



# **School District of Philadelphia**

## **Proposed Budget Fiscal Year 2011-12 (July 1 2011 – June 30 2012)**

### **Briefing for City Council**

**May 2011**

For more information about the School District budget, visit  
[www.philasd.org/budget](http://www.philasd.org/budget) or e-mail [SDP2011Budget@philasd.org](mailto:SDP2011Budget@philasd.org).

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The School District of Philadelphia  
Office of Family and Community Engagement  
440 N. Broad Street, Suite 114  
Philadelphia, PA 19130-4015  
Email: [ask@philasd.org](mailto:ask@philasd.org)  
Tel: (215) 400-4000  
Fax: (215) 400-4181

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## **The Proposed FY2011-12 School District Budget**

# **School District Enrollment in FY2011-12**



## Philadelphia Public Schools Enrollment Has Declined Over the Past Decade – Charters Make Up a Growing Share of Total Public School Enrollment

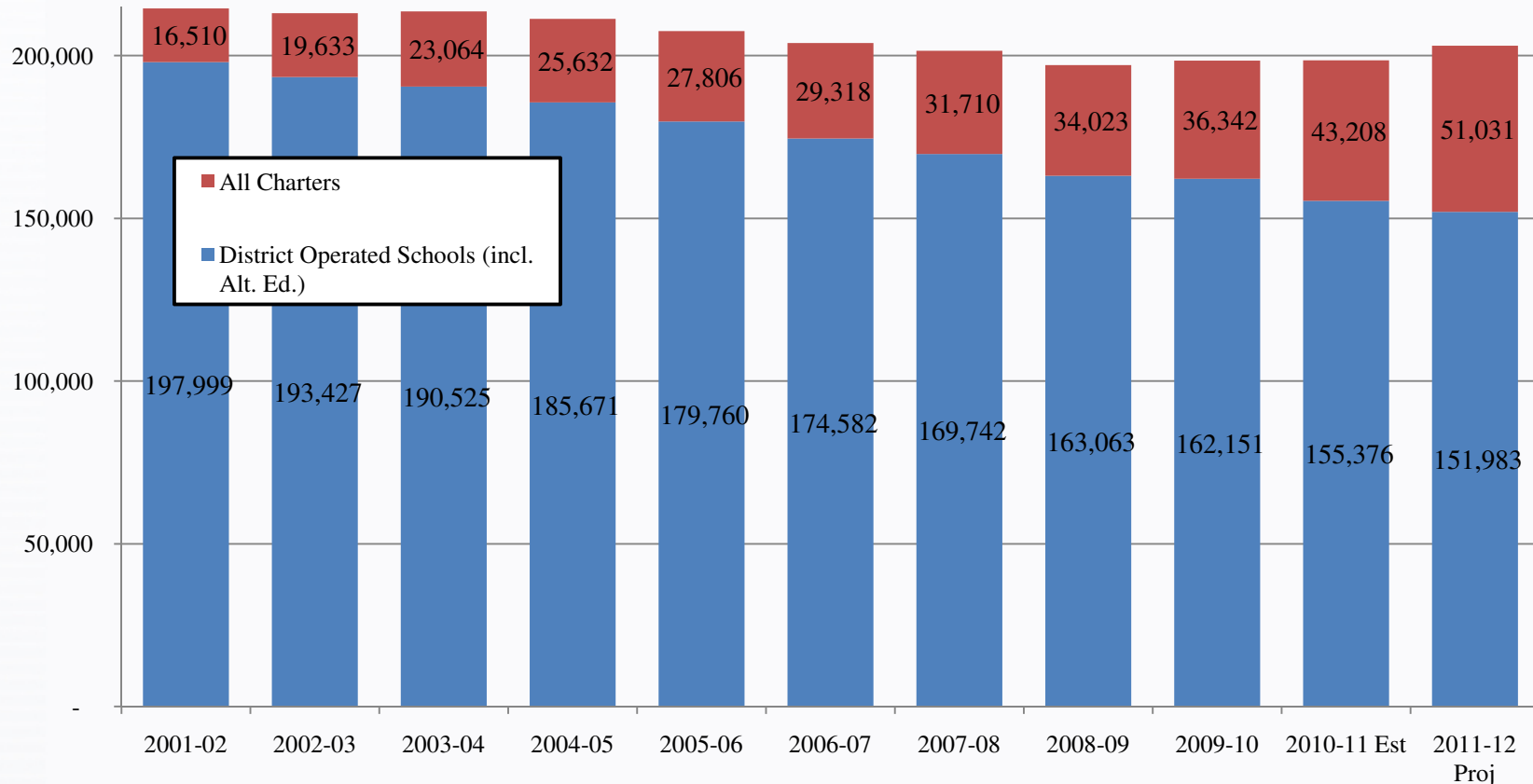
- The **total enrollment** of the Philadelphia School District has declined by about **5%** over the past decade, from 213,060 to a projected 203,014 in FY2010-12.
- Enrollment in **District Operated Schools** has declined by **23%** over the past decade, from 197,999 to a projected 151,983. Excluding Alternative Education students, the District projects a 2.2% decline for FY2011-12, compared to projected FY2010-11 enrollment.
- Enrollment in **Charter Schools** has increased dramatically over the same period, and is forecast to grow 18% to 51,031 in FY2011-12 (36,555 in Philadelphia Charters, 10,432 in Renaissance Charters and 4,044 in cyber and non-Philadelphia Charters).
- **In 2011-12, 1 out of every 4 public school students in Philadelphia is projected to attend a charter school.**

# School District of Philadelphia



Dr. Arlene C. Ackerman, Superintendent of Schools

Michael J. Masch, Chief Financial Officer



	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 Est	2011-12 Proj
District Operated Schools (incl. Alt. Ed.)	197,999	193,427	190,525	185,671	179,760	174,582	169,742	163,063	162,151	155,376	151,983
Philadelphia Charters	16,025	19,100	22,334	24,327	26,338	27,438	29,307	31,202	33,206	35,261	36,555
Cybers and other non-Phila Charters	485	533	730	1,305	1,468	1,880	2,403	2,821	3,136	3,615	4,044
Renaissance Charters (Phase I and II Schools)										4,332	10,432
<b>TOTAL</b>	<b>214,509</b>	<b>213,060</b>	<b>213,589</b>	<b>211,303</b>	<b>207,566</b>	<b>203,900</b>	<b>201,452</b>	<b>197,086</b>	<b>198,493</b>	<b>198,584</b>	<b>203,014</b>
<b>All Charters</b>	<b>16,510</b>	<b>19,633</b>	<b>23,064</b>	<b>25,632</b>	<b>27,806</b>	<b>29,318</b>	<b>31,710</b>	<b>34,023</b>	<b>36,342</b>	<b>43,208</b>	<b>51,031</b>
<b>Charters as % of Total</b>	8%	9%	11%	12%	13%	14%	16%	17%	18%	22%	25%



## **The Proposed FY2011-12 School District Budget**

# **School District Revenues in FY2011-12**



## Where does SDP get its funding?

- The District has historically been receiving funding from 8 major sources: Local Taxes, City Grant, Local Non-Taxes and State Funds in the **Operating Funds**, State, Federal, and Private Grants in the **Categorical Funds** and Federal Aid in the **Food Service Fund**.
- In FY2009-10 and FY2010-11 the District had two additional sources of revenue that are slated to expire in FY2011-12: State-provided Federal Stimulus Funds and directly allocated Federal Stimulus Funds.

	A	B	C
	Estimated FY2010-11	% of total FY2010-11	Current Projection FY2011-12
<b>Operating Funds</b>			
1 Local Taxes	\$ 777	25%	\$ 776
2 City Grant	\$ 39	1%	\$ 39
3 Local Non-Tax Revenue	\$ 32	1%	\$ 44
4 State Funds	\$ 1,498	48%	\$ 1,313
5 State-Provided Stimulus Funds + EJB	\$ 194	6%	
	\$ 2,374	76%	\$ 2,184
<b>Categorical Funds</b>			
6 State Grants	\$ 126	4%	\$ 48
7 Federal Grants	\$ 389	12%	\$ 424
8 Federally Allocated Stimulus Grants	\$ 170	5%	\$ 27
9 Private Grants	\$ 4	0%	\$ 3
	\$ 689	22%	\$ 502
<b>Food Service Fund</b>			
10 Federal Grants	80	3%	80

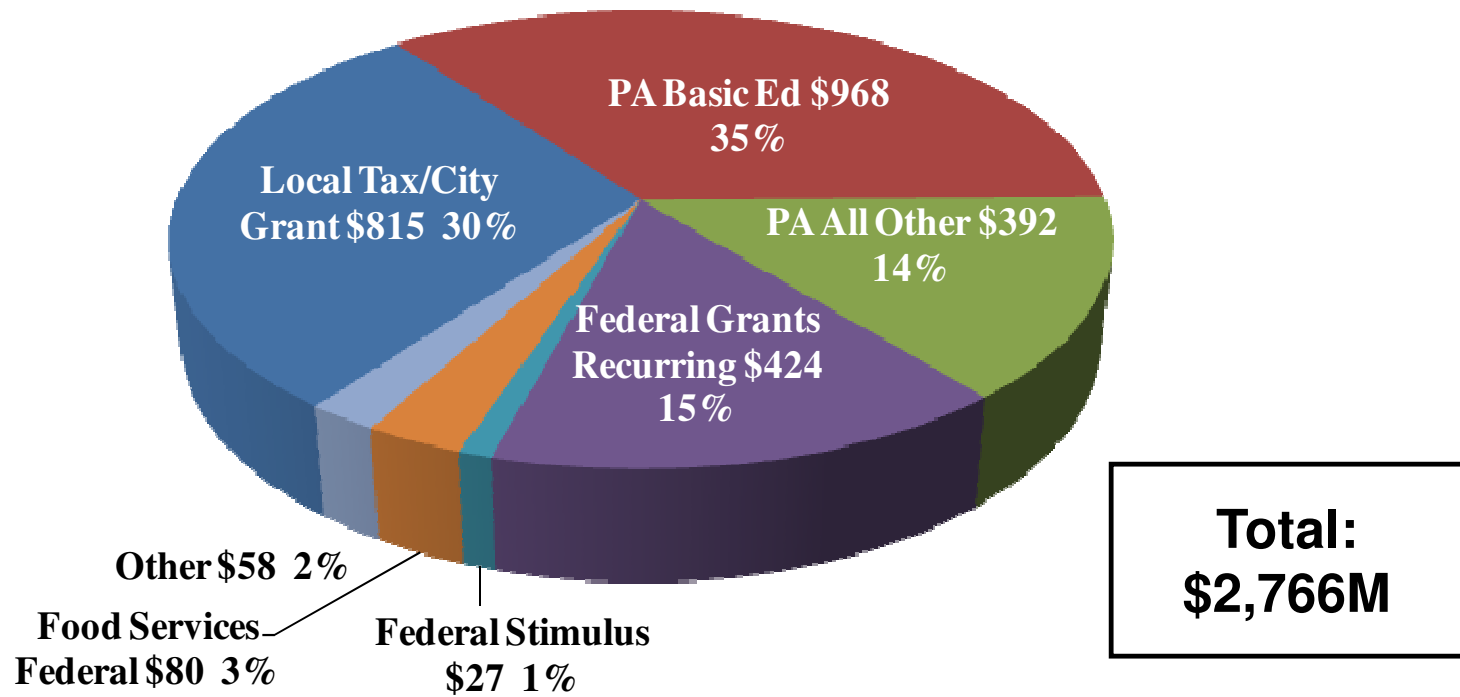
**Total FY2010-11  
Estimated Revenues:  
\$3,143M**

