

**EAST PROVIDENCE SCHOOL DEPARTMENT
EAST PROVIDENCE, RHODE ISLAND**

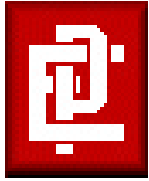


Fiscal Year 2011 Budget Presentation

For

East Providence School Committee

August 24, 2010

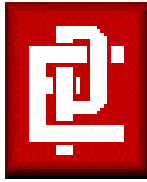


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SUMMARY

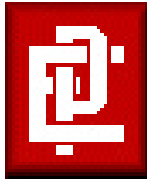
- Cuts Spending by **\$1.5M** Over FY10 Approved Budget
- Accounts for **LOSS OF \$2.8M** in Education Aid Over FY10
 - > General Aid = Reduced by \$543,202
 - > ARRA Stabilization Aid = Reduced by \$1,193,093
 - > Student Equity Aid = Reduced by \$138,377
 - > Group Home Aid = Reduced by \$120,000
 - > Housing Aid = Reduced by \$810,000
- Devotes \$500K to Deficit Elimination Plan
- Asks for 3.5% Increase in City Appropriation but Stays Within Tax Cap
- Absolute Minimum Required to Meet Operational Costs and Begin Deficit Elimination!



EAST PROVIDENCE SCHOOL DEPARTMENT EAST PROVIDENCE, RHODE ISLAND FY11 Revenue Projection



Funding Source	(A)	(B)	(C)	COLUMN (A) – (C)		COLUMN (B) – (C)	
	FY 2010 Approved 11/19/09	FY 2010 As Revised 6/15/10	FY 2011 Budget Proposed	FY 2011 Budget Incr/(Decr)	FY 2011 Budget % Incr/Decr	FY 2011 Budget Incr/(Decr)	FY 2011 Budget % Incr/Decr
City Appropriations							
Property Tax Allocation	\$43,525,086	\$43,525,086	\$45,048,464	\$1,523,378	3.50%	\$1,523,378	3.50%
Meals/Hotel Tax	\$500,000	\$500,000	\$500,000	\$0	0%	\$0	0%
State Aid							
General Aid	\$19,470,864	\$17,963,844	\$18,927,662	(\$543,202)	(2.79%)	\$963,818	5.37%
Federal Stabilization (ARRA)	\$1,833,360	\$1,833,360	\$640,267	(\$1,193,093)	(65.08%)	(\$1,193,093)	(65.08%)
Increased aid from funding formula	\$0	\$0	\$199,438	\$199,438	100.00%	\$199,438	100.00%
Student Equity	\$2,767,561	\$2,767,561	\$2,629,184	(\$138,377)	(5.00%)	(\$138,377)	(5.00%)
Group Home Aid	\$756,000	\$756,000	\$636,000	(\$120,000)	(15.87%)	(\$120,000)	(15.87%)
Literacy Aid	\$541,397	\$541,397	\$541,397	\$0	0%	\$0	0%
Language Assistance	\$406,668	\$406,668	\$406,668	\$0	0%	\$0	0%
Early Childhood	\$235,022	\$235,022	\$235,022	\$0	0%	\$0	0%
Vocational Equity	\$176,000	\$176,000	\$176,000	\$0	0%	\$0	0%
Technology	\$135,129	\$135,129	\$135,129	\$0	0%	\$0	0%
Full Day Kindergarten	\$63,000	\$63,000	\$63,000	\$0	0%	\$0	0%
Charter School	\$3,251	\$3,251	\$3,251	\$0	0%	\$0	0%
State Housing Aid (Via City)	\$810,000	\$810,000	\$0	(\$810,000)	(100.00%)	(\$810,000)	(100.00%)
Additional Revenue Sources							
Medicaid Reimbursements	\$1,550,000	\$1,550,000	\$1,700,000	\$150,000	9.68%	\$150,000	9.68%
Tuition Revenue	\$350,000	\$350,000	\$350,000	\$0	0%	\$0	0%
Building Rental & Fees	\$110,000	\$110,000	\$55,000	(\$55,000)	(50.00%)	(\$55,000)	(50.00%)
Sale of Building	\$500,000	\$450,000	\$0	(\$500,000)	(100.00%)	(\$450,000)	(100.00%)
Summer School	\$38,000	\$38,000	\$25,000	(\$13,000)	(34.21%)	(\$13,000)	(34.21%)
E-Rate Reimbursement	\$42,000	\$43,000	\$42,000	\$0	0%	(\$1,000)	(2.33%)
Budget Totals	\$73,813,338	\$72,257,318	\$72,313,482	(\$1,499,856)	(2.03%)	\$56,164	0.08%

