The School District of Philadelphia's FY 2016-17 Budget Hearing presentation 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, reduced governmental allocations, changes in economic conditions, mandates from other governments, 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 document on April 21, 2016. 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.
If you have a disability and the format of any material on our web pages interferes with your ability to access the information or you have a question regarding the School District’s website accessibility, please contact us via any of the following means for assistance:

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
Tel: (215) 400-4000
Fax: (215) 400-4181

To help us respond in a manner most helpful to you, please indicate the nature of the accessibility problem, the web address of the requested material, your preferred format in which you want to receive the material (electronic format (ASCII, etc.), standard print, large print, etc.), and your contact information (name, email, telephone, and physical mailing address).
Introduction

- The SRC adopted the District’s proposed FY16-17 Lump Sum Statement on March 24, 2016
- The Lump Sum Statement was presented in the context of a Five-Year Plan, FY17-21
- While reinvesting in schools, the District is projecting modest surpluses in FY16 and FY17
- The District is not requesting additional funding from the City or State in FY17, above the current proposed amounts
- Persistent long-term challenges remain, requiring support from funders in future years
Investments

• The District’s Lump Sum and Preliminary Five-Year Plan, FY16-21, include over $440 million of investments aligned with the Superintendent’s Action Plan 3.0
  ▪ $84 million in FY16 (recurring and non-recurring); $60 million in FY17 (predominantly recurring)

• Investments focus on: Literacy, College and Career Readiness, and Talent/Workforce Development

• Specific investments included in FY16 and FY17:
  ▪ $7.8 million of funding for schools to use at their discretion, allocated on a per pupil basis
  ▪ At least one counselor in every school
  ▪ At least one nurse per school (or one nurse per building if schools share a building)
  ▪ Additional investments for new Renaissance charter schools and in-District turnaround schools

• Additional necessary investments have been identified by the District, which would require additional recurring resources from funding partners
Issues and Risks to the Budget

• The following issues and risks could materially affect the FY16 and FY17 Lump Sum projections:
  ▪ Ongoing FY16 State Revenues Uncertainty
  ▪ FY17 Governor’s Proposed Budget
  ▪ State Supreme Court Case Ruling
  ▪ Potential Repayment of Variable Rate Debt
## Budget Overview

**SCHOOL DISTRICT OF PHILADELPHIA**  
**OPERATING BUDGET**  
**FISCAL YEARS 2015/2016 AND 2016/2017**  
Amounts in Thousands

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>$2,592,460</td>
<td>$2,712,130</td>
<td>$2,803,787</td>
</tr>
<tr>
<td><strong>Other Financing Sources</strong></td>
<td>$317,952</td>
<td>$6,344</td>
<td>$1,489</td>
</tr>
<tr>
<td><strong>Total Revenues and Other Financing Sources</strong></td>
<td>$2,910,412</td>
<td>$2,718,474</td>
<td>$2,805,276</td>
</tr>
<tr>
<td><strong>Obligations</strong></td>
<td>$2,502,693</td>
<td>$2,650,548</td>
<td>$2,792,207</td>
</tr>
<tr>
<td><strong>Other Financing Uses</strong></td>
<td>$302,584</td>
<td>$4,500</td>
<td>$2,252</td>
</tr>
<tr>
<td><strong>Total Obligations and Other Financing Uses</strong></td>
<td>$2,805,277</td>
<td>$2,655,048</td>
<td>$2,794,459</td>
</tr>
<tr>
<td><strong>Prior Year Fund Balance (Deficit) July 1</strong></td>
<td>$3,043</td>
<td>$88,048</td>
<td>$134,572</td>
</tr>
<tr>
<td><strong>Fund Balance Prior to Changes in Reserves</strong></td>
<td>$108,178</td>
<td>$151,474</td>
<td>$145,389</td>
</tr>
<tr>
<td><strong>Changes in Reserves</strong></td>
<td>($20,130)</td>
<td>($16,902)</td>
<td>($9,702)</td>
</tr>
<tr>
<td><strong>Fund Balance (Deficit) June 30</strong></td>
<td>$88,048</td>
<td>$134,572</td>
<td>$135,687</td>
</tr>
</tbody>
</table>
Budget Overview (cont.)

*Note: The chart is adjusted to exclude the effects of a refunding in FY15, which accounts for $299.1 million of FY15 revenues and $300.4 million of FY15 expenditures.
Budget - Revenues

- Revenues are projected to increase 3.2% or by $86.8 million from FY16 to FY17. The primary drivers include:
  - $56.0 million increase in basic education and special education funding*
  - $15.2 million increase in real estate tax revenue collections
  - $22.2 million increase in PSERS reimbursements

*Note: The FY17 State revenues are consistent with the Governor’s FY17 proposed budget presented on February 9, 2016.
Budget - Expenditures

- The Lump Sum Statement includes expenditures and other uses of:
  - FY16 – $2,665.0 million
  - FY17 – $2,794.5 million

- The primary cost drivers of the $139.5 million increase from FY16 to FY17 are rising charter school and pension costs
  - Charter school payments have increased from 18% of operating obligations in FY11 to a projected 31% in FY17
  - Retirement contributions are expected to grow by 18.7% from FY16 to FY17
Rising Cost of Personnel Benefits

- The increase in retirement contribution costs is due to increasing PSERS employee contribution rates.

*Note: PSERS stands for the Pennsylvania Public School Employees' Retirement*
Additional Resources

• In addition to the operating fund, the District also has the following funds:
  
  ▪ **Grant Funds** – includes grant funding to supplement school services
  
  ▪ **Capital Fund** – includes borrowed funds for capital improvements
  
  ▪ **Food Services Fund** – an enterprise fund that provides meals to the District’s students
  
  ▪ **Health Insurance Fund** – District to create this fund by the end of FY16 to segregate self-insured health-related sources and uses