**Total FY2011-12  
Current Revenue  
Projection:  
\$2,766M**



# SD Projected FY2011-12 Revenue

## FY2011-12 Projected Sources of Revenue



**Total FY12 Local Tax/City Grant is \$815M (29%)**

**Total FY12 PA aid is \$1.36B (49%)**

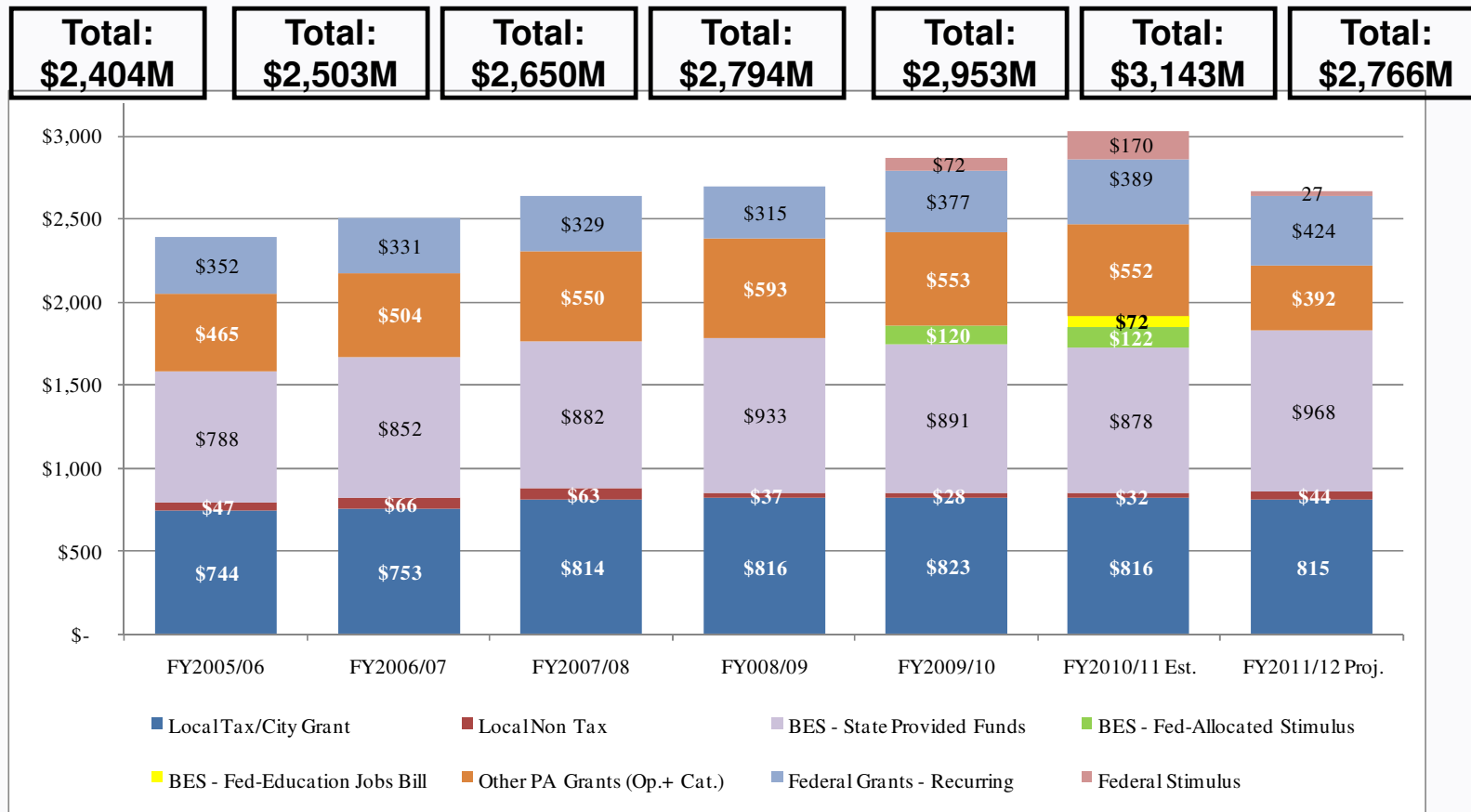
**Total FY12 Federal aid is \$451M (15%)**





## SDP Major Sources of Revenue -- FY05/06 to FY11/12

Anticipated funding cuts will put SDP revenues back to the level of FY08 – two years before the advent of the Recession and Federal Stimulus funding

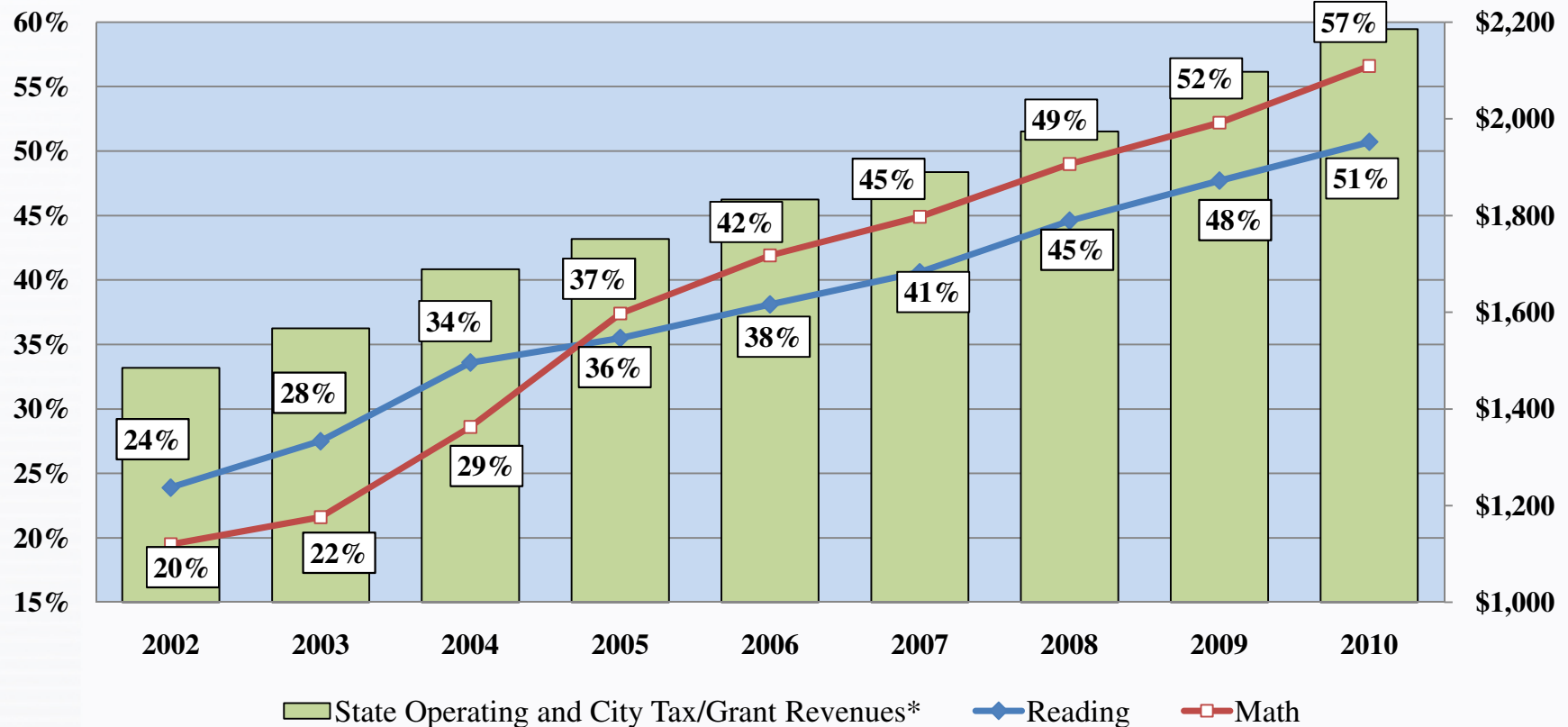


<b>Annual Increase \$</b>	<b>\$99M</b>	<b>\$147M</b>	<b>\$144M</b>	<b>\$159M</b>	<b>\$190M</b>	<b>(\$377M)</b>
<b>Annual Increase %</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>6%</b>	<b>6%</b>	<b>-12%</b>



## In Philadelphia Higher Student Achievement Has Gone Hand-in-Hand with Increased Funding

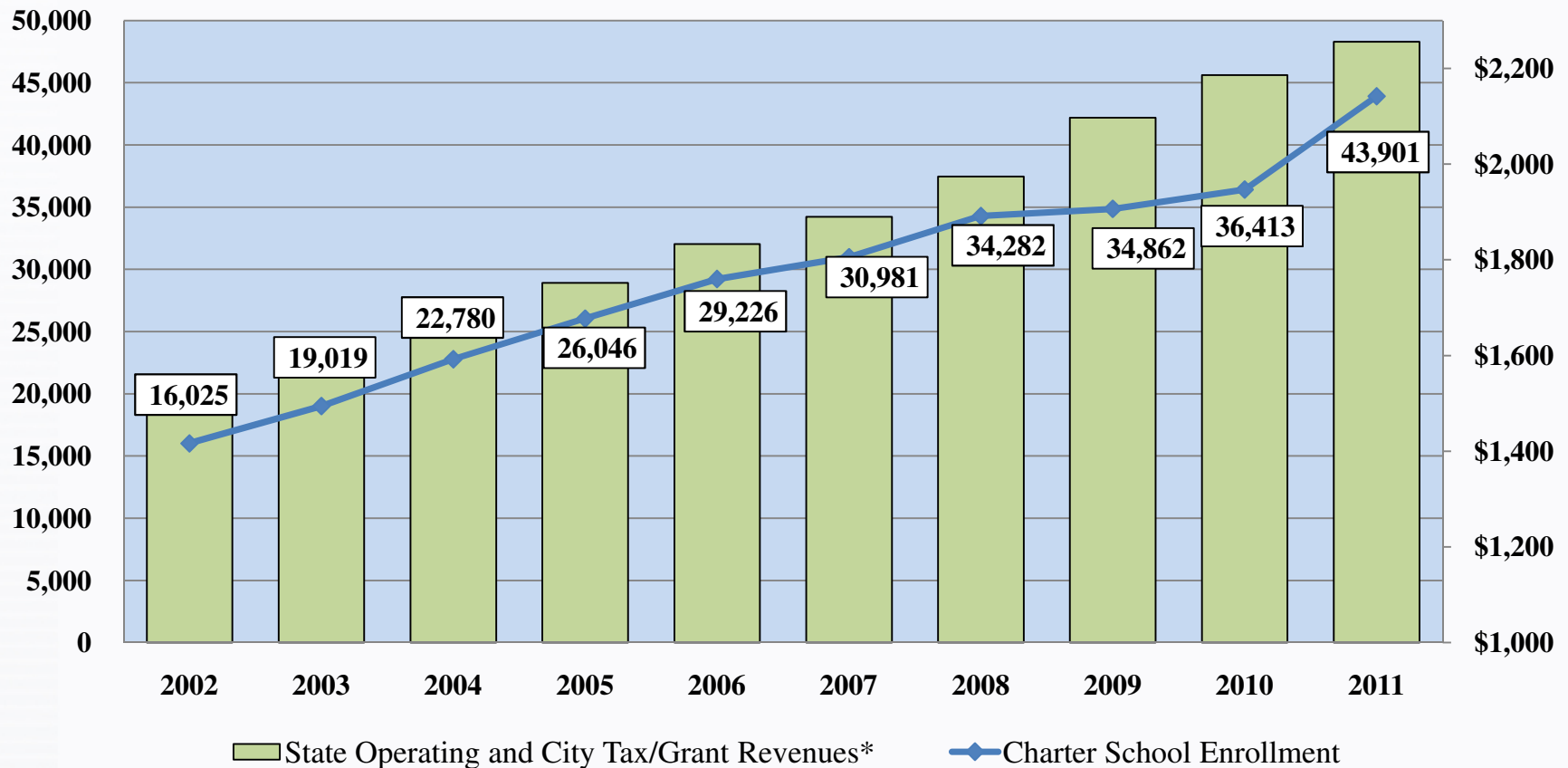
**Percentage of Students Advanced or Proficient:  
District-Operated Schools - All Grades Combined (left axis)  
State and Local Tax Revenue (right axis)**





