



# Johnston Public School District

## Financial and Operational Assessment

**PFM Group Consulting, LLC**

October 4, 2023



## Overview

- ◆ PFM has been retained to prepare a financial assessment of the Johnston Public Schools (JPS or the District) on behalf of the Town of Johnston (the Town), Rhode Island
- ◆ As described later in this report, the District has experienced several years of growing financial pressures with increasing deficits and the accumulation of a negative fund balance
- ◆ These pressures continued in the preparation of the District's budget for the 2023-24 school year, and as part of the final budget the Town agreed to increase the District's local appropriation by \$2.1 million
- ◆ To close the remaining deficit, the District agreed to reduce spending with savings from staff turnover and cuts to other areas of the budget
- ◆ The goal of PFM's analysis is to evaluate the District's current and historical financial position and to identify opportunities for change to inform the Town and the District as they make future decisions regarding funding, sustainability, and operational structures
- ◆ In addition to our review of financial and operational data, our analysis will show areas of the budget where the District may be able to achieve efficiencies now or over time



# A Plan for Johnston Public Schools

- ◆ Many of the cost pressures facing JPS are complex and will require multiple efforts to address the various trends underlying the District's challenged finances
- ◆ Wherever possible, the District should also seek to achieve savings in its operations while investing its limited resources on its strategic priorities to improve instruction, competitiveness, and finances
- ◆ Based on discussions with the Town and the District, these priorities include:
  - Improved and expanded Pathways programs at the high school level
  - Building upgrades, and
  - More robust early years programming
- ◆ In developing a structural response to its financial challenges, the District, in consultation with the Town, will need to develop a strategic plan that integrates and coordinates multiple initiatives, including:
  - Multi-year budget forecasting reflecting identified 2023-24 spending changes and the timing of investments in priority areas (especially those that improve instruction and control tuition growth)
  - Changes to internal cost centers, including salaries, benefits, and maintenance
  - Capital planning and implementation, and
  - Discussions with elected and appointed officials at the state level to address special education, out of district attendance/costs, and other challenges



# Background – Enrollment



# Total Enrollment

- ◆ Since the 2017-18 school year, the District’s total enrollment has decreased by 121 students, or a compound annual growth rate (CAGR) of negative 0.8 percent
  - During the pandemic (from the 2019-20 to the 2021-22 school years), enrollment in JPS decreased by 191 students, or 6 percent
  - Enrollment grew modestly last school year (2022-23), increasing by 77 students, or 2.5 percent
  - Enrollment in JPS remains below the 10-year average enrollment of 3,173 students
- ◆ Apart from pre-kindergarten, all grade levels have decreased over the most recent five-year period
  - As shown in the table below, decreases have been highest in the middle and high school grades, although last year’s rebound was mostly in grades 9 to 12
  - High school enrollment in 2017-18 was 943 students, prior to the growth of Pathways programs

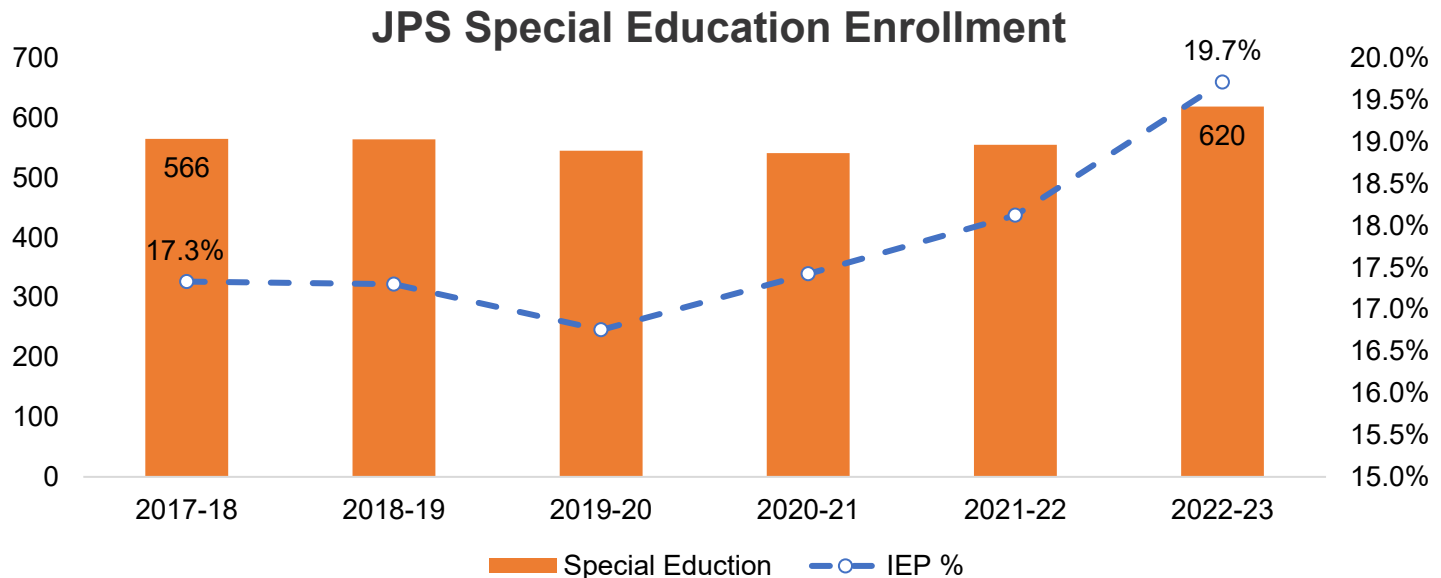
## JPS Enrollment

Grade	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	CAGR
Pre-Kindergarten	86	106	133	108	117	122	7.2%
Kindergarten	229	236	223	238	215	235	0.5%
Grades 1 to 5	1,225	1,208	1,220	1,168	1,179	1,181	(0.7%)
Grades 6 to 8	782	799	809	775	783	769	(0.3%)
Grades 9 to 12	943	916	873	821	773	837	(2.4%)
<b>Total</b>	<b>3,265</b>	<b>3,265</b>	<b>3,258</b>	<b>3,110</b>	<b>3,067</b>	<b>3,144</b>	<b>(0.8%)</b>



## Special Education Enrollment

- In addition to decreases in total enrollment, the proportion of JPS students with special education needs has increased in recent years
- Between 2017-18 and 2022-23, the number of JPS students with Individualized Education Programs (IEPs) increased by 54 students
- Due to that increase, combined with decreases in the total student population, by 2022-23 the District had its highest proportion of special education students in recent years, just under 20 percent of total in-District enrollment





# Background – Financial Overview



## Schools Unrestricted Fund

- The Town primarily accounts for the District's finances in the Schools Unrestricted Fund, which includes all unassigned and uncommitted revenues, and only the expenditures associated with those revenues
- The District uses several School Special Revenue Funds to track revenues and spending related to other sources such as local appropriations, state aid, and federal aid or grants

### 2021-22 School Special Revenue Funds

Fund Type	Revenue
IDEA Funds	\$1,231,893
Title Funds	\$1,169,340
ESSER Funds (federal pandemic \$)	\$2,169,736
Other Miscellaneous Funds	\$1,268,539
<b>Total School Special Revenue Funds</b>	<b>\$5,839,508</b>

*Source:* Town of Johnston's 2021-22 audited financial statements

- JPS also manages several Enterprise Funds which are supported with charges for services and grants; these include cafeteria, credit recovery, summer school, and athletic field funds
- Unless otherwise specified, this review and analysis reflects only the Unrestricted Fund finances

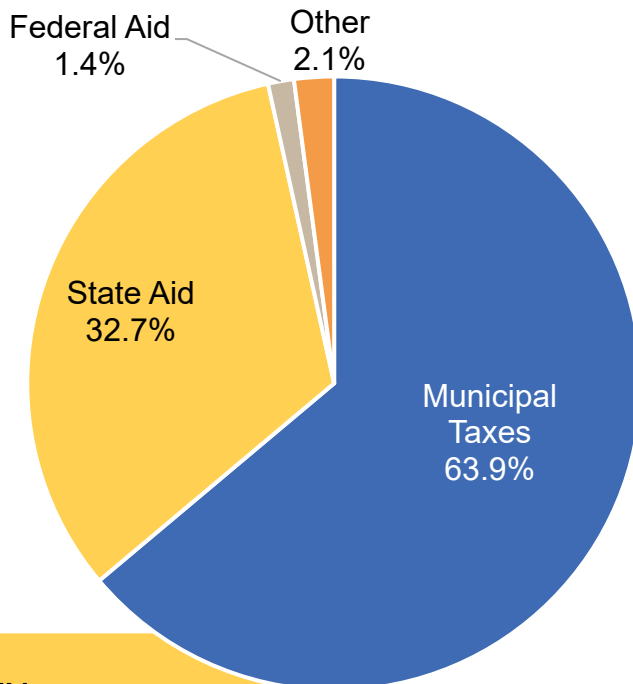




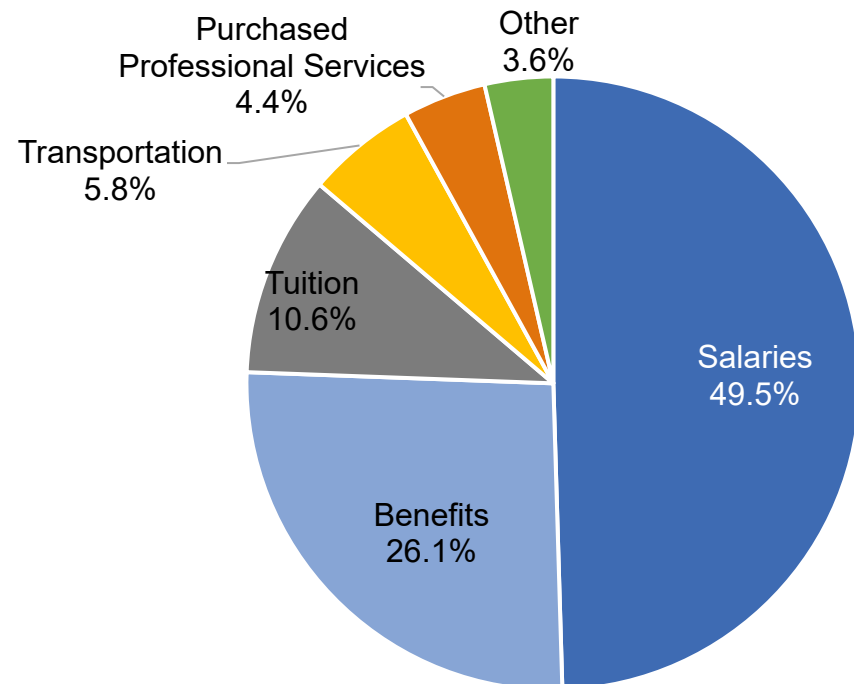
## Overview: 2021-22 Audit (~\$60 million)

- The charts below show the major categories of District revenues and expenditures in its Unrestricted Fund as reported in the 2021-22 audit
  - Local sources account for 64 percent of revenue, while state sources provide 33 percent
  - Employee salaries and benefits make up over 75 percent of District spending; tuition payments are the next highest expenditure category, over 10 percent

