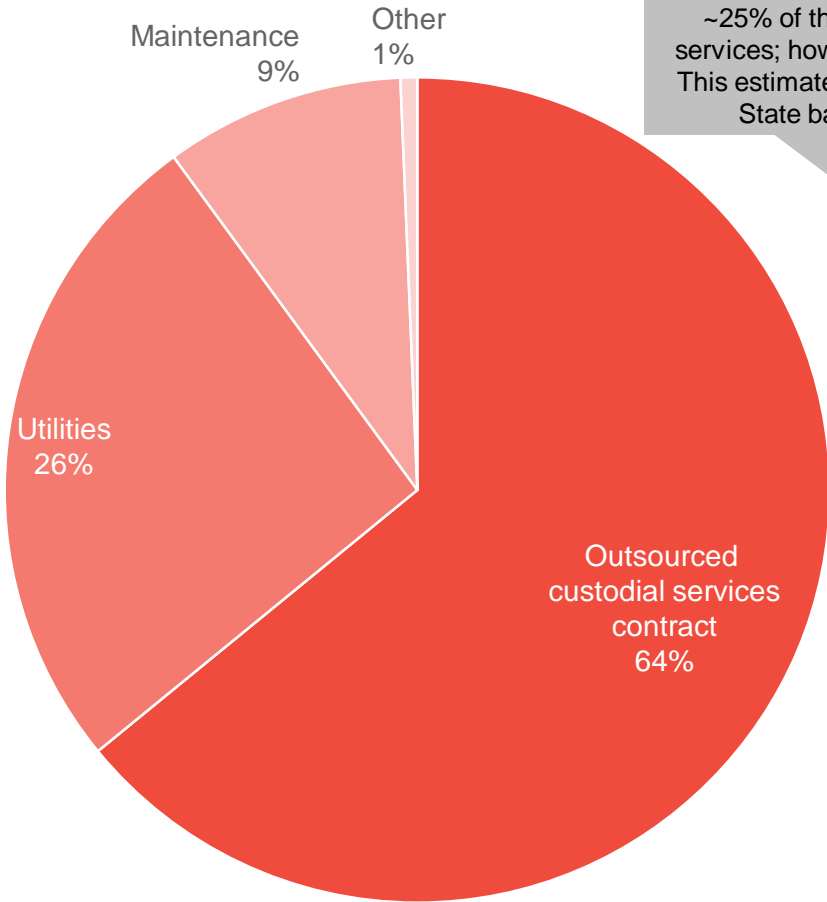
Source: Providence Public School District; Rhode Island Statewide Facilities Assessment

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Facilities – maintenance and custodial

The majority of the District’s *ongoing* facilities spend of ~\$29m goes to an outsourced custodial services contract

Facilities management, \$28.7m
2019–20



Facilities management expenditures by personnel vs. non-personnel
2019–20

~25% of this contract is reported to provide maintenance services; however, this data has not been historically tracked. This estimate, provided by the City, remains unverified by the State based on UCOA data reported by the District

Facilities management component	Personnel expenses	Non-personnel expenses	FY20 budget	# FTE
Outsourced custodial services contract	—	\$18.4m	\$18.4m	—
<i>Custodial</i>	—	~\$13.6m	~\$13.6m	—
<i>Maintenance</i>	—	~\$4.8m	~\$4.8m	—
Utilities	—	\$7.8m	\$7.8m	—
District-budgeted maintenance	\$0.2m	\$2.5m	\$2.7m	2
Other expenditures	—	\$0.2m	\$0.2m	—
Total	\$0.2m	\$28.9m	\$29.1m	2

Note: Totals may not tie due to rounding. FTE data is as of November 2019. The majority of utilities expenditures are comprised of payments for electricity, natural gas and sewage.