## In Philadelphia Expanded School Choice Has Gone Hand-in-Hand with Increased Funding

Charter School Enrollment – incl. Cyber Charters (left axis)  
State and Local Tax Revenue (right axis)





## **PHILADELPHIA OPERATES THE LARGEST NUMBER OF SUCCESSFUL SCHOOLS IN THE COMMONWEALTH OF PENNSYLVANIA**

- This year, 129 Philadelphia public schools -- 94 District-operated schools and 35 charter schools -- received Keystone Achievement Awards from the Commonwealth of Pennsylvania.
- Pennsylvania Keystone Achievement Awards were given to public schools that achieved Adequate Yearly Progress (“AYP”) in both the 2008-09 and 2009-10 school years
- In 2009-10 the State recognized 204 Philadelphia public schools for having achieved AYP status, 158 District-operated and 46 charter schools. That is more than 3 times the total number of schools in Pittsburgh, the Commonwealth’s second largest school district.
- The number of schools making Adequate Yearly Progress in Philadelphia is greater than the number of schools making AYP in the next 10 largest Pennsylvania school districts.



## Average Annual Growth in SDP Funding FY2001 to FY2009 and FY2009 to 2012

Since the beginning of the recent Recession, growth in state and local funding for the School District has declined dramatically. Local revenue growth from FY2008-09 to FY2010-12 is projected completely flat, State Operating Revenues (excluding the Basic Education Subsidy) are projected to **decline** annually by **7.6%**, and State Grant revenues are projected to **decline** annually by **32.7%**

<u>Average Annual Growth</u>	<u>FY01 to FY09</u>	<u>FY09 to FY12</u>
Local Tax/City Grant	4.2%	0.0%
PA Basic Education Subsidy	4.4%	1.3%
All Other PA Operating Support	7.8%	-7.6%
All Other PA Grants	19.5%	-32.7%
Federal Recurring Grants	5.2%	2.6%
State Operating and Grants	6.2%	-3.7%



## Impact of the Governor's Proposed PA Budget for 2010-11 on the School District

- The District's preliminary estimate is that the budget proposed will reduce Commonwealth-provided funding to the SDP by about \$292M:
  - \$107M of Basic Education funding
  - \$110 M of Charter School Reimbursement
  - \$55M of Accountability Block Grant funding
  - \$19M of Educational Assistance funding
  - \$1M for Dual Enrollment programs
- These cuts alone represent close to a 10% reduction in the District's overall funding compared to FY2010-11 and FY2009-10.



## FY2011-12 SDP Revenues – Impact of Governor’s Proposed PA Budget

The Corbett Administration proposed PA budget, if approved by the PA General Assembly, will reduce SDP FY12 revenues by at about \$292 million.

<b>SDP - FY2011-12 PA FUNDING</b>		
	<b>2010-11 Feb.'11 PA Proposal</b>	<b>2011-12 Governor's Proposal</b>
1 BES - State Appropriation	\$878	\$968
2 BES - Fed Stimulus (SFSF)	\$122	
3 EJB Funds Replacing BES Funds	\$72	
4 <b>PA Basic Education Subsidy (BES)</b>	<b>\$1,072</b>	<b>\$968</b>
5 All Other PA (excl. Retirement, Soc. Sec.)	\$469	\$280
6 <b>TOTAL PA AID (excl. Ret., Soc. Sec.)</b>	<b>\$1,540</b>	<b>\$1,248</b>
7 <b>FY12 Change from FY11</b>		<b>(\$292)</b>



## The Decline in the Commonwealth's Basic Education Funding is Unprecedented

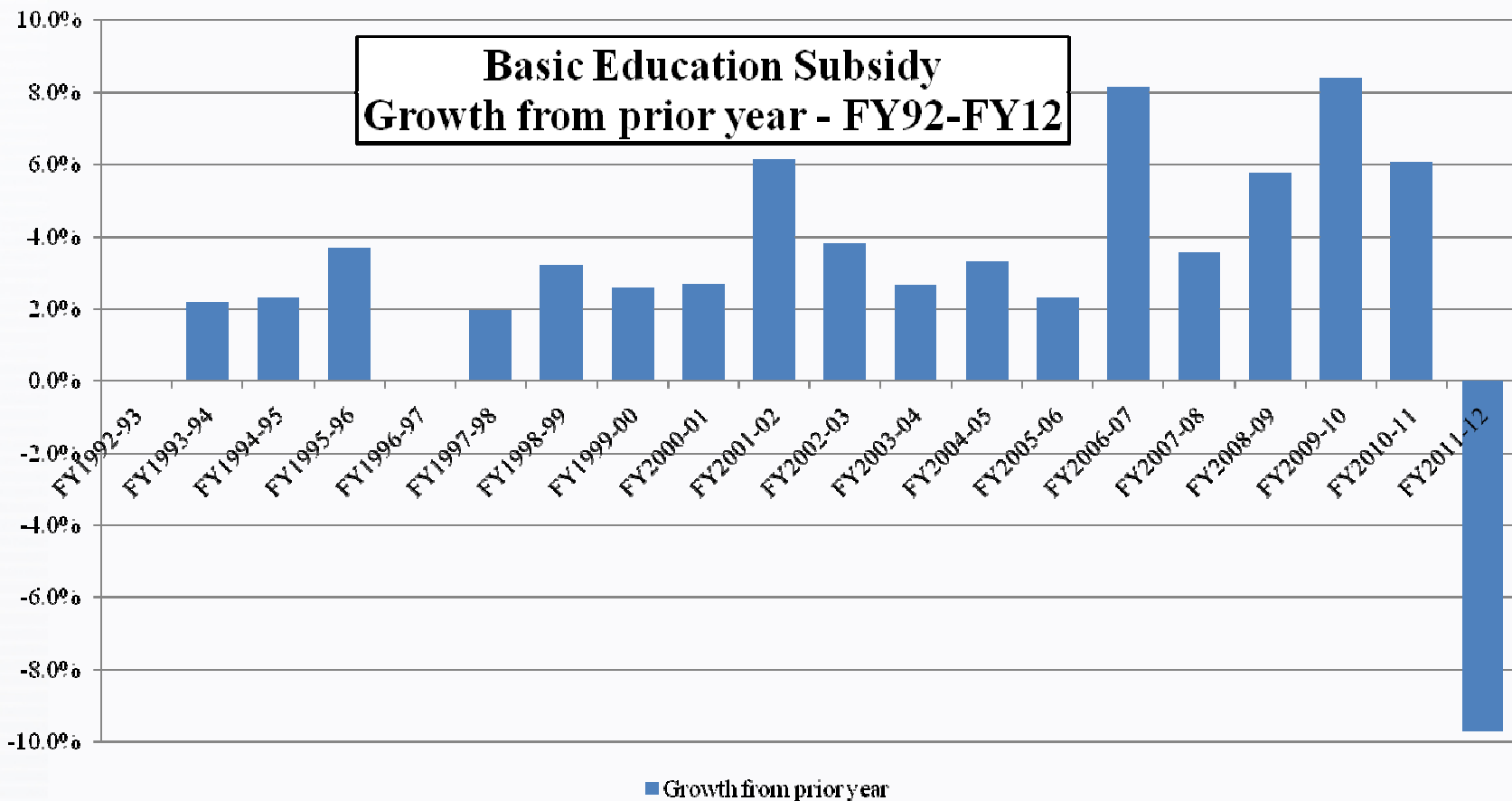
- The Commonwealth in the past **20 years** has provided, **at the very least, the same level of Basic Education Funding** as it did in the prior year; in FY2011-12, the Governor is proposing to reduce funding levels to the level of FY2008-09.
- The **average growth** of the Commonwealth's year-to-year levels of Basic Education Funding was **3.6%** for the past **20 years** (FY1991-92 to FY2010-11); for FY2011-12, the Governor is proposing **reducing** Basic Education Funding by **9.7%**.





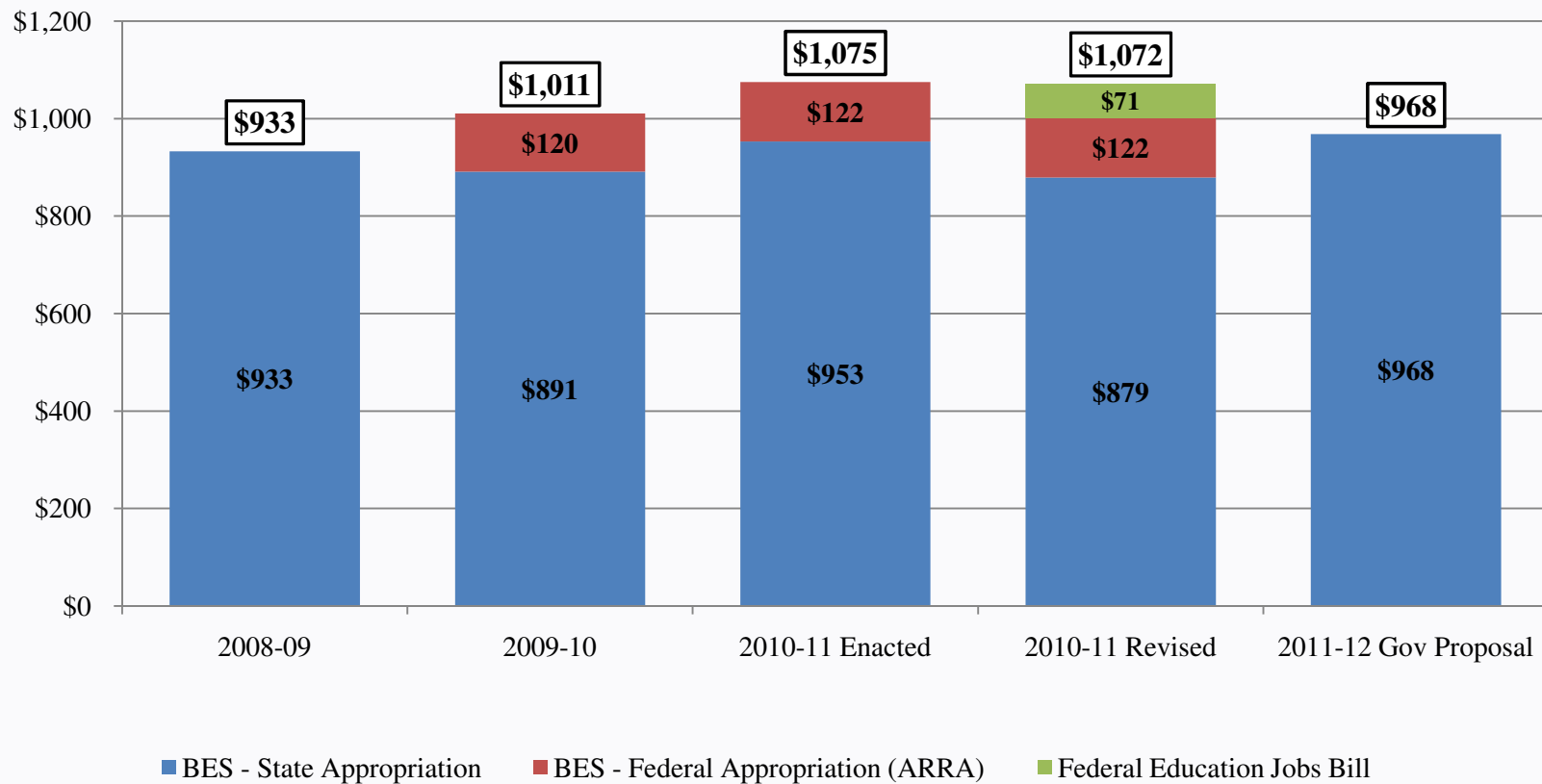
## The Decline in the Commonwealth's Basic Education Funding is Unprecedented