### Unrestricted Fund Revenues



### Unrestricted Fund Expenditures





## Historical Operating Results

- After a barely positive operating result in 2016-17, JPS has had annual operating budget shortfalls since the 2017-18 school year
- Although revenues grew at the same compound annual rate as expenditures between 2016-17 and 2021-22, the revenue trend is impacted by one-time revenues received in 2021-22
- Without the one-time pension rebate from the State and the transfer from the Town, the District's revenues grew by a compound annual rate of 1.8 percent

### JPS School Unrestricted Fund Position

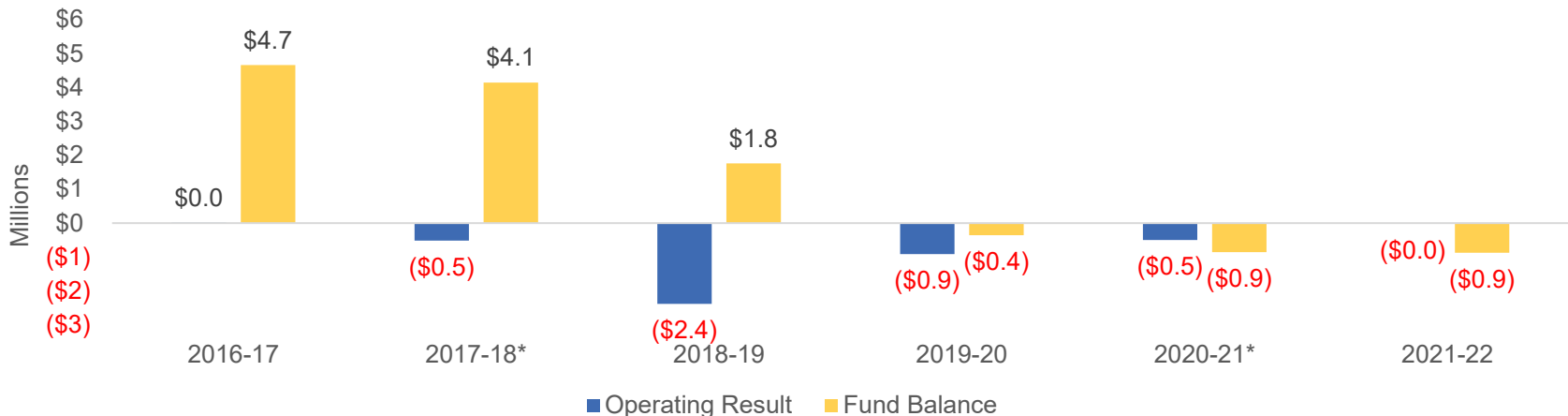
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	CAGR
	Actual	Actual	Actual	Actual	Actual	Actual	2016-17 to 2021-22
<b>Revenue</b>							
Local	\$37,529,015	\$37,529,015	\$37,529,015	\$37,529,015	\$37,529,015	\$38,529,015	0.5%
State	\$15,793,725	\$18,317,504	\$18,120,660	\$17,387,372	\$18,915,010	\$19,694,913	4.5%
Federal	\$791,376	\$1,014,262	\$835,473	\$1,045,524	\$497,043	\$823,103	0.8%
Other	\$95,816	\$341,221	\$482,720	\$266,716	\$788,902	\$1,264,673	67.5%
<b>Total Revenue</b>	<b>\$54,209,932</b>	<b>\$57,202,003</b>	<b>\$56,967,867</b>	<b>\$56,228,627</b>	<b>\$57,729,970</b>	<b>\$60,311,703</b>	<b>2.2%</b>
<b>Expenditures</b>							
Personnel	\$42,333,144	\$44,623,854	\$45,511,598	\$44,312,734	\$45,394,711	\$45,591,270	1.5%
Operating	\$11,867,433	\$13,034,987	\$13,846,464	\$12,640,441	\$12,829,074	\$14,742,176	4.4%
<b>Total Expenditures</b>	<b>\$54,200,577</b>	<b>\$57,658,841</b>	<b>\$59,358,062</b>	<b>\$56,953,175</b>	<b>\$58,223,785</b>	<b>\$60,333,447</b>	<b>2.2%</b>
Operating Result	<b>\$9,355</b>	<b>(\$456,839)</b>	<b>(\$2,390,195)</b>	<b>(\$724,548)</b>	<b>(\$493,815)</b>	<b>(\$21,743)</b>	-



## Declining Fund Balance

- As shown in the Town's financial statements, the District has recorded negative results in each of the last five years, with the final year nearly balanced with one-time revenues from the Town and the State
- Based on the restatement of prior year fund balance in the 2020-21 audit, the District completely exhausted its available fund balance in 2019-20
- The District would have had a \$1 million negative result in 2021-22 without the one-time Town and State revenues

### JPS School Unrestricted Fund Position



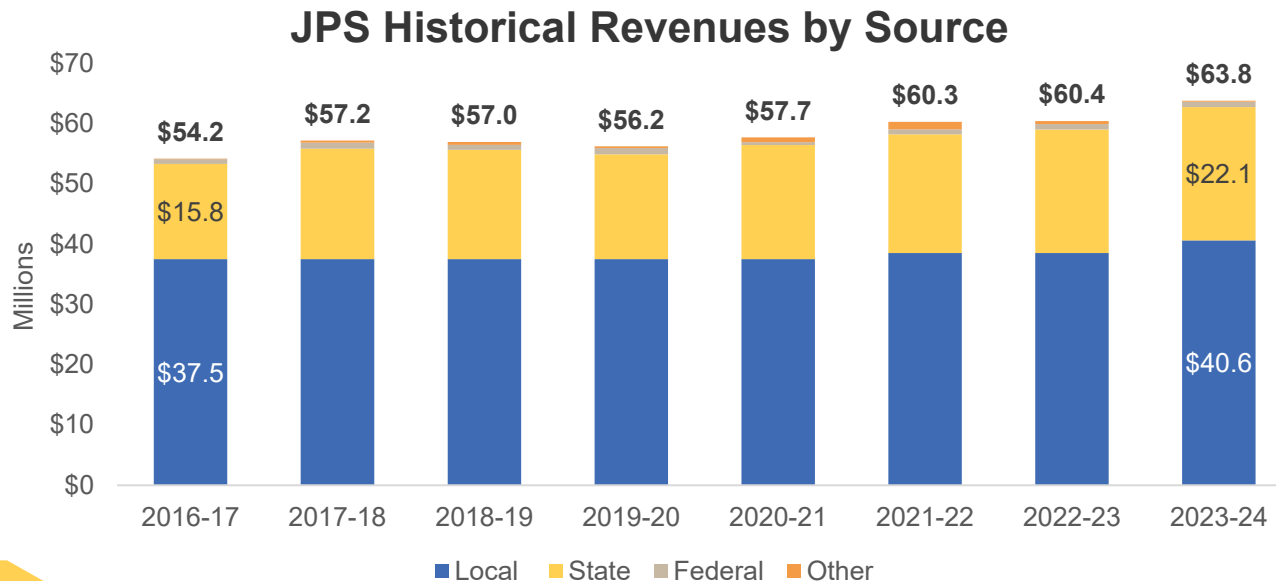
**Source:** Financial statements provided by the Town  
 \*The auditors adjusted the starting fund balance in 2017-18 and 2020-21 with prior period adjustments



# Financial Trends and Challenges

# Revenue Overview

- Between 2016-17 and 2023-24 revenues grew by \$9.6 million with two major recurring funding increases
  - A \$2.5 million increase in **State** funding in 2017-18, followed by three years of declining or modestly increasing state contribution; then from 2020-21 to 2023-24 annual state aid grew by \$3.2 million, almost 17 percent
  - Generally flat **Town** funding through 2020-21 followed by increased annual local funding of \$3.0 million by 2023-24, over 8 percent
  - In the last three years, combined state and local funding has grown by \$6.2 million, almost 11 percent
- The share of total funds provided by the State has increased from 29 percent in 2016-17 to nearly 35 percent in 2023-24

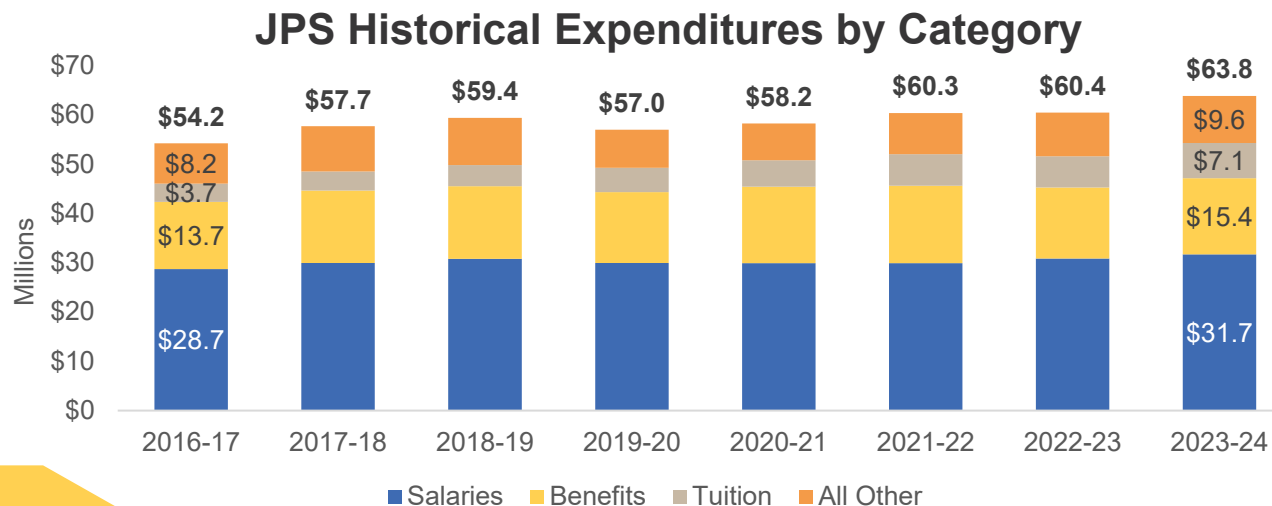


**Source:** Financial data provided by Johnston Public Schools and gathered from RIDE  
 \*In 2021-22, JPS received a transfer from the Town and a retirement rebate from the State