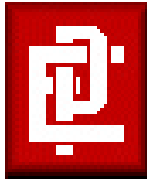


EAST PROVIDENCE SCHOOL DEPARTMENT EAST PROVIDENCE, RHODE ISLAND



FY11 Expenditure Projection

Expenditure	(A)	(B)	(C)	COLUMN (A) – (C)		COLUMN (B) – (C)	
	FY 2010 Approved 11/19/09	FY 2010 As Revised 6/15/10	FY 2011 Budget Proposed	FY 2011 Budget Incr/(Decr)	FY 2011 Budget % Incr/Decr	FY 2011 Budget Incr/(Decr)	FY 2011 Budget % Incr/Decr
Salaries	\$40,191,492	\$39,944,000	\$38,969,980	(\$1,221,512)	(3.04%)	(\$974,020)	(2.44%)
Benefits	\$16,212,126	\$15,904,593	\$15,258,200	(\$953,926)	(5.88%)	(\$646,393)	(4.06%)
Services							
Tuitions	\$7,317,380	\$8,922,705	\$8,941,054	\$1,623,674	22.19%	\$18,349	0.21%
Transportation	\$3,243,131	\$2,693,131	\$2,890,975	(\$352,156)	(10.86%)	\$197,844	7.35%
Non-Public Transp. & Services	\$318,329	\$318,329	\$400,000	\$81,671	25.66%	\$81,671	25.66%
Utilities	\$1,559,505	\$1,472,407	\$1,283,000	(\$276,505)	(17.73%)	(\$189,407)	(12.86%)
Nursing/Therapy/Testing Services	\$425,000	\$603,352	\$470,000	\$45,000	10.59%	(\$133,352)	(22.10%)
Insurance	\$187,688	\$205,638	\$225,000	\$37,312	19.88%	\$19,362	9.42%
Legal Services & Negotiations	\$500,000	\$440,000	\$400,000	(\$100,000)	(20.00%)	(\$40,000)	(9.09%)
Technology	\$364,682	\$150,000	\$701,365	\$336,683	92.32%	\$551,365	367.58%
Maintenance	\$312,538	\$425,000	\$417,350	\$104,812	33.54%	(\$7,650)	(1.80%)
Dues	\$80,000	\$24,000	\$40,000	(\$40,000)	(50.00%)	\$16,000	66.67%
Athletics/Extra-Curricular	\$146,453	\$121,111	\$175,608	\$29,155	19.91%	\$54,497	45.00%
All Other Services	\$200,000	\$175,000	\$193,180	(\$6,820)	(3.41%)	\$18,180	10.39%
Materials & Equipment							
Textbooks & Instructional Supplies	\$776,962	\$300,000	\$772,478	(4,484)	(0.58%)	\$472,478	157.49%
Non-Instructional Supplies	\$325,000	\$60,000	\$162,292	(\$162,708)	(50.06%)	\$102,292	170.49%
Equipment & Capital Outlay	\$170,052	\$170,052	\$175,000	\$4,948	2.91%	\$4,948	2.91%
Non-Public Textbooks	\$25,000	\$20,000	\$30,000	\$5,000	20.00%	\$10,000	50.00%
Debt Service	\$308,000	\$308,000	\$308,000	\$0	0%	\$0	0%
Deficit Reduction	\$1,150,000	\$0	\$500,000	(\$650,000)	(56.52%)	\$500,000	100.00%
Budget Totals	\$73,813,338	\$72,257,318	\$72,313,482	(\$1,499,856)	(2.03%)	\$56,164	0.08%

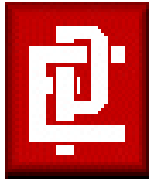


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**Expenditure Highlights
Changes From FY10 Approved Budget**