FY2011-12 is the first time a Governor has proposed to provide PA BES funding to the SDP at a lower level than in the prior year





## The SDP 2011-12 PA Basic Education Subsidy Proposed by the Governor Takes the SDP's PA BES Funding Back to FY08-09 Levels





## The Cuts Being Proposed in PA Funding for the Philadelphia School District Are Disproportionate

- The Governor's proposed FY2011-12 education budget reduces total state funding for PreK-12 education by nearly 10% -- over \$1 billion.
- **Over 25% of the proposed 2011-12 PA school aid cuts -- \$292 million – fall on the School District of Philadelphia, even though the SDP is just one of 500 Pennsylvania school districts and educates over 10% of Pennsylvania public school students.**
- In general, the state's proposed education cuts disproportionately affect those Pennsylvania school districts with the greatest proportion of low income families, those who need effective public schools the most and can least afford to replace lost state education dollars with higher local taxes.



## Proposed PA SD Cuts Hurt the Poorest Districts the Most

### Bottom 5 Districts with the Smallest Proposed Cuts

<b>School District</b>	<b>County</b>	<b>Proposed 2011/12 Cut per ADM<sup>1</sup></b>	<b>District's Poverty Concentration<sup>2</sup></b>
Upper Dublin SD	Montgomery	-\$97	9.23%
Wissahickon SD	Montgomery	-\$94	8.68%
Lower Merion SD	Montgomery	-\$84	7.08%
Tredyffrin-Easttown SD	Chester	-\$77	4.16%
Radnor Township SD	Delaware	-\$76	6.16%

### Top 5 Districts with the Largest Proposed Cuts

<b>School District</b>	<b>County</b>	<b>Proposed 2011/12 Cut per ADM<sup>1</sup></b>	<b>District's Poverty Concentration<sup>2</sup></b>
Chester-Upland SD	Delaware	-\$2,633	42.67%
Duquesne City SD <sup>3</sup>	Allegheny	-\$2,561	50.18%
York City SD	York	-\$1,545	79.54%
Clairton City SD	Allegheny	-\$1,480	80.47%
Philadelphia SD	Phila	-\$1,438	61.55%

**Average Proposed 2011/12 Cut per ADM: \$584**

**Average Poverty Concentration: 34.6%**

<sup>1</sup>Average daily membership (ADM) is the term used for all resident pupils of the school district for whom the school district is financially responsible. It is calculated by dividing the aggregate days membership for all children on active rolls by the number of days the school is in session

<sup>2</sup> Poverty Concentration = Relative wealth of a school district measured as the percentage of students eligible for free/reduced lunch (higher percentage equates to higher poverty level)

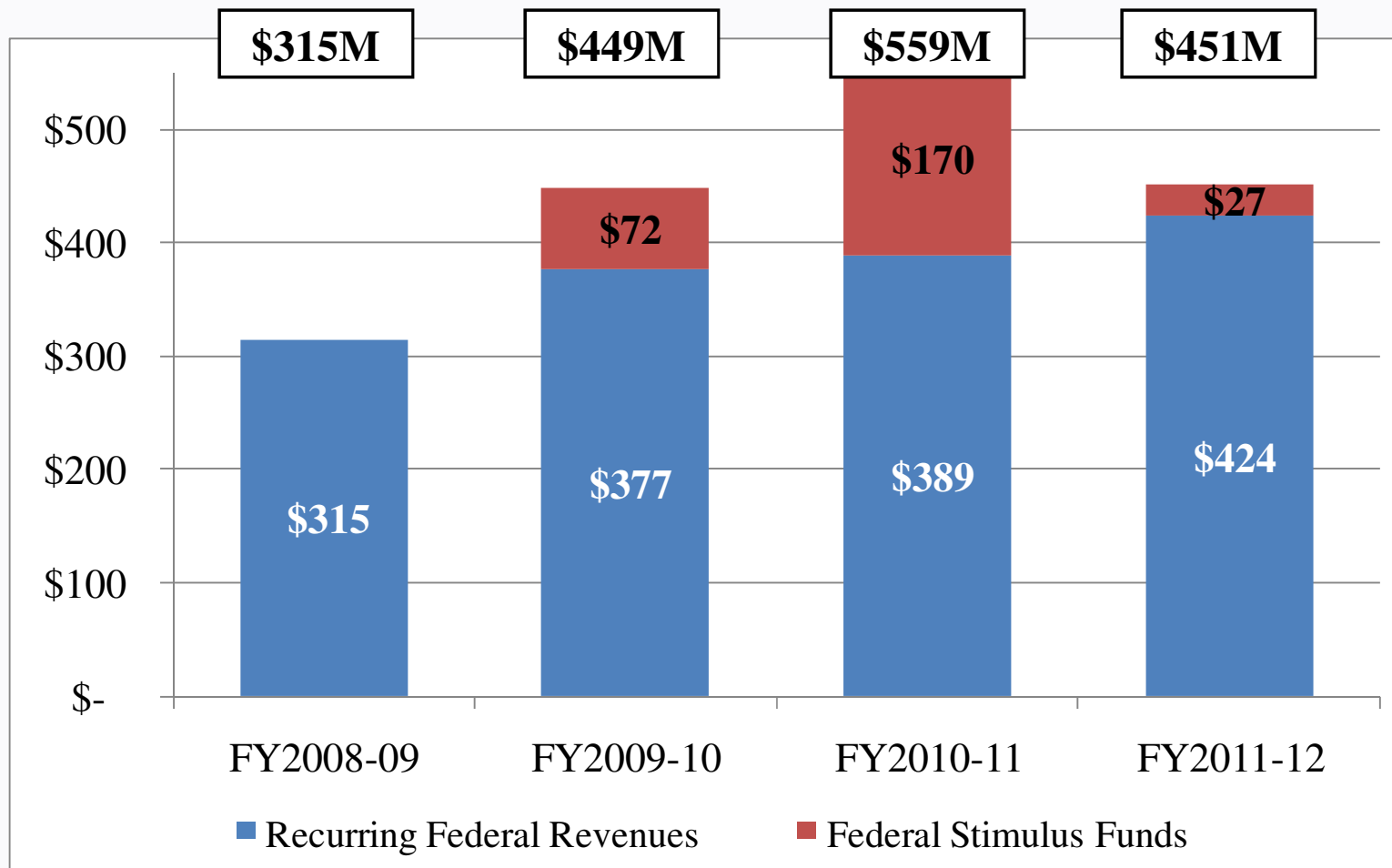
<sup>3</sup> Duquesne City School District loses an additional \$1.984 million with the elimination of the Basic Education Formula Enhancements line item that is not reflected here.

**Source:** PA House Appropriations Committee



## School District of Philadelphia Projected 2011-12 Federal Revenues

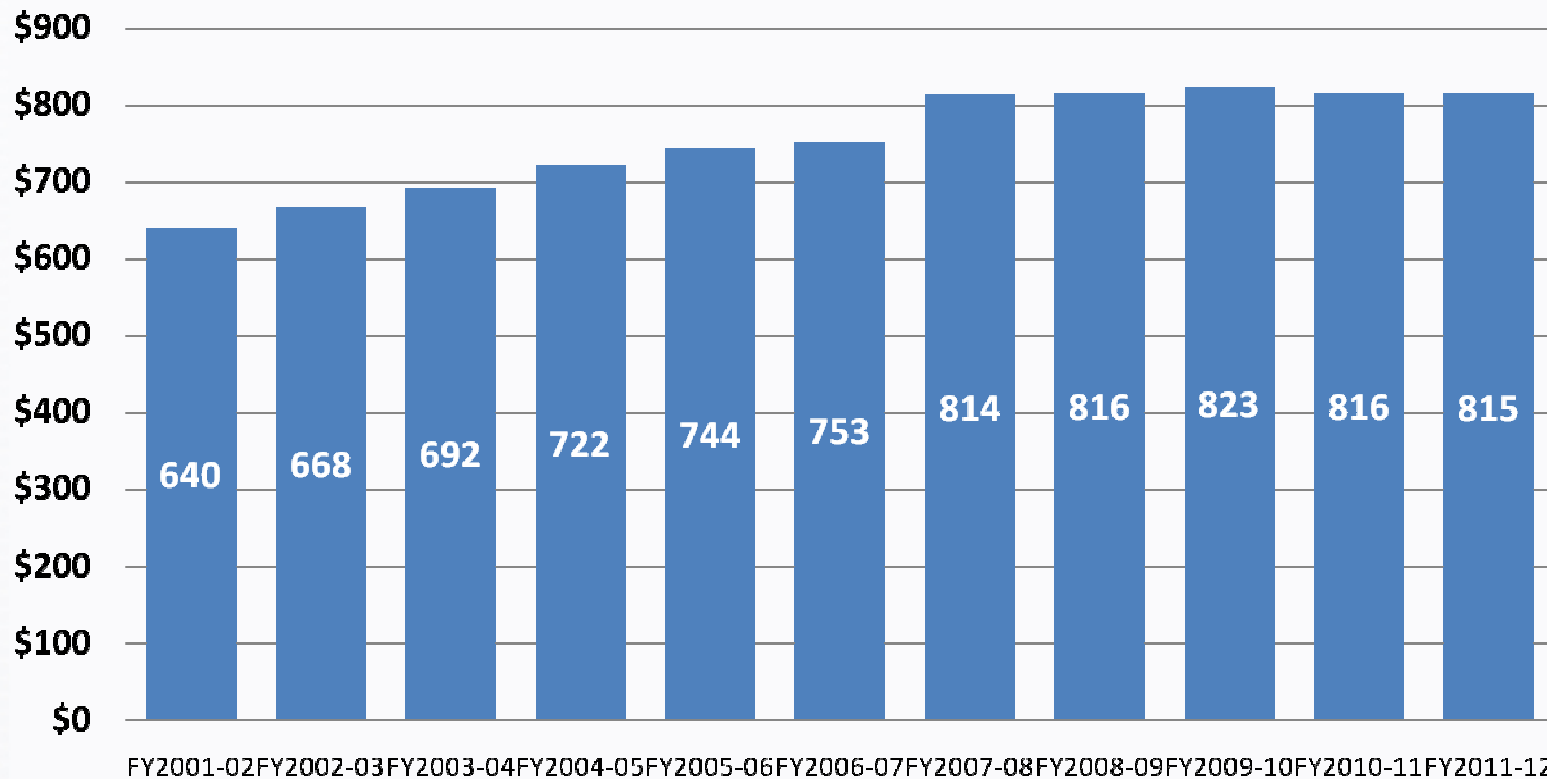
Federal Recurring Revenues constitute 15% of the total FY2011-12 Projected SDP Revenues.  
As Federal Stimulus funding ends, SDP Federal revenues will decline significantly in FY12.





