



THE SCHOOL DISTRICT OF PHILADELPHIA



*Victory is in the classroom.*

*One of the five core beliefs of The School District of Philadelphia*



# FY2011-12 Budget in Brief

Presented to the School Reform Commission on April 27, 2011

Second Edition 4/29/2011

*Imagine*  
2014

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## FY2011-12 UNIFIED BUDGET

Presented to the School Reform Commission on April 27, 2011



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Copies of the School District detailed FY2011-12 Consolidated Budget and additional copies of the of the School District's FY 2011-12 Budget in Brief can be obtained by going to the School District of Philadelphia's web page, [www.philasd.org](http://www.philasd.org), and clicking on FY2011-12 Budget.

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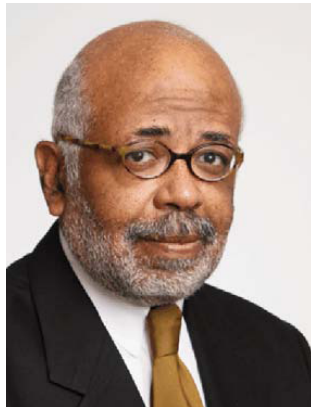


## LETTERS FROM THE SRC CHAIRMAN AND THE SUPERINTENDENT OF SCHOOLS

Dear Fellow Citizens of Philadelphia,

As the School District of Philadelphia approaches FY2011-12, we face dramatic proposed reductions in funding and a legal obligation to adopt a balanced budget for the coming year.

Mindful of these challenges, District leadership has conducted this year's budget preparation process with considerable thought and due diligence. Now it is time for the public to review and react to the budget plan proposed by our School District management team.



*Robert L. Archie Jr., Esq*

I am pleased to present the District's preliminary draft of the FY 2011-2012 budget proposal. It is my hope that everyone who reads and reviews the FY 2011-12 Budget-in-Brief will gain a better understanding of the School District's current fiscal challenges and how Philadelphia's education programs and priorities are likely to be affected.

It is incumbent upon all of us to ensure the equitable allocation of resources along with access to an equal opportunity education for all students.

District managers and staff have worked hard to preserve the core mission of our public education system while building a balanced FY 2011-12 budget for your review. In the days and weeks ahead, I look forward to a lively and informed discussion about the proposed budget and its alignment with our community's academic needs and priorities.

Respectfully,

Robert L. Archie, Jr., Chairman  
School Reform Commission

Dear Friends of Philadelphia's Children:

Like most school districts across the country, the School District of Philadelphia is facing an unprecedented fiscal challenge in the coming school year. Deep cuts in funding are on the horizon that will affect critical programs, activities, and personnel.

Our School District is required by the provisions of the Philadelphia Home Rule Charter and the Pennsylvania School Code to submit a balanced budget within the limits of available and currently forecast revenue. We have tried to meet this requirement while preserving services and programs most critical to the education of our students, which is our first and foremost obligation. In addition, we have taken bold steps to make our spending plan as lean and efficient as possible, ensuring that every dollar will be used wisely and well.



*Arlene C. Ackerman, Ed.D.*

The FY2011-12 Budget-in-Brief warrants the full attention of everyone who cares about our children and the future of our city, state and nation.

We ask all concerned citizens to carefully review this budget plan and provide the School Reform Commission and your elected officials with your feedback as to whether or not you think this budget represents the right direction for our city, state, and children. Our School District has no taxing authority. Only our sponsoring governments can act to increase the resources available to us.

As we near the end of our third academic year working together, I am proud of all we have accomplished since the launch of *Imagine 2014*. Our students and schools have made remarkable progress in a relatively short period of time. Still, we know there is much more work to be done to build a system of great schools where all our children and young people have fair and equal access to a top quality education.

I want to extend my sincere gratitude to all colleagues, friends, community partners and stakeholders who are putting children first and supporting public education as a civil right and a valued pathway to the American Dream.

Respectfully,  
Arlene C. Ackerman  
Superintendent

### THE FY2011-12 PROPOSED BUDGET

The School District of Philadelphia faces an unprecedented challenge as it seeks to construct a budget for Fiscal Year 2011-12 that is both balanced and responsible.

As is explained in greater detail in the pages that follow, Philadelphia's public schools face the prospect next year of extraordinary reductions in state and federal aid, zero growth in local school tax revenues, and unavoidable increases in costs for critical items such as employee health benefits, pension contributions, and state-mandated per-student contributions to charter schools.

Given the education funding proposals now under consideration in Harrisburg and Washington D.C., current laws, existing contracts and covenants, and prevailing economic conditions, the District's budget challenge has never been greater. Without corrective action, the School District could be facing a budget gap in FY2011-12 of over \$600 million, 20% of the District's FY2010-11 Budget.

The budget presented herein is balanced and does not include a deficit or gap. As is required by the Philadelphia Home Rule Charter and the Pennsylvania School Code, the FY2011-12 budget that has been prepared by the School District's management matches revenues to expenditures to avoid a deficit. But it accomplishes this through deep and painful cuts in programs and personnel that will profoundly affect every aspect of the School District's instructional program.

Academic achievement has improved dramatically in Philadelphia's public schools in the nine years since the creation of the Philadelphia School Reform Commission. The number of students performing at grade level or better has increased 185% over this period and now exceeds 55%. Public school choice for parents and families has also expanded dramatically over this period, both through the creation of one of the nation's most extensive networks of public charter schools, and also through important in-District initiatives like open high school enrollment, the creation of an expanded network of special focus high schools, and the cre-



ation and expansion of targeted instructional approaches like Accelerated Learning Programs, Transition Programs, and Promise Academies.

The budget presented herein attempts to save as much as possible of the investments that have brought about these positive improvements in public education in Philadelphia over the past nine years, but with such deep cuts required it has not been possible to protect everything that is positive and worthwhile.

As the final sections of this document explain, the financial future of the School District of Philadelphia is highly uncertain at present. Actions could still be taken in the next several months that could dramatically worsen the financial condition of the District. At the same time, very different actions could also be taken that could dramatically improve the District's financial condition. Our city, our state, and our nation are now at a crossroads when it comes to the question of how much we value the education of our next generation and what we are prepared to invest to guarantee our children the best possible future.

*Rarely, if ever, has it been more critical for citizens, voters and taxpayers to understand the finances of the School District of Philadelphia – where our funding comes from, how it is spent, recent trends with respect to funding and spending and achievement, and the options before us. It is the purpose of this Budget in Brief document to provide this critical information to you in as clear and concise a format as possible.*

## FY201-12 BUDGET HIGHLIGHTS

- The School District's **FY2011-12 Unified Budget** proposes **\$2,772 million** in expenditures: **\$2,186 million in the Operating Funds**, **\$501 million in the Categorical Grants Funds**, and **\$85 million in the Food Services Enterprise Fund**.
- Operating Funds Expenditures decline by 9.9%** from FY2010-11 to FY2011-12. **Grant Funds Expenditures decline by 27.2%**. **Total expenditures decline by 13.4%**.
- The budget anticipates budgetary relief from **\$170 million in District-wide gap closing measures**, including savings from new efficiency measures, collective bargaining re-openers, charter school budgetary relief, voluntary early retirements, and the initial implementation steps of the District's Facilities Master Plan.
- FY2011-12 revenue** is projected to be **\$2,766 million** including: **\$815 million** from local taxes and the City grant, **\$44 million** in local non-tax revenues, **\$1,360 million** from the Commonwealth of Pennsylvania, (this includes **no** State-allocated Federal Stimulus Funds), **\$424 million** from recurring Federal grants, **\$27 million** from directly-allocated Federal Stimulus grants, and **\$80 million** from the Federal food grant.
- Major Revenue Changes**
  - Compared with the current FY2010-11 SDP revenue estimate, FY2011-12 **revenue from local taxes and the City grant** is projected to remain virtually flat.
  - Excluding Retirement and Social Security Reimbursement, **total revenue from the Commonwealth** is projected to **decrease by 19% or \$292 million**, mainly due to: net loss of **\$104 million in Basic Education Subsidy** (loss of \$122 million of state-allocated Federal Stimulus Funds and \$71 million of Federal Education Jobs Funds, offset by an increase of \$89 million in state appropriations), elimination of the **\$112 million Charter School Reimbursement**, the **\$58 million Accountability Block Grant**, and the **\$19 million Educational Assistance Program** grant.
  - Federal Grants Revenue** (recurring grants, plus non-recurring Stimulus funds) is projected to decrease by **\$109 million, or 19%**, due to the anticipated loss of federally-allocated Stimulus funds under Title I, IDEA and Title II.
  - Total School District revenue** is projected to decrease by **\$377 million or 12%**.
- Major Expenditure Changes:**
  - FY 2011-12 funding for **District Operated Schools, at \$2.2 billion, is down 11%** from FY2010-11.
  - Funding for **Non-District Operated Schools** (Charter Schools, Non-Public Schools and educational placements in outside institutions) will **grow 15% to \$649 million** primarily due to **Charter School** payments that are projected to **grow 23% to \$544 million**.
  - Charter School per pupil payments are projected to grow by 4%. In addition, charter school enrollment is anticipated to grow by nearly 8,000, including 6,000 new students in schools participating in the Renaissance Schools initiative and about 2,000 additional students in existing charter schools.
  - Administrative Support Operations at \$98 million** (3% of Total Budget) is **down 44%** from FY 2010-11.
  - 97% of Total Expenditures of \$2.8 billion** is allocated to Schools: \$2.2 billion is allocated to District-Operated Schools, \$649 million to District-funded, Non-District Operated Schools and \$98 million for Administration.
  - The budget anticipates a **reduction in the School District's workforce of 3,820 positions (16%), including 1,260 teacher positions (12%)**.
- This year's budget supports Phase II of the **Renaissance School initiative** to turn around Philadelphia's most challenged public schools by adding **18** more District schools to the program: **7 new Promise Academies**, **3 new Promise Innovation Schools**, **2 new Promise Neighborhood Partnership Charter Schools** and **6 new Renaissance Charter Schools**, further expanding school choice in the District.