Source: Rhode Island Public Education UCOA data; City of Providence estimate

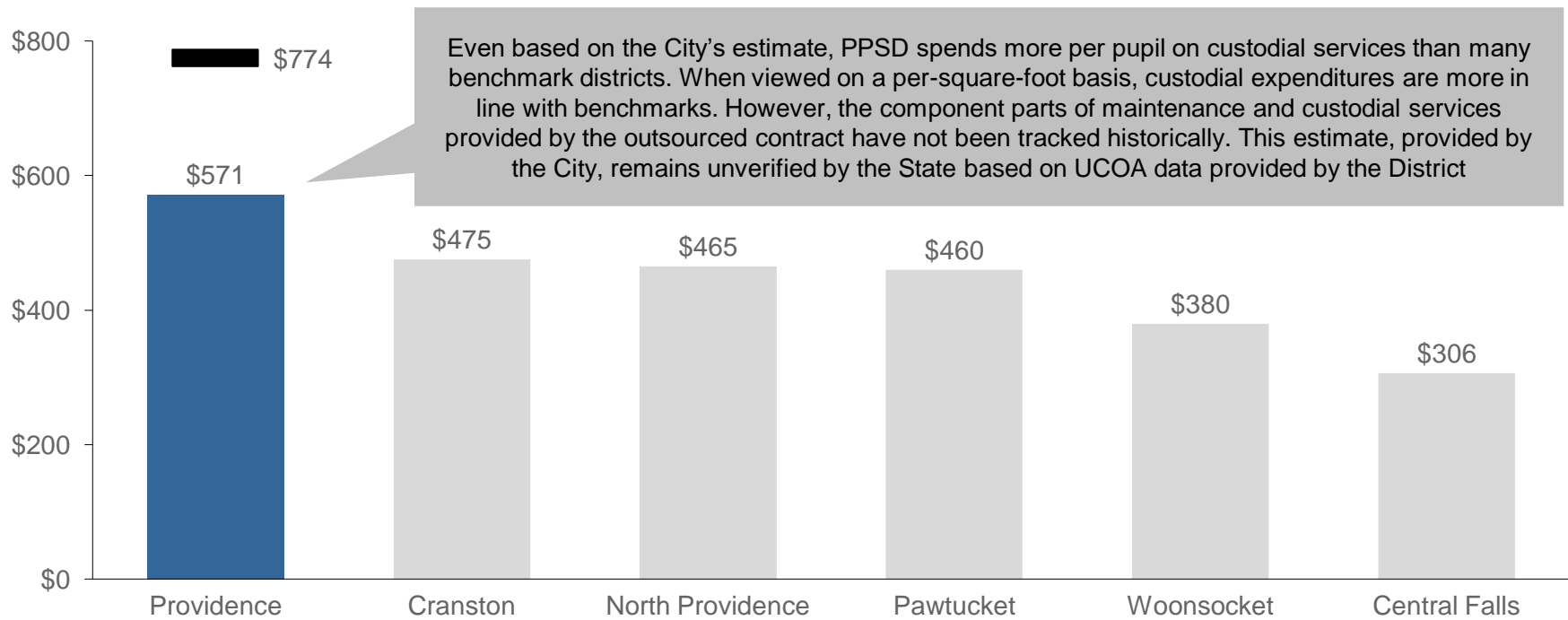
Facilities – maintenance and custodial

PPSD spends more per pupil on custodial services than benchmark districts in Rhode Island, through its outsourced custodial services contract

Per-pupil custodial spend, benchmark districts
FY18

Providence only

- █ Custodial spend per pupil (based on UCOA data, verified by the State)
- █ Adjusted custodial spend per pupil (City's estimate, not verified)



Even based on the City's estimate, PPSD spends more per pupil on custodial services than many benchmark districts. When viewed on a per-square-foot basis, custodial expenditures are more in line with benchmarks. However, the component parts of maintenance and custodial services provided by the outsourced contract have not been tracked historically. This estimate, provided by the City, remains unverified by the State based on UCOA data provided by the District

Spend per sq. ft.	Providence	Cranston	North Providence	Pawtucket	Woonsocket	Central Falls
	\$3.21–\$4.35	\$2.96	\$3.32	\$3.68	\$2.57	\$2.27

Note: Rhode Island custodial spend includes "custodial services," "custodial supplies" and "custodial staff" line item expenses; Adjusted custodial spend per pupil excludes the portion of the custodial contract the City believes to be maintenance.

