

FY15 Budget Presentation

May 29, 2014



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Overview

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- Reversing Years of Disinvestment



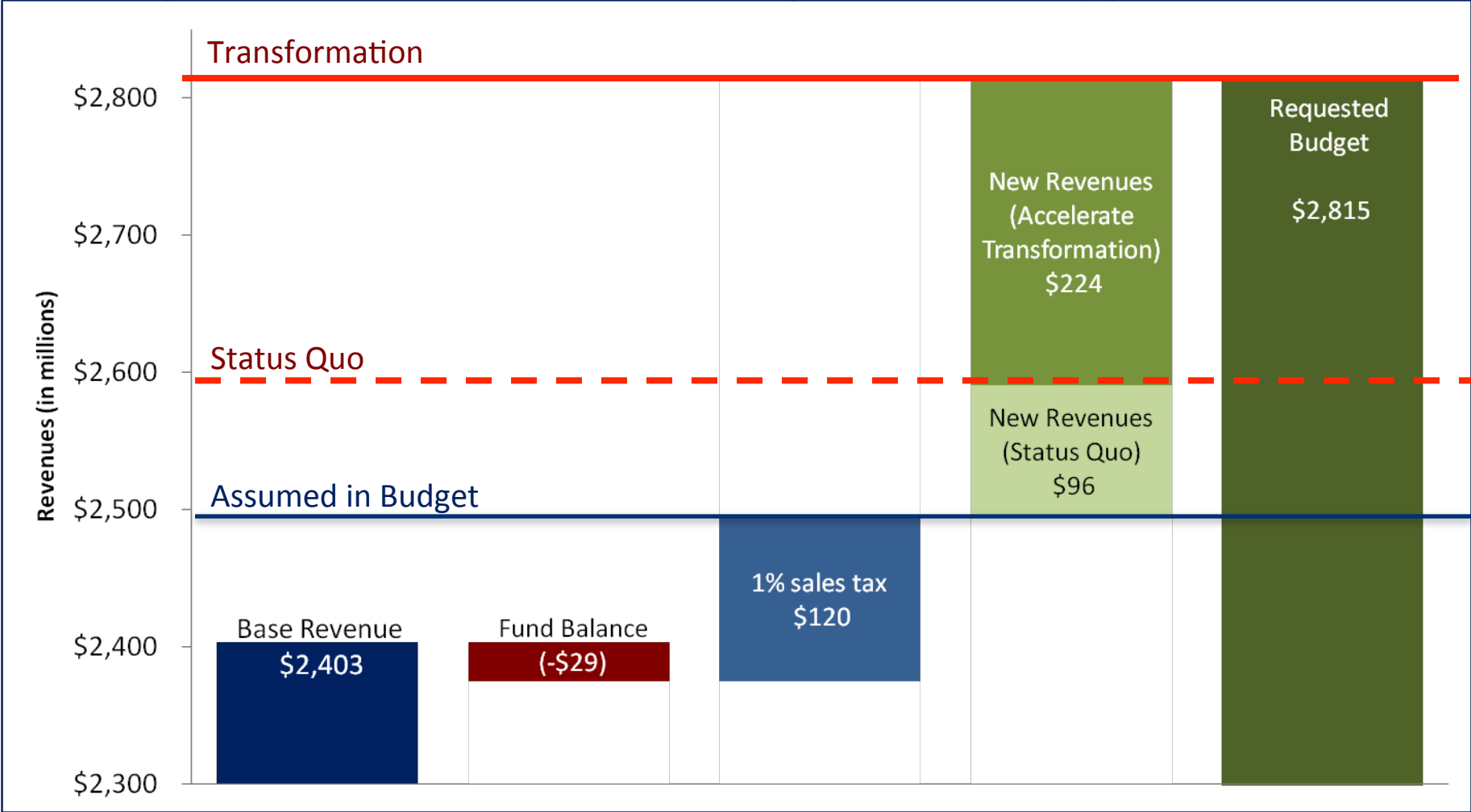
Lump Sum compared to Proposed Budget

SCHOOL DISTRICT OF PHILADELPHIA			
OPERATING BUDGET (FISCAL YEARS 2013/2014 AND 2014/2015)			
Amounts in Thousands			
	Estimated 2013/2014	Lump Sum Statement 2014/2015	Proposed Budget for Adoption 2014/2015
Revenues	\$2,408,527	\$2,399,518	\$2,385,383
1% Sales Tax		\$120,000	\$120,000
Other Financing Sources	\$65,586	\$3,889	\$3,989
Total Revenues and Other Financing Sources	\$2,474,113	\$2,523,407	\$2,509,372
Obligations	\$2,544,244	\$2,812,017	\$2,477,982
Other Financing Uses	\$2,264	\$2,518	\$2,518