# Expenditure Overview

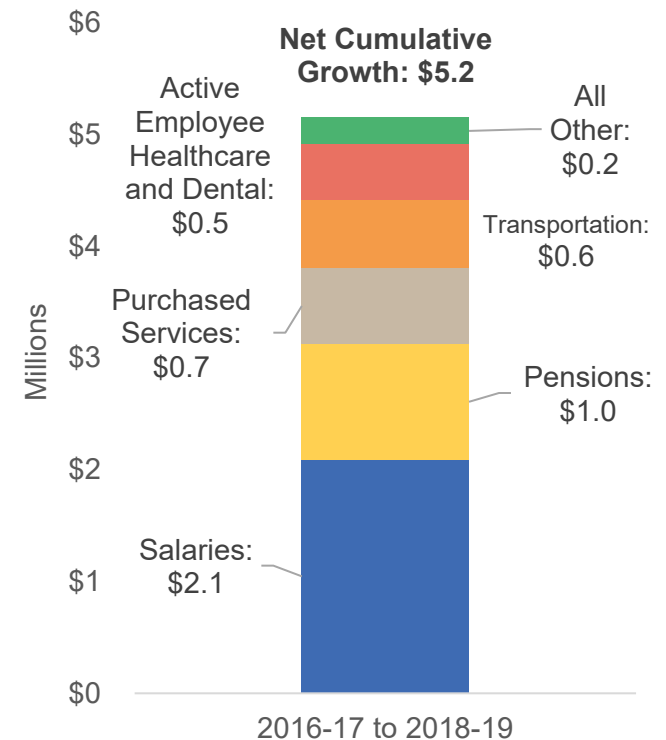
- Between 2016-17 and 2023-24, expenditures also grew by \$9.6 million with the increases driven by the following categories:
  - Salaries: \$2.9 million increase
  - Benefits: \$1.8 million increase
  - Tuition: \$3.3 million increase
- Salary spending flattened from 2018-19 to 2021-22 with the expiration of the District's two employee contracts, but now are trending upward again – an increase of \$1.8 million or 6.0 percent from 2021-22 actual to budgeted 2023-24
  - The District signed a new teachers contract in 2021-22, which covers 2021-22 to 2023-24
  - JPS continues to negotiate with its support staff union





## Expenditure Trends: 2016-17 to 2018-19

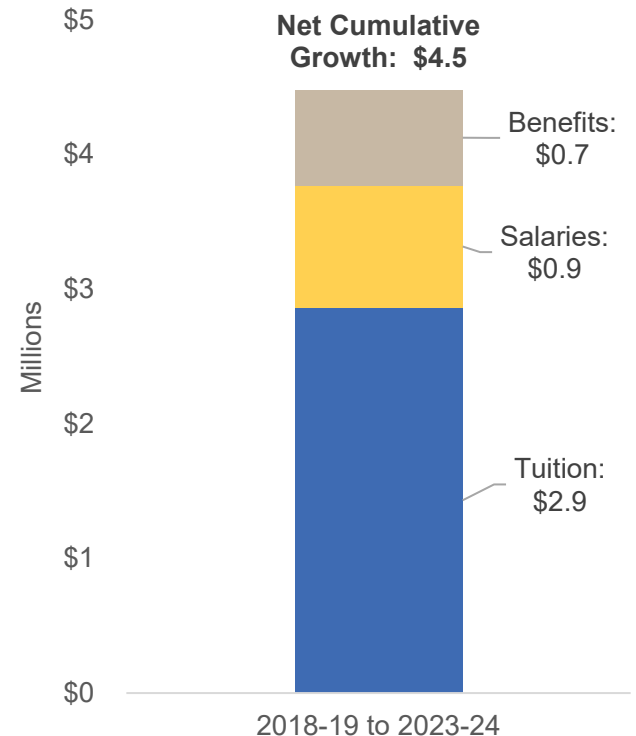
- Over the three years from 2016-17 to 2018-19, expenditures grew by \$5.2 million, or a CAGR of 4.6 percent
- Expenditure growth was driven by the following categories:
  - Salaries: teachers and other certified staff
  - Pensions: tied to increased salary costs
  - Purchased services: contracted nursing services and special education consulting
  - Transportation: general and special education service
  - Benefits: healthcare and dental insurance for current District employees





## Expenditure Trends: 2018-19 to 2023-24

- After 2018-19 the District faced different financial pressures due to the pandemic and changing trends in cost growth
- Over the five years from 2018-19 to 2023-24, expenditures grew by nearly \$4.5 million, or a CAGR of 1.5 percent
- Expenditure growth was driven by the following categories:
  - Pathways Tuition: increased enrollment in Foster-Gloster and other school district programs not operated by JPS
  - Special Education Tuition: increased number of students educated outside of the District
  - Salaries: teachers' contract covering 2021-22 to 2023-24
  - Benefits: increased pension costs
- Over the same time period, all other spending remained nearly flat at \$9.5 million

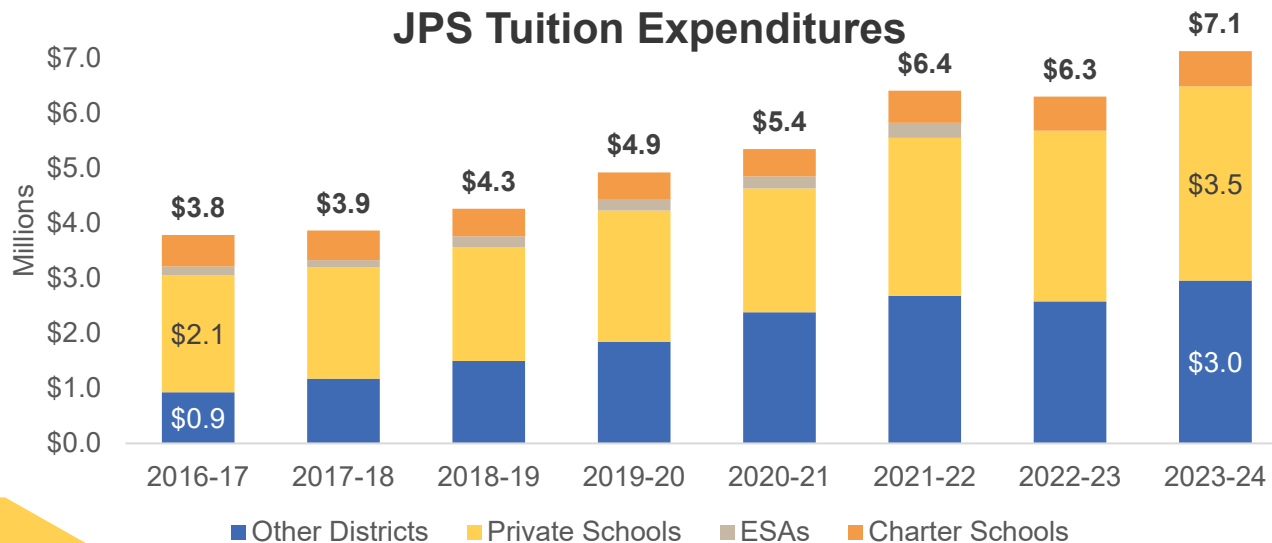






## Tuition Costs

- As the Town and District are aware, JPS has a significant and growing population of students who are enrolled in programs not operated by the District. Students may be enrolled in:
  - Another Rhode Island school district – Pathway programs, career and technical schools
  - A private school or institution – special education placements at private schools
  - Other educational entities – charter schools or other academies
- Between 2016-17 and 2023-24, tuition expenditures increased by \$3.3 million, or 9.5 percent per year; tuition expenditures growth was mostly driven by increases in tuition to Pathway programs

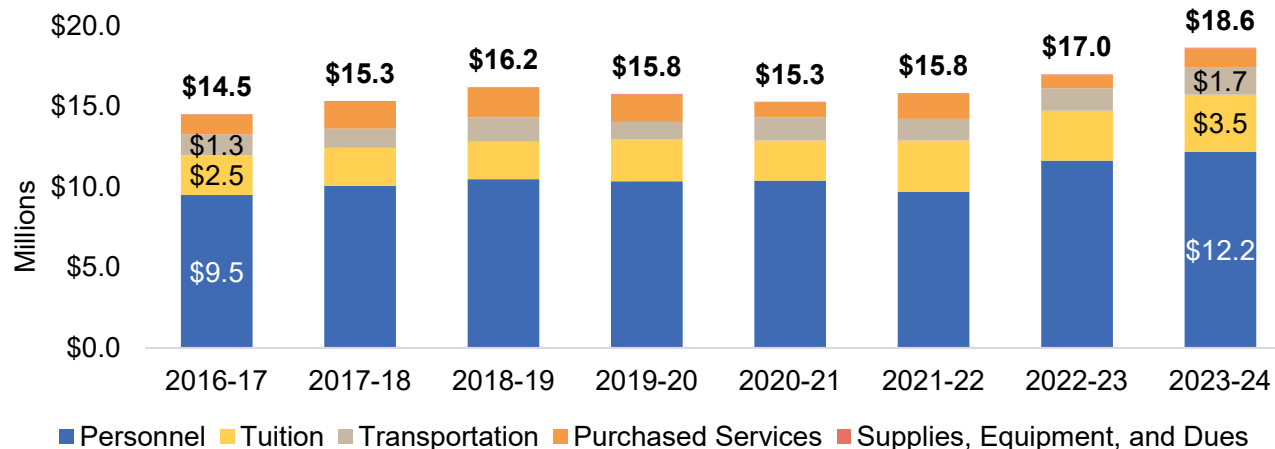


Source: Financial data provided by Johnston Public Schools and gathered from RIDE

# Special Education Spending

- As shown in the chart below, the distribution of the District's spending on special education programs has varied over the past several years, but growing substantially from the actual result in 2021-22 to the projected amount for 2023-24
  - Personnel costs have ranged between 61 and 68 percent of total special education spending
  - Spending on purchased services and tuition has ranged between 23 and 30 percent
- Between 2016-17 and 2023-24, State aid for high cost special education placements grew by almost \$670,000, or 28 times greater than the 2016-17 amount; this reflects the growing needs of JPS students
- Based on discussions with the District, growing enrollment and changes in the types of required services have made it difficult to adequately plan for budgets between school years

### JPS Special Education Expenditures





## Proposed 2023-24 Budget

- In March 2023 JPS created a preliminary 2023-24 budget that included a \$4.8 million deficit
- The District's final 2023-24 budget from July 2023 included additional state aid and a \$2.1 million increase in the Town's appropriation
- Additionally, the District reduced spending by \$2.4 million compared to the March preliminary budget
- Over 75 percent of this amount is planned to come from reductions in salary and benefit spending
- JPS also expects to reduce operating expenses by almost \$550,000 primarily in Pathways tuition and information technology

REVENUE	Proposed Budget (March 2023)	Proposed Budget (July 2023)	Difference
Town Appropriation	38,529,015	40,630,401	2,101,386
State Aid	21,786,519	22,115,099	328,580
Prior Year Surplus	0	0	0
Miscellaneous Revenue	1,069,500	1,069,500	0
<b>TOTAL REVENUE</b>	<b>\$61,385,034</b>	<b>\$63,815,000</b>	<b>\$2,429,966</b>

EXPENSES			
Operating Expenses			
Special Services	4,649,875	4,731,875	82,000
Buildings, Maintenance and Student Transportation	5,847,348	5,799,348	(48,000)
Johnston High School	264,471	264,471	0
Ferri Middle School	129,500	86,500	(43,000)
Athletics – Secondary	271,650	271,650	0
Elementary Schools	217,437	135,227	(82,210)
Out of District Tuition - Regular Education	3,855,500	3,600,500	(255,000)
Information Technology	763,888	491,891	(271,997)
English Language Learners	30,700	30,700	0
Central Administration and Other District Expenses	1,199,882	1,274,882	75,000
<b>Total Operating Expenses</b>	<b>\$17,230,250</b>	<b>\$16,687,043</b>	<b>(\$543,207)</b>