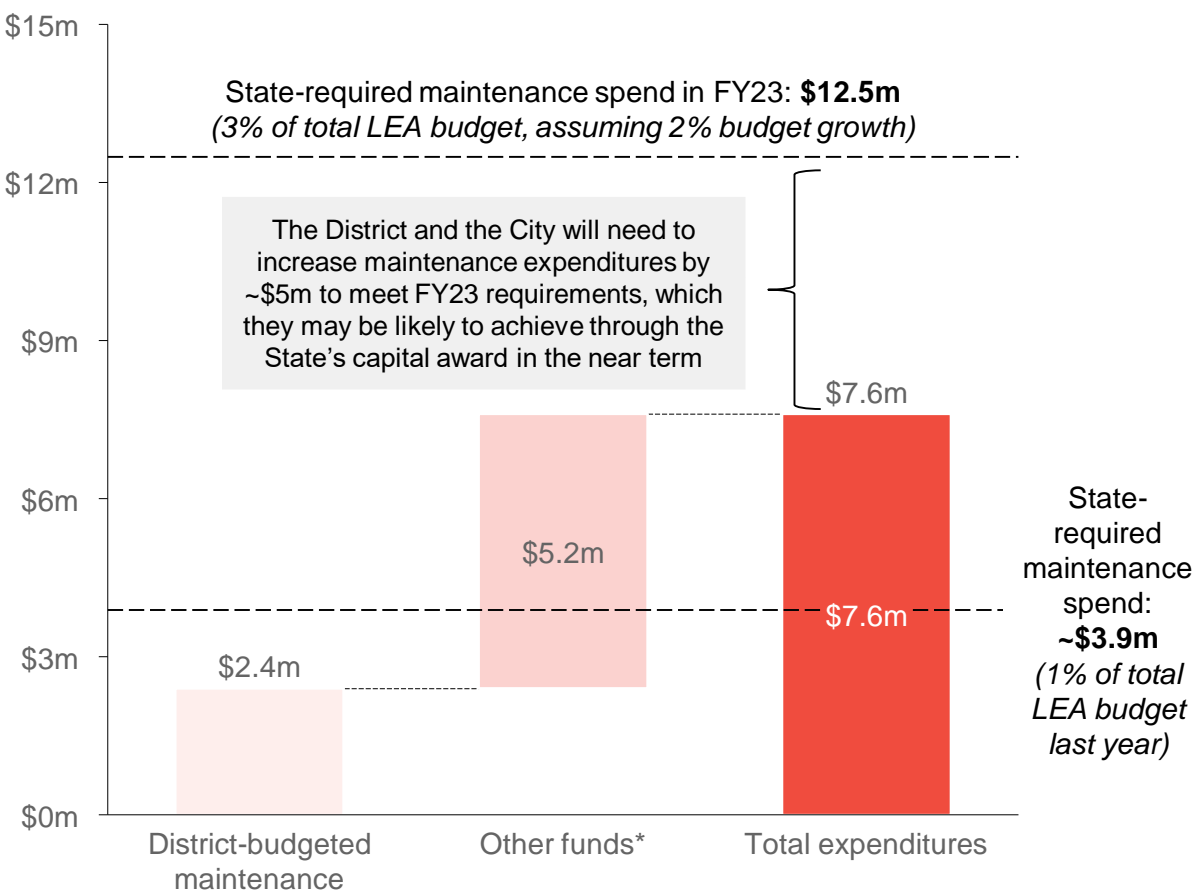
Source: Rhode Island Department of Education UCOA data; City of Providence estimate

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Facilities – maintenance and custodial

PPSD may have to increase *ongoing* maintenance spending in the coming years to align with changing state requirements

Facilities maintenance expenditures, District vs. City last year
2018–19



- ▶ The State requires that maintenance spend be 3% of the LEA operating budget by FY23, which amounts to ~\$12.5m
 - ▶ These requirements are being phased in annually; last year's requirement was 1%, this year's is 1.5% and so on
- ▶ As a combined entity, the District and the City are able to meet facilities maintenance expenditure requirements through the use of:
 - ▶ District-budgeted ongoing maintenance
 - ▶ State-awarded capital expenditures (*this is permitted by the State's requirement*)
 - ▶ Additional city funds*
 - ▶ Maintenance provided through the outsourced custodial services contract

*The source of other funds could include additional city funds (the District contributed \$1.4m in '18–19 for maintenance) or portions of the capital award.
 Note: Maintenance requirements do not take full effect until FY2023; state law allows districts to choose how required maintenance expenditures are calculated. Options include \$3 per square foot, 3% of operating budget or 3% of replacement cost; 3% of operating budget requirement is the most inexpensive for PPSD; maintenance spend does not include contracted or direct custodial services or utilities; district maintenance expenditures from PPSD 2018–19 budget book; FY23 requirement will be 3% of LEA operating budget.
 Source: Providence Public School District; Rhode Island Department of Education UCOA data; City of Providence estimate

Facilities

To improve the efficiency of facilities spend, multiple root cause issues will likely need to be addressed

1 Lack of competition

- ▶ Stakeholders report that there have been few vendors for capital projects and maintenance in the City and that competition historically has been limited
- ▶ The lack of competition means that the District and the City may be unable to benefit from cost-saving potential that would occur if more vendors were encouraged to bid on facilities and capital projects; future procurement processes could explore ways to induce more competition

2 Lack of “swing space”

- ▶ With an enrollment of ~24k students, many of the district buildings are at, or over, capacity.
- ▶ The District and the City continue to explore swing space within and outside of Providence to enable temporary locations to serve students while facility conditions are improved
- ▶ Finding swing space could have multiple benefits, including 1) accelerating timelines for maintenance projects, 2) increasing cost savings as multiple projects could be completed at the same time and 3) allowing for more flexibility in the system to undertake higher-impact projects, including new construction