- **Salaries** decrease \$1,221,512 – (3.04%)
- **Benefits** decrease \$953,928 – (5.88%)
 - > Increased co-payments, staffing changes and life insurance costs reductions
 - > Assumes 10% increase in health insurance costs (BC/BS already approved for such % increase by Insurance Commissioner)
- **Special Education Tuitions** increase \$1.6M – +22.19%
 - > FY10 budget was artificially low based on previous faulty census
 - > Bradley program continues to reach maturity (100+ students)
- **Transportation and non-public transportation** combined decreases \$270,000 – (7.6%)
 - > One-time FY10 settlement/cost cut of \$550K returns to budget
 - > Non-public transportation costs increase due to new Statewide Bus Contract for out-of-district special education students – other districts experienced losses

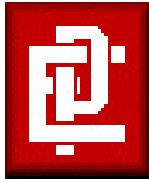


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Expenditure Highlights - Continued

- **Utilities** decrease \$276K – (17.73%)
 - > \$117K expected for energy rebates, \$159K in lighting and weatherization, and contract changes
- **Nursing/Therapy/Testing** increases \$45K – +10.59%
 - > Greatly under-budgeted in FY10 – New Director working to reduce these costs
- **Technology** increases \$337K – +92.32%
 - > Under-budgeted in FY10
 - > Includes second 3-year equipment lease/purchase – required for District Technology Plan’s timeline to bring classrooms into the 21st century
 - > Includes costs for TIENET software - \$50K-60K.
- **Maintenance** increases \$105K – +33.54%
 - > Required to address some of the glaring infrastructure deficiencies in our schools – holds off major failures pending ESCO repairs and potential bond approved work
 - > Required to ensure student safety, avoid code violations, and avoid possible City and State inspection closures

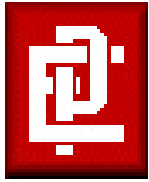


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Expenditure Highlights - Continued

- ***ESCO Bonds - \$12M***
 - > Approved by Board of Regents for Energy related upgrades
 - > Received initial approval from RIHEBC for these bonds – final approval in early September
 - > Financial advisor has issued RFP for sale of bonds with a tentative closing in early October
 - > Johnson Controls will begin work immediately after closing
 - > Bond addresses some energy related issues only – still have other maintenance issues to address in budget
- ***Bond referendum - \$15M***
 - > To address other critical school infrastructure upgrades and remaining energy related issues
 - > On November 2010 ballot for voter approval. Public hearings and meetings to commence shortly regarding bond request
 - > If approved, \$15M only addresses most critical needs



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Expenditure Highlights - Continued

- ***Athletics/extra-curricular*** increase \$29K – +19.91%
 - > More than ½ of the budget is for transportation
 - > Brings school collections into centrally-controlled budget
- ***Textbooks & Instructional Supplies*** decrease \$4K – (.58%)
 - > \$772K may seem high; however, textbooks and instructional supplies have been shortchanged every year for the past decade to pay for other “*more important*” things.
 - > ***There is nothing else more important*** – these are the basic, essential tools of our trade that are absolutely required for successful teaching and learning.
 - > Old, out-of-date textbooks and teachers buying instructional supplies have become things of the past and must remain so.
- ***Non-Instructional Supplies*** decrease \$163K – (50%)
 - > Over-budgeted for FY10 because everything from toilet paper to Purell hand cleaner, to printer toner were under-budgeted and in extremely short supply for years.

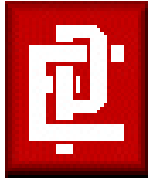


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CONCLUSION

- *Although the FY 2011 budget is on somewhat more stable ground, barring additional cuts, we still face a cash deficit in excess of \$6M+ owed to vendors and service providers.*
- *Our cash position will continue to be critical as we address the issue of this deficit through our deficit elimination plan. In four years, this \$6M+ backlog will be eliminated.*
- *For your awareness, many of our vendors and service providers will no longer do business with us and/or refuse to bid on new work because of our lack of timely payment and outstanding balances due.*
- *Many of these businesses are small, local businesses.*
- *Although we will begin regular payments again with the new fiscal year, the issue of our outstanding payables will continue to be problematic until the deficit elimination plan has concluded.*



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Conclusion – Questions?