Total Obligations and Other Financing Uses	\$2,546,508	\$2,814,535	\$2,480,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Obligations and Other Financing Uses	(\$72,395)	(\$291,128)	\$28,872
Prior Year Fund Balance (Deficit) July 1	\$39,462	(\$28,872)	(\$28,872)
Fund Balance Prior to Changes in Reserves	(\$32,932)	(\$320,000)	\$0
Changes in Reserve	\$4,061	\$0	\$0
Fund Balance (Deficit) June 30	(\$28,872)	(\$320,000)	\$0
Additional Funding Request		\$320,000	\$0*
Fund Balance (Deficit) June 30	(\$28,872)	\$0	\$0

* The budget is a reflection of District known revenues and expenditures; therefore, a funding request is not explicitly stated. However, the District's \$320M funding request remains.



The District requested \$440M in new, recurring revenues, including the \$120M from the sales tax; \$216M is needed to maintain the status quo. None of this new funding have been approved.

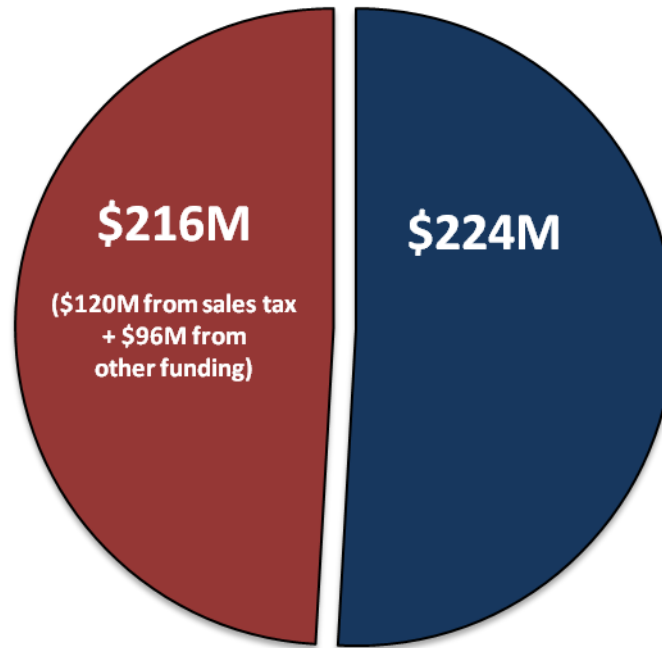


The District needs \$440 million.