3 Separation of management between maintenance budget and capital expenditures

- ▶ Building maintenance and custodial budgets are funded by the District; however, control of these budgets, district buildings and capital expenditures have typically been with the City
- ▶ According to the *general powers and duties of school committees* enumerated in a Rhode Island statute, the school committee must provide for location, care, control and management of school facilities equipment.
 - ▶ In other districts in Rhode Island, the school departments drive facilities management of schools, while the municipalities support and provide additional funding
- ▶ More integrated planning, management and authority of maintenance and capex spend could enable improvement in the efficiency of scheduled capital investment

4 Lack of transparency around facilities expenditures

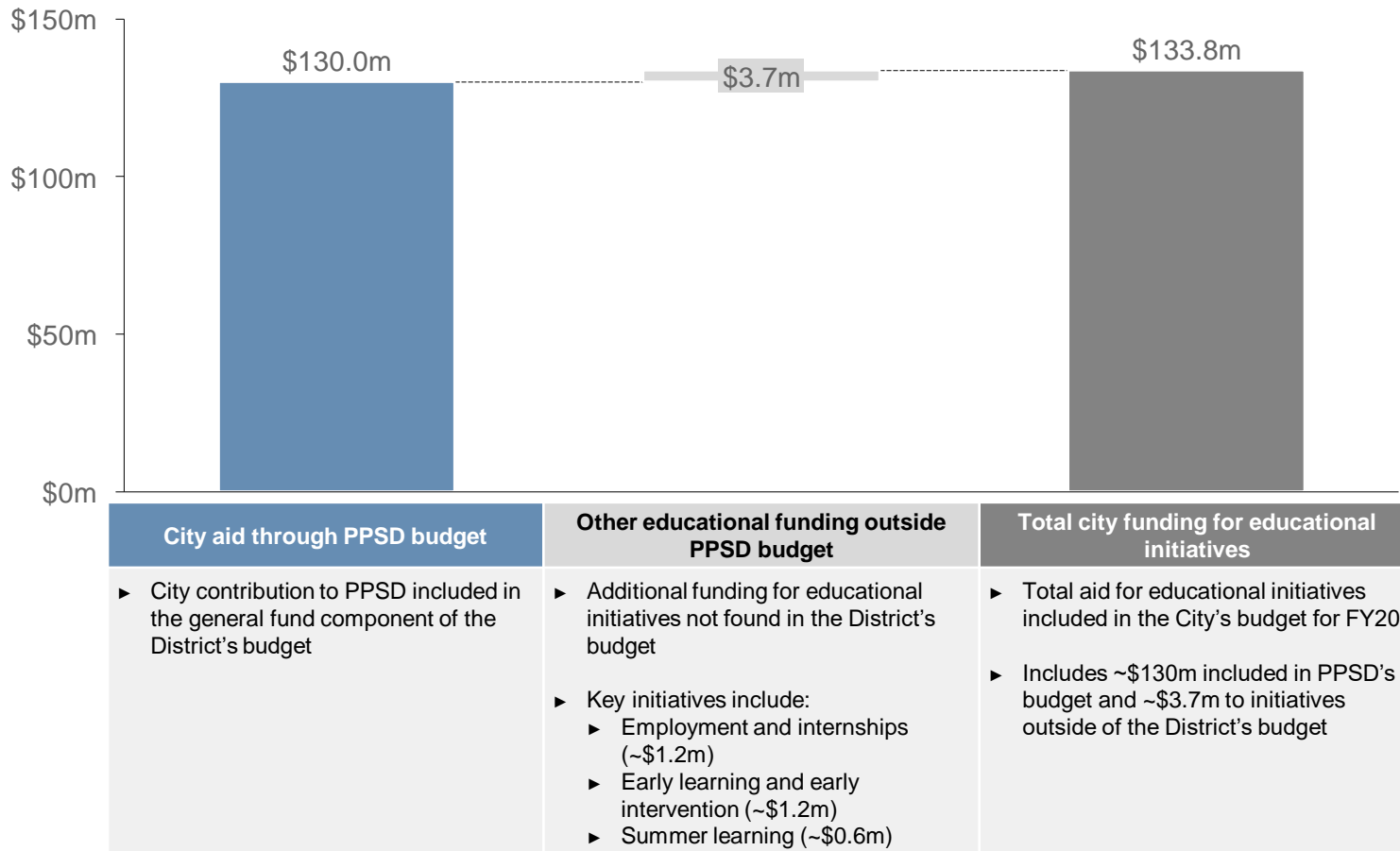
- ▶ Stakeholders report a lack of transparency in facilities-related spend; in particular, in understanding how the custodial services contract is spent on component parts of maintenance, cleaning and capital projects