## School District of Philadelphia Local Tax Revenues/City Grant

Excluding approximately \$7 million of additional revenue in FY2009-10 generated for the District by the City's Tax Amnesty program, local school taxes have showed virtually no increase since FY2007-08 as a result of weak collections due to the Recession.





## **The Proposed FY2011-12 School District Budget**

# **The Projected FY2011-12 Budget Gap**



## Without corrective action, the School District would be facing a \$600M+ budget gap in FY2011-12

Projected Changes in Resources in FY12	
<b><u>PA-Provided Stimulus/Education Jobs Funds - Reduction</u></b>	
PA-Provided - State Fiscal Stabilization Fund	\$122
PA-Provided - Education Jobs Fund	\$71
<i>(Federal funds used to replace PA funds in FY10 + FY11 not replaced)</i>	<b>\$193</b>
<b><u>PA State Appropriations - Reduction</u></b>	
Net Reduction (\$186M in Decreases less \$86M in Increases)	\$100
<b><u>Increase in PA Pension Reimbursement</u></b>	
	(\$21)
<b>TOTAL - Reductions in PA Revenue</b>	<b>\$272</b>
Loss of Directly-Provided Federal Stimulus (Title I, IDEA, Other)	\$116
Change in Earnings from Refunding + Interest Earnings	\$33
Use of Reserves + Surplus to Offset FY11 Cuts in PA Revenues	\$66
<b>TOTAL - Decreased Resources</b>	<b>\$487</b>
<b>Projected Increased Costs in FY12</b>	
<b>Charter Schools</b> (mandated per-pupil incr., proj. enrollment incr.)	\$39
<b>Pension Payments</b> (net of PA reimbursement)	\$17
<b>Other Mandated Increases</b> (medical, Rx, utilities, debt service, etc.)	\$86
<b>TOTAL - Increased Costs</b>	<b>\$142</b>
<b>TOTAL</b>	<b>\$629</b>
	<b>% of FY11 Budget</b>
	<b>20%</b>

(Prior to corrective action to reduce the identified budget gap)





## **The Proposed FY2011-12 School District Budget**

# **The FY2011-12 Gap Closing Plan**



## How the District Proposes to Close its FY12 Gap

If the SDP's sponsoring governments do not provide the District with additional revenues, the District will be required to close its budget gap by cutting spending

### SCHOOL DISTRICT FY2011-12 GAP CLOSING PLAN

(millions \$)

1	Reductions in Administrative Support Centers	\$53.0
2	Reductions to Instructional and Instructional Support Budgets - Operating Funds	\$202.1
3	Reductions to Instructional and Instructional Support Budgets - Grant Funds	\$87.5
4	Reductions in Operating Supports for Schools	\$78.9
5	Stimulus - Mandates + Setasides No Longer Required	\$26.5
6	City Assumption of Costs Currently in the SDP FY2010-11 Budget	\$11.0
7	<u>District Wide Gap Closing Measures</u>	
	- Voluntary Early Retirement Incentive Program	\$8.0
	- District-Wide Efficiency Measures	\$20.0
	- Charter School Budget Relief	\$57.0
	- Collective Bargaining Re-Opener	\$75.0
	- Facilities Master Plan – Initial Implementation	\$10.0
8	Total District-Wide Gap Closing Measures	\$170.0
	<b>GAP CLOSING PLAN – TOTAL IMPACT</b>	<b>\$629.0</b>



## **The Proposed FY2011-12 School District Budget**

# **School District Expenditures in FY2011-12**



**A Large Portion of SDP  
Operating Budget Spending is  
Mandated and Cannot Be Cut**



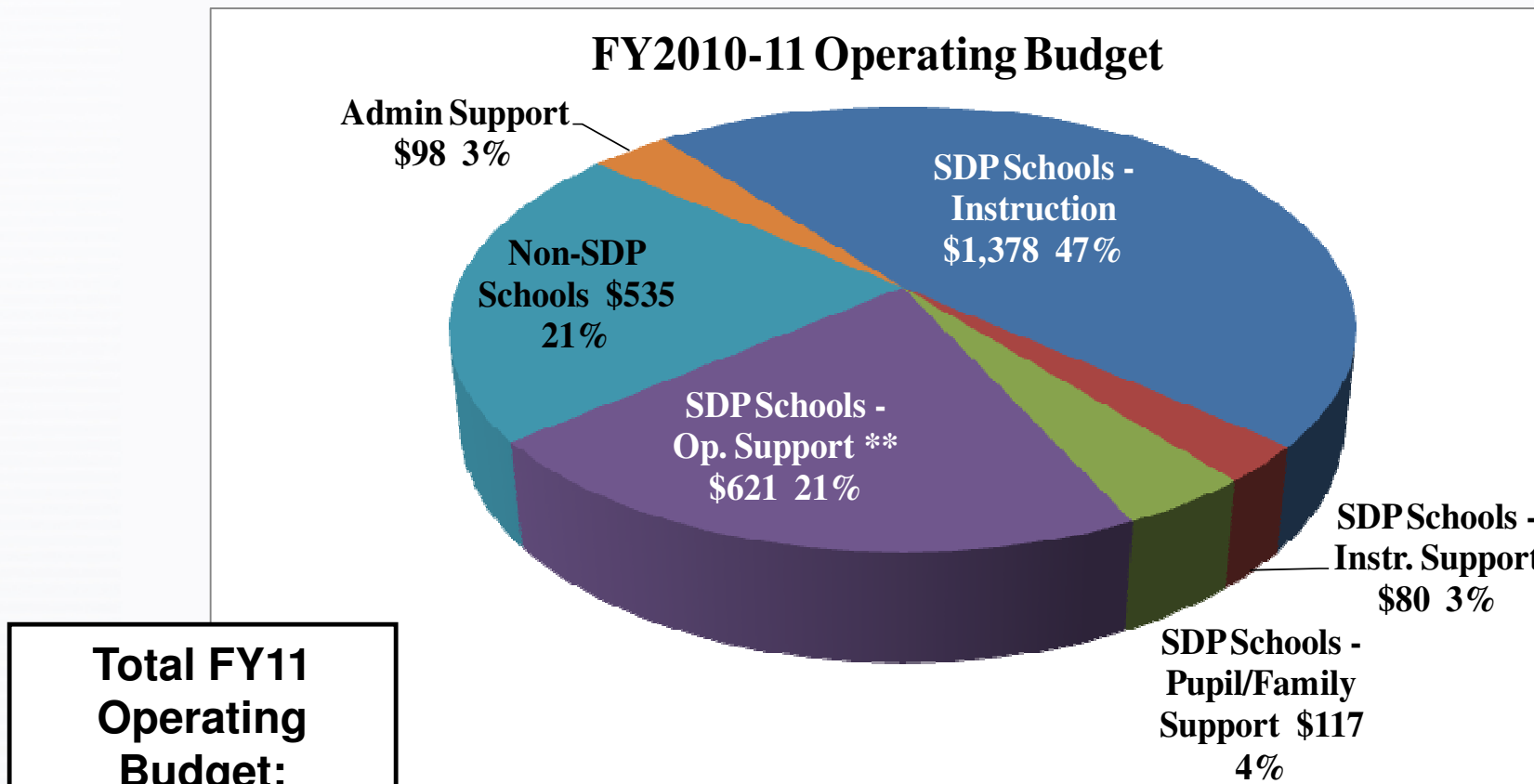
## FY2010-11 Operating Budget: Selected Major Items That Are Subject to Mandate or Difficult to Cut

• <b>Debt Service/Temporary Borrowing</b>	<b>\$254M</b>
• <b>Per-Student Payments to Charter Schools</b> (includes \$15.2M in Charter School student transportation costs)	<b>\$436M</b>
• <b>Maximum Allowable Class Size</b>	<b>\$ 417M</b>
- Grades K-3, 30:1; Grades 4-12, 33:1; CTE Classes 24:1	
<i>Actual current SDP class sizes are lower, in some cases significantly lower. These are the PFT contract maximums.</i>	
• <b>Prep Time Support</b>	<b>\$99M</b>
- Minimum 5 periods per teacher per week Gr. 1-12	
- 6-8 periods per week in Middle Schools	
• <b>One Principal per School</b>	<b>\$46M</b>
• <b>One Building Engineer per School</b>	<b>\$21M</b>
• <b>Special Education – Classroom Instruction</b>	<b>\$187M</b>
• <b>Transportation for Special Education Students</b>	<b>\$51M</b>
• <b>Minimum of 1 Counselor per School</b>	<b><u>\$25M</u></b>
<b>TOTAL OF THESE ITEMS</b> (does not include <u>all</u> mandated items)	<b>\$1,536M</b>
<b>% of OPERATING BUDGET</b>	<b>63%</b>



## Proposed FY2011-12 Op Funds Expenditure Budget

The plan proposes to spend 97% of the School District's FY2011-12 Operating Funds Budget on Schools and Instructional Programs