Salaries and Benefits			
Salaries	32,979,836	31,678,888	(1,300,948)
Benefits	16,008,457	15,448,919	(559,538)
<b>Total Salaries and Benefits</b>	<b>\$48,988,293</b>	<b>\$47,127,806</b>	<b>(\$1,860,487)</b>

<b>TOTAL EXPENSES</b>	<b>\$66,218,543</b>	<b>\$63,814,850</b>	<b>(\$2,403,693)</b>
Surplus/Deficit	<b>(\$4,833,509)</b>	<b>\$150</b>	

Source: Financial data provided by Johnston Public Schools



# 2023-24 Budget Expenditure Changes

- The table on the right provides additional detail on the changes in the expenditure budget between the initial and final versions of the 2023-24 budget
- Most of the changes in salaries and benefits were due to staff turnover and retirements, as well as matching severance pay and long-term substitute costs to more recent estimates
- In some cases, the District was able to shift certain cyclical purchases to the ESSER grants to provide some short-term relief to the Unrestricted Fund budget

2023-24 Changes	
<b>Salaries</b>	
Building Administrative and Professional Staff Turnover	(\$310,003)
Removed One Climate Officer	(\$95,294)
Central Office Restructuring	(\$87,559)
Reduced Teachers Aide Positions	(\$84,805)
Reduced Maintenance and Custodians	(\$66,061)
Long-term Substitute Teachers	(\$423,094)
Severance Pay	(\$279,132)
Facilities Overtime Adjustment	\$45,000
<b>Subtotal</b>	<b>(\$1,300,948)</b>
<b>Benefits</b>	
Pension and Annuity Contributions	(\$349,939)
Health and Dental Insurance	(\$181,833)
All Other Benefits	(\$27,766)
<b>Subtotal</b>	<b>(\$559,538)</b>
<b>Operating Expenses</b>	
Reduced Pathways Enrollment to Match Recent Report	(\$255,000)
Reduced Special Education Services to 2021-22 Actuals	(\$35,000)
Increase in Special Education Tuition	\$117,000
Reduced IT Spending	(\$271,997)
Shift Elementary School Textbooks to ESSER	(\$82,210)
Shift Middle School Curriculum to ESSER	(\$43,000)
Remove Facilities Vehicle	(\$23,000)
Align Property Insurance with Actual Spending	(\$25,000)
Increased Legal Services Costs	\$75,000
<b>Subtotal</b>	<b>(\$543,207)</b>
<b>Total</b>	<b>(\$2,403,693)</b>

Source: Financial data provided by Johnston Public Schools

- A review of data from the District identified several areas where the District should consider updating its systems and processes
- **Budgeting practices:** although improvements have been made in recent years, the District's budget should reflect recent historical actual results and projected year-end results for the current year (see the Appendix for a budget variance analysis using the 2018-19 school year; similar analyses should be completed for more recent years using additional data from the District); positions and spending should be allocated to proper functional areas to minimize variance with year-end reporting
- **Budget documents:** supporting information should be included in the annual budget documents, such as organizational charts of each building with assigned staff, historical spending by major categories with descriptions of trends, and other contextual information (ex. comparisons to other districts)
- **Grants budgeting:** since they are numerous and in some cases material, the District should prepare a formal budget document for each of its grants in addition to using its financial recordkeeping system and the State reporting system
- **Position control:** the District should develop a position control system to track and report on salary and benefit costs throughout the year as positions are filled and staff turn over; this system will also be useful in annual budgeting and reporting
- **Quarterly reports:** at the end of each quarter the District should prepare and deliver at a Board meeting a report identifying revenue and spending to date, the original full year budgeted amount, and an updated year-end projection



# Financial Pressures

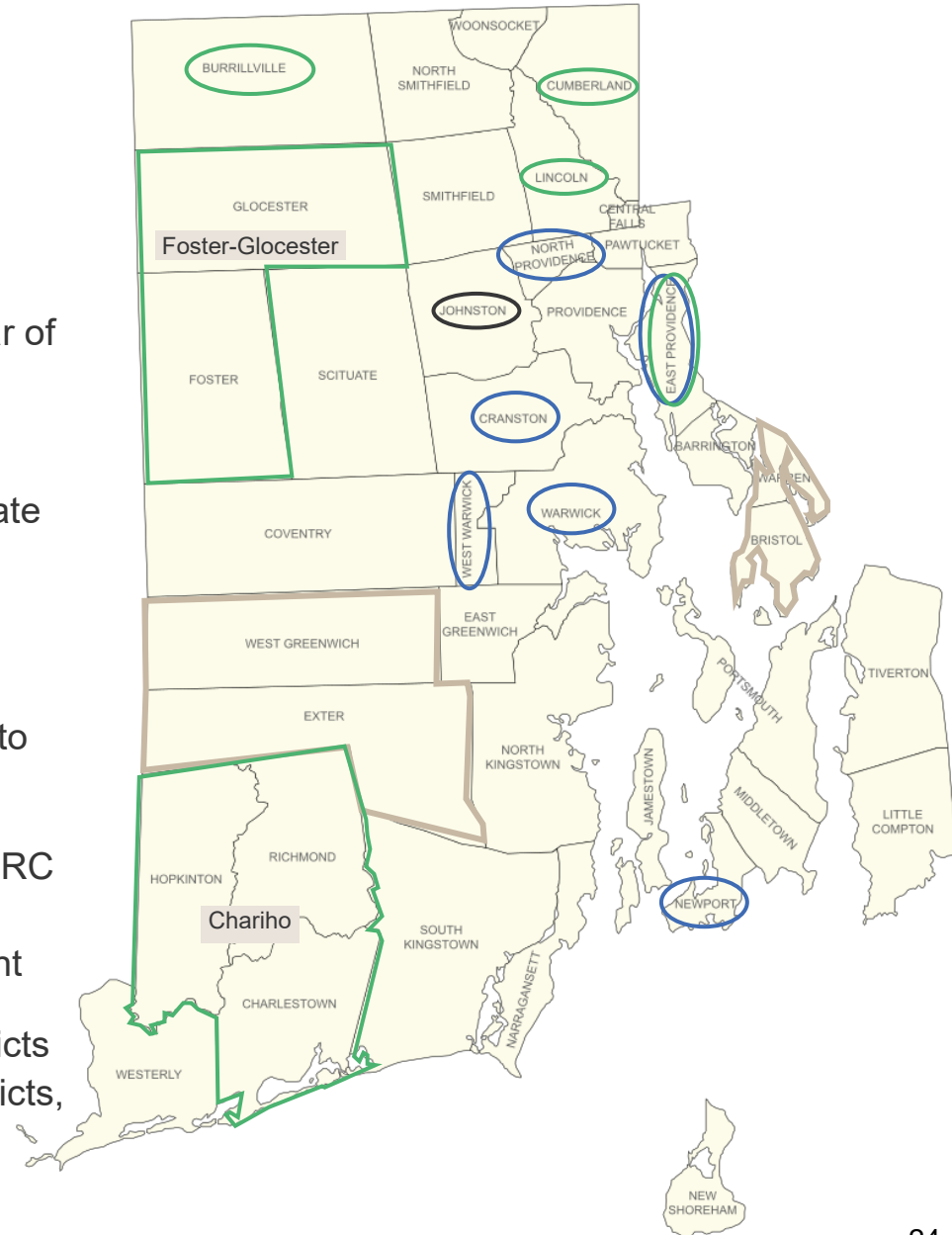
- In the near future JPS will need to be proactive in addressing financial pressures in the following areas:
  - **Teacher salaries:** contract expires after the current school year (August 2024)
  - **Non-certified salaries:** District is currently in negotiations with the non-certified bargaining group
  - **Maintenance spending:** District will need to ensure facilities are adequately maintained (in the longer run proposed new construction and renovations may relieve pressure here)
  - **ESSER spending (curriculum and equipment):** cyclical purchases recently supported by one-time federal funds will need to be re-integrated into the operating budget
  - **ESSER spending (professional staff):** District will need to determine if there are recurring funds to support counselors and other staff recently funded by ESSER III; JPS also received a District Support Program (DSP) grant to support Multilingual Learner (MLL) programs including certified staff, outcomes assessment, and administrative support
  - **Increased special education enrollment:** District should undertake and share publicly more detailed analysis of why this trend and other enrollment shifts are occurring
- Many of these areas will exert pressure on managing the 2023-24 budget and continue into the process of budgeting for 2024-25
- In order to address these pressures, the District and the Town will need to develop a multi-year financial projection with periodic updates to continuously monitor whether its initiatives are impacting cost trends and to take corrective action where needed



# Benchmarking

# Benchmark School Districts

- PFM selected two benchmark groups of peer school districts to compare with spending and operations in JPS
- These districts were chosen using data groups established by the Rhode Island Department of Education, and are generally from their last year of available data (2021-22)
- **Urban Ring** school districts were identified by RIDE relying on a combination of urbanicity, State Share Ratio Community (SSRC) percentages, size, and grade span
  - SSRC is a ratio used by RIDE for funding allocations to calculate a community's ability to generate tax revenue for education
- **Economic Peer** school districts with similar SSRC percentages have a ratio between 50 and 60 percent; for 2023-24, JPS' SSRC is 55.2 percent
- Some data is also presented for all school districts statewide (school districts, regional school districts, charter schools, and state-operated schools)







## Using Benchmark Comparisons

- ◆ Despite individual differences in some categories, the information reported to the State should be assumed to be broadly accurate and it can be relied on for identifying areas for further examination
- ◆ Generally, the follow up questions created by the benchmark comparisons can provide greater clarity to determine the series of steps that the District would have to take to align its operations with its peers
- ◆ Johnston is excluded from the calculation of the average in the three comparison groups on the following slides (statewide, urban ring, and economic peer)
- ◆ On the benchmark slides, cells shaded in blue show areas where JPS exceeds all or most of the peer groups and cells shaded in yellow show areas where JPS is below all or most of the peer groups



## Local Contribution

- JPS’s local contribution on a per-pupil basis is higher than many of the benchmark economic peer and urban ring school districts
- JPS’s local contribution per pupil is about **\$2,000** above the urban ring median and **\$580** above the economic peer district median
- In addition to a higher local contribution than many of its peers, the following slides illustrate how spending patterns in JPS differ from the benchmark districts

### 2021-22 Statewide Local Appropriation Per-Pupil

#### Urban Ring School Districts

District	Local Contribution	Total RADM*	Local Contribution per RADM*
No. Providence	\$32,850,260	3,703	\$8,871
West Warwick	\$32,357,516	3,587	\$9,021
Cranston	\$97,511,879	10,499	\$9,288
E. Providence	\$50,835,777	5,182	\$9,810
<b>Johnston</b>	<b>\$38,529,015</b>	<b>3,322</b>	<b>\$11,598</b>
Newport	\$27,277,681	1,938	\$14,075
Warwick	\$129,969,383	8,381	\$15,508
<b>Median (excluding Johnston)</b>			<b>\$9,549</b>

#### Districts with similar SSRC

District	Local Contribution	Total RADM*	Local Contribution per RADM*
Cumberland	\$47,056,398	5,125	\$9,182
Burrillville	\$20,839,313	2,215	\$9,408
E. Providence	\$50,835,777	5,182	\$9,810
<b>Johnston</b>	<b>\$38,529,015</b>	<b>3,322</b>	<b>\$11,598</b>
Lincoln	\$42,578,175	3,484	\$12,221
Chariho	\$42,672,988	3,060	\$13,945
Foster-Glocester	\$16,776,707	1,130	\$14,847
<b>Median (excluding Johnston)</b>			<b>\$11,016</b>