Appendix

Appendix – financial health

The City’s funding for public education totals ~\$134m, ~\$4m of which does not flow through PPSD’s budget but instead supports initiatives directly

Total city funding to educational initiatives
2019–20



Appendix – financial health

State allocations are based on a state-determined formula that adjusts average student instructional costs for district wealth and level of need

Rhode Island state funding formula and PPSD allocations 2019–20



1

Core instruction amount
~\$225m

Description

- ▶ Base allocation provided to each student in the state of Rhode Island based off of NCES average per-pupil instructional costs in New England

How is it calculated?

- ▶ Average per-pupil instructional costs of four New England states (NH, RI, CT, MA): **~\$9.8k per pupil**
- ▶ Multiply average per-pupil cost by **resident average daily membership: ~22.8k students**

2

Student success factor
~\$74m

Description

- ▶ Additional funding to support student needs outside of core instruction based on degree of poverty in the District

How is it calculated?

- ▶ Additional 40% allocation of per-pupil instructional costs: **~\$3.9k per pupil**
- ▶ Multiply by **number of students** that qualify for free or reduced price lunch: **~18.8k students**

3

State share ratio
87%

Description

- ▶ Percent of total core instruction and student success factor costs funded by the State

How is it calculated?

- ▶ The state share ratio consists of **district property values** (adjusted for median family income), and **percent of K-6 children** who meet the poverty criteria: **87%**


Formula aid
~\$259m

Description

- ▶ Total aid that the State contributes to each district based off above formula
- ▶ Does not include high-cost categorical funds

How is it calculated?

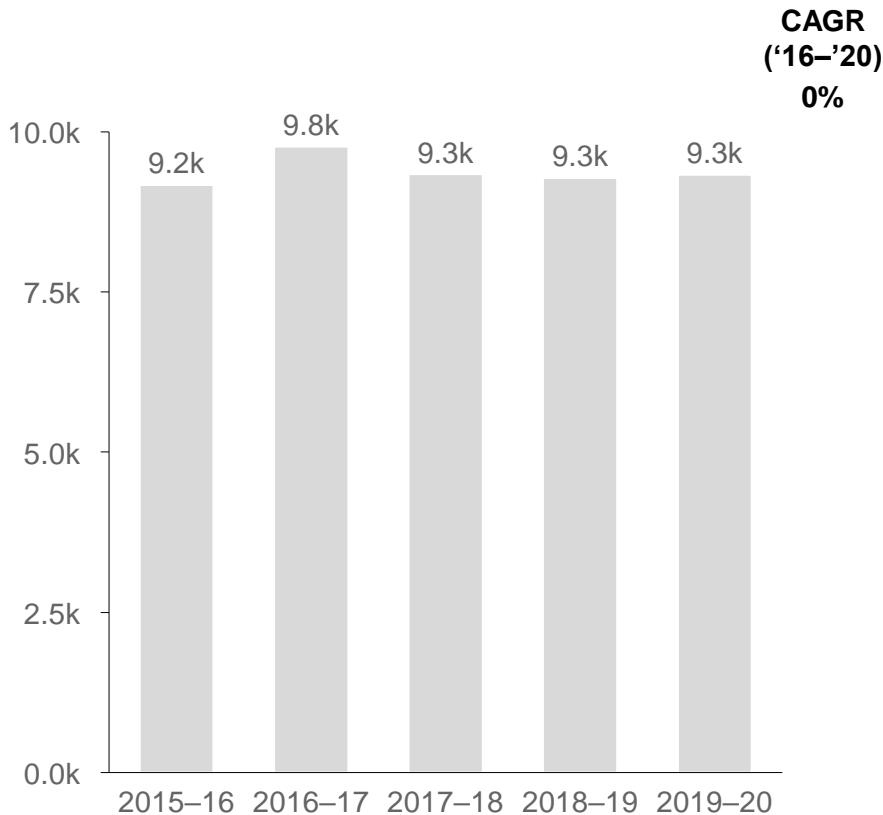
- ▶ Core instruction funding added to student success factor funding, multiplied by the state share ratio: **~\$259m**