## How The School District Proposes to Close Its FY12 Budget Gap

SCHOOL DISTRICT FY2011-12 GAP CLOSING PLAN

(millions \$)

1	Reductions to Instructional and Instructional Support Budgets - Operating Funds	\$202.1
2	Reductions to Instructional and Instructional Support Budgets - Grant Funds	\$87.5
3	Reductions in Operating Supports for Schools	\$78.9
4	Reductions in Central Administrative Support Offices	\$53.0
5	Stimulus - Mandates + Setasides No Longer Required	\$26.5
6	City Assumption of Costs Currently in the FY2010-11 District 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>

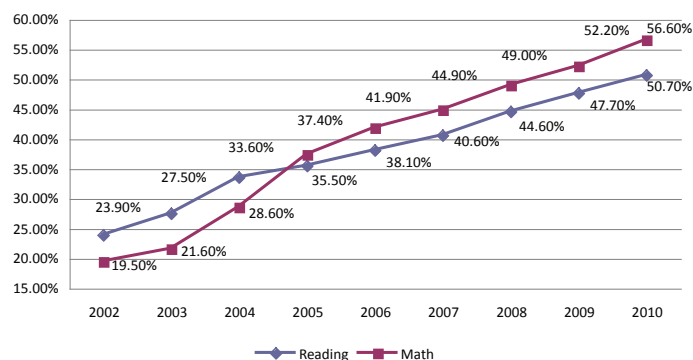
*Under the Federal “No Child Left Behind” law (“NCLB”), every state is required to design and administer annual state-wide exams to assess the progress of public school students in mastering core subjects like math and reading. Pennsylvania’s test is the “PSSA,” the Pennsylvania System of School Assessment. The PSSA is administered every year in reading and math to all students in grades 3 through 8 and 11.*

**PSSA Results – District-Operated Schools:** This year the School District of Philadelphia achieved a record eighth consecutive year of gains in PSSA math and reading scores for students in District-operated schools. Math scores rose 4.1 percentage points over the prior year, 37.1 percentage points since 2002. Reading scores rose 3.0 percentage points over the prior year, 26.7 percentage points since 2002.

**Students Scoring Proficient or Advanced:** There were gains last year in almost every grade in the percentage of students scoring Proficient or Advanced in Math and Reading. In reading, grades 8 and 11 showed the largest increases in the percentage of students scoring Proficient or Advanced, with grade 8 increasing by 5.8 percentage points and grade 11 by 7.3 points. In math, grades 3 and 11 showed the largest increases in the percentage of students scoring Proficient or Advanced, with grade 3 increasing by 7.7 percentage points and grade 11 by 6.5 points. Only one grade in each subject showed a decline: Grade 3 reading (a 1.2 point decline) and grade 5 math (a 0.1 point decline).

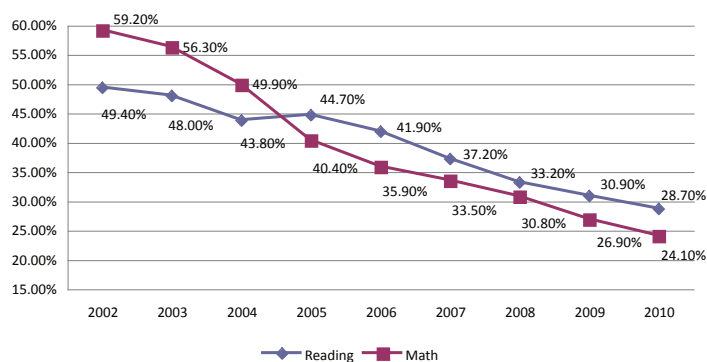
Graduation Rates at District Schools have been on the rise over the past 6 years, both in the number of students graduating on time and in the number of students graduating in 6 years or less.

Percentage of Students Advanced or Proficient:  
District Operated Schools - All Grades Combined



**Students Scoring Below Basic:** The percentage of students scoring Below Basic—the lowest performing students—continued to show declines, with a reduction of 2.4 percentage points in reading and 2.8 percentage points in math. In reading, the greatest reduction in students scoring Below Basic was in grades 8 and 11. The Below Basic percentage in grade 8 reading declined by 6.1 percentage points, while the Below Basic percentage in grade 11 declined by 5.8 percentage points. In math, the greatest declines in students scoring Below Basic were also in grade 4 and in grade 11, with declines of 6.2 and 5.1 percentage points respectively.

Percentage of Students Below Basic:  
District Operated Schools - All Grades Combined



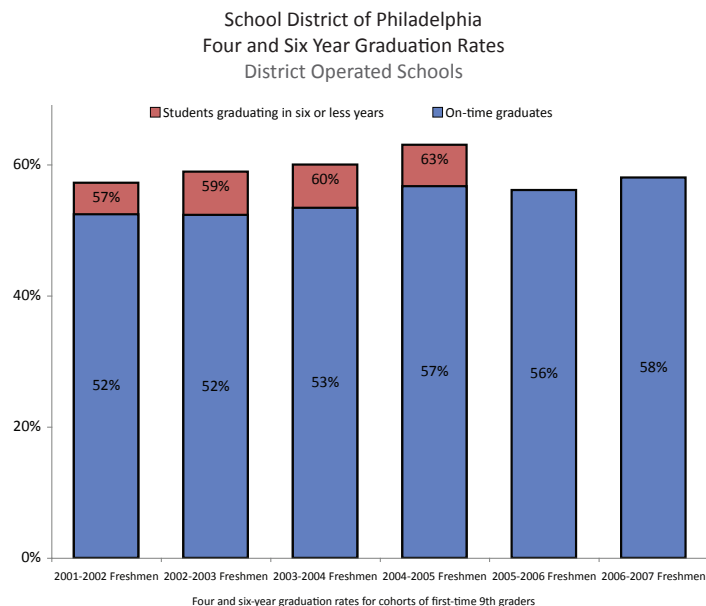
**Empowerment Schools:** the highest needs schools in the District increased the percentage of students scoring Proficient or Advanced in reading by 4.9 percentage points, which was larger than the increase experienced for all District Schools. Empowerment Schools also increased by 6.3 percentage points the percentage of students scoring Proficient or Advanced in math. These schools also decreased the percentage of students scoring Below Basic in both reading and math – and did so at a higher rate than all District Schools.

The District also saw strong improvements in test results by race/ethnicity, and for students with disabilities, English language learners, and economically disadvantaged students. There were increases in the percentage of students scoring Proficient or Advanced in reading and math in all of these groups.

**PSSA Results – Charter Schools:** Philadelphia Charter School students also achieved an eighth consecutive year of gains in PSSA math and reading scores. Math scores rose 4.4 percentage points over the prior year, 45.6 percentage points since 2002. Reading scores rose 1.9 percentage points over the prior year, 33.9 percentage points since 2002.



*The Federal “No Child Left Behind” law (“NCLB”) requires all school districts to determine whether public schools are making **Adequate Yearly Progress (AYP)**.*



### Adequate Yearly Progress

- Whether schools are “making AYP” depends on:
  - Performance by students on annual state-wide tests of basic skills (in Pennsylvania’s case, the PSSA)
  - The percentage of students taking the state tests
  - Attendance levels (Elementary/Middle) or graduation rate (High School)
- To “make AYP” a School must:
  1. Meet proficiency targets in reading and math for the whole school and for all subgroups with 40 or more students
  2. Have at least 95% of students take the PSSA for the whole school and for all subgroups
  3. (ES/MS): Have 90% student attendance or show an increase from the prior year  
(HS): Have an 80% on-time graduation rate or show an increase from the prior year
- Subgroups are identified by:
  - Race/ethnicity (White non-hispanic, Black/African American non-hispanic, Latino/Hispanic, and Asian/Pacific Islander)
  - Language: English Language Learners (ELL)
  - Students with Disabilities (IEP)
  - Economically Disadvantaged Students
  - Gender and Migrant Status

- A school qualifies as “having a subgroup” under NCLB standards if it has 40 or more students in any given category
- All but 6 District Schools have subgroups. The higher the number of subgroups in each school, the more difficult it is for that school to make AYP, because every subgroup within the school has to meet the proficiency and participation targets. District-operated schools have an average of 3.23 subgroups per school. Philadelphia charter schools have an average of 2.58.
- The number of Philadelphia Schools with IEP or ELL subgroup by group type (in 2010):

	IEP	ELL
District-Operated Schools	48% (127/267)	21% (55/267)
Charter Schools	41% (27/67)	6% (4/67)

- Number of schools missing AYP because of IEP subgroup only:
  - District Schools – 32
  - Charter Schools – 7



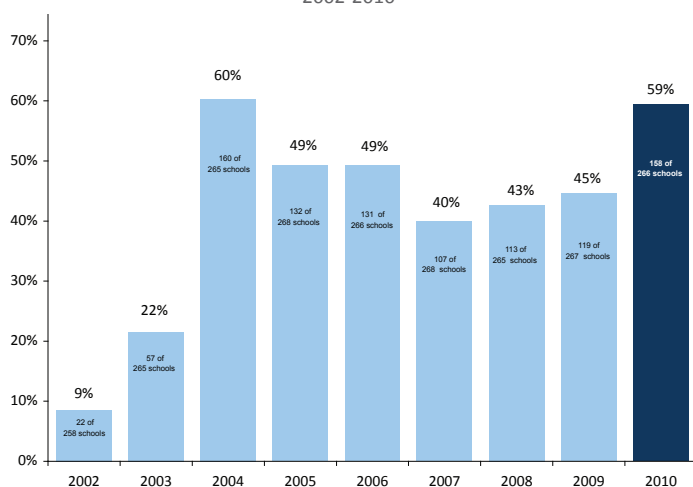
**AYP 2010 – District Operated Schools:** Largely due to increased 2009-10 PSSA scores in reading and math, 33% more schools made AYP in 2009-10 than in the previous year. In total, 59% (158) of District-operated public schools made AYP in 2009-10. Almost three times the number of schools (21 schools) moved out of “School Improvement” status in 2010 compared to 2009 and twice as many (10 schools) moved out of “Corrective Action” (which is a lower-performing subset of School Improvement). This represents the largest increase in the number of District-operated schools making AYP since 2004 and marks the largest annual jump in school performance in the past 20 years.

How many District-operated public schools in Philadelphia are making Adequate Yearly Progress?

- 43% of high schools (26 of 61)
- 50% of middle schools (14 of 28)
- 67% of elementary schools (118 of 176)
- 34% of Empowerment Schools (schools with highest need students) (32 of 95, compared to 19 of 85 last year)
- 76% of non-Empowerment Schools AYP (121 of 160)
- 83,141 of 162,662 District students (51%) attended schools that made AYP in 2010

In 2009-10, 71 District-operated schools hit both AYP and all performance targets, and 89 District-operated schools hit all performance targets defined in their School Annual Report, described in the Accountability section that follows.

School District of Philadelphia  
Number and Percentage of District Schools Making AYP  
2002-2010

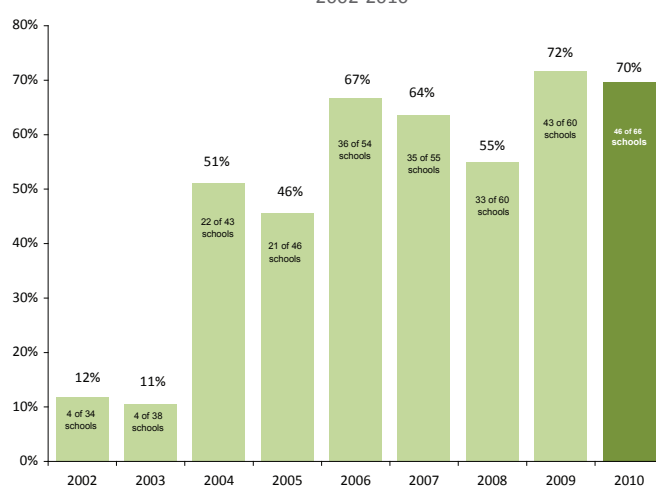


### PHILADELPHIA OPERATES THE LARGEST NUMBER OF SUCCESSFUL SCHOOLS IN THE COMMONWEALTH OF PENNSYLVANIA

- This year 94 District-Operated Philadelphia Public Schools and 35 Philadelphia Charter Schools received Keystone Achievement Awards from the Commonwealth of Pennsylvania. Keystone Awards are 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 266 Philadelphia public schools for having achieved AYP status. That is more than 4 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.