**Source:** 2023-24 local tuition rate calculations from RIDE, which show data from the 2021-22 school year  
 \*RADM (Resident Average Daily Membership) – the count of every student a school district is financially responsible for, regardless of if they are receiving instruction in or out of the district’ classrooms



## Per Student Operational Costs

- Compared to the benchmark groups and the statewide average, JPS has above average per pupil spending for tuition and transportation
- Food service and business operations costs are below the statewide average, but above the economic peer and urban ring district averages
- Compared to all of the benchmark groups, JPS is below average on data processing, repairs and maintenance, and utilities
- JPS is slightly above the urban ring for safety costs, but below the statewide average and economic peer group

### 2021-22 Operational Expenses per ADM

Expense	Statewide Average	Economic Peer Districts Average	Urban Ring Average	Johnston
Tuition	\$1,303	\$1,121	\$1,227	\$2,146
Transportation	\$850	\$953	\$853	\$1,047
Food Service	\$536	\$426	\$493	\$505
Business Operations	\$427	\$274	\$241	\$385
Data Processing	\$158	\$154	\$167	\$105
Repairs and Maintenance Services	\$170	\$98	\$102	\$67
Utility Services	\$68	\$54	\$54	\$38
Safety	\$77	\$28	\$24	\$27

Source: 2021-22 expenditure and enrollment data from RIDE



## Tuition Costs

- Compared to the all of the benchmark groups, the District's tuition costs comprise a larger share of the total budget
  - JPS's tuition expenditures are 3.6 percentage points higher than the statewide average
  - JPS's tuition expenditures are 4.0 percentage points higher than the economic peer districts
  - JPS's tuition expenditures are 3.9 percentage points higher than the urban ring districts
- In the State's calculation of the local tuition rates for school districts, JPS has a relatively high amount of unique costs, which exceeds the minimum amount set at 7 percent of the local appropriation
  - Although this is slightly beneficial in the calculation of the tuition rate, this also means that JPS has a greater share than other schools of stranded costs that remain in the District for each student who attends programs elsewhere

### 2021-22 Tuition Expenses - Percentage of Total Budget

Expense	Statewide Average	Economic Peer Districts Average	Urban Ring Average	Johnston
Tuition	6.1%	5.8%	5.8%	9.7%

Source: 2021-22 expenditure data from RIDE



## Per Student Staffing Costs

- For regular education program costs, JPS is above the urban ring and economic peer districts, but below the statewide average
- For instructional teacher costs, Johnston is above the statewide average and the economic peer districts, but below the urban ring average
- Compared to all of the benchmark groups below, the District has above average per pupil spending for special education and related professional support positions (therapists, psychologists, evaluators, personal attendants and social workers)
- Compared to all of the benchmark groups, JPS spends less on a per pupil basis for substitute teachers

### 2021-22 Staffing Expenses per ADM

Expense	State Total Per Student	Economic Peer Districts Average	Urban Ring Average	Johnston
Regular Elementary/Secondary Education Programs	\$14,379	\$13,078	\$13,704	\$14,203
Instructional Teachers	\$9,043	\$8,931	\$9,981	\$9,750
Special Education	\$4,642	\$4,545	\$5,414	\$5,717
Therapists, Psychologists, Evaluators, SWs, etc.	\$1,222	\$1,034	\$1,487	\$1,585
Substitutes	\$318	\$196	\$306	\$170

Source: 2021-22 expenditure and enrollment data from RIDE



## Benefits Costs

- Compared to all of the benchmark groups below, JPS spends more on healthcare for both active and retired personnel as a percentage of salaries
  - The District is 8 to 9 percentage points higher than the benchmark groups for active employees
  - The District's ratio of health benefits to salaries is approximately 1.5 times greater than the statewide and economic peer group averages
  - JPS is about 4 to 5 percentage points higher for retirees, far more than the benchmark groups
- Among the urban ring districts, JPS is the only district that did not have a healthcare cost-sharing agreement based on a share of premium costs in their teachers' collective bargaining agreement (CBA)
- Variations in salary levels between JPS and its peers are also a likely contributor of some of the differences shown here

### 2021-22 Benefits Expenses - Percentage of Total Salaries

Expense	Statewide Average	Economic Peer Districts Average	Urban Ring Average	Johnston
Health and Medical - Self Insured / Active	16.9%	17.4%	17.8%	25.3%
Health and Medical - Self Insured / Retiree	1.3%	0.2%	1.1%	5.4%

Source: 2021-22 expenditure data from RIDE



## Students Per Staff Ratios (2020-21)

- In the table below and on the following slide, lower ratios of students per staff member indicate a greater number of positions
- For Teachers and Total Educators, JPS was below the statewide and the economic peer group averages and above the urban ring average
- JPS had a lower ratio of students to support professionals compared to all three comparison groups
- JPS had a higher ratio of students to school administrators compared to all three comparison groups
- For District administrators, JPS was above the statewide and the economic peer group averages and below the urban ring average

### 2020-21 Students Per Staff

Position	Statewide Average	Economic Peer Districts Average	Urban Ring Average	Johnston
Teachers	12.0	12.2	11.6	11.9
Support Professionals	88.9	89.4	76.1	72.3
School Administrators	249.7	282.4	269.9	345.6
District Administrators	687.2	749.5	907.1	777.5
Total Educators	10.0	10.2	9.6	9.8

Source: 2020-21 Report Card data from RIDE



## Students Per Staff Ratios (2021-22)

- In the 2021-22 school year, JPS hired 26 positions in the educator staff categories reported to the State, which had an impact on the ratios
- Compared to all of the benchmark groups below, JPS has a lower ratio of students per staff member for all position types, with the exception of school administrators
- For district administrators, JPS has a higher ratio of students per staff member than both the statewide average and the urban ring school districts
- Given the relatively small number of total district administrators at JPS, this would likely be the difference of a small number of positions; some of this may have been addressed in part with the changes in the 2023-24 budget noted on slide 21

### 2021-22 Students Per Staff

Position	Statewide Average	Economic Peer Districts Average	Urban Ring Average	Johnston
Teachers	11.8	12.0	11.5	11.0
Support Professionals	85.4	86.3	72.8	65.3
School Administrators	242.0	303.9	247.9	255.6
District Administrators	633.2	705.5	877.8	511.2
Total Educators	9.8	10.1	9.5	8.9

Source: 2021-22 Report Card data from RIDE





## Managing Personnel Costs

- JPS's high costs for active and retiree health benefits limit the funds that the District has available to provide competitive salaries and benefits to attract and retain employees
- Although the District was able to reach an agreement with its teachers' union two years ago to raise salaries, our analysis in an Appendix to this report shows that JPS lags behind many of its peers in terms of starting and career salaries
  - Nearly 70 percent of JPS' current teachers have many years of service with the District and are at the top step in the pay progression
  - The District's relatively low salaries make it harder to attract and maintain the best teachers
- In addition to our analysis, we identified several other areas where cost pressures from benefits have reduced the District's flexibility in raising salaries
  - The District noted that its healthcare stop-loss insurance costs would likely increase in 2023-24 due to claims experience
  - Local 808 staff have multiple pension systems in which employees are required to enroll
- The District has considered options to change its retiree healthcare eligibility clauses for some bargaining units, which may lead to savings in the future depending on the structure chosen



# Initiatives



## Overview

- ◆ The historical financial trends and the benchmark data show that while there are areas where the District can and should economize, it also faces structural financial pressures that need to be addressed strategically
- ◆ A multi-year strategy will be required in order to achieve progress in stabilizing the District's finances; doing so will require prompt strategic investments in priority areas
  - For example, healthcare cost savings are subject to collective bargaining and would be linked to the cycle of contract negotiations
  - In other cases, it will take time for the effects of initiatives to take place, such as investing in the District's Pathways programs to offer alternatives to students currently enrolled elsewhere, or building new facilities and realigning grades
- ◆ Shorter-term progress should be achieved by ensuring success of the District's budget reductions this year, and working to identify additional potential savings in areas ranging from special education to transportation
- ◆ In order to provide the Town and the District with information to plan budgets for 2024-25 and future school years, we have prepared a number of initiatives to quantify the impact of various options
- ◆ In each case, both the Town and the District will need to answer a number of key questions as the two collaborate on each of the potential initiatives



# Salary Growth

- The District is currently negotiating a new collective bargaining agreement with its support staff, and it will begin negotiating with its teachers in advance of that contract’s expiration in August 2024
- Given the significant financial pressures faced by the District in recent years, JPS will need to use cost savings measures and efficiencies to identify funds for increased salaries
- As a partner in working with the District, the Town should identify goals to reach in the bargaining, which could include achieving a target for healthcare cost savings or directing available funds toward starting salaries to address teacher recruitment and the retention of younger teachers
- As a starting point for future planning, the table below shows the impact of one year of step movement and a 3.0 percent increase to the base certified salary schedule, offset in part by the replacement of ten senior teachers with new teachers at Step 1
  - Actual salary costs would be determined through bargaining, and retirements would be subject to the plans of individuals
  - Retirement savings would be partially offset by retiree healthcare costs, which are not included below
  - Over time, savings would be offset as the new teachers advance in seniority

Initiative	2024-25	2025-26	2026-27	2027-28	2028-29	Cumulative Impact
Step Movement and 3.0 Percent Increase to Scale*	\$1,428,050	\$1,428,050	\$1,428,050	\$1,428,050	\$1,428,050	\$7,140,251
Ten Retirements**	(\$483,667)	(\$483,667)	(\$483,667)	(\$483,667)	(\$483,667)	(\$2,418,334)

\* Initiative includes the financial impact of base salary growth, employer pension contributions, TIAA employer contributions, and Medicare for certified staff only

\*\* Initiative does not include estimated impact of increased retiree healthcare costs or potential savings from changes in family or single coverage; over time, the savings would be offset by replacement teachers receiving step movement and salary increases



## Salary Growth: Key Questions and Actions

- ◆ Quantify how much recurring funding the District can set aside for salaries through savings initiatives and future increases in revenues
- ◆ Set policy goals to achieve through potential changes in the salary schedule
  - For example, increase retention of early career teachers or retention of experienced staff
- ◆ Research pay and benefits in the districts that teachers leave JPS for. Where can the District be more competitive?
- ◆ What are the total compensation costs of the various proposals being discussed?
- ◆ Are there any issues that need to be addressed in tandem with benefits packages?
- ◆ Are there other issues of concern to teacher groups targeted for retention?