\* Includes District-Wide Gap Closing Measures

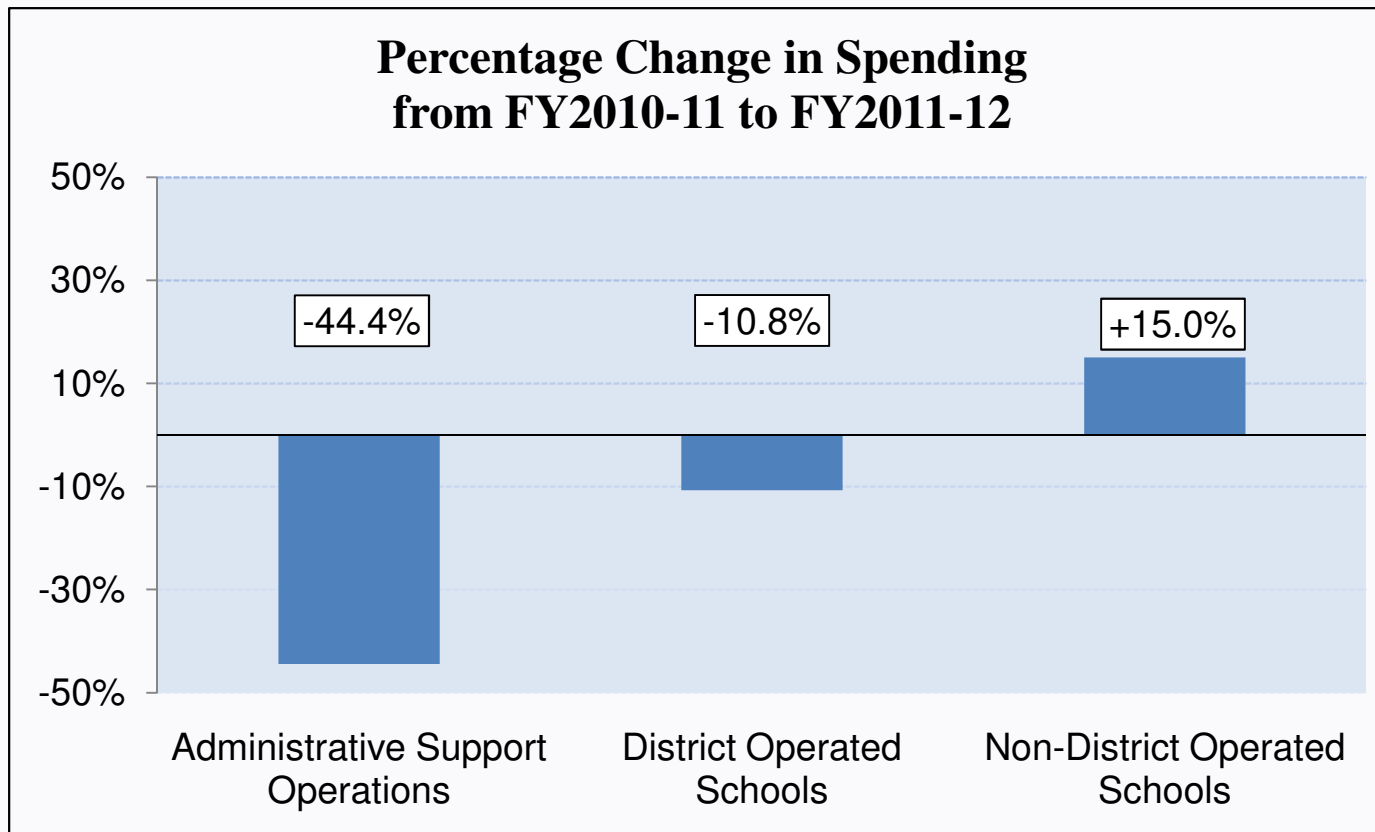
\*\* Includes \$244M in debt service costs



## FY12 Spending Change by Budget Component

In order to close the FY2011-12 budget gap, Administrative Support Operations are proposed to be cut by 44% and District-operated schools by 11%.

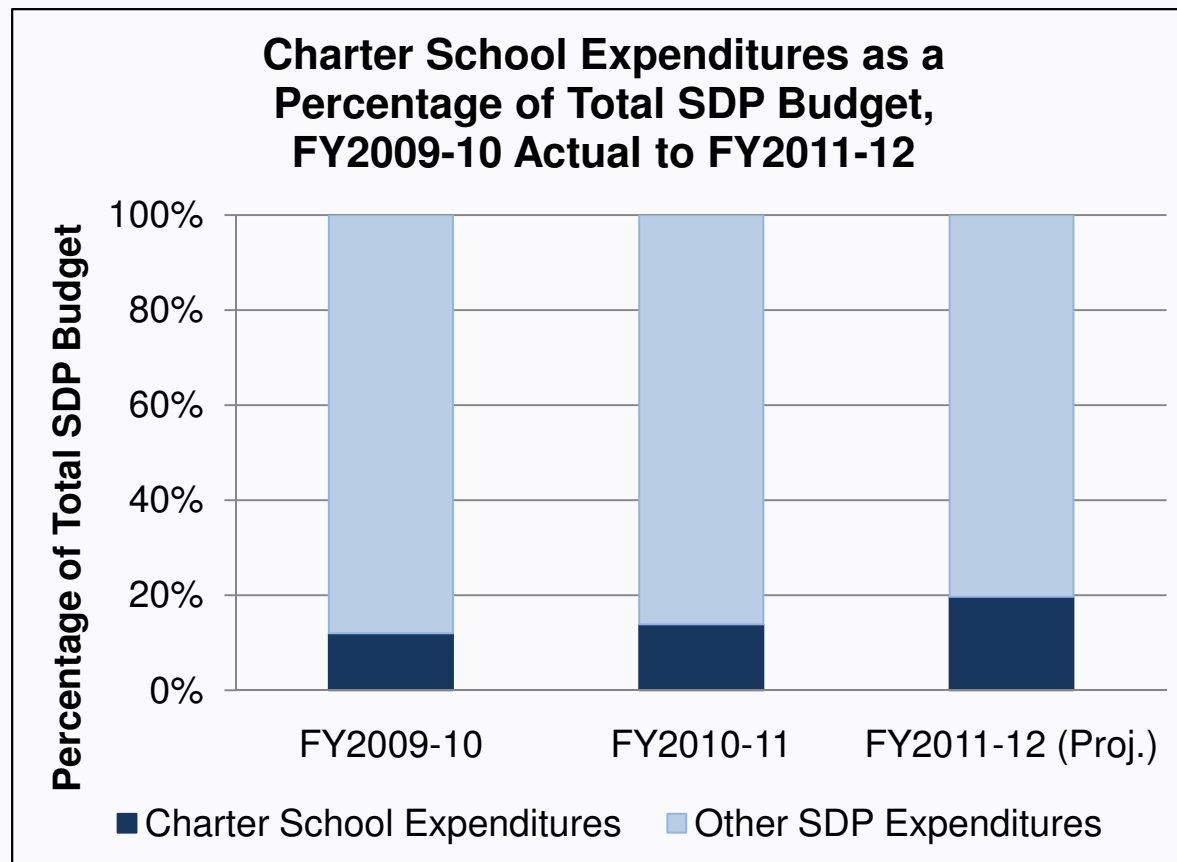
At the same time, budgeted expenditures for Non-District Operated Schools (Charter Schools) are projected to grow by 15%.





## Funding for Charter Schools Represents a Growing Share of the Total SDP Budget

Charter school funding has grown from 12% to nearly 20% of the budget since FY10







## The District Projects It Will End FY2011-12 with a Balanced Budget

SCHOOL DISTRICT OF PHILADELPHIA					
Operating Funds Financial Statement					
	A	B	C	D	E
	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY12 Projected
(\$ 000's)	Actual	Actual	Estimated	Projected	over/(under)
	(12/1/09)	(3/30/2011)	(4/27/2011)	(4/27/2011)	FY11 Estimated
1 <b>Fund Balance (Deficit) at Beginning of Year - July 1</b>	<b>(\$476)</b>	<b>\$28,073</b>	<b>\$28,059</b>	<b>\$0</b>	<b>(\$28,058)</b>
2 <i>Local Tax Revenues</i>	\$777,450	\$784,791	\$776,958	\$775,963	(\$995)
3 <i>Grant from City of Philadelphia</i>	\$38,490	\$38,540	\$38,870	\$38,870	\$0
4 <i>Local Non-Tax Revenues</i>	\$37,377	\$28,050	\$32,370	\$44,014	\$11,644
5 <i>State Revenues</i>	\$1,369,708	\$1,432,593	\$1,498,020	\$1,312,614	(\$185,406)
6 <i>Federal Revenues</i>	\$326	\$172	\$6,059	\$5,168	(\$891)
7 <b>Revenues - Total</b>	<b>\$2,223,351</b>	<b>\$2,284,145</b>	<b>\$2,352,277</b>	<b>\$2,176,629</b>	<b>(\$175,648)</b>
8 <i>Other Financing Sources</i>	\$20,038	\$5,406	\$21,737	\$7,598	(\$14,139)
9 <b>Total Revenues and Other Financing Sources</b>	<b>\$2,243,389</b>	<b>\$2,289,551</b>	<b>\$2,374,014</b>	<b>\$2,184,227</b>	<b>(\$189,787)</b>
10 <b>Obligations</b>	<b>\$2,183,368</b>	<b>\$2,295,990</b>	<b>\$2,425,089</b>	<b>\$2,183,896</b>	<b>(\$241,193)</b>
11 <i>Other Financing Uses</i>	\$4,535	\$11,847	\$2,229	\$2,331	\$102
12 <b>Total Obligations and Other Financing Uses</b>	<b>\$2,197,902</b>	<b>\$2,307,837</b>	<b>\$2,427,318</b>	<b>\$2,186,227</b>	<b>(\$241,091)</b>
Excess (Deficiency) of Revenues & Other Financing Sources					
13 <i>Over (Under) Obligations and Other Financing Uses</i>	\$45,487	(\$18,286)	(\$53,304)	(\$2,000)	\$51,304
14 <i>Other Financing Sources - Refinancing</i>	\$214,916	\$382,162	\$434,337	\$0	(\$434,337)
15 <i>Other Financing Uses - Refinancing</i>	\$208,995	\$353,329	\$434,337	\$0	(\$434,337)
16 <b>Net Change due to Refinancing</b>	<b>\$5,921</b>	<b>\$28,833</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
17 <b>Fund Balance Prior to Changes in Reserves</b>	<b>\$50,931</b>	<b>\$38,620</b>	<b>(\$25,245)</b>	<b>(\$2,000)</b>	<b>\$23,246</b>
18 <i>Change in Reserves</i>	\$887	(\$10,561)	\$1,500	\$2,000	\$500
19 <i>Fiscal Stabilization Reserve Fund</i>	(\$23,745)	\$0	\$23,745	\$0	(\$23,745)
20 <b>Fund Balance (Deficit) at Year End - June 30</b>	<b>\$28,073</b>	<b>\$28,059</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

OBLIGATIONS BY FUND					
	A	B	C	D	E
(\$ 000's)	FY2008-09	FY2009-10	FY2010-11	FY2011-12	FY12 Projected
	Actual	Actual	Estimated	Projected	over/(under)
	(12/1/09)	(3/30/2011)	(4/27/2011)	(4/27/2011)	FY11 Estimated
21 <b>Obligations - Operating Funds</b>	<b>\$2,197,902</b>	<b>\$2,307,837</b>	<b>\$2,427,318</b>	<b>\$2,186,227</b>	<b>(\$241,091)</b>
22 <b>Expenditures - Categorical Funds</b>	<b>\$473,714</b>	<b>\$583,551</b>	<b>\$689,268</b>	<b>\$501,458</b>	<b>(\$187,810)</b>
23 <b>Obligations - Food Fund</b>	<b>\$80,788</b>	<b>\$80,957</b>	<b>\$83,658</b>	<b>\$84,498</b>	<b>\$840</b>
24 <b>Total Obligations</b>	<b>\$2,752,404</b>	<b>\$2,972,345</b>	<b>\$3,200,244</b>	<b>\$2,772,183</b>	<b>(\$428,061)</b>



## Proposed FY2011-12 Budget Recap

	<b>FY2011-12 SDP Current Revenue Forecast</b>	<b>FY2011-12</b>	<b>% of Total</b>
1	LOCAL FUNDING - Taxes/City Grant/Non-Tax Revenues	\$859	31.1%
2	STATE FUNDING - Operating Revenues	\$1,313	47.5%
3	STATE FUNDING - Grants	\$47	1.7%
4	FEDERAL FUNDING - Recurring Grants	\$423	15.3%
5	FEDERAL FUNDING - Stimulus Funds	\$27	1.0%
6	ALL OTHER	\$96	3.5%
7	<b>TOTAL</b>	<b>\$2,764</b>	<b>100%</b>

	<b>Proposed SDP FY2011-12 Expenditures</b>	<b>FY2011-12</b>	<b>% of Total</b>
1	Instruction - District-Operated Schools	\$1,378	46.8%
2	Instructional Support - District-Operated Schools	\$80	2.7%
3	Pupil/Family Support - District-Operated Schools	\$117	4.0%
4	Operational Support - District-Operated Schools *	\$621	21.1%
5	District Funded, Non-District Operated Schools	\$649	22.1%
6	Administrative Support Operations	\$98	3.3%
7	<b>TOTAL **</b>	<b>\$2,942</b>	<b>100%</b>

