



# School District of Philadelphia

## FY 2014 Proposed Operating Budget Update

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**April 18, 2013**

The School District of Philadelphia's *FY 2014 Proposed Operating Budget Update* represents forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments, reduced governmental allocations, and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this presentation April 18, 2013. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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## Expenditures and Revenue FY08 – FY12

- Revenues and Expenditures steadily rose between FY08 and FY11
- FY12 saw dramatic revenue cuts, including:
  - Elimination of the Charter School Reimbursement (\$110M)
  - Reduction of Basic Education Stimulus Funds (\$186M) partially restored with State Basic Education Subsidy \$86M for total reduction of (\$100M)
  - State Grant Reduction: (\$86M)
- To meet the cuts in revenue, the District drastically reduced expenditures in FY12
  - Significant school-based reductions \$316M
  - Substantial Central Office staffing cut by almost half from 790 to 405 FTE, \$63M
  - Contracted services spending reduced by \$21M
  - Books and Materials spending reduced by \$30M

# Fiscal Sustainability Requires Long-Term Solution

- The District has continued to implement expenditure reduction initiatives:
  - Additional Central Office Reductions (\$6.6M)
  - Utilities Efficiencies (\$5M)
  - Further Contracted Services Reductions (\$2.5M)
  - Increased Transportation Savings from More Efficient Routing (\$2M)
  - Creation of a Virtual School to Offset Cyber Charters Costs (\$1M)
  - Facility Closures (FY15 - \$22M)
  
- To ensure sustainability, it is not acceptable to resort to short-term, non-recurring solutions
  - *No further deficit financings are possible*

# FY2014 Summary Lump Sum Statement 2013 v. 2014

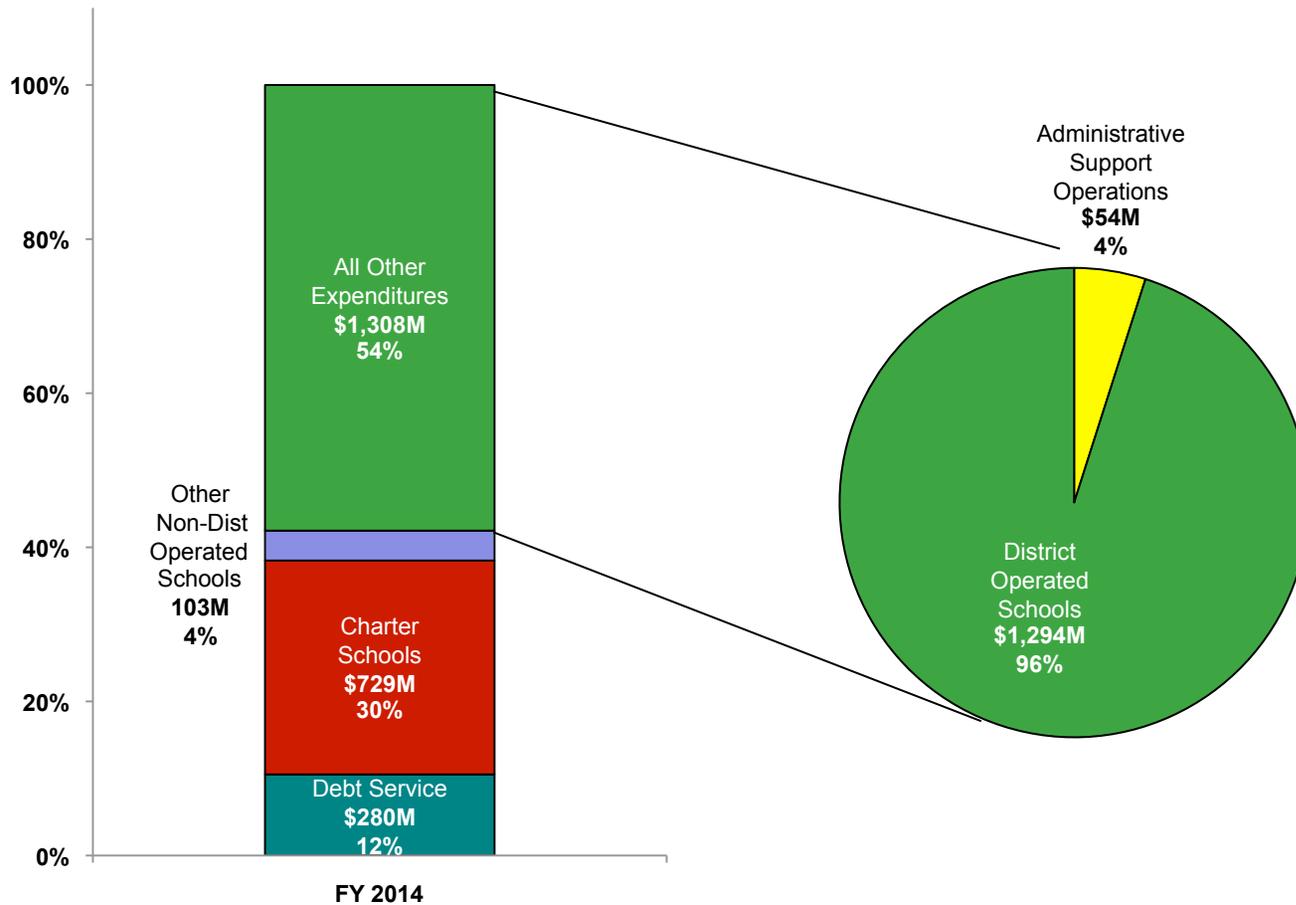
Lump Sum Statement  
Amounts in Thousands  
March 28, 2013