# Active Healthcare Cost Containment

- The District should prioritize healthcare savings as a core part of its strategy to control cost growth
  - This should include reviewing options to increase the employee share of premium costs and reviewing alternative plan designs
- As shown in the benchmark slides, compared to the statewide average and the two peer district groups, the District’s ratio of current health benefits to salaries is relatively high
- When considered with the differences in the salary schedules in the Appendix, most other school districts offer higher salaries for staff and less expensive healthcare packages compared to Johnston
- Given the shared pool of employees between the Town and the District, both entities should work together to come to a mutually agreed upon solution
- As a starting point for future planning, the table below shows the annual and cumulative budget impact of increasing employee cost sharing to 20 percent (the ratio for certified staff in peer district contracts) or reducing the ratio of healthcare costs to salaries to the urban ring average

Initiative	2024-25	2025-26	2026-27	2027-28	2028-29	Cumulative Impact
Increase Cost Sharing to 20 percent*	(\$871,636)	(\$941,367)	(\$1,016,676)	(\$1,098,010)	(\$1,185,851)	(\$5,113,539)
Reduce benefits to salary ratio to 18 percent *	(\$2,292,091)	(\$2,475,458)	(\$2,673,495)	(\$2,887,375)	(\$3,118,365)	(\$13,446,784)

\* Cost sharing savings include all positions in the Unrestricted and grant funds. Savings in the grant funds would allow the District to shift more costs to those sources. Future cost savings are grown by 8 percent using the District’s assumed healthcare growth for 2023-24.



## Active Healthcare: Key Questions and Actions

- ◆ Detail how the District's benefit packages compare to those offered by its peers
- ◆ Identify changes in the plan design structure that will generate additional savings
- ◆ Are there other changes in benefits structure that should be explored?
  - For example, reviewing potential savings or greater rebates for pharmacy benefits
- ◆ Are there non-insurance wellness benefits that may lead to savings for the District?
- ◆ Integrate benefit proposals with pay proposals



## Retiree Healthcare Cost Containment

- ◆ As shown in the benchmark comparisons, the District's ratio of retiree health benefits to salaries is relatively high compared to its peers
- ◆ Although it may take many years for significant savings to be realized, the District and the Town should work together now to identify and implement options for restructuring retiree benefits
- ◆ Since the details of plan changes, eligibility rules, and timing of the changes will have significant impacts on potential savings, a cost savings table has not been prepared for this initiative
  - However, if the District were able to reach similar levels of spending as the urban ring school districts, the District could potentially save \$547,242 each year on retiree healthcare
- ◆ Key activities that should be undertaken by the District and the Town include:
  - Detail how JPS' retirement healthcare offerings compare to those offered by other school districts
  - Identify changes to plan offerings that could lead to savings or slower cost growth
  - Identify potential changes to eligibility rules that could lead to longer-term savings





## Elementary School Efficiencies

- The District and the Town should prioritize achieving efficiencies with the possible new school
- PFM was not provided estimates of the potential operating savings from the new combined elementary school. However, as a starting point for future planning, the table below shows the estimated changes based on staffing at the District's middle and high schools since these schools already operate as a single building
- Savings are shown on a single year based on estimated costs in the 2023-24 budget, and actual savings would need to be adjusted based on final plans from the District
- This does not include potential savings from other sources, such as energy usage, maintenance, more efficient transportation routes, and other factors

Position	Change	Impact*
Principal	Reduce count from 4 to 1	(\$413,497)
Assistant Principal	Increase count from 0 to 2	\$294,904
Classroom Teachers	No changes; not enough information	\$0
Guidance Counselors	No changes; not enough information	\$0
Nurses	Reduce count from 4 to 2	(\$236,456)
Clerical Staff	Reduce count from 4 to 3	(\$64,327)
Custodians	Reduce count from 8 to 4	(\$243,968)
<b>Total Impact</b>		<b>(\$663,344)</b>



## Elementary School Efficiencies: Key Questions and Actions

- ◆ Determine what programs will be provided in the new school building, and how many classroom teachers will be required for students
  - What other professional support services (ex. nurses and guidance counselors) will be required?
- ◆ Are there other staffing and building configuration considerations to be made for special education programs and enrichment for students?
- ◆ Calculate whether the new building could achieve other operational savings for utilities and maintenance services compared to the cost of operating the current buildings
- ◆ Can the District complete a transportation study to identify cost changes related to the new elementary school?
  - This will help ensure that the most efficient routes are used for the new school, and it may identify additional efficiencies for middle and high school transportation routes



# Pathways Programs

- As noted in the financial trend analysis, the growth of enrollment in Pathways programs has significantly increased the District's tuition costs in recent years
- Over time, improvements in the District's own Pathways programs at the high school may lead to potential tuition and transportation savings, partially offset by the operating costs of the new or improved programs
  - These programs will require upfront investment in buildings, equipment, and staffing before the District would see any savings from elsewhere in the budget
- Key actions that should be undertaken and questions to be considered by the District and the Town include:
  - Establish which Pathways programs would best benefit JPS students based on student interests as well as labor market and industry trends
    - What classroom space, equipment, and staff expertise would be required to run those particular programs?
  - Identify the steps that the District would need to take in order to get accreditation for its own Pathways programs to educate students from other school districts
  - Can the District and the Town work with local legislators to develop an enrollment cap and lottery system for Pathways programs or other approaches to manage the cost impact of Pathways?



## Special Education

- ◆ In addition to the growth of enrollment in Pathways programs, the District has also experienced significant increases in the number of special education students in general, and specifically in the number educated by other organizations
- ◆ There are multi-faceted challenges for students in the highest-cost placements
  - The State's Department of Children, Youth, & Families determines placement of students without the input from the District
  - In addition, tuition rates vary for each school district based on the calculation of actual spending on special education tuition costs in house, not the costs incurred by the external provider
  - The District pays transportation costs in addition to the tuition paid to the educational organization
- ◆ Key questions that should be considered by the District and the Town include:
  - Are there ways to achieve efficiencies in special education programs while meeting students' needs (including least restrictive environment) and maintenance of effort requirements?
    - The District should review options for bringing students currently educated out of district back to classrooms at JPS and lowering internal special education costs (which drive high tuition)
  - Can the District and the Town work with other school districts to advocate on addressing Statewide issues on placement decisions, tuition rate calculations, and transportation costs?



# Staffing Efficiencies

- As shown in the student-to-staff ratio analysis, in the 2021-22 school year JPS had more staff per student in many position categories than its benchmark peers
- If the District changed its staffing levels to match the statewide averages for 2021-22, it would result in the changes for the number of staff shown in the table to the right
- There are many reasons why staffing ratios may differ in JPS compared to the statewide average, including the size of the buildings, the structure of programs, and the needs of individual students
- However, this difference indicates that the District should review its program structure to identify potential staffing efficiencies
  - In some cases, changes made in 2023-24 may have achieved some of the potential efficiencies
- At the same time, the District will need to make sure that any potential changes do not adversely impact students or work at cross purposes with strategic objectives
- The District's goal should be to make modest changes in staffing ratios to move closer to statewide averages rather than use those ratios as absolute targets for changes

Position	Change in Positions	Total Costs*
Teachers	(19.0)	(\$2,246,332)
Support Professionals	(11.0)	(\$1,300,508)
School Administrators	1.0	\$135,322
District Administrators	(1.0)	(\$134,055)
<b>Total</b>	<b>(30.0)</b>	<b>(\$3,545,573)</b>

Source: 2021-22 Report Card data from RIDE

\* Savings are based on average total costs by position including salary, longevity, other pay, and all benefits



## Staffing Efficiencies: Key Questions and Actions

- ◆ Has the District reviewed the job descriptions for its non-classroom certified positions to ensure that the District's resources are allocated efficiently?
  - Identify possible opportunities to make more use of shared positions at elementary schools, the Early Childhood Center, and Graniteville Pre-School
- ◆ Has the District reviewed case loads for teaching positions in multilingual learner and special education classrooms?
  - Review job descriptions and assignments for the building-level special education coordinator positions
  - Determine whether current special education classrooms and teacher certifications accommodate could the return of some students placed out of district, allowing equal or better service at lower cost to the District
- ◆ Has the District reviewed course loads for teachers at the middle and high school level to ensure that class sizes and teaching assignments are appropriate?
  - For example, some school districts have a relatively high number of electives or higher level courses offered when some sections could be combined and maintain reasonable class sizes



# Return of ESSER Spending

- ESSER III grants are available through September 30, 2024, which means that funds must be expended by the summer prior to the start of the 2024-25 school year
- Based on information provided for the study, the District had spent 61 percent of its ESSER III grant and 56 percent of its District Support Program (DSP) grant by the end of 2022-23

Grant	2021-22	2022-23	Remaining for 2023-24 and 2024-25
ESSER III	\$1,010,134	\$1,634,107	\$1,678,404
ESSER III District Support Program (DSP)	\$0	\$1,621,092	\$1,196,492
<b>Total</b>	<b>\$1,010,134</b>	<b>\$3,255,199</b>	<b>\$2,874,896</b>

*Source:* Financial data provided by Johnston Public Schools

- In the applications, JPS proposed spending most of its funds on staff, with examples included below
  - ESSER III: interventionists for multilingual learners and special education; elementary level guidance counselors; health services coordinator; climate and culture coordinators
  - DSP: assessment data coordinator; multilingual learner coordinator and teachers; elementary level assistant principal
- In addition, the District had set aside some of its funds in the applications and future revisions to support cyclical costs such as curriculum, classroom materials, and educational software
- Like many other school districts, JPS will need to determine if recurring funds are available to support these needs after the one-time pandemic relief funds are fully expended



## Return of ESSER Spending: Key Questions and Actions

- ◆ Review outcomes data on the impact of the ESSER investments on student learning and other metrics that will allow the District to determine whether the funded initiatives should be continued after ESSER expires
  - Based on that data, will the District retain some or all of the staff after the grant funds are fully expended?
- ◆ Prepare a plan to identify whether and how District will generate additional grant funding or reallocate existing funding to support programs that continue after the ESSER grants are fully expended
  - Crosswalk these plans with textbook, curriculum and any staffing shifts to ESSER made as part of the District's 2023-24 budget expenditure changes (see slide 20)





## Budget Management and Operational Initiatives

- ◆ As described earlier in this report, the District should increase the amount of information and analysis in its annual budget document, provide actual results and revised year-end projections on a quarterly basis, provide grants budgets, and develop a position control system
- ◆ In conjunction with this reporting, the District should take steps to address and eliminate potential budget exceedances as soon as they appear each year
  - Particular attention should be paid to the District's success in making the budget reductions identified for 2023-24, and whether it intends to continue any programs and personnel currently supported by federal ESSER funding
- ◆ Given its high costs compared to other districts, JPS should review its transportation arrangements, beginning with ridership counts and including the number of routes and buses, and should revisit the potential for walking routes to some elementary schools. An external transportation study is recommended
- ◆ Given the ratios around maintenance spending, the District should determine whether current maintenance efforts are sufficient



## State Funding

- Over time, the Town and the District should plan to balance potential increases in local appropriation with increases in State aid to shift a greater share of the budget to State sources
- Even with the significant increases in the local appropriation in 2021-22 and 2023-24, the share of the District's overall budget supported by State sources has increased from 29.1 percent in 2016-17 to 34.7 percent in 2023-24 as a result of growth in the state contribution in many of those years
- Both the Town and the District will need to meet with local legislators to continue to advocate for additional funding provided through Formula Aid and other sources, recognizing the extraordinary costs that Johnston faces in several budget categories
- As a starting point for future planning, an annual 2.5 percent increase in total State Aid, which is half of the compound annual growth rate from 2016-17 to 2023-24, would result in an annual increase in funding of \$540,000 to \$600,000 per year
  - Actual state funding will vary. The Town and the District should track the tax base, census data on salaries, and enrollment data to estimate upcoming state aid and take corrective action when necessary



## State Funding: Key Questions and Actions

- ◆ Other than general support for educational programs, are there other funding and policy issues that the District and the Town need to address with the State?
  - For example
    - Funding structure and per pupil tuition for high-cost special education placements, including those through the State DCYF
    - Expansion of categorical funds for programs such as pre-kindergarten
    - Funding for stranded costs remaining students who attend Pathways or other programs outside of the District since the District's unique costs exceed the seven percent minimum in the tuition rate calculation
    - Funding for State-mandated requirements, such as student access to high-quality curriculum materials
- ◆ Are there peer districts that would join the District and the Town in this effort?
- ◆ How will the additional assessed value from Amazon and other factors in the formula impact the calculation of State funding in future years?