 Funding factors that vary by district

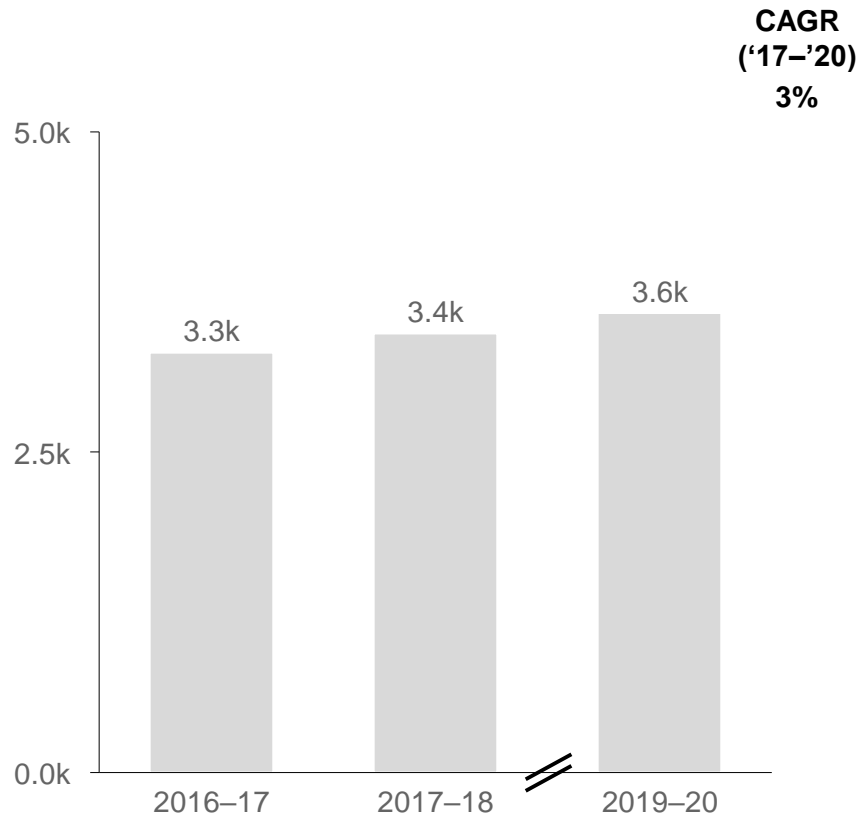
Appendix – transportation expenditures

In-district transportation volume has remained relatively consistent in the last five years; the District has seen increases in public transportation ridership

Number of students on PPSD buses
2015–16 to 2019–20



Number of RIPTA passes
2016–17 to 2019–20



# buses	2015–16	2016–17	2017–18	2018–19	2019–20
	139	144	138	140	141

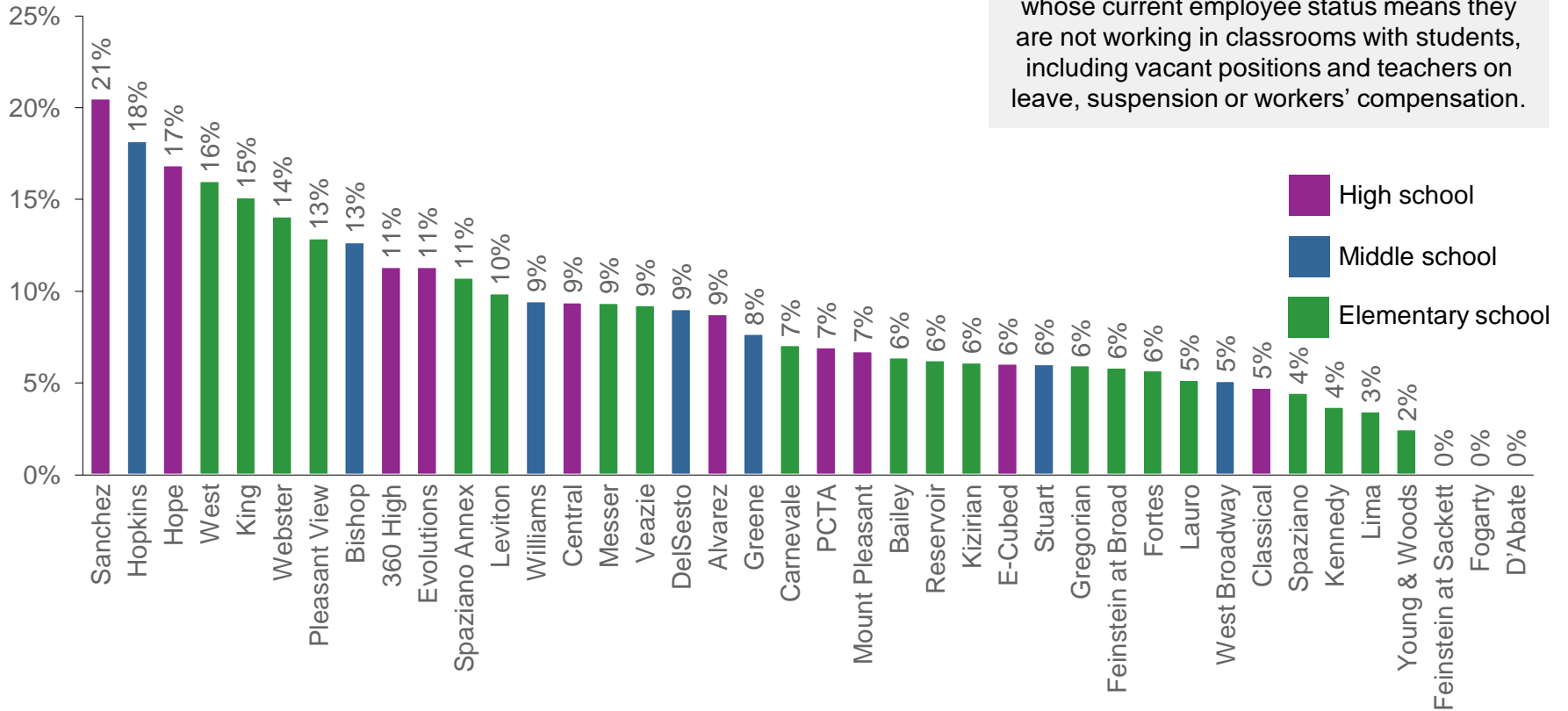
Note: Transportation data is based on master list bus routes but historically has been updated at different points during the year.