	Estimated 2012/2013 \$	Request 2013/2014 \$
<b>Total Revenues and Other Financing Sources</b>	2,304,050	<b>2,356,912</b>
Total Obligations and Other Financing Uses	2,534,384	2,660,747
Excess (Deficiency) of Revenues and Other Financing Sources	(226,792)	(303,834)
Other Financing Sources - Deficit Financing	301,903	0
<b>Excess (Deficiency) of Revenues and Other Financing Sources</b>	75,111	<b>(303,834)</b>
Prior Year Fund Balance (Deficit) July 1	(20,436)	57,675
Fund Balance Prior to Changes in Reserves	54,657	(246,159)
Changes in Reserve	3,000	4,061
Fund Balance (Deficit) June 30	<u>57,657</u>	<u>(242,099)</u>
<u>Necessary Measures</u>		
Revenue Requests (City & State)		180,000
Personnel Savings		133,278
Reduction in Social Security & Retirement Revenue		<u>(15,237)</u>
Subtotal		298,041
Fund Balance (Deficit) June 30 Assuming Necessary Measures	57,657	55,942

Expenditure levels must be the same as estimated revenue levels if necessary measures are not realized.

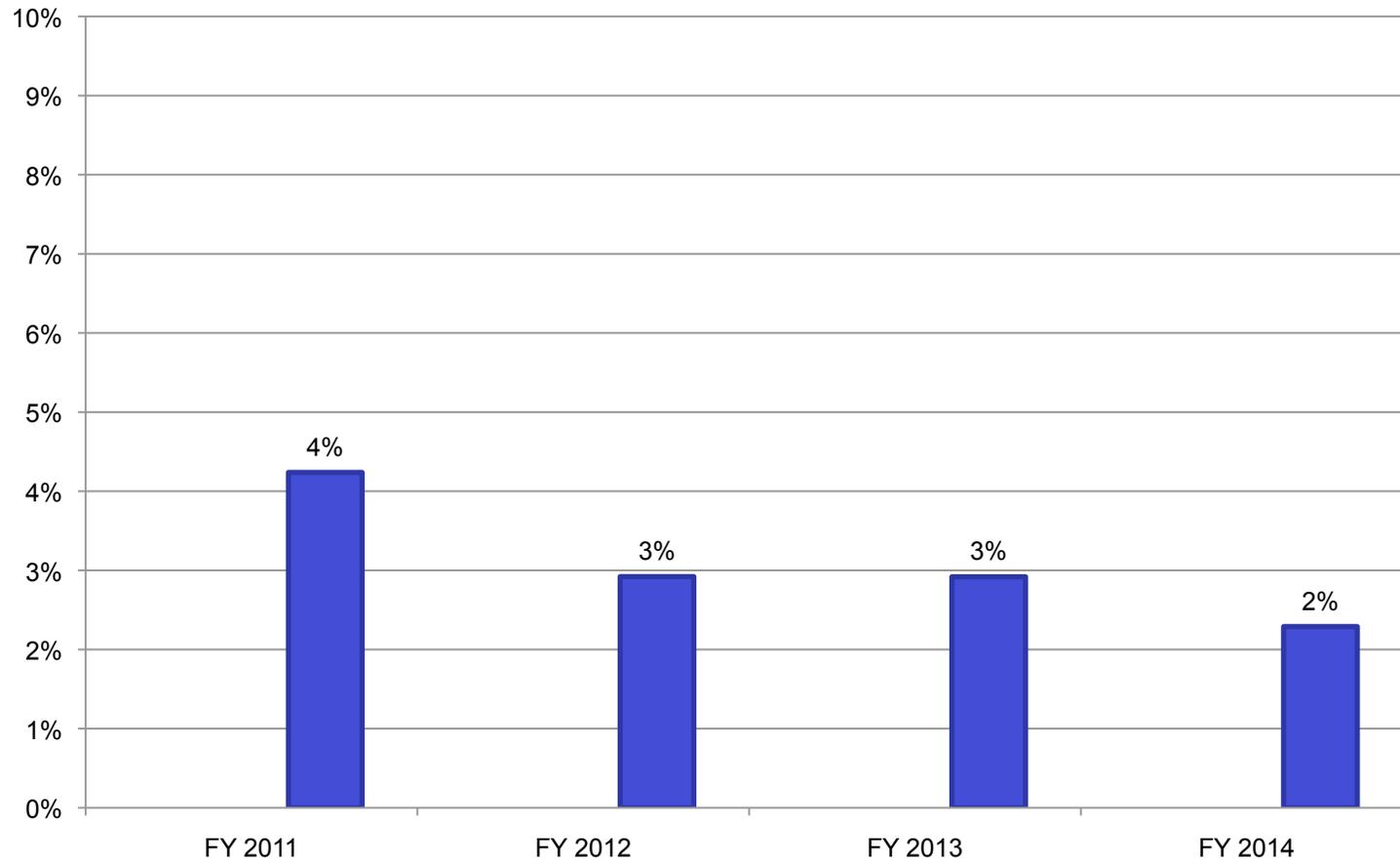
# FY 2014 Operating Expenditures

## Operating Fund Expenditures (Projected) FY 2014



# School District Administrative Cuts FY11 – FY14

Percentage of Operating Budget Spend on Administration  
(FY11 to FY14)