## Local Contribution

- Regular increases in the local contribution could provide additional recurring revenues to support the District's programs or provide additional funds for staff retention
- Ideally, any increase in the Town's contribution would be tied to purposes mutually agreed upon between the Town and the District, such as when the appropriation was increased for early childhood programs
  - The District's goal should be to work to absorb inflationary increases through other means so that any Town increase can go to priority programs
- At the same time, the Town has limited resources that must be allocated across all municipal operations, which include not just the school department, but other Town departments, capital projects, and other functions
- There are tradeoffs between increasing the Town's local contribution for the District's operations, and debt service and other available funds to support the planned investments in school facilities
- The compound annual growth in the Town contribution to the District from 2016-17 to 2023-24 was approximately 1.1 percent
- Depending on what is needed by the school district annually and if the Town maintained that same 1.1 percent increase depending on that need, this could result in an increase in funding from the Town to the School District of approximately \$400,000 to \$500,000 per year



## Local Contribution: Key Questions and Actions

- ◆ The Town should collaborate with the District to clarify the programs the Town would like to see implemented, and what outcomes should be tied to potential increases in the local contribution for operations
  - For example, opening more pre-kindergarten classrooms or the programmatic and capital approach to improving in-District Pathways
- ◆ Are there other policy-related goals that could be included in the discussion of local funding?
  - For example, the District and the Town should collaborate regarding issues such as raising salaries for entry level teachers or joint efforts to improve employee healthcare spending results



# Conclusions and Recommendations



## Conclusions and Recommendations

- ◆ JPS has significant structural financial pressure from growth in several different spending categories:
  - Salaries: increased staffing levels and contractual salary increases
  - Benefits: costs of active and retiree health insurance
  - Pathways Tuition: increased enrollment in programs outside of the District
  - Special Education Tuition: increased enrollment in programs outside of the District
- ◆ Both the District and the Town have a shared interest in ensuring the success of all students, and both entities should work as partners to identify solutions for the District's financial challenges
- ◆ As a first step in the process, the District and the Town should work together to integrate the most important strategic priorities into a plan of action to invest in students and stabilize finances and enrollment levels
- ◆ In parallel with developing this strategic plan, the District and the Town will need to work together to create a multi-year financial plan tying resources to stated goals
- ◆ Savings initiatives and other changes in the structure of the budget should be quantified and incorporated into the financial projections
- ◆ In some cases, this will be an important first step that should be undertaken promptly since some of the initiatives may take several years to take full effect



## Conclusions and Recommendations

- Before the end of the 2023-24 school year, the Town and the District should act to:
  - Use the benchmarking provided here as a road map to identify opportunities to further reduce staffing levels after the District's initial 2023-24 efficiencies, and collaborate to control costs of active and retiree health insurance
  - Begin discussions to identify sustainable funding sources and savings targets for the negotiation of the support staff contract and the upcoming negotiations for the teachers' contract, seeking to improve teacher pay competitiveness especially at lower- and mid-levels
  - Determine how to expand the 2023-24 success in returning students from outside Pathways to JPS; use internal programs and State conversations to address effect of enrollment in programs outside of the District
  - Quantify potential operational efficiencies from the new elementary school and potential program and staffing needs for the high school Pathways programs
  - Begin developing a strategic plan outlining goals for the District





## Conclusions and Recommendations

- ◆ Over the longer-term, the Town and the District should take these steps:
  - Complete the strategic plan and tie the strategic plan to a multi-year financial projection
  - Continue identifying and implementing operational efficiencies to control the growth in the District's costs, including those described earlier in this report
  - Begin discussions with elected and appointed officials at the state level to address global pressures facing the District, including the burden of high-cost special education tuition programs, and strategies to support the District's rapid growth in special education enrollment



# Appendix – SSRC Percentages



## State Share Ratio Community (SSRC) Percentages

- The tables below show the Rhode Island school districts ordered by the State Share Ratio Community (SSRC) percentages

District	2023-24 SSRC
Central Falls	97.2%
Woonsocket	88.9%
Pawtucket	84.9%
Providence	84.8%
West Warwick	74.2%
North Providence	70.3%
Cranston	64.7%
Coventry	60.3%
Burrillville	59.7%
East Providence	58.7%
Hopkintown	56.9%
Johnston	55.2%
Foster-Glocester (G)	54.7%
Glocester	54.7%
Cumberland	53.5%
Richmond	52.9%
Lincoln	49.1%
Foster	48.5%
Foster-Glocester (F)	48.5%
North Smithfield	46.8%

District	2023-24 SSRC
Warwick	45.1%
Warren	44.9%
Smithfield	37.5%
Exeter	37.1%
Barrington	35.0%
West Greenwich	29.2%
Scituate	28.8%
Tiverton	28.6%
Middletown	28.2%
East Greenwich	23.2%
North Kingstown	20.7%
Bristol	19.8%
Charlestown	0.0%
Jamestown	0.0%
Little Compton	0.0%
Narragansett	0.0%
New Shoreham	0.0%
Newport	0.0%
Portsmouth	0.0%
South Kingstown	0.0%
Westerly	0.0%



# Appendix – Teacher Salary Benchmarking



## Teacher Salary Schedule Benchmarking

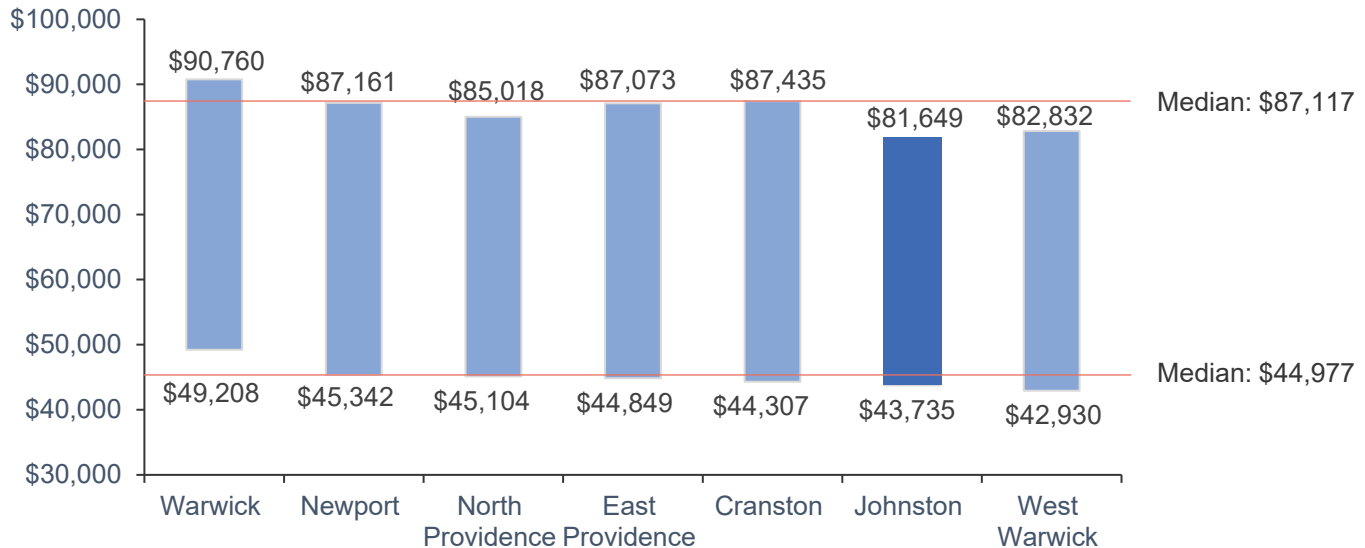
- ◆ At the request of the Town, we gathered benchmark data from teacher salary schedules to compare salaries in the District against peer groups
- ◆ In the following slides, the District's starting and ending salaries are shown for teachers with a bachelor's degree
  - Similar results were found when other educational increments were included in the analysis (ex. Master's degree)
- ◆ In order to illustrate the differences in salaries for top step teachers the comparison slides also include the impacts of longevity payments for years of service



## Bachelor's Degree: Urban Ring Districts

- Among other urban ring school districts, JPS offered the second-to-lowest starting salary in 2022-23 for teachers with a bachelor's degree, and the lowest top step salary for the same group
  - At step 1, JPS' salary was over **\$1,200 below** the urban ring median
  - At the top step, JPS' salary was about **\$5,500 below** the urban ring median
- Although JPS has the third largest local contribution per-pupil in this benchmark group, its below average salaries indicates that potential salary funding is spent elsewhere in the overall budget

### Bachelor's Degree Starting and Top Step Salaries

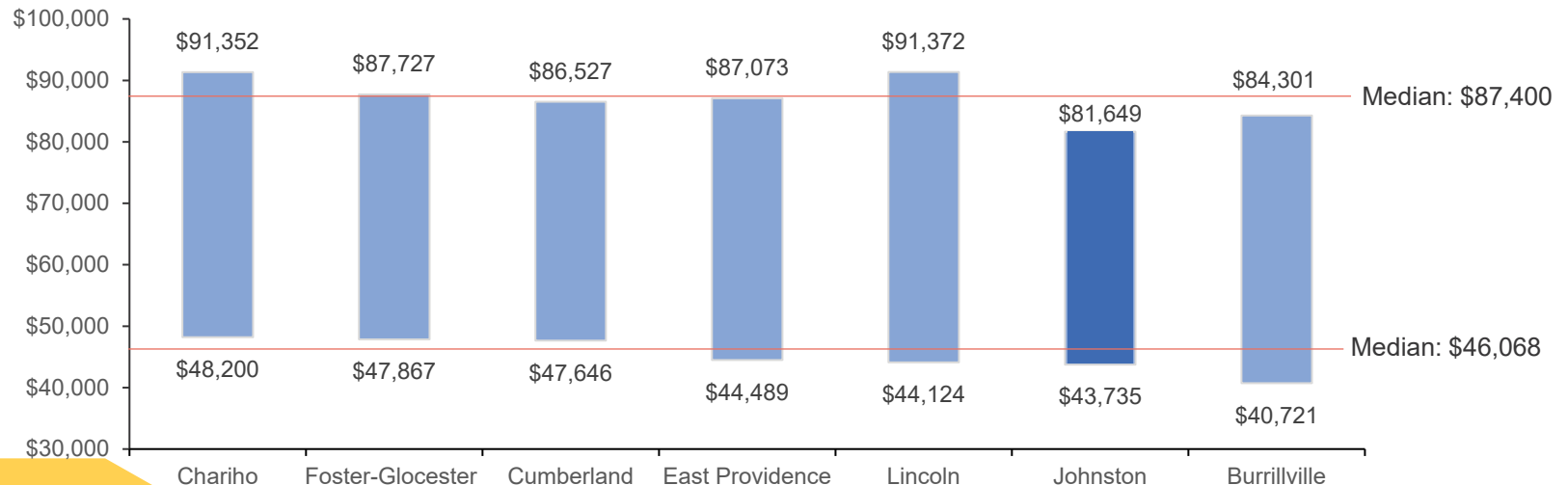




## Bachelor's Degree: Economic Peer Districts

- Among the economic peer school districts, JPS offered the second-to-lowest starting salary in 2022-23 for teachers with a bachelor's degree, and the lowest top step salary for the same group
  - At step 1, JPS' salary was over **\$2,300 below** the economic peer median
  - At the top step, JPS' salary was about **\$5,700 below** the economic peer median and is the lowest top step salary
- Apart from Burrillville, most districts with a lower per-pupil local contribution offer a higher starting salary and all districts with a lower contribution offer higher top step salaries