Survival gap:
Getting to current levels, bare essentials

Schools will have similar services to this year, including:

- Shared guidance counselors
- Shared nurses
- Minimum number of teachers
- Minimal number of school police
- Reduced number of assistant principals
- Minimal cleaning and facilities staff
- Substantially reduced school budgets for books and supplies

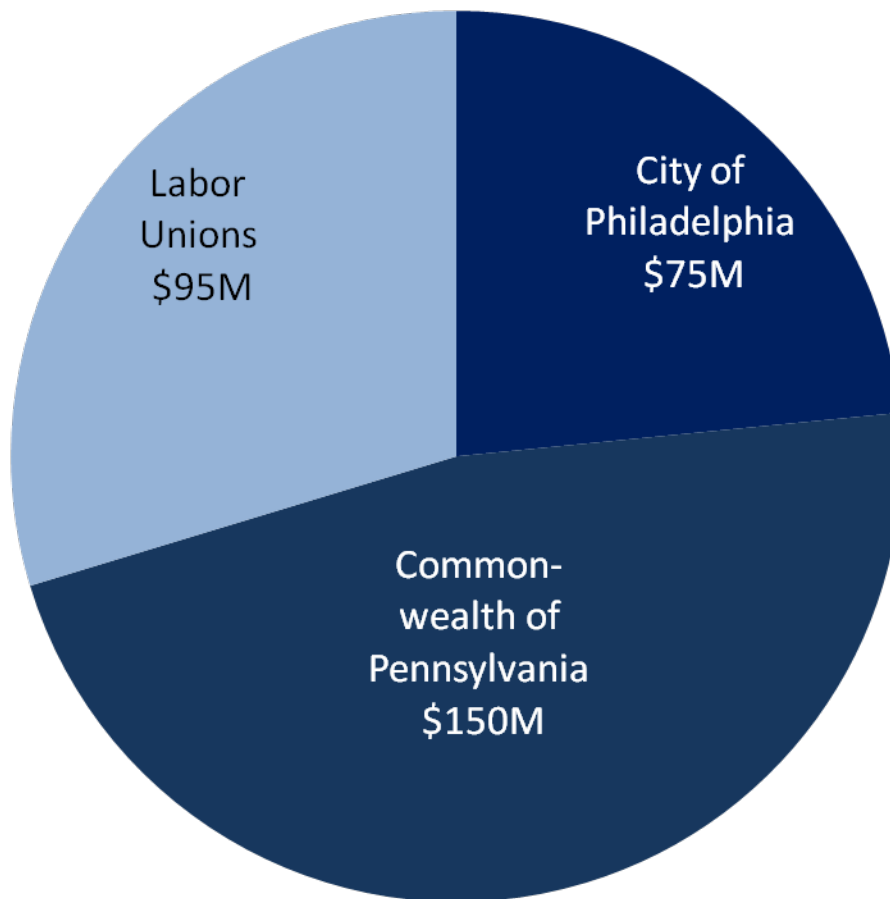


Quality gap:
Getting to better opportunities

- Guidance counselors in every school
- More nurses
- More reading and math teachers
- Advanced placement courses
- More Career and Technical Education programs
- Updated textbooks
- Cleaner schools
- Safer schools
- Credit recovery programs
- Improved school climates
- Increased Pre-K seats
- More teachers to help struggling students
- Art classes



The District neither has the ability to raise revenues nor the authority to raise taxes. It has asked for additional funding from the Commonwealth and the City and savings from labor partners.