Source: Providence Public School District

Appendix – school-level resources

At some schools, particularly middle and high schools, nearly 20% of teacher positions are unfilled in some way

Teacher absences by school
2019–20
As of November 2019



Total FTE count	39	44	83	40	30	21	37	55	27	27	9	20	63	85	32	32	66	53	65	43	72	74	31	16	33	33	66	23	27	25	50	39	63	22	27	29	40	26	26	21
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Note: Enrollment totals as of October 1, 2019; does not include district charter schools or alternative programs; excludes substitutes and seasonal workers; excludes alternative programs and district charter schools; total FTE count rounded to nearest whole number

Source: Providence Public School District

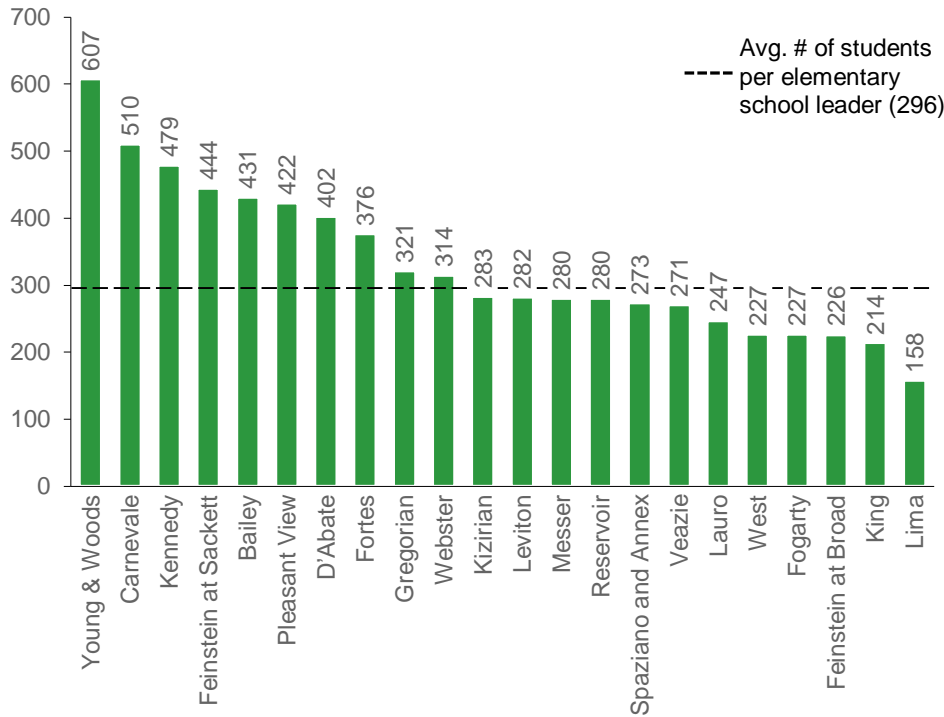
Appendix – school-level resources

Elementary schools tend to have the highest ratio of students to school administration, though wide variation exists across the District