### Bachelor's Degree Starting and Top Step



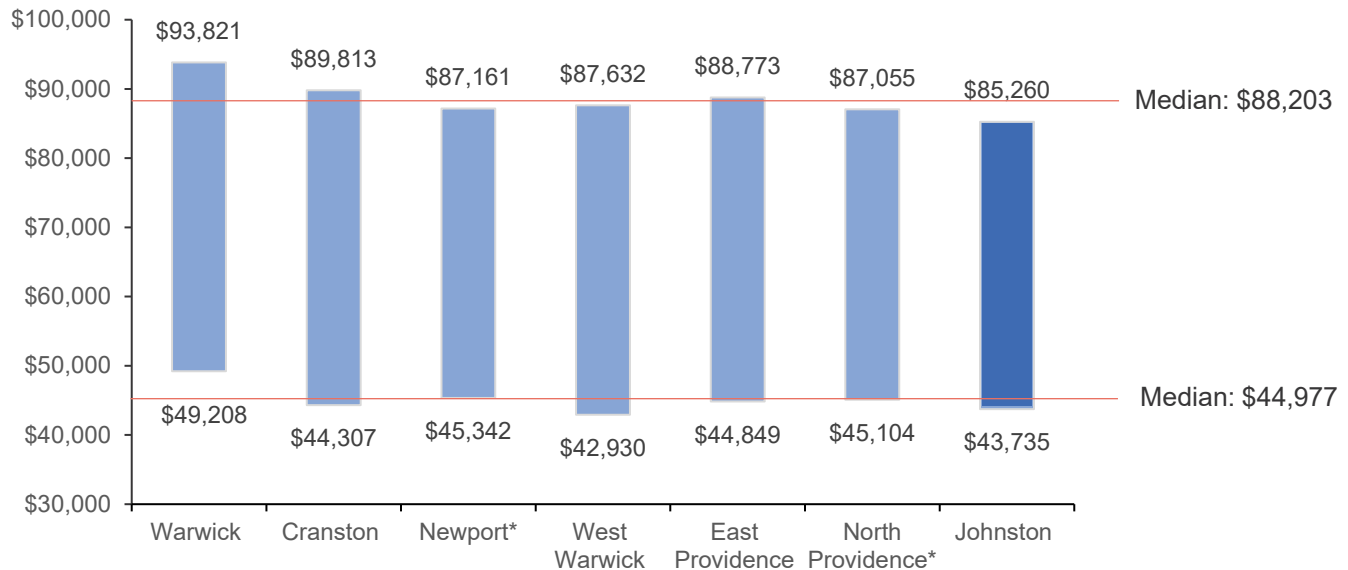
Source: 2022-23 salary schedules from the school districts



## Bachelor's Degree with Maximum Longevity: Urban Ring Districts

- After adjusting for maximum longevity payments, JPS falls to the least competitive salary range among the urban ring districts
  - JPS has the second greatest 30-year longevity adjustment – 33 percent above the urban ring median
  - Longevity adjustments are not enough to offset the relatively low top step salaries offered by the District

### Bachelor's Degree Starting and Maximum Pay with Longevity



**Source:** 2022-23 salary schedules from the school districts

\*North Providence does not have a 30-year longevity adjustment, this table shows the 25-year maximum longevity adjustment  
Newport does not have a longevity adjustment

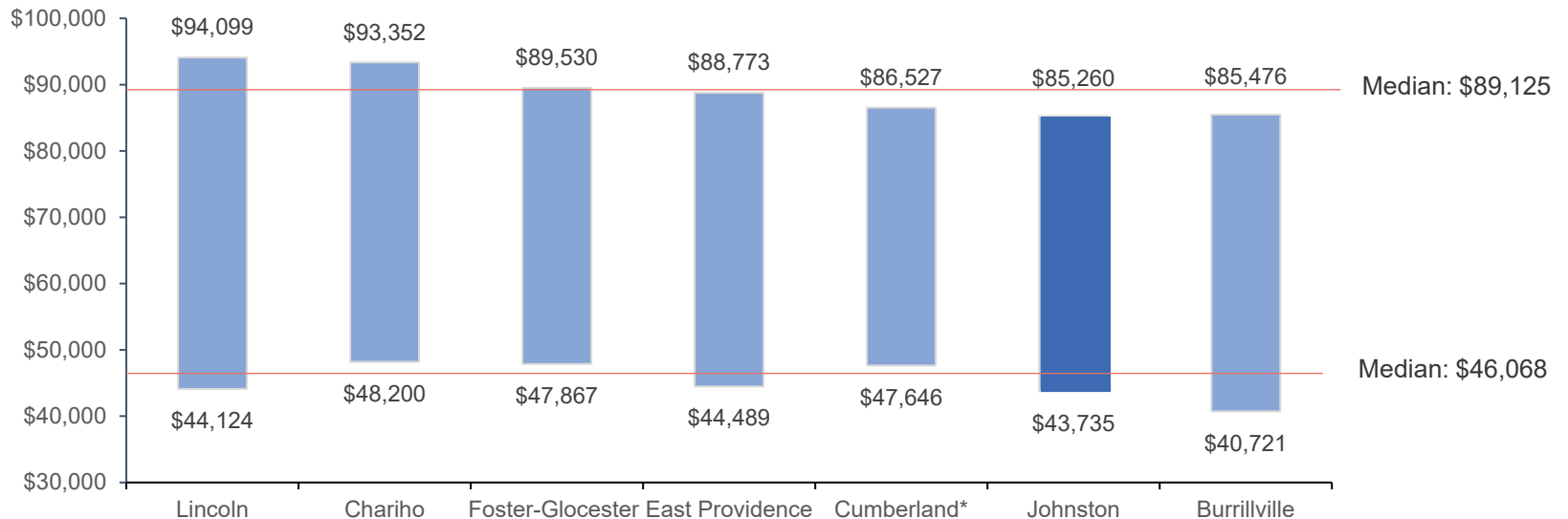




## Bachelor's Degree with Max Longevity: Economic Peer Districts

- Among the economic peer school districts, JPS offered the second-to-lowest starting salary in 2022-23 for teachers with a bachelor's degree, and the lowest top step salary for the same group
  - JPS has the greatest 30-year longevity adjustment – about double the economic peer median
  - The longevity adjustment is not enough to offset the relatively low top step salaries offered by the District

### Bachelor's Degree Starting and Maximum Pay with Longevity



Source: 2022-23 salary schedules from the school districts

\*Cumberland does not have a longevity adjustment



# Appendix – 2018-19 Budget Variance



## 2018-19 Budget vs. Actual

- We reviewed budget and actual spending for 2018-19, which is the most recent year for which the District's financial detail is available from RIDE
- In 2018-19, healthcare, dental, and pension costs significantly exceeded the budgeted amounts
- Total salaries exceeded the budgeted amounts, with a significant variance among the categories for certified staff
- Substitute costs were unbudgeted
- Although total tuition spending was nearly equal to the budgeted amounts, there was significant variance among the categories, reflecting the early impact of the Pathways schools

	Budget	Actual	Variance (\$)	Variance (%)
<b>Regular Salaries</b>				
Administrative	\$2,589,964	\$2,643,498	\$53,534	2.1%
Certified	\$22,689,833	\$23,413,572	\$723,740	3.2%
Non-Certified	\$3,684,455	\$3,261,474	(\$422,981)	(11.5%)
<b>Subtotal</b>	<b>\$28,964,251</b>	<b>\$29,318,544</b>	<b>\$354,293</b>	<b>1.2%</b>
<b>Other Pay</b>				
Substitutes	\$0	\$312,437	\$312,437	—
Overtime, Stipends, Severance, and Coverage	\$1,103,961	\$1,159,789	\$55,827	5.1%
<b>Subtotal</b>	<b>\$1,103,961</b>	<b>\$1,472,225</b>	<b>\$368,264</b>	<b>33.4%</b>
<b>Employee Benefits</b>				
Active Health/Dental	\$4,857,027	\$7,761,077	\$2,904,051	59.8%
Pension	\$4,482,189	\$4,896,730	\$414,541	9.2%
Retiree Health/Dental	\$2,239,932	\$914,380	(\$1,325,552)	(59.2%)
FICA / Medicare	\$778,817	\$725,092	(\$53,726)	(6.9%)
Other Employee Benefits	\$300,001	\$323,724	\$23,723	7.9%
Life Insurance	\$261,051	\$115,036	(\$146,015)	(55.9%)
<b>Subtotal</b>	<b>\$12,919,017</b>	<b>\$14,736,039</b>	<b>\$1,817,022</b>	<b>14.1%</b>
<b>Tuition</b>				
Special Education Tuition	\$2,690,824	\$2,266,867	(\$423,957)	(15.8%)
Tuition to Other Districts	\$967,999	\$1,498,769	\$530,770	54.8%
Tuition to Charter Schools	\$612,001	\$502,041	(\$109,960)	(18.0%)
<b>Subtotal</b>	<b>\$4,270,824</b>	<b>\$4,267,678</b>	<b>(\$3,146)</b>	<b>(0.1%)</b>
<b>All Other Expenditures</b>	<b>\$9,691,691</b>	<b>\$9,578,786</b>	<b>(\$112,904)</b>	<b>(1.2%)</b>
<b>Total Expenditures</b>	<b>\$56,949,744</b>	<b>\$59,373,272</b>	<b>\$2,423,528</b>	<b>4.3%</b>

Source: Financial data gathered from RIDE



# Appendix – PFM Background



## PFM Background



**Dean Kaplan**  
Managing Director



**Stephen Maceroni**  
Director



**Ian Tyson**  
Senior Managing  
Consultant



**Hannah Friedrich**  
Analyst



**Brianna Unegbu**  
Senior Analyst

- ◆ **Public Financial Management** (PFM)'s Management and Budget Consulting group is a team of over 40 full-time professionals whose passion and mission is to improve the performance of school districts, cities, and other public sector agencies
- ◆ We have worked extensively with school districts around the country, focusing on operational performance and financial improvement