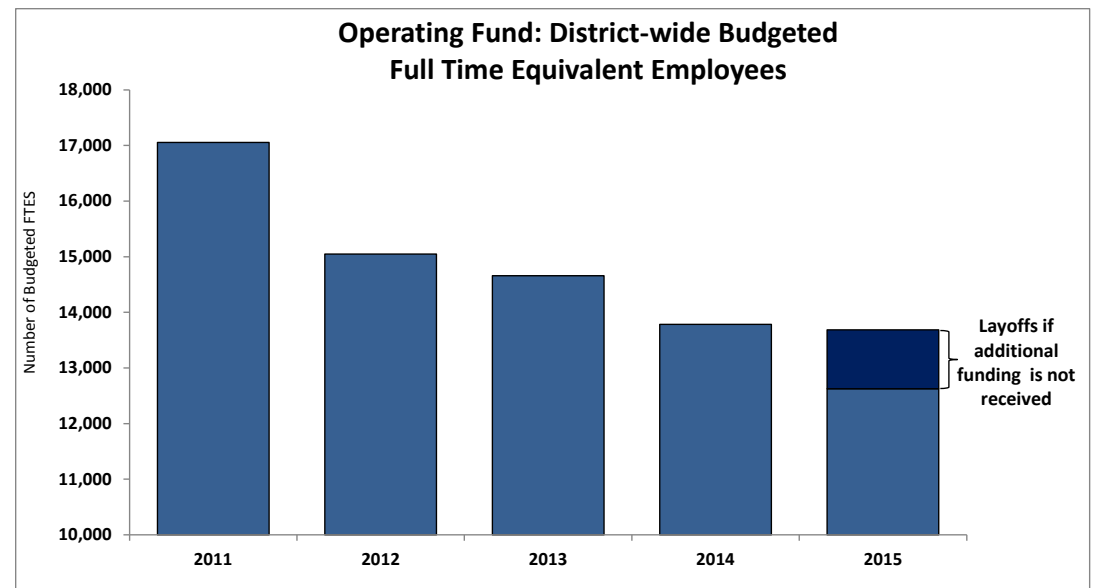


- The District has requested City Council to enact the \$120M in recurring sales tax revenue as approved by the state last year.
- Above the \$120M, it has requested \$320M in additional resources from funders and labor partners.

Making up the Difference: Even if City Council approves the \$120M sales tax revenue, without the additional \$96M in revenue needed to maintain status quo, the District will be forced to cut over \$148 M of expenditures.

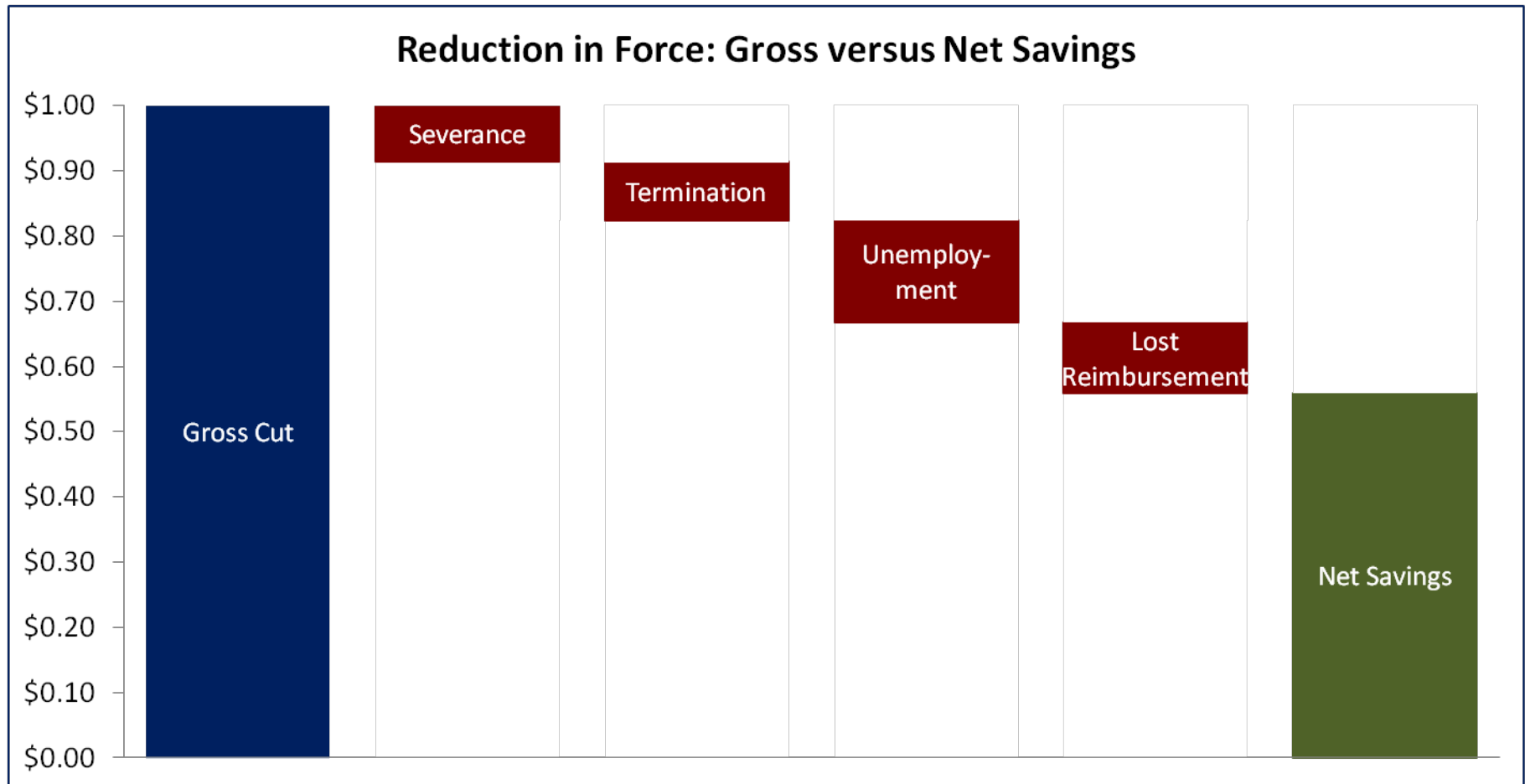
- **The District has little flexibility regarding *what* can be cut:**
61% of the District's expenditures, including debt service, charters, and some transportation, are legally mandated. Therefore, reductions must come primarily from District schools and administrative supports.