\* Includes \$244 million of debt service

\*\* Total before elimination of \$170 million in spending through District-Wide Gap Closing Measures 33



## **The Proposed FY2011-12 School District Budget**

# **School Budgets in FY2011-12**



## School Budgets have Four Primary Components

- 1. Enrollment-Driven Teachers and Preparatory-Time Teachers.** Each school is allocated a specific number of teachers based on the school's projected enrollment, maximum class size targets, and prep time requirements.
  - **FY11 Budget: \$531 million**
- 2. Allotments Budgeted by Principals.** Each school receives a Per School Allotment of Operating Fund dollars and a second allotment of Federal Title I dollars. Schools use these funds to purchase administrative and school office positions, paraprofessionals, supplementary instructional positions, funding for extracurricular activities, and materials and supplies.
  - **FY11 Budget: \$363 million**



## School Budgets have Four Primary Components

- 3. Specialized Resources Allocated to Schools by SDP Central Offices:** Schools receive resources (usually, a specific number of positions) from central offices to support specific programs. Examples: Special Education Teachers, English as a Second Language Teachers, Instrumental Music Teachers, and School Nurses. This category also includes Summer Programs, Extended Day Programs, and Per Diem Substitute Services.
  - **FY11 Budget: \$934 million**
- 4. Operating Support.** Central offices also allocate school police officers, custodial staff and food service staff to each school. Central offices also provide schools with transportation services (buses and TransPasses), maintenance and repair services, and major capital improvements – new bldgs,/major renovations (debt service).
  - **FY11 Budget: \$675 million**



## Significant Portions of School Budgets Have Been Held Harmless in the FY2011-12 Budget

- **Enrollment-Driven Teachers and Preparatory-Time Teachers** were not reduced. These two items represent about 69% of schools FY11 operating budgets and 21% of the entire FY11 operating budget.
  - **FY12 Budget: \$548.6 million**
- **Title I Basic** allocations to schools were not reduced. Allocations per school range from \$125,000 to \$1.6 million.
  - **FY12 Budget: \$95.9 million**



## Cuts to Major Imagine 2014 Initiatives Have Been Minimized

- **Reduced Class Sizes for Grades K-3:** In spite of the loss of two of the funding sources for Reduced Class Sizes, this initiative is being preserved at 66% of the FY11 level
- **Summer Programs:** Funding for Summer Learning and More (SLAM) is being reduced by 50%, but the program is being overhauled so that nearly as many students will be served - average daily attendance will be reduced by only 4%
- **Supplemental Counselors:** Funding for supplemental counselors is being cut by 37%, but student-counselor ratios are still lower than pre-Imagine 2014 levels



## **Schools' FY2011-12 Operating Budget Allotments Were Cut by 29%**

- Schools' operating budgets -- with the exception of Enrollment and Prep Teachers -- were reduced by 29% on average District-wide
- These funds are used by teachers to staff the central administration of each school and fund discretionary programs and services
- “One size does not fit all” – Operating Budget Allotment cuts were tailored to ensure that all schools could cover legal, contractual, and operational requirements





## Cuts in Other Parts of School Budgets Range from 5% to 100%

- **Instructional – Specific Programs Eliminated:**
  - Common Planning Time
  - A/B Schedules
  - Empowerment Support Teachers
  - School-Based Instructional Specialists
  - Reading Recovery Teachers
- **Instructional – Kindergarten**
  - Reduced to half day at all schools (43%)
- **Instructional – School-Based Resources**
  - Desegregation (19%): reduction in per school amount
  - Gifted and Talented Education (50%): reduction in per student amount
  - Promise Academies' Allotments (50%): reduction in per student amount



## Examples of School Budget Cuts (continued)

- **Instructional – Centrally-Allocated Resources**
  - Special Education (5%) – reduction in High Incidence Teacher positions
  - English as a Second Language (20%) – elimination of funds for tutoring and supplies, reduction in Teacher positions
  - Instrumental Music (9%) – reduction in Teacher positions
  - Vocational Education Training (30%) – reduction in support staff
- **Pupil/ Family Support**
  - Bilingual Counselor Assistants (50%) – reduction in BCA positions
  - School Nurses (10%) – reduction in Nurse positions
  - Psychologists (6%) – reduction in Psychologist positions
  - Athletics (7%) – elimination of interscholastic athletics in middle schools



## Examples of School Budget Cuts (continued)

- **Operating Support for Schools**
  - School Police Officers and Mobile Security (9%) – reduction in Police Officer positions and per diem officers
  - Facilities (Custodial Services and Maintenance) (16%) – reductions in Custodial and Maintenance positions
  - Utilities (5%) – Demand Response Program at 63 schools; price contracts for electricity, natural gas, and oil
  - Transportation (44%) – elimination of transportation services for all students, with 2 exceptions:
    - Charter school students
    - Students with disabilities whose IEPs call for transportation services



## **The Proposed FY2011-12 School District Budget**

# **The School District's Workforce in FY2011-12**



## The District's Workforce is Approximately 20,000 FTEs – a 16% or 3,820 position reduction from FY2010-11

**48% of the District's Workforce is Teachers (9,500 positions) with an additional 1,890 positions (over 9%) providing classroom support for teachers.**

Position Type	FY2008-09 Amended FTEs	FY2009-10 Amended FTEs	FY2010-11 Estimated Actual FTEs	FY2011-12 Projected FTEs	Diff
Teachers - Regular Education	8,115	8,874	8,577	7,548	-1,029
Teachers - Special Education	1,854	1,850	1,864	1,632	-232
Teachers - Early Childhood	301	310	338	338	0
<b>Sub-Total Teachers</b>	<b>10,270</b>	<b>11,034</b>	<b>10,779</b>	<b>9,518</b>	<b>-1,261</b>
Noontime Aids	1,616	1,677	1,668	1,023	-645
Supportive Service Assistants	1,287	1,312	1,468	1,152	-316
Custodians & Building Engineer	1,073	1,494	1,437	1,062	-375
Facility Maintenance	524	353	378	230	-148
Counselors/Student Adv./ Soc.	603	758	649	466	-183
Classroom Assistants	515	676	751	736	-15
Secretaries	510	590	554	507	-47
Bus Drivers	470	489	489	393	-96
Principals/Assistant Principals	460	472	484	450	-34
Food Service Workers	450	706	707	707	0
Bus Attendants	427	465	477	477	0
School Police Officers	425	421	439	419	-20
Nurses	309	314	309	258	-51
<b>Total</b>	<b>18,937</b>	<b>20,761</b>	<b>20,588</b>	<b>17,397</b>	<b>-3,191</b>
<b>ALL OTHER</b>	<b>3,873</b>	<b>3,305</b>	<b>3,203</b>	<b>2,574</b>	<b>-629</b>
<b>DISTRICT TOTAL</b>	<b>22,810</b>	<b>24,066</b>	<b>23,791</b>	<b>19,971</b>	<b>-3,820</b>



## **The Proposed FY2011-12 School District Budget**

**Is the School District's Current  
Budget Crisis the Result of a  
Failure on the Part of the SDP to  
Anticipate and Plan for the End of  
Federal Stimulus Funding?**



## The School District's Current Budget Crisis Is Not Caused Solely or Primarily by a Failure to Anticipate and Plan for the End of Federal Stimulus Funding

### Some Stimulus Funds Could ONLY Be Used for New Programs & Program Expansions

Some of the Federal Stimulus funds that were provided to the School District in FY2009-10 and FY2010-11 – *Stimulus Title I* (Services to Low Income Students), *Stimulus IDEA* (Special Ed), *Stimulus Ed Tech* (Classroom Technology), and *Stimulus McKinney Vento* (Homeless Children's Services) – could only be used to support new educational programs and education program expansions under the Federal rules that governed this funding.

The Federal Government also did not allow school districts to “bank” these funds to use in a later period. They had to be spent during 2010 and 2011. The School District understood that when these funds – about \$113 million a year – were discontinued, the SDP would have to end the education reform programs they were supporting, or else redirect other recurring SDP funding to “make room” for those programs.

The School District's plan was to do some of both – preserve some reform programs by re-arranging our spending priorities, and discontinue or shrink other programs. Every school district in the United States faced the same choice, and virtually all of them decided to accept and use the Stimulus program expansion funds being offered, despite the drawbacks.



## The School District's Current Budget Crisis Is Not Caused Solely or Primarily by a Failure to Anticipate and Plan for the End of Federal Stimulus Funding

### Other Stimulus Funds Were Supposed to TEMPORARILY Make Up for Weakened State Funding

The School District also received \$122 million in FY2009-10 and in FY2010-11 from a different portion of the Stimulus program – the **State Fiscal Stabilization Fund** -- and is receiving \$72 million in **Federal Ed Jobs** funds in FY2010-11 only.

These funds had a very different purpose. They were intended to temporarily substitute for state funding so that public education programs were not decimated when state government revenues plummeted during the Recession.

The larger portion of these SFSF and Ed Jobs funds were not additional funding for the School District of Philadelphia; rather, they were substitute funding. In other words, the Commonwealth gave the SDP these funds but reduced pre-existing state funding for the District dollar for dollar when they did so, resulting in no net increase in funding to the School District, and budgetary relief for the state.

States are supposed to resume their regular level of funding for their school districts once the “substitute” SFSF and Ed Jobs funds were discontinued, but in Pennsylvania that is not happening, leaving Pennsylvania school districts with major budget shortfalls as a result.





## **The School District's Current Budget Crisis Is Not Caused Solely or Primarily by a Failure to Anticipate and Plan for the End of Federal Stimulus Funding**

### **Pennsylvania Has Not Only Failed to Replace Stimulus Funding, But Proposes to Cut Schools Even MORE**

**The size of the School District's 2011-12 budget gap is much greater than the amount of Federal funding the District is losing next year.**

One major reason why is because the Commonwealth of Pennsylvania has proposed over \$100 million in additional cuts in funding next year, in addition to failing to replace any of the District's discontinued Federal Stimulus funds.

### **Evidence That The School District's Budget Crisis is Not Caused Solely or Primarily by the Loss of Stimulus Funding**

Evidence that the School District's budget crisis is not caused solely or primarily by the loss of Stimulus funding can be seen in the fact that the District used Stimulus funds to add 1,200 employees to its complement in 2010 and 2011 but now is being forced to eliminate over 3,800 positions in order to close the 2011-12 budget gap .