# Proposed Sample School Budget

Sample High School	FY 2013	FY 2014
Enrollment	802	821
Teacher Allotment	30.20	32.20
Poverty Rate	90.0%	
<b><u>Contractual / Legal - School Based</u></b>		
Enrollment Teachers	\$ 3,065,300	\$ 3,670,800
Operating Budget Allotment - Contractual	\$ 704,413	\$ 204,000
<b>Sub Total - Contractual</b>	<b>\$ 3,769,713</b>	<b>\$ 3,874,800</b>
<b><u>Legal - Centrally Allocated</u></b>		
Special Ed - High Incidence	\$ 762,550	\$ 1,021,600
Special Ed - Low Incidence	\$ 245,120	\$ 274,540
English as a Second Language	\$ 50,800	\$ 57,050
Nursing Services	\$ 109,200	\$ 148,680
<b>Sub Total - Legal</b>	<b>\$ 1,167,670</b>	<b>\$ 1,501,870</b>
<b><u>District Requirements - Centrally Allocated</u></b>		
School Police Officers	\$ 258,000	\$ 279,200
<b>Sub Total - Other</b>	<b>\$ 258,000</b>	<b>\$ 279,200</b>
<b><u>Other</u></b>		
Operating Budget Allotment - Operational	\$ 352,300	\$ 0
Gifted Support	\$ 2,240	\$ 0
Annex/Overcrowding	\$ 285,650	\$ 0
Vocational Ed Training	\$ 101,600	\$ 0
<b>Sub Total - Other</b>	<b>\$741,790</b>	
<b>Grand Total</b>	<b>\$ 5,937,173</b>	<b>\$ 5,655,870</b>

# Proposed School Budgets

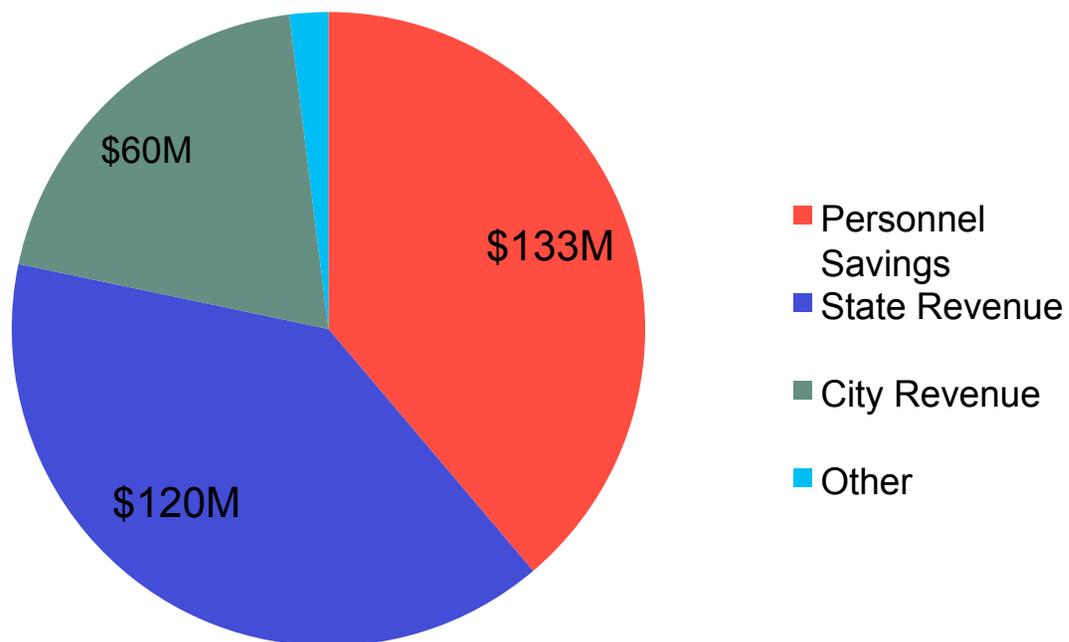
## Without Requested Revenues & Savings

- Principal
- Teachers (according to contractual class size limits)
- Special Education services
- ELL support
- Nurses at the legally required ratio
- School police
- Food Services
- Transportation

## With Requested Revenues & Savings Schools Could Buy

- Principal, Teachers, Special Education services, ELL support, Nurses, School Police, Food Services, Transportation
- Assistant Principal
- Counselors
- Librarians/LIMA
- School Operations Officers
- Itinerant Music Teachers
- Noon-time Aides
- Secretary
- School based instructional support
- Extracurricular programming
- Summer Programming

## The Solution: Shared Sacrifice



*And Continued Expenditure Reductions*