**AYP 2010 – Charter Schools:** In the 2009-2010 school year, 46 of 66 (70%) charter schools made AYP. This represents a two percentage point decrease in the number of schools making AYP compared to the 2008-2009 school year. Since the 2001-2002 school year, the number of charter schools making AYP has increased 58 percentage points, even as the number of charter schools has expanded dramatically.

School District of Philadelphia  
Number and Percentage of Charter Schools Making AYP  
2002-2010



Note: The standards schools must meet to be considering to be making “AYP” have been increasing over time

The School District of Philadelphia is committed to providing all parents and citizens with the information they need to understand and evaluate the performance of Philadelphia's public schools. Two important initiatives that help the School District be accountable to the public are the **School Annual Report** (also known as the School "Report Card") and the **School Performance Index**.

## School Annual Reports (School "Report Cards"):

The purpose of the School Annual Report is to provide parents and the general public with consistent, transparent, publicly available information regarding the performance of each of Philadelphia's District-operated public schools.

The School District of Philadelphia has set annual performance targets for every District-operated school. The School Annual Report presents each school's actual performance on each target and compares it to the goal. Schools can either meet the target, miss the target but show improvement, or miss the target. There are two versions of the Annual Reports, one for high schools and one for schools that serve grades 8 and lower.

Schools are rated in four broad categories:

- **Student Achievement:** this measures academic performance in each school through student report card results and PSSA test scores.
- **School Operations:** this measures each school's ability to maintain a positive learning environment.
- **Community Satisfaction:** this measures student, teacher, and parent satisfaction with each school through surveys.
- **School-Specific Indicators:** this shows progress on additional goals that each school has set for itself.

This way of looking and evaluating schools allows the public a more comprehensive view and understanding on the progress of schools within the School District of Philadelphia.

Sample Elementary School (Grades K-6)		2010 ANNUAL REPORT	
INDICATOR DESCRIPTIONS		CURRENT STANDING	
Target missed	New Indicator	Bottom 25% of schools	Average
Target missed, positive growth	N/A, Not Applicable	Below Average	Top 25% of schools
Target Met			
20 out of 20 targets met for 2009-10			
<b>Student Achievement</b>			
PSSA Proficiency - Math	2009 61.9% 2010 64.9% 2011 74.6% 2012 76.8%	2009 61.9% 2010 64.9% 2011 74.6% 2012 76.8%	2009 61.9% 2010 64.9% 2011 74.6% 2012 76.8%
PSSA Proficiency - Reading	49.4% 53.4% 64.1% 68.3%	49.4% 53.4% 64.1% 68.3%	49.4% 53.4% 64.1% 68.3%
PSSA Below Basic - Math	12.8% 11.6% 10.2% 9.4%	12.8% 11.6% 10.2% 9.4%	12.8% 11.6% 10.2% 9.4%
PSSA Below Basic - Reading	24.8% 22.3% 20.1% 18.5%	24.8% 22.3% 20.1% 18.5%	24.8% 22.3% 20.1% 18.5%
Achievement gap - Math (White school gap)	25.4 22.9 N/A Gap	25.4 22.9 N/A Gap	25.4 22.9 N/A Gap
Achievement gap - Reading (White school gap)	20.4 18.4 1.7 N/A Gap	20.4 18.4 1.7 N/A Gap	20.4 18.4 1.7 N/A Gap
PSSA Growth - Math (Within school gap)	30.3 30.3 20.1 30.3	30.3 30.3 20.1 30.3	30.3 30.3 20.1 30.3
PSSA Growth - Reading (Within school gap)	30.3 30.3 20.1 30.3	30.3 30.3 20.1 30.3	30.3 30.3 20.1 30.3
PSSA Proficiency - African American (Reading)	45.3% 48.7% 60.8% 63.9%	45.3% 48.7% 60.8% 63.9%	45.3% 48.7% 60.8% 63.9%
PSSA Proficiency - African American (Math)	45.3% 48.7% 60.8% 63.9%	45.3% 48.7% 60.8% 63.9%	45.3% 48.7% 60.8% 63.9%
PSSA Proficiency - Latino (Reading)	N/A N/A 67.4% 70.1%	N/A N/A 67.4% 70.1%	N/A N/A 67.4% 70.1%
PSSA Proficiency - Latino (Math)	N/A N/A 67.4% 70.1%	N/A N/A 67.4% 70.1%	N/A N/A 67.4% 70.1%
PSSA Proficiency - Special Education (Reading)	42.4% 47.0% 43.9% 48.4%	42.4% 47.0% 43.9% 48.4%	42.4% 47.0% 43.9% 48.4%
PSSA Proficiency - Special Education (Math)	15.2% 22.0% 19.3% 25.8%	15.2% 22.0% 19.3% 25.8%	15.2% 22.0% 19.3% 25.8%
PSSA Proficiency - EL (Reading)	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A
PSSA Proficiency - EL (Math)	N/A N/A N/A N/A	N/A N/A N/A N/A	N/A N/A N/A N/A
Alignment of report card means and PSSA	77.1% 78.4% 74.0% 76.6%	77.1% 78.4% 74.0% 76.6%	77.1% 78.4% 74.0% 76.6%
<b>School Operations</b>			
Student Absence (CSP) Rating	2009 92.8% 2010 93.3% 2011 99.6% 2012 96.9%	2009 92.8% 2010 93.3% 2011 99.6% 2012 96.9%	2009 92.8% 2010 93.3% 2011 99.6% 2012 96.9%
Facility Safety Audit	B B+ C+	B B+ C+	B B+ C+
Percent of Discretionary Budget Spent	98.7% 85-100% 94.3% 85-100%	98.7% 85-100% 94.3% 85-100%	98.7% 85-100% 94.3% 85-100%
Special Education compliance	100.0% 100.0% 100.0% 100%	100.0% 100.0% 100.0% 100%	100.0% 100.0% 100.0% 100%
Curriculum Implementation Rating	100.0% 100.0% 100.0% 100%	100.0% 100.0% 100.0% 100%	100.0% 100.0% 100.0% 100%
Breakfast Participation	77.4% 81.3% 74.4% 77.4%	77.4% 81.3% 74.4% 77.4%	77.4% 81.3% 74.4% 77.4%
Student Attendance Rate	93.8% 93.7% 93.1% 93.8%	93.8% 93.7% 93.1% 93.8%	93.8% 93.7% 93.1% 93.8%
Teacher Attendance Rate	96.2% 96.6% 95.6% 96.3%	96.2% 96.6% 95.6% 96.3%	96.2% 96.6% 95.6% 96.3%
Percentage of Students Chronically Tuant	N/A N/A 63.2% 75.0%	N/A N/A 63.2% 75.0%	N/A N/A 63.2% 75.0%
Summer School Participation Rate	N/A N/A 63.2% 75.0%	N/A N/A 63.2% 75.0%	N/A N/A 63.2% 75.0%
<b>Community Satisfaction</b>			
Teacher Commitment to School	2009 3.71 2010 2.75 2011 3.37 2012 3.40	2009 3.71 2010 2.75 2011 3.37 2012 3.40	2009 3.71 2010 2.75 2011 3.37 2012 3.40
Perceptions of Safety	3.28 3.00 3.24 3.27	3.28 3.00 3.24 3.27	3.28 3.00 3.24 3.27
Parent/Community Involvement	2.48 2.53 3.28 3.28	2.48 2.53 3.28 3.28	2.48 2.53 3.28 3.28
Percentage of Parents Returning Survey	23.4% 10% 15.4% 10%	23.4% 10% 15.4% 10%	23.4% 10% 15.4% 10%
<b>School-Specific Indicators</b>			
Professional Development - Survey Results	2009 1.99 2010 2.02 2011 2.04 2012 2.04	2009 1.99 2010 2.02 2011 2.04 2012 2.04	2009 1.99 2010 2.02 2011 2.04 2012 2.04
Academic Environment - Survey Results	3.82 3.10 3.15 3.15	3.82 3.10 3.15 3.15	3.82 3.10 3.15 3.15
Serious Incident Rate	11.34 10.78 4.42 10.0%	11.34 10.78 4.42 10.0%	11.34 10.78 4.42 10.0%
Teacher retention	87.8% 89.4% 100.0%	87.8% 89.4% 100.0%	87.8% 89.4% 100.0%



**School Performance Index:** The School Performance Index (SPI) enables parents and citizens to compare the performance of Philadelphia's District-operated public schools and charter public schools by creating a single calculated score for each school that measures and weights several critical school success factors including student academic achievement, student academic growth, student attendance, customer satisfaction on the part of students and families, and college readiness. Schools are assigned an overall rank from 1 to 10, with 1 being the highest performing.

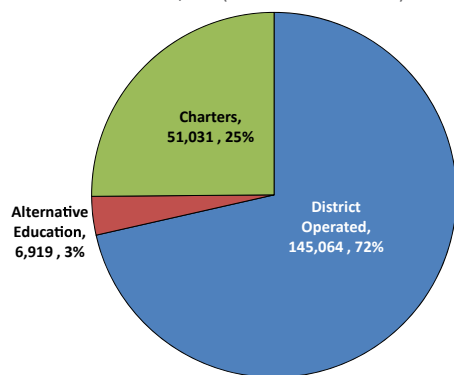
The SPI makes it easier to identify which Philadelphia public schools are most in need of intervention and also which schools are the most successful so they can be rewarded with more autonomy, increased enrollment or other changes. The SPI makes it possible to see how each school is performing relative to all other Philadelphia public schools, and also relative to other schools with similar demographics.

**Key Components of the 2010 SPI:** Measuring academic growth as well as absolute academic achievement enables the District to credit schools where students make gains, no matter where they started. Post-secondary readiness is only a part of the high school SPI. It measures whether 9th grade students are on track to graduate, the school graduation rate, the school SAT participation rate, and college enrollment rate. The satisfaction and engagement component of the SPI measures student attendance as well as responses from student, parent, and teacher customer satisfaction surveys.

Beginning with the 2008-09 school year, the SDP has used the SPI to identify its highest and lowest performing schools. This has enabled the District to identify which schools should be designated as Renaissance Schools and which as Vanguard Schools.

## THE DISTRICT'S STUDENTS

FY2011-12 District Enrollment  
Total: 203,014 (number of students)



The School District of Philadelphia projects that it will serve over 200,000 public school students during Fiscal Year 2011-12.

At present, 22% of Philadelphia public school students attend charter schools. These students may attend one of the 74 Philadelphia charter schools whose creation has been authorized by the School Reform Commission, a charter school that has been authorized by a school board in a different Pennsylvania school district, or a cyber charter authorized to operate state-wide by the Pennsylvania Department of Education.