- **The District has little flexibility regarding *where* to cut:**
Prior year cuts of hundreds of millions of dollars have crippled schools and left few remaining areas to cut.



Making up the Difference: The District must cut more than it actually saves.

For every 1 dollar that the District cuts, it only receives 56 cents in actual savings because of costs associated severance, termination, and unemployment as well as a decline in state reimbursements.



Making up the Difference:

Non-District Operated Schools & Administration

Area	Savings (\$)	Impact on Schools and Students
Non-District Operated Schools		
Charter School Over Enrollment	\$3.6M	
Administration		
Administrative Reductions	\$4.5M	Reductions across multiple central office functions, which will affect services to schools



Making up the Difference: *Operations*

Area	Savings (\$)	Impact on Schools and Students
Facilities	\$9.6 M	Reductions in cleaning and maintenance services
Transportation	\$3.8M	Increase walking distance from 1.5 to 2 miles for HS students
School Police	\$2.4 M	Reduction of 36 positions
Tax and Revenue Anticipation Bond (TRAN)	\$0.7M	
Debt Service	\$6.2M	



Making up the Difference:

Instructional

Area	Savings (\$)	Impact on Schools and Students
Special Education Services	\$5.5M	Reduced costs for similar services and process improvements
Promise Academy <i>District Turnaround Model</i>	\$1.5M	Teacher professional development and staffing bonus eliminated
Alternative Education	\$2.2M	Decreasing outside contracts; students will be attending Philadelphia Learning Academies



Making Up the Difference: *Class Size*

Owing to the lack of revenues, the District will be forced to eliminate approximately 800 teaching positions and increase class sizes by seven to eight students across all schools.

Grade Range	Current Class Size	Projected Class Size (Without \$96M)
Grades 1 -3	30	37
Grades 4-8	33	40
Grades 9-12	33	41
Career and Technical Education Programs	24	32



The following contingencies – either the loss of anticipated savings and budget flexibility or the imposition of new costs -- could result in the District being forced to make additional cuts.

Area	Amount
Ready to Learn Flexibility (State)	\$29 M

Pension Savings (State)	\$10 M
TOTAL EXPOSURE	\$39M



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