## **The Proposed FY2011-12 School District Budget**

# **Risks and Opportunities: How Things Could Get Worse, or Better**



## Risks & Uncertainties: How It Could Get Worse

The FY2011-12 Budget is based on reasonable assumptions and strategies and the best information available at this time. However, there are a number of risks that could have an adverse impact on the budget:

- **Risk of Not Realizing Collective Bargaining Agreement Budget Relief**
  - Budget includes \$75 million in budgetary relief from re-opening collective bargaining agreements
- **Risk of Not Realizing Charter School Budget Relief**
  - Budget assumes relief through reinstatement of the PA Charter School Reimbursement or some other means
- **Risk of Unplanned Growth in Charter School Enrollment**
  - Budget assumes enrollment planning in coordination with charters in order to minimize wasted resources
  - Every additional 100 charter school students costs an additional \$1 million
- **Risk of Deduction of Voucher Costs from SDP State Revenues**
  - Current voucher program proposals anticipate funding the program by deducting state aid from home districts of voucher recipients
  - Year 1 impact could be as much as \$40 million; Year 2 as much as \$135 million



## If the District's budget gap grows, the SDP will be forced to make additional spending cuts elsewhere in the budget

<u>Examples of Remaining Savings Options</u>	<u>Est. Savings (M\$)</u>
Eliminate the remaining Instrumental Music program	\$6.7
Eliminate all Summer Programs	\$21.0
Eliminate Remaining Kindergarten Programs	\$25.0
Eliminate the remaining Reduced Class Size Initiative	\$18.5
Eliminate the Athletics Program	\$7.1
Increase Class Sizes Above Current Contractual Maximums (1 student per class)	\$15.0
Eliminate 111 Teacher, Counselor, Librarian or Nurse positions	\$10.0



## Opportunities & Alternatives: How It Could Get Better

There are alternatives that could make it possible to avoid or undo some of the painful cuts now included in the SDP FY12 Budget.

If FY2011-12 local and state revenues were to be increased above currently forecast levels, the District would be able to accomplish some of these changes:

- **Charter Schools:** continue to support the growth of high-performing charter schools in Philadelphia
- **Kindergarten:** maintain full-day Kindergarten at all schools
- **Early Childhood:** restore reductions in Early Childhood programs
- **Social Services:** maintain FY10-11 staffing levels for Resource Specialists
- **Transportation:** restore Distance Busing and Hazardous Routes for public and non-public students



## What Could Be Restored if FY2011-12 Resources Are Increased

- **Reduced Class Size:** fund additional teacher positions to restore lower class sizes in grades K-3 or 6, 8, and 9
- **Counselors:** fund additional counselor positions to restore lower FY11 student: counselor ratios
- **Special Education:** fund additional teacher positions to restore lower FY11 student: teacher ratios
- **Summer School:** increase the number of students and schools served
- **Programs for English Language Learners:** increase Bilingual and English as a Second Language teachers; restore tutoring/ supplies funds
- **Gifted and Talented Education:** restore funding for Gifted students



## What Could Be Restored if FY2011-12 Resources Are Increased

- **Middle School Athletics:** restore interscholastic programs for middle schools
- **School Psychologists:** increase the number of psychologists to reduce caseloads and speed evaluations
- **Instrumental Music:** fund additional teachers positions to restore higher FY11 number of students receiving instruction
- **Other School-Based Resources:** restore cuts in funds provided to schools for other specific purposes, including Art and Music teachers, Reading Recovery, In-School Suspension programs, Alternative Education, Multiple Pathways to Graduation, Dual Enrollment, and School Safety Officers



## Proposed PA Spending Cuts Can Be Reduced Even With No Increase in State Taxes or Fees

**PA State Revenue Collections in FY2010-11 Are Stronger Than Was Anticipated in the Governor’s FY12 Budget by \$506 million.**

**This Positive Growth is Expected to Carry Over in FY2011-12.**

**The Likely Result: At Least \$1 billion in Total Additional Available PA Funds**

### Commonwealth of Pennsylvania - General Fund Revenues

(\$ in millions)	<u>FY2010-11</u>	<u>FY2011-12</u>
March 2011 Estimate	\$ 26,790	\$ 27,945
May 2011 Proj - Based on Actual FY11 Collections	\$ 27,296	\$ 28,445
<b><i>Difference - Current Projection over Prior Estimate</i></b>	<b>\$ 506</b>	<b>\$ 500</b>
<b><i>Total Add'l Available for FY12</i></b>		<b>\$ 1,006</b>





# **The Proposed FY2011-12 School District Budget**

# **FY2011-12 Budget Summaries**



## Operating Budget – FY2010-11 and FY2011-12

Page 1 of 2

(\$ in 000)		A	B	C	D
		FY2010-11	FY2011-12	FY12 over/(under) FY11 (\$)	FY12 over/(under) FY11 (%)
<b>District Operated Schools - Instructional</b>					
1	Elementary/Middle/High/CTE/Deseg/Substitutes - Instructional	\$774	\$760	(\$13)	-2%
2	Special Education	\$207	\$195	(\$12)	-6%
3	Alternative Education	\$48	\$23	(\$25)	-52%
4	English Language Learners	\$38	\$32	(\$5)	-14%
5	Counselors	\$32	\$31	(\$1)	-3%
6	Nurses	\$31	\$27	(\$3)	-11%
7	Psychologists	\$15	\$15	\$0	0%
8	Athletics	\$7	\$7	(\$0)	-2%
9	Librarians	\$5	\$4	(\$0)	-7%
10	Instructional - All Other	\$32	\$46	\$13	42%
11	Instructional Support - Pupil/Family Support - All Other	\$48	\$25	(\$23)	-48%
12	<b>Total - District Operated Schools -- Instructional</b>	<b>\$1,234</b>	<b>\$1,164</b>	<b>-\$70</b>	<b>-6%</b>
<b>District Operated Schools - Operational Support</b>					
13	Debt Service (less refunding)	\$219	\$244	\$25	11%
14	Facilities - Custodial/Maintenance	\$140	\$125	(\$15)	-10%
15	Utilities	\$78	\$73	(\$4)	-5%
16	Transportation (excl. Charters)	\$87	\$49	(\$39)	-44%
17	School Safety	\$37	\$37	(\$0)	-1%
18	All Other (Insurance, Postage, etc.)	\$11	\$9	(\$3)	-23%
19	<b>Total - District Operated Schools -- Operational Support</b>	<b>\$572</b>	<b>\$537</b>	<b>-\$35</b>	<b>-6%</b>



## Operating Budget – FY2010-11 and FY2011-12

Page 2 of 2

(\$ in 000)		A	B	C	D
		FY2010-11	FY2011-12	FY12 over/(under) FY11 (\$)	FY12 over/(under) FY11 (%)
<b>Non-District Operated Schools</b>					
20	Charter Schools (incl. Transportation)	\$431	\$537	\$106	25%
21	Education of Students in Inst. Placements	\$65	\$65	(\$0)	0%
22	Nonpublic Schools (incl. Transportation)	\$36	\$25	(\$11)	-31%
23	<b>Total - Non- District Operated Schools</b>	<b>\$532</b>	<b>\$627</b>	<b>\$95</b>	<b>18%</b>
<b>Administrative Support Operations</b>					
24	Associate Superintendent for Academics	\$16	\$8	(\$8)	-51%
25	Associate Superintendent for Academic Support	\$9	\$6	(\$3)	-34%
26	Chief Financial Officer	\$12	\$5	(\$6)	-54%
27	Talent and Development	\$13	\$7	(\$6)	-44%
28	Informational Technology	\$14	\$13	(\$1)	-4%
29	Facilities	\$8	\$6	(\$2)	-21%
30	Transportation	\$3	\$1	(\$2)	-70%
31	All Other Administrative Support Operations	\$31	\$14	(\$16)	-53%
32	<b>Sub-Total - Admin. Support Operations</b>	<b>\$105</b>	<b>\$61</b>	<b>-\$44</b>	<b>-42%</b>
33	Undistributed Budgetary Adjustments/Other	-\$17	-\$33		
34	<b>Total - Admin. Support Operations</b>	<b>\$88</b>	<b>\$27</b>	<b>(\$60)</b>	<b>-69%</b>
35	<b>TOTAL FY2011-12 OPERATING BUDGET</b>	<b>\$2,427</b>	<b>\$2,186</b>	<b>(\$241)</b>	<b>-10%</b>



## FY2011-12 Unified Budget: Operating and Grants Funds

Page 1 of 2

(\$ in 000)		A	B	C	D
		FY2011-12 Operating	FY2011-12 Grants	FY2011-12 Total	FY2011-12 % of Total
<b>District Operated Schools - Instructional</b>					
1	Elementary/Middle/High/CTE/Deseg/Substitutes - Instructional	\$760	\$197	\$957	35%
2	Special Education	\$195	\$30	\$224	8%
3	Alternative Education	\$23	\$4	\$27	1%
4	English Language Learners	\$32	\$0	\$32	1%
5	Counselors	\$31	\$11	\$42	2%
6	Nurses	\$27	\$0	\$27	1%
7	Psychologists	\$15	\$0	\$15	1%
8	Athletics	\$7	\$0	\$7	0%
9	Librarians	\$4	\$2	\$7	0%
10	Instructional - All Other	\$46	\$92	\$137	5%
11	Instructional Support - Pupil/Family Support - All Other	\$25	\$75	\$99	4%
12	<b>Total - District Operated Schools -- Instructional</b>	<b>\$1,164</b>	<b>\$410</b>	<b>\$1,574</b>	<b>57%</b>
<b>District Operated Schools - Operational Support</b>					
13	Debt Service (less refunding)	\$244	\$0	\$244	9%
14	Facilities - Custodial/Maintenance	\$125	\$0	\$125	5%
15	Utilities	\$73	\$0	\$73	3%
16	Food Service	\$0	\$0	\$81	3%
17	Transportation (excl. Charters)	\$49	\$0	\$49	2%
18	School Safety	\$37	\$0	\$37	1%
19	All Other (Insurance, Postage, etc.)	\$9	\$3	\$11	0%
20	<b>Total - District Operated Schools -- Operational Support</b>	<b>\$537</b>	<b>\$3</b>	<b>\$621</b>	<b>22%</b>



## FY2011-12 Unified Budget: Operating and Grants Funds

Page 2 of 2

(\$ in 000)		A	B	C	D
		FY2011-12 Operating	FY2011-12 Grants	FY2011-12 Total	FY2011-12 % of Total
<b>Non-District Operated Schools</b>					
21	Charter Schools (incl. Transportation)	\$537	\$7	\$544	20%
22	Education of Students in Inst. Placements	\$65	\$0	\$65	2%
23	Nonpublic Schools (incl. Transportation)	\$25	\$15	\$40	1%
24	<b>Total - Non- District Operated Schools</b>	<b>\$627</b>	<b>\$22</b>	<b>\$648</b>	<b>23%</b>
<b>Administrative Support Operations</b>					
25	Associate Superintendent for Academics	\$8	\$54	\$62	2%
26	Associate Superintendent for Academic Support	\$6	\$0	\$6	0%
27	Chief Financial Officer	\$5	\$0	\$6	0%
28	Talent and Development	\$7	\$2	\$9	0%
29	Informational Technology	\$13	\$0	\$13	0%
30	Facilities	\$6	\$0	\$6	0%
31	Transportation	\$1	\$0	\$1	0%
32	All Other Administrative Support Operations	\$14	\$10	\$24	1%
33	<b>Sub-Total - Admin. Support Operations</b>	<b>\$61</b>	<b>\$67</b>	<b>\$128</b>	<b>5%</b>
34	Undistributed Budgetary Adjustments/Other	-\$33			
35	<b>Sub-Total - Admin. Support Operations</b>	<b>\$28</b>	<b>\$67</b>	<b>\$95</b>	<b>3%</b>
36	<b>TOTAL FY2011-12 BUDGET</b>		<b>\$2,772</b>		



# **School District of Philadelphia**

## **Proposed Budget Fiscal Year 2011-12 (July 1 2011 – June 30 2012)**

### **Briefing for City Council**

**May 2011**

For more information about the School District budget, visit  
[www.philasd.org/budget](http://www.philasd.org/budget) or e-mail [SDP2011Budget@philasd.org](mailto:SDP2011Budget@philasd.org).