Three percent of Philadelphia public school students attend “alternative” programs created and funded by the School District to serve students who have presented significant behavior problems in more traditional school settings, students returning from institutional settings, students at high risk of dropping out, and students who are “re-engaging” and returning to school after having left.

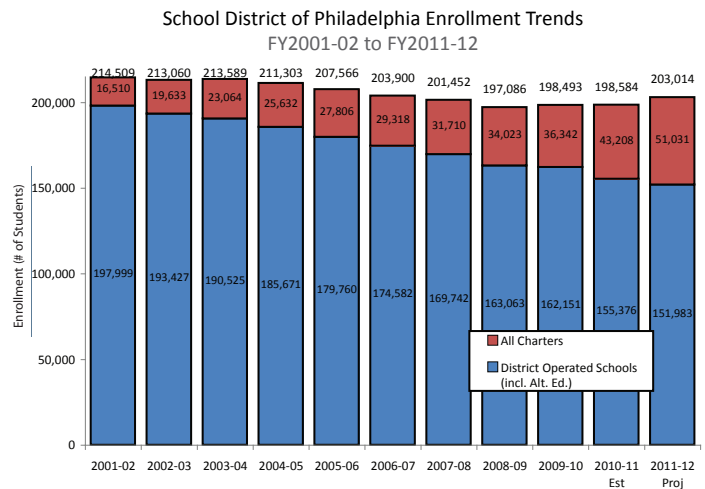
The remaining 75% of Philadelphia’s public school students attend schools operated directly by the School District.

The total number of school age children in Philadelphia declined gradually from about 1999 to 2008. The total number of public school students also declined. At the same time, public school enrollment shifted from District-operated public schools to charter public schools. In the last three years, the decline in the school age population appears to have come to a halt. There has been a slight increase in the public school population, presumably at least in part due to declines in enrollment at Philadelphia private and parochial schools. Enrollment at District-operated schools has continued to decline, and the number of students attending charter schools continues to rise.

In FY2011-12, the School District projects that almost 47,000 students will attend one of 82 Philadelphia “brick and mortar” charter schools (either “regular” or Renais-

sance), a 42% increase since FY2009-10. The District estimates that about 30% of charter school students did not previously attend a District-operated public school. Enrollment in cyber charters and non-Philadelphia brick-and-mortar charter schools has been increasing by an average of more than 400 students a year over the past 5 years, and this is expected to continue in 2011-12.

As a result of the combined impact of all of these trends, the School District expects to experience a 2 percent growth in the number of students for which it will provide funding in FY2011-12.



### PHILADELPHIA SCHOOLS ARE UNIQUE AMONG PENNSYLVANIA'S 500 SCHOOL DISTRICTS

- 11% of Pennsylvania's 1.8 million public school students are educated in Philadelphia.
- The School District of Philadelphia is seven times larger than the Pittsburgh School District, Pennsylvania's second largest district.
- 78% of the students in the School District of Philadelphia are low income. 14% are Special Education students, and 7% are English Language Learners. Philadelphia's student body is extremely diverse:
 

African-American	58.3%
Hispanic/Latino	18.0%
Caucasian/Euro-American	13.8%
Asian/Pacific Islanders	7.0%
Native American	0.2%
Other	2.8%
- Philadelphia educates 23% of Pennsylvania's low income students.
- Philadelphia educates 25% of Pennsylvania's English Language Learners – SDP students speak 113 native languages.
- If the District's 82 charter schools were an independent school district, their students would represent the second largest school district in Pennsylvania.

	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)	-	-	-	-	-	-	-	-	-	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>
All Charters	16,510	19,633	23,064	25,632	27,806	29,318	31,710	34,023	36,342	43,208	51,031
Charters as % of Total	8%	9%	11%	12%	13%	14%	16%	17%	18%	22%	25%



## *The School District of Philadelphia Offers a Variety of School Choices to Students and Parents*

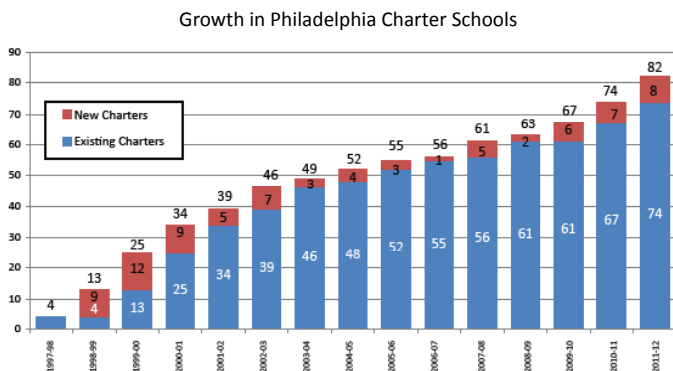
The School District carries out its programs in a wide variety of facilities of varying ages and conditions. The current distribution of facilities is described below.

Three major factors are dramatically transforming the District's need for and use of facilities: the expansion of charter schools; the District's Renaissance School "turnaround" initiative; and Imagine Great Schools, the District's Facilities Master Plan. Additional information is provided below on each.

### **Charter School Expansion - Increasing School Choice**

The SDP has been significantly expanding school choice for students and families by dramatically expanding Philadelphia's charter school network. With the support of the School Reform Commission, the number of charters schools has expanded and charter school enrollment has increased steadily. Currently, there are 74 Charter Schools operating in Philadelphia with an enrollment of about 40,000 students. In FY2011-12, the District will support 82 Philadelphia Charter Schools, with a projected enrollment of almost 47,000.

Most "free-standing" Philadelphia charter schools have acquired their own facilities, either on a lease basis or through purchase or construction. A few charter schools have chosen to occupy District-owned facilities, either as a tenant or as a purchaser. The expansion of charter schools has reduced significantly the number of students who need to be served in District-owned-and-operated facilities.



**FY11-12 Schools by Type**

School Type	District-Operated	Charter	Alternative Schools/Programs	Total
Elementary Schools	169	42		211
Middle Schools	23	7	10	40
High Schools				
Neighborhood HS	25			25
Special Admissions	23			23
Career and Technical	8			8
<b>Total High Schools</b>	<b>56</b>	<b>33</b>	<b>36</b>	<b>125</b>
<b>Grand Total</b>	<b>248</b>	<b>82</b>	<b>46</b>	<b>376</b>

### **Renaissance Schools - Transforming Failing Schools**

The SDP believes that it is unacceptable for one generation after another of low income children to attend public schools that persistently fail to provide them with the academic skills they need to succeed.

To change this, the SDP has launched a pioneering school turnaround program, the Renaissance Schools Initiative. This program is a major component of the District's strategic plan, Imagine 2014, which focuses on building a system of great public schools in Philadelphia. The Renaissance Schools Initiative ensures that when schools consistently fail to educate the majority of their students year after year, they are either closed or reformed.

In 2010, the District converted seven of its lowest performing District-operated schools into Renaissance Charters Schools operated by private turnaround teams competitively selected in partnership with school communities. Another six schools are also operating this year as Promise Academies, the District's internal turnaround model, with new staff, new leadership, a longer school day, a longer school year, enhanced staff development, and additional dedicated resources.

In the second phase of this bold endeavor to turn chronically low-performing schools into high-achieving schools, the District will:

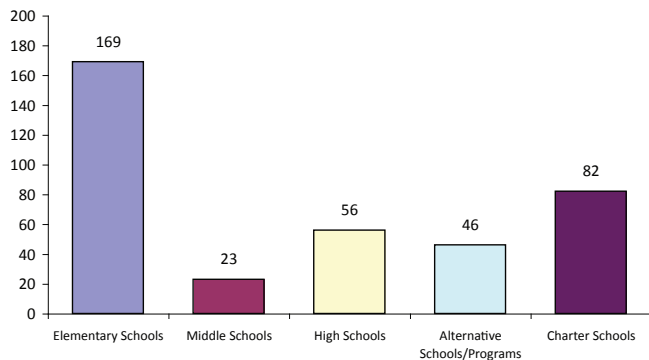
- Bring the program to scale, by adding 18 more District schools to the Renaissance Schools Initiative in 2011-12.
- Roll out two new variations on the Renaissance Schools Promise Academy management model.
- Partner with a well-established community-based organization in South Philadelphia to address education, housing, health and other related needs through a "Promise Neighborhood" initiative inspired by the successful Harlem Children's Zone Project.

**Number of Schools By Type of Turnaround Model**

RENAISSANCE SCHOOL INITIATIVE	Added in FY2010-11	To Be Added in FY2011-12
Promise Academy	6	7
Promise Academy Innovation Model		3
Promise Neighborhood Partnership Charter Model		2
Renaissance Charter Model	7	6
<b>TOTAL</b>	<b>13</b>	<b>18</b>

Thus far, all schools in the Renaissance Schools Initiative have been located in District-owned-and-operated buildings. Renaissance Charter Schools pay the SDP a license fee to cover operating costs in the buildings they are utilizing.

Number of Philadelphia Public Schools  
FY2011-12



\*Note: Some Philadelphia schools operate in more than one building. In several cases, more than one school or program operates in a single School District building.

## The School District's Facilities Master Plan- Imagine Great Schools

The goal of the Master Plan is to insure that the School District has the right number and configuration of facilities to advance its educational mission with maximum efficiency and effectiveness. The Plan begins with the recognition that over the past decade enrollment has been dropping significantly in District-operated Philadelphia public schools, many District facilities are now significantly under-utilized, portions of the District's physical plant are aged and in need of significant renovation, and the District lacks the resources to bring all of its current facilities to a state of good repair. At the same time, enrollment is growing significantly in a few sections of the City and additional investments in facilities will need to be made in those areas.

The School District developed the Master Plan by consulting with a diverse group of stakeholders in feedback sessions and community meetings. Participants were asked to comment on their desired "must haves" for all schools in areas like educational programs; facility improvements; and safety, comfort, and cleanliness. Community members were engaged in small working groups to review and provide feedback on options the District was considering. Simultaneously, the District initiated a comprehensive process of gathering data, completing demographic and enrollment projections, assessing the condition of each of its facilities, and drafting guiding planning assumptions and principles.

Out of this process grew a multi-faceted plan that was presented to the public in early April 2011. Some of the major components of the Master Plan are:

### 1. Moving to Optimal School Sizes

The Facilities Master Plan sets optimal school sizes as follows:

School Type	Recommended Size Range
Elementary School	450-600
K-8 Elementary School	450-800
Middle School	600-800
High School	1,000-1,200

While some schools will remain outside of these ranges for historical or other reasons, over time the District will be working to insure that all SDP schools are large enough to function efficiently and offer an appropriate range of curricular and extra-curricular options, while not becoming so large that intimacy is lost.

### 2. Insuring That Critical Programs are Located in Every Section of the City

The Plan calls for appropriate specialized facilities and programs to be available in every major section of Philadelphia, including Special Education, programs for English Language Learners, and Career and Technical Education Programs.

### 3. Moving to More Efficient School Utilization

The Plan recognizes that the District has over 70,000 empty seats and an overall average utilization across all District facilities of 67%. The Plan calls for the District to achieve 85% utilization through a three-year process of building and annex closures, lease terminations, program consolidations, and the sale of empty buildings, combined with some selected construction and expansion projects where necessary. Achieving 85% average utilization will cut excess capacity in the District by half.

### 4. Moving to More Efficient and Standardized Grade Configurations

The Plan calls for the District to significantly reduce its 25 different current grade configurations and move over time to just two major grade configuration models:

K-5, 6-8, and 9-12  
K-8 and 9-12

### 5. Rightsizing and Adaptive Reuse

The Plan calls for the District to adopt new policies to guide the equitable and effective disposition of any surplus property, giving preference to educational and community re-use wherever possible, and fully engaging the community in the decision-making process for the re-use of closed buildings.

### *Implementing the Facilities Master Plan*

The District will commence the implementation of the Facilities Master Plan (FMP) this spring by:

- Adopting new Rightsizing and Adaptive Reuse policies.
- Moving to sell surplus property already in the District's inventory.
- Making grade modifications consistent with the new grade configuration policy.
- Consolidating some programs.
- Closing some surplus annexes.
- Developing a new multi-year Capital Improvement Program consistent with FMP targets and recommendations.
- Completing a program equity study.

Specific rightsizing proposals will then be submitted to the School Reform Commission in October 2011, with implementation to follow in the spring and summer of 2012.

The budgetary impact of FMP implementation is still being analyzed. The District has set a preliminary FY2011-12 savings target of \$10 million, primarily through the disposal of surplus property. The feasibility of this target and the implementation timeline are currently under review by senior SDP management.



SCHOOL DISTRICT OF PHILADELPHIA  
**Operating Funds Financial Statement**

(\$ 000's)

	A FY2008-09 Actual (12/1/09)	B FY2009-10 Actual (3/30/2011)	C FY2010-11 Estimated (4/27/2011)	D FY2011-12 Projected (4/27/2011)	E FY12 Projected over/(under) FY11 Estimated
<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>
<i>Local Tax Revenues</i>	\$777,450	\$784,791	\$776,958	\$775,963	(\$995)
<i>Grant from City of Philadelphia</i>	\$38,490	\$38,540	\$38,870	\$38,870	\$0
<i>Local Non-Tax Revenues</i>	\$37,377	\$28,050	\$32,370	\$44,014	\$11,644
<i>State Revenues</i>	\$1,369,708	\$1,432,593	\$1,498,020	\$1,312,614	(\$185,406)
<i>Federal Revenues</i>	\$326	\$172	\$6,059	\$5,168	(\$891)
<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>
Other Financing Sources	\$20,038	\$5,406	\$21,737	\$7,598	(\$14,139)
<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>
<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>
Other Financing Uses	\$4,535	\$11,847	\$2,229	\$2,331	\$102
<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 Over (Under) Obligations and Other Financing Uses	\$45,487	(\$18,286)	(\$53,304)	(\$2,000)	\$51,304
Other Financing Sources - Refinancing	\$214,916	\$382,162	\$434,337	\$0	(\$434,337)
Other Financing Uses - Refinancing	\$208,995	\$353,329	\$434,337	\$0	(\$434,337)
<b>Net Change due to Refinancing</b>	<b>\$5,921</b>	<b>\$28,833</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<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>
Change in Reserves	\$887	(\$10,561)	\$1,500	\$2,000	\$500
Fiscal Stabilization Reserve Fund	(\$23,745)	\$0	\$23,745	\$0	(\$23,745)
<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>

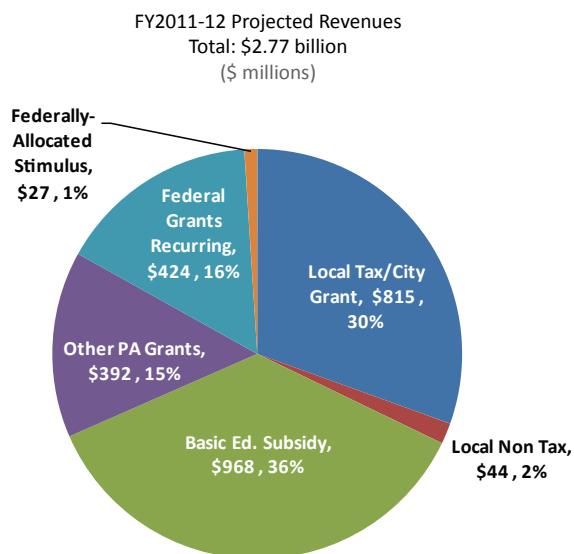
**OBLIGATIONS BY FUND**

(\$ 000's)

	A FY2008-09 Actual (12/1/09)	B FY2009-10 Actual (3/30/2011)	C FY2010-11 Estimated (4/27/2011)	D FY2011-12 Projected (4/27/2011)	E FY12 Projected over/(under) FY11 Estimated
<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>
<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>
<b>Obligations - Food Fund</b>	<b>\$80,788</b>	<b>\$80,957</b>	<b>\$83,658</b>	<b>\$84,498</b>	<b>\$840</b>
<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>



## SCHOOL DISTRICT REVENUES



### School District FY2011-12 Revenues - Overview

In FY2011-12 the School District anticipates receiving a total of \$2.8 billion to educate the children of Philadelphia. This represents an unprecedented 12% \$377 million decrease in funding compared to FY2010-11. In its recent history, the School District has never experienced a year-over-year funding decrease, let alone a decrease of this magnitude.

The School District of Philadelphia is unique among Pennsylvania school districts in that it has no independent taxing authority.

The District receives local funding from school taxes and grants only to the extent authorized by the Mayor and the City Council of the City of Philadelphia. The District also receives state appropriations authorized by the Governor and the General Assembly of the Commonwealth of Pennsylvania, as one of the Commonwealth's 500 school districts. The District also receives grants authorized for school districts by the President and the Congress as part of the Federal education budget. Private grants from foundations and corporations provide a small amount of additional support for specific projects.

Under state law, the City of Philadelphia is under a "maintenance of effort" requirement and may not reduce its level of support for the School District, but otherwise the District has no guaranteed sources or levels of funding from any of its sponsoring governments.

The projected \$2.8 billion in SDP FY2011-12 revenue is allocated among the District's sponsoring governments as follows:

- 49% from the Commonwealth of Pennsylvania
- 29% from local school taxes and grants authorized by the City of Philadelphia
- 16% from the Federal Government
- 2% from local non-tax sources

### School District Revenues – Recent Growth Trends: Steady Growth from 2002 to 2009

From the inception of the School Reform Commission in January 2002, School District revenues experienced steady growth, until the beginning of the recent Recession. Local support, including Local Taxes and the City Grant, grew at an average annual rate of 4.2% from FY2000-01 to FY2008-09. In the same period, the PA Basic Education Subsidy grew by 4.4%, State Operating support (excluding the Basic Education Subsidy) grew by 7.8%, State Grants by 19.5%, and Federal Recurring Grants by 5.2%.

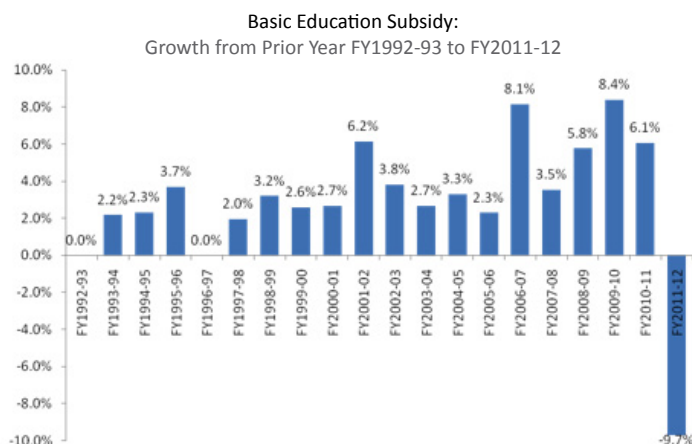
Since the beginning of the recent Recession, growth in state and local funding for the School District has declined dramatically. Local revenue growth from FY2008-09 to FY2010-12 is projected completely flat, State Operating Revenues (excluding the Basic Education Subsidy) are projected to decline annually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

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

### The Commonwealth Has Proposed an Unprecedented Reduction in the School District's Basic Education Subsidy

Over the past 20 years, the Commonwealth has provided level funding for the School District's Basic Education Subsidy in two years and increases in all other years. The average growth of the Commonwealth's year-to-year levels of Basic Education Funding was 3.6% over the past 20 years (FY1991-92 to FY2010-11).

In FY2011-12, the Governor is proposing to reduce the School District's PA Basic Education funding back to the level of FY2008-09, a year-over-year reduction of 9.7%.



***School District Funding Has Grown Over the Past Two Years Solely Because of Non-Recurring Federal Funding from the Federal Stimulus Program and the Federal Education Jobs Bill***

Despite zero growth in local revenues and reductions in State revenues, School District funding grew over the past two years solely because of an infusion of non-recurring Federal dollars. This non-recurring Federal education funding was provided under the American Recovery and Reinvestment Act (“ARRA”), also known as the Federal Stimulus program, and under the Federal Education Jobs Bill. (“EJB”) Stimulus funding was provided for two years but is slated to expire in September 2011. Ed Jobs was a one-year program.

Federal Stimulus and Ed Jobs Funds provided to the Commonwealth of Pennsylvania enabled the state to increase funding for Pennsylvania’s school districts while decreasing state education appropriations at the same time. Additional Stimulus funds provided directly to the School District enabled the District to expand or initiate strategic investments in critical programs designed to advance academic achievement. All of these non-recurring Federal funds enabled the District to maintain a balanced budget over the past two years despite frozen or declining local and state revenues, while also investing in critical educational reforms designed to increase student achievement among Philadelphia’s public school students.

The Federal Stimulus and Ed Jobs programs were time-limited by the U.S. Congress on the assumption that once the Recession had ended, state and local revenues would resume their typical growth and state and local government would be able, as a result, to return to their traditional role as the primary funders of public education. At present, it appears that this may not happen next year in Philadelphia, since the Commonwealth of Pennsylvania is not only declining to replace discontinued Federal Stimulus and Ed Jobs funding but is also proposing even deeper cuts to state funding below current 2010-11 levels.

***Use of Stimulus SFSF and Education Jobs Bill Funds to replace PA Basic Education Subsidy***

Over the past two years, the funding picture for the state’s Basic Education Subsidy has been complicated as a result of the use of non-recurring Federal funding to replace state funding.

In FY2009-10, the School District’s PA Basic Education Subsidy increased by \$78.2 million. In actuality, this “increase” was a combination of \$119.7 million in new PA-provided funding from the Federal Stimulus program, partially offset by a \$41.6 million reduction in State appropriations for the Basic Education Subsidy.

In June 2010, the Pennsylvania General Assembly enacted a State Budget for FY2010-11 that included a \$250 million increase in the state appropriation for the Basic Education subsidy. Of that total, the SDP was slated to receive \$94.9 million. That was the only major increase projected in the SDP’s FY2010-11 state revenues, and was offset in part by cuts in a number of other funding lines.

In August 2010, the U.S. Congress enacted the Education Jobs Bill which provided \$10 billion in assistance to state governments to save or create K-12 education jobs in the 2010-2011 and 2011-12 school years. Congress enacted the Ed Jobs Bill in recognition of the fact that Federal Stimulus dollars had not been sufficient to completely offset weakened state and local education budgets and avoid cutbacks in school district funding.

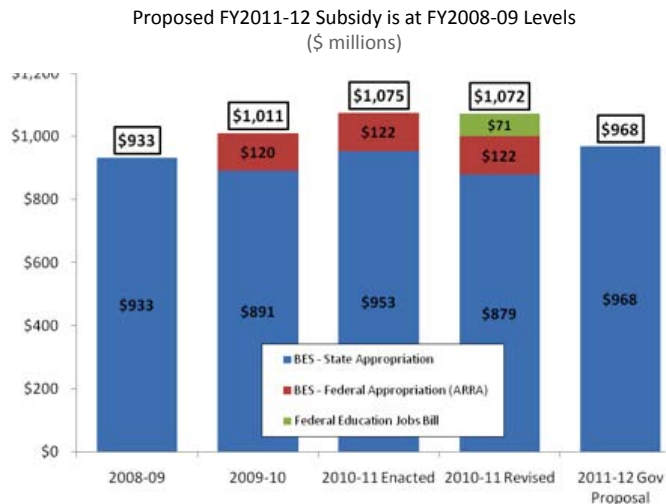
The Commonwealth of Pennsylvania received \$388M from Ed Jobs to distribute to PA school districts. According to the bill, these funds could be distributed to school districts based on the state’s Basic Education Subsidy distribution or the allocation of Federal Title I funds to PA school districts. The SDP projected at the time that total Ed Jobs funding coming to the School District could be \$70 million or more, depending on the allocation method chosen.

In September 2010, the School District revised its FY2010-11 budget to incorporate \$48.8M from EJB, with the balance assumed to be available for the SDP 2011-12 budget. This enabled the School District to compensate for some cuts in SDP state funding that had been incorporated in the state’s FY2010-11 education budget.

In February 2011, the Corbett Administration announced that it intended to provide all PA school districts with their entire share of Education Jobs Bill funding this spring, but would also seek to reduce each school district’s state FY11 BES allocation by exactly the same amount. This proposal effectively uses Education Jobs funds to replace rather than augment state BES funding, and reduced the state’s BES appropriation back to the level of FY2006-07.

## SCHOOL DISTRICT REVENUES (CONTINUED)

The Governor's FY2011-12 proposal for PA Basic Education Subsidy funding replaces less than half of the expiring Federal Stimulus and Ed Jobs funding that had been used to replace State BES funds in FY2010-11. This proposal takes PA Basic Education Funding back to the level of FY2008-09.



### FY12 State Funding – Elimination of PA Charter School Reimbursement

The FY2009-10 PA Budget contained no increase in state Charter School Reimbursement for PA school districts that create and support charter schools. There was also no increase in the FY2010-11 PA Budget, which means that Charter School Reimbursement has remained frozen for three years in a row. The SDP's allocation has actually declined slightly because of the way the state formula allocates the Reimbursement total among the school districts.

The Governor's proposed PA budget for FY2011-12 completely eliminates the Charter School Reimbursement budget line, thereby depriving the SDP of over \$110 million annually that the District has used to support the expansion of Philadelphia's extensive charter school network. There are currently 74 charter schools in Philadelphia, and combined with cyber charters and non-Philadelphia charters, those charter schools now educate over 43,000 Philadelphia public school students.

In FY2011-12, the District is planning to add an additional 8 charter schools and more than 8,000 additional charter school students, an 18% increase. The District's charter school costs will grow to over \$525 million, even as the state is proposing to completely eliminate dedicated state funding to support charter schools.

### FY12 State Funding – Major Additional FY2011-12 Cuts

The Governor's FY2011-12 PA Budget proposal also eliminates state funding for full-day kindergarten (the Accountability Block Grant - \$55M), summer school and after-school remedial

programs (Education Assistance - \$19M), and college classes for gifted high school students (Dual Enrollment - \$1M).

### SDP - FY2011-12 PA FUNDING

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

### FY12 State Funding – Total Projected Impact of Proposed Funding Cuts

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 cuts -- \$292 million -- fall on the School District of Philadelphia, even though the SDP is just one of 500 Pennsylvania school districts and educates just over 10% of Pennsylvania's public school students.

### FY12 State Funding – Proposed PA SD Cuts Will Hurt the Poorest Districts the Most

In total, the Governor's proposed FY2011-12 education budget reduces total state funding for public schools by nearly 10% -- over \$1 billion. Most troubling, the proposed 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.

### The 5 PA School Districts with the Smallest Projected Per Student State Aid Cuts

School District	County	Proposed 2011/12 Cut per ADM <sup>1</sup>	District's Poverty Concentration <sup>2</sup>
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%

### The 5 PA School Districts with the Largest Projected Per Student Aid Cuts

School District	County	Proposed 2011/12 Cut per ADM <sup>1</sup>	District's Poverty Concentration <sup>2</sup>
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	Philadelphia	(\$1,438)	61.55%

Average Proposed 2011/12 Cut per ADM: \$584 - Average Poverty Concentration: 34.6%

1. 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)

2. 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.

## SCHOOL DISTRICT REVENUES (CONTINUED)

### Local Tax Revenue/City Grant

Local school tax collections in Philadelphia are projected to experience no growth in FY2011-12.

Most of the School District's local tax revenues come from taxes on property – specifically, the combined City/School District Real Estate Tax and the SDP Business Use and Occupancy Tax. The primary reason for projected zero growth is the expectation that the City's current multi-year freeze on property tax assessments will remain in effect during FY2011-12. Additionally, the local economy has not yet recovered sufficiently to generate a significant increase in property values, even if there were no assessment freeze. Excluding approximately \$7 million in additional revenue that was generated as a result of the City's Tax Amnesty program in FY2009-10, local taxes have remained flat since FY2007-08.

To address weakened tax collections resulting from the economic slowdown, the City of Philadelphia has found it necessary to implement both one time and permanent tax increases.

In October 2009, City Council approved a temporary increase in the City sales tax from 1% to 2%, which is estimated to have generated about \$73 million of additional revenue in FY2009-10 and \$37 million in FY2010-11.

In January 2011, the City increased the rate of the combined City/School District Real Estate Tax by 9.9%. However, this

increase applied only to the City's portion of Real Estate Taxes. The School District received no additional revenue. The previous Real Estate Tax Rate was 82.64 mills, consisting of 33.05 mills for the City plus 49.59 mills for the School District. The new rate is 90.82 mills, consisting of 41.23 mills for the City plus 49.59 mills for the School District. The increase in the City portion of the Real Estate Tax is projected to generate an estimated \$85 million in additional annual revenue for the City of Philadelphia.

As a result of these tax changes, the City's FY2010-11 tax revenues are currently projected to be 3% higher than in FY2007-08. By contrast, in the absence of these tax increases, the City's FY2010-11 tax revenues would have been approximately 2% lower this year than in FY2007-08.

The FY2011-12 SDP Budget anticipates that the City of Philadelphia will continue to provide the School District with an annual \$38.9 million grant in FY2011-12. The District also expects to receive \$7.2 million from the Philadelphia Parking Authority (PPA). Under state law, the PPA is required to transfer to the City of Philadelphia its annual net income from on street parking regulation up to a state-specified level. Any net income above that level is transferred to the School District of Philadelphia. The District also expects to receive \$5 million in state-mandated annual fees from Philadelphia's sole casino.

#### SCHOOL DISTRICT OF PHILADELPHIA

#### SDP Local Taxes and City of Philadelphia Major Taxes, FY2007-08 to FY2010-11

	A	B	C	D	E	F
	FY2007-08	FY2008-09	FY2009-10	FY2010-11	FY11 Estimate	FY11 Estimate
(\$ in millions)	Actual	Actual	Unaudited Actual as of Dec. 2010	Budget Estimate as of Dec. 2010	over/(under) FY08 Actual	over/(under) FY09 Actual
1 SDP - LOCAL TAX REVENUES	\$777	\$777	\$785	\$777	\$0	(\$0)
Change from FY08 (\$)		\$1	\$8	\$0		
Change from FY08 (%)		0%	1%	0%		
<b>CITY OF PHILADELPHIA - MAJOR TAXES</b>						
2 Wage Tax (excl. PICA Wage Tax)	\$1,206	\$1,129	\$1,114	\$1,150	(\$56)	\$21
3 Real Property Tax	\$403	\$400	\$402	\$404	\$2	\$4
4 Real Property, revenue attributable to rate increase in FY2010-11 (25% City increase/10% combined City/SDP)	\$0	\$0	\$0	\$85	NA	NA
5 Real Property - Total	\$403	\$400	\$402	\$489	\$86	\$89
6 Business Privilege Tax	\$401	\$386	\$365	\$361	(\$40)	(\$25)
7 Sales Tax	\$136	\$128	\$135	\$210	\$112	\$119
8 Sales, attributable to rate increase from 1% to 2% in October, 2009 (SDP estimate)	\$0	\$0	\$73	\$37	NA	NA
9 Sales Tax - Total	\$136	\$128	\$207	\$248	\$112	\$119
10 Real Property Transfer Tax	\$186	\$115	\$119	\$120	(\$66)	\$5
11 Parking Tax	\$55	\$70	\$70	\$72	\$18	\$2
12 Other City Taxes	\$22	\$24	\$39	\$42	\$20	\$18
13 TOTAL - City Tax Revenues	\$2,408	\$2,253	\$2,316	\$2,482	\$73	\$229
Change from FY08 (\$) - with Tax Increases		(\$156)	(\$93)	\$73		
Change from FY08 (%) - with Tax Increases		-6%	-4%	3%		
Change from FY08 (\$) - Excluding Tax Increases		(\$156)	(\$165)	(\$48)		
Change from FY08 (%) - Excluding Tax Increases		-6%	-7%	-2%		



### **Federal Revenues**

The School District's Federal grant revenue is projected to total \$451 million in FY2011-12, and represents 16% of the District's total budget. This is a decrease of \$109 million over FY2010-11, driven largely by the expiration of Federal Stimulus funding.

### **Ongoing Federal Funding**

Nearly all Federal funds come with restrictions, limits, and guidelines. The limits and constraints established for the major recurring federal grants received by the SDP are set forth below.

**Title I** – These funds must be used exclusively to provide supplementary educational services, especially in reading/ language arts and math, to students who are educationally disadvantaged or at risk of failing to meet state requirements. Funds must be used to strengthen the District's core academic program and improve student achievement. Title I funds are also provided to charter schools and non-public schools.

**IDEA** – Individuals with Disabilities Education Act (IDEA-B) provides funding to local education agencies to supplement and/or increase the level of special education and related services provided to eligible students with disabilities ages 5 through 21 who are enrolled in special education programs. In alignment with the Act, Philadelphia Intermediate Unit 26 focuses IDEA expenditures on staffing, contracted services, and materials costs that support supplementary aids and services for students with disabilities and those who are experiencing barriers to learning.

**Head Start** – Head Start funding must be used solely for pre-school education and family services, medical and dental care, breakfast, lunch and snacks, nutrition and social services, and diagnostic and therapeutic services for children with special needs, as well as for parent involvement in decision-making and program implementation. Funds are used to support the District's Head Start program which provides health, education, nutrition, social and other services to pre-school children and their families. Supplemental funds are used to increase the availability of Head Start program slots for low-income children and families in high-need neighborhoods through the school district.

**Title II, Part A/Improving Teacher Quality** – These funds must be used to prepare, train, and recruit high-quality teachers and principals capable of ensuring increased academic achievement for all students. The District uses funding to provide in-service and retraining for teacher-leaders and support staff through workshops, conferences, higher education credits and professional development sessions in elementary, middle and high schools in the areas of math and science.

**Title I, School Improvement Grant** – These funds must be used to improve educational opportunities for students in low-performing schools and to facilitate compliance with Federal school improvement requirements. The District uses this grant to fund full and part-time positions including extracurricular and professional development time, textbooks, instructional aids, educational software and other educational supplies at schools that are in "School Improvement" status based on their performance on state standardized tests.

**Department of Labor, Mentoring, Education and Employment Strategies** – This grant provides \$74 million in additional financial support to eleven comprehensive high schools with the goal of transforming these schools into high achieving, safe schools. The grant supports five sets of programs: mentoring for at-risk youth, dramatic reforms to teaching and learning provided to students, connections to paid employment for students, strategies to change the school environment to make it safer for learning, and case management strategies aimed at increasing social supports and college readiness for students in the schools. The goals of the grant include increasing graduation rates, removing schools from the state's Persistently Dangerous list, increasing attendance, improving student achievement, and increasing student participation in the workforce.

### **Federal Stimulus Funding**

The District received approximately \$363 million in Federal Stimulus funding in FY11, of which \$193 million was provided by the Commonwealth through the Stimulus State Fiscal Stabilization and EJB programs. The District expects to receive \$13 million in new Stimulus funds (from the Stimulus School Improvement program) in FY12. The loss of Stimulus funding, either provided through the state or directly from Washington, represents approximately \$49% of the District's projected \$629 million FY2011-12 budget gap (prior to corrective action).

Much of the District's Stimulus funds had to be spent either to enhance existing instructional programs or else to reduce the need for spending cuts caused by state and local funding shortfalls. As a result, it has been extraordinarily difficult to use Stimulus funds for truly "one-time" spending items. While every program expansion funded with Stimulus funds was and is reversible, cuts will have significant impacts on the District's students and jeopardize significant academic progress achieved by the District in the past several years.

### **Federal Stimulus funds provided to the School District in FY2010-11 include:**

- **PA-Provided Stimulus - State Fiscal Stabilization Fund (SFSF)** – Under the American Recovery and Reinvestment Act (ARRA), states were granted SFSF funds to avoid cuts to education funding and allow states to continue to implement programs intended to advance adequate and equitable school funding. In Pennsylvania, these funds were

used in large part to avoid cuts to Basic Education Subsidy funding in the face of declining state-level revenues.

In FY2011-12, the Commonwealth has indicated that it is not planning to replace the SFSF funds it used over the past two year to supplant state Basic Education appropriations. For the School District, the impact of this decision is a revenue loss of \$122 million.

## • Directly-Provided Stimulus

- **Title I Stimulus** – Title I Stimulus funds were granted to the SDP in addition to regular Title I funds and could be used only to expand existing Title I programs or fund new programs with the same objective – improved academic achievement for low income students. The District received \$118 million in Title I Stimulus funds in FY11.

- **IDEA Stimulus** – IDEA Stimulus funds had to be used in a manner consistent with general IDEA requirements. Like Title I Stimulus Funds, these funds had to be used to supplement existing programs and spending. The District received \$21 million in IDEA Stimulus funds in FY11.

- **School Improvement Stimulus** – These are competitive grant funds awarded to specific low-performing schools to support turnaround strategies.

- **Title II-D** – These are competitive grant funds awarded to specific low-performing schools to support education technology initiatives.

## Is the School District of Philadelphia's Current Budget Crisis Caused by the District's Failure to Anticipate and Plan for the Ending of Federal Stimulus Funding?

No.

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 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 \$71 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.

It should be noted that 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. This 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.

The District is also facing significant mandated increases in its costs next year for items including health benefits for SDP employees (under the SDP's collective bargaining agreements, SDP employees make no contribution to their health care costs) as well as increases in the per-student payments the SDP must make to Philadelphia charter schools (these increases are mandated under the state charter school law, despite the unprecedented drop in the SDP's funding next year).

With the SDP's funding going down, these cost increases can only be paid for by cutting other SDP costs.

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.

## SCHOOL DISTRICT OF PHILADELPHIA

## Projected Revenue - FY2011-12 Current Forecast Compared to FY2010-11 Estimate

	A	B	C	D	E
	FY2009-10 Actual 1/19/10	FY2010-11 Adopted Budget 5/26/10	FY2010-11 Current Est. 4/27/11	FY2011-12 Current Projection 4/27/11	FY12 Current Proj. Better/(Worse) FY11 Curr. Est.
OPERATING FUNDS REVENUE					
Local Tax Revenues/City Grant					
1 Real Estate Tax - Current	\$546,351,751	\$547,400,000	\$547,258,000	\$547,113,000	(\$145,000)
2 Real Estate Tax - Delinquent	\$55,684,401	\$50,000,000	\$52,500,000	\$52,500,000	\$0
3 Real Estate Tax - Total	\$602,036,152	\$597,400,000	\$599,758,000	\$599,613,000	(\$145,000)
4 Business Use & Occupancy Tax	\$117,294,956	\$113,000,000	\$112,500,000	\$112,200,000	(\$300,000)
5 Liquor Sales Tax	\$43,280,185	\$43,500,000	\$43,900,000	\$43,900,000	\$0
6 Grant from the City of Philadelphia	\$38,540,000	\$38,870,000	\$38,870,000	\$38,870,000	\$0
7 School Income Tax	\$22,174,795	\$21,800,000	\$20,800,000	\$20,250,000	(\$550,000)
8 TOTAL - Local Tax/City Grant	\$823,326,088	\$814,570,000	\$815,828,000	\$814,833,000	(\$995,000)
9 Parking Authority Contribution	\$7,284,153	\$4,500,000	\$7,284,153	\$7,284,153	\$0
10 Gaming Revenue	\$0	\$0	\$5,000,000	\$5,000,000	\$0
11 Swap Variable Rate Income	\$1,759,176	\$16,181,000	\$474,000	\$24,000	(\$450,000)
12 Interest and Investments	\$3,003,816	\$3,109,000	\$1,545,000	\$1,830,000	\$285,000
13 Abatement of Expenditure - Ren Charter License Fees			\$4,773,000	\$16,676,000	\$11,903,000
14 Other Local Non-Tax Revenue	\$16,002,929	\$20,585,000	\$13,293,847	\$13,199,847	(\$94,000)
15 TOTAL - Other Local Non-Tax Revenues	\$28,050,074	\$44,375,000	\$32,370,000	\$44,014,000	\$11,644,000
State Funding + PA Provided Fed. Education Stimulus					
16 Basic Education Subsidy - PA Appropriations	\$891,095,736	\$985,959,000	\$878,800,319	\$968,181,224	\$89,380,905
17 Basic Education Subsidy - PA Provided Fed Stimulus/SFSF	\$119,766,295	\$119,766,000	\$121,852,217	\$121,852,217	(\$121,852,217)
18 Basic Education Subsidy - Federal Education Jobs Funds			\$71,382,783	\$71,382,783	(\$71,382,783)
19 Basic Education Subsidy	\$1,010,862,031	\$1,105,725,000	\$1,072,035,319	\$968,181,224	(\$103,854,095)
20 Special Education Subsidy	\$133,604,771	\$131,299,000	\$132,010,000	\$132,010,000	\$0
21 Charter School Reimbursement	\$115,830,767	\$113,970,000	\$112,433,797	\$0	(\$112,433,797)
22 Transportation - SDP/Charter/Nonpublic	\$52,458,173	\$52,649,000	\$52,033,000	\$53,886,000	\$1,853,000
23 Alternative Education Grant	\$553,820	\$0	\$0	\$0	\$0
24 Debt Service	\$10,775,977	\$14,562,000	\$12,861,000	\$12,500,000	(\$361,000)
25 Vocational Education	\$5,859,419	\$5,399,000	\$5,387,073	\$5,387,073	\$0
26 Retirement	\$26,343,406	\$51,799,000	\$36,206,000	\$58,775,000	\$22,569,000
27 Social Security	\$41,709,999	\$48,207,000	\$49,110,000	\$51,981,000	\$2,871,000
28 Intermediate Unit Advances	(\$47,688,233)	(\$43,493,000)	(\$43,560,000)	(\$43,002,000)	\$558,000
29 All Other State Grants - Op Funds	\$82,282,469	\$71,642,000	\$69,503,811	\$72,895,703	\$3,391,892
30 State Funding + PA Provided Fed. Ed. Stimulus	\$1,432,592,599	\$1,551,759,000	\$1,498,020,000	\$1,312,614,000	(\$185,406,000)
31 Federal Operating Revenue	\$171,850	\$5,962,000	\$6,059,000	\$5,168,000	(\$891,000)
32 Sale of Property	\$262,790	\$564,000	\$6,017,000	\$1,598,000	(\$4,419,000)
33 Other Financing Sources	\$5,143,231	\$6,599,000	\$15,720,000	\$6,000,000	(\$9,720,000)
34 Other Financing Sources	\$5,406,021	\$7,163,000	\$21,737,000	\$7,598,000	(\$14,139,000)
35 Total Operating Revenue & Sources	\$2,289,546,632	\$2,423,829,000	\$2,374,014,000	\$2,184,227,000	(\$189,787,000)
36					

## CATEGORICAL FUNDS REVENUE

	A FY2009-10 Actual 1/19/10	B FY2010-11 Adopted Budget 5/26/10	C FY2010-11 Current Est. 4/27/11	D FY2011-12 Current Projection 4/27/11	E FY12 Current Proj. Better/(Worse) FY11 Curr. Est.
<b>State Funding - Major Grants</b>					
37					
38	\$58,926,108	\$58,735,223	\$57,708,566	\$0	(\$57,708,566)
39	\$21,772,837	\$21,706,368	\$19,131,431	\$0	(\$19,131,431)
40	\$20,380,700	\$19,016,983	\$20,139,762	\$20,717,714	\$577,952
41	\$7,017,881	\$8,459,332	\$0	\$0	\$0
42	\$12,599,975	\$11,617,160	\$6,455,611	\$6,455,611	\$0
43	\$0	\$0	\$12,616,782	\$12,720,134	\$103,352
44	\$4,087,347	\$9,729,902	\$5,909,007	\$5,930,257	\$21,250
45	\$1,363,550	\$1,072,559	\$1,066,874	\$1,066,874	\$0
46	\$5,068,867	\$4,376,871	\$3,081,287	\$589,356	(\$2,491,931)
47	<b>\$131,217,265</b>	<b>\$134,714,398</b>	<b>\$126,109,320</b>	<b>\$47,479,946</b>	<b>(\$78,629,374)</b>
<b>TOTAL - State Funding - Grants</b>					
48	<b>\$1,563,809,864</b>	<b>\$1,686,473,398</b>	<b>\$1,624,129,320</b>	<b>\$1,360,093,946</b>	<b>(\$264,035,374)</b>
<b>Federal Funding - Recurring Grants</b>					
49					
50	\$157,318,424	\$156,140,282	\$177,812,045	\$170,081,185	(\$7,730,860)
51	\$30,177,520	\$34,857,519	\$16,079,071	\$75,641,664	\$59,562,593
52	\$45,235,217	\$44,761,126	\$44,353,976	\$44,638,328	\$284,352
53	\$38,343,327	\$38,459,041	\$39,081,270	\$39,430,379	\$349,109
54	\$18,433,956	\$23,931,541	\$21,983,570	\$22,150,571	\$167,001
55	\$10,196,471	\$20,731,322	\$28,873,521	\$25,905,980	(\$2,967,541)
56	\$17,623,814	\$16,187,563	\$18,289,473	\$7,629,453	(\$10,660,020)
57	\$9,991,632	\$10,026,799	\$2,423,614	\$2,517,923	\$94,309
58	\$2,897,619	\$0	\$486,135	\$799,421	\$313,286
59	\$106,609	\$0	\$0	\$0	\$0
60	\$4,419,855	\$0	\$1,768,945	\$0	(\$1,768,945)
61	\$42,169,421	\$45,132,062	\$38,261,363	\$35,173,409	(\$3,087,954)
62	<b>\$376,913,863</b>	<b>\$390,227,255</b>	<b>\$389,412,983</b>	<b>\$423,968,313</b>	<b>\$34,555,330</b>
<b>TOTAL - Federal Grants - Recurring</b>					
63	\$44,050,855	\$81,468,965	\$118,887,075	\$0	(\$118,887,075)
64	\$23,251,607	\$21,976,278	\$20,725,785	\$4,980,042	(\$15,745,743)
65	\$0	\$8,005,439	\$8,008,097	\$2,194,401	(\$5,813,696)
66	\$0	\$51,996,116	\$13,419,167	\$13,314,621	(\$104,546)
67	\$4,978,838	\$0	\$9,061,918	\$6,190,979	(\$2,870,939)
68	<b>\$72,281,300</b>	<b>\$163,446,798</b>	<b>\$170,102,042</b>	<b>\$26,680,043</b>	<b>(\$143,421,999)</b>
<b>TOTAL - Stimulus Funds</b>					
69	<b>\$449,195,117</b>	<b>\$553,674,053</b>	<b>\$559,515,025</b>	<b>\$450,648,356</b>	<b>(\$108,866,669)</b>
70	<b>\$3,138,705</b>	<b>\$2,160,432</b>	<b>\$3,643,610</b>	<b>\$3,330,128</b>	<b>(\$313,482)</b>
71					
<b>TOTAL - Food Services Fund - Federal Funding</b>					
72	<b>\$80,107,101</b>	<b>\$80,077,466</b>	<b>\$79,576,535</b>	<b>\$80,111,681</b>	<b>\$535,146</b>
73	<b>\$2,953,204,820</b>	<b>\$3,194,455,349</b>	<b>\$3,142,858,490</b>	<b>\$2,765,797,111</b>	<b>(\$377,061,379)</b>
<b>GRAND TOTAL</b>					



***District-Operated Schools***

The FY2011-12 Budget includes \$2.2 billion for District-operated schools, or approximately 79% of the total District budget. This represents a decrease of \$265 million from FY2011-12.

***Areas Held Harmless in FY12 School Budgets******Held Harmless: Teachers Needed to Maintain Maximum Class Sizes (“Enrollment Teachers”)***

The minimum number of teachers assigned to each school is determined based on projected enrollment. Projected enrollment in the next school year is determined based on current enrollment, historic trends, and other factors such as the opening or closing of other schools or planned changes in grade configurations. In FY2011-12, each District-operated school will continue to be provided with a complement of teachers adequate to staff that school at or below contractual maximum class sizes: 30 for grades K-3, and 33 for grades 4-12. Each school will also receive enough teachers to provide classroom teachers with their mandatory Preparatory Time. (The number of Enrollment-driven and Prep-time Teachers will be further adjusted if necessary in the fall based on actual enrollment levels.)

Allotments for Enrollment Teachers and Prep Time Teachers have not been cut in FY2011-12 and constitute the largest single item in the SDP budget. Together, these two items accounted for about \$531 million in SDP costs in FY2010-11 – about 69% of the total operating budgets for District-operated schools, and 21% of the entire District’s FY2010-11 operating budget.

Enrollment Teachers and Prep Teachers total \$548.6 in FY2011-12. (Relate change to enrollment levels) (FY2011-12 enrollment at District-operated schools is projected to be 1% lower than one year ago.)

***Held Harmless: Title I***

A significant portion of the District’s total annual allocation of Title I funds is distributed to schools to incorporate in their school budgets. Schools must use these funds in ways that comply with federal regulations. Funds may not, for example, be used to substitute for existing unrestricted school funding, and must only be used for “supplementary” programs. Otherwise, schools have significant discretion in how their Title I funds are used. For many schools, Title I funds are the greatest source of funding for discretionary spending on

instructional supports. In FY2011-12, the total amount of Title I funds being distributed to schools is \$95.9 million, and the formula used to distribute these funds, which gives the most funding to the schools with the highest number of low income students, is unchanged from this year. Allocations to specific schools may have changed, however, depending on changes in enrollment levels or poverty rates. Per school Title I allocations range from \$125,000 to \$1.6 million. On a per student basis, the range is \$290 to \$1,689.

***Reduced But Maintained: Key Imagine 2014 Initiatives:***

The FY2011-12 Budget preserves funding for key Imagine 2014 initiatives, including Reduced Class Sizes, Reduced Student:Counselor Ratios, and Summer Programs. Each of these three programs has been preserved but reduced by about a third.

***Reductions in School Budgets***

Given how much of the SDP’s budget is spent on schools and the large projected decline in the SDP’s revenues next year, it has not been possible to avoid making any cuts to school budgets. The major areas in which cuts have been made are described below.

Schools’ Operating Budget Allotments are funds provided to each school to purchase both required resources (such as a principal, and one counselor per school) and also some more discretionary items (like office staff and support staff). Operating Budget Allotments have been reduced by 29% District-wide in FY2011-12. All schools were provided with sufficient allotments to comply with all applicable legal and collective bargaining agreement requirements, but the reductions will impact some important discretionary school-based positions and purchases, such as librarians and extra-curricular activities.

Operating Budget Allotments and allotments of Enrollment and Prep Teachers are provided to principals, and the principals use those allotments to construct their school budgets. Schools are allocated other resources by SDP central offices, for example: staff for Gifted and Talented programs, teachers for English as a Second Language, and Bilingual Counselor Assistants. These centrally-allocated resources were impacted by FY2011-12 budget cuts in different ways. In some cases, fewer students will be served in FY2011-12 (e.g., Instrumental Music). In other cases, the same number of students will be served but student-teacher ratios may be higher (e.g., High Incidence Special Education).

## EXPENDITURES - DISTRICT OPERATED SCHOOLS (continued)

A portion of the decline in FY2011-12 budgeted expenditures for District-operated schools is not caused by budget cuts. It results instead from the number of District-operated schools declining in FY2011-12 from 258 to 248 due to the Renaissance Charter initiative, which is scheduled to convert 8 District-operated schools to charter school status, as well as changes in school configurations as part of the implementation of the Facilities Master Plan. Enrollment in District-operated schools is projected to decline from 148,376 to 145,064 in FY2011-12 because of these and other factors. At the same time, wages and benefits are scheduled to increase next years as a result of the District's current collective bargaining agreements.

For all these reasons, it is difficult to identify in many budget lines the portion of the budget changes that results from budget cuts. The cuts are summarized in the table below, and some are described in more detail on the following pages.

Cuts Affecting School Budgets

School Budget Reduction	Reduction (\$M)	Reduction (%)
Operating budget allocations to schools	\$61.3	29%
Promise Academy supplemental per student funding	*	*
Kindergarten – reduced to half day	\$15.3	50%
Vocational Education Training	\$2.1	30%
Reduced Class Size teachers in grades 6, 8, and 9	\$5.0	100%
Reduced Class Size teachers for grades K-3	\$16.0	34%
Common Planning Time in Comprehensive High Schools	\$13.8	100%
A/B schedules in the Comprehensive High Schools	\$4.3	100%
Special Education	\$10.7	5%
Special Education Liaisons	\$9.2	77%
Gifted and Talented education	\$3.2	50%
English as a Second Language/ Bilingual Teachers	\$7.9	20%
Desegregation Support	\$2.2	19%
Weighted Student Funding Pilot Supplement (funds provided to schools participating in a FY11 school budgeting pilot program)	\$5.0	100%
Itinerant Instrumental Music program	\$0.7	9%
Early Childhood	\$11.4	14%
Summer Programs	\$17.4	43%
Extended Day	\$10.0	100%
Alternative Education	\$24.0	50%
Athletics	\$0.5	7%
School Nurses	\$3.0	10%
Supplemental Counselors	\$5.9	37%
Bilingual Counselor Assistants	\$2.3	50%
In-School Suspension Programs	\$2.2	62%
School Police Officers	\$3.3	9%
Parent Ombudsmen and Student Advisors for Empowerment Schools	\$7.3	50%
School-Based Instructional Specialists for Empowerment Schools	\$3.6	100%
Reading Recovery Programs for Empowerment Schools	\$3.6	100%
Empowerment Support Teachers	\$8.0	100%
Resource Specialists (School-Based Social Services)	\$4.5	50%

\* Supplemental funds for Promise Academies were cut 50% on a per student basis, but grew in total because of the addition of the second cohort of schools.

### Kindergarten

In FY2010-11 and prior years, SDP's Kindergarten program has been funded primarily by the Pennsylvania Accountability Block Grant. The Governor's proposed FY2011-12 state budget eliminated all funding for this line, which means that the District can only maintain Kindergarten using scarce Operating

Budget dollars. With reduced funding, full-day Kindergarten – which is not required by law – cannot be maintained. Unless additional revenues are identified, Kindergarten at all SDP schools will need to be reduced to a half-day program, for savings of over \$20 million, or about 43% of the cost of current full-day programs.

### Vocational Education Training

This funding is used to provide additional teachers, teacher aides, and supportive services assistants to increase vocational educational offerings to students. For FY2011-12, funding has been cut by \$2.1 million, or 30%. The negative impact of this cut will be mitigated somewhat by shifting some teaching responsibilities to existing school staff and eliminating paraprofessional positions rather than teacher positions.

### Reduced Class Size Teachers

In FY