Budgeted number of students per school leader

Elementary, 2019–20

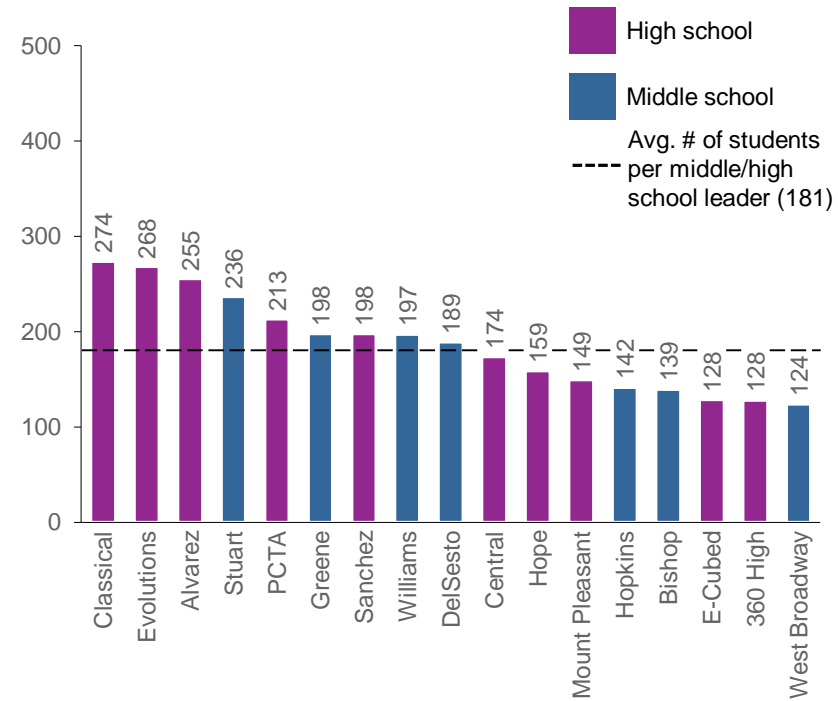
As of November 2019



Budgeted number of students per school leader

Middle/high, 2019–20

As of November 2019



of school leaders
1
1
1
1
1
1
1
1
1
1
2
1
2
1
2
2
2
3
3
2
2
2
2
3

of school leaders
4
1
3
4
3
5
2
4
5
7
6
6
4
5
3
2
4

The number of school administrators assigned to each building has been based on the *blueprint capacity of the original building*, as opposed to the number of students actually enrolled in the building today.

Note: Enrollment data is as of October 1, 2019; school leaders include principals, assistant principals and deans; "budgeted number of students per school leader" includes all school leader positions, regardless of vacancy or absence; excludes alternative programs and district charter schools.

Source: Providence Public School District

Appendix – school-level resources

The EL staffing estimates are driven by a few key assumptions around class size and the appropriate academic setting for each student

In order to understand whether the District has the appropriate personnel resources to educate its English learners, the EL staffing analysis assumes:

- 1 Students who are English learners levels 1–2, or in the absence of WIDA or Access scores has an education type of “ESL,” are included in sheltered EL classrooms. Students who are English learners levels 3–4, or in the absence of WIDA or Access scores has an education type of “ELC,” are included in integrated EL classrooms
- 2 Students who have been in the United States for more than two years as of September 1, 2019, are automatically placed in integrated EL classrooms to avoid sheltering students for an unnecessarily long period of time and to comply with forthcoming DOJ guidance. Currently, students can be sheltered for up to five years after arrival
- 3 Both sheltered and integrated classrooms have a capacity of 23 students, rather than 26 students, to accommodate for late entrants to the District
- 4 Sheltered EL classrooms include only English learners and must be taught by an ESL-certified teacher. Integrated EL classrooms include no more than 50% English learners and are also taught by an ESL-certified teacher
- 5 If an individual grade level has fewer than 10 sheltered EL students (levels 1–2), the students are assumed to be placed in an integrated EL setting with levels 3–4 EL students and general education peers (class sizes with fewer than 10 students are not contemplated in this analysis)
- 6 Special education students, both EL and non-EL, who can be served in an inclusion setting are considered as a general education or EL student seat, respectively (as is the District’s current practice). However, special education students who require self-contained settings are served by an EL teacher who pushes in/pulls out for half of the day, per RIDE guidelines
- 7 Physical space constraints are not considered when developing proposed classroom structures and numbers

Note: DOJ guidelines are meant to serve as guidance and are allowed to be adjusted based on individual school contexts; inclusion classroom requirements were provided by department leadership; case studies were developed in conjunction with district leadership, special education and EL departments. All numbers are preliminary based on data provided and assumptions made and confirmed by district leadership and are subject to change.

Source: Providence Public School District Leadership; District, City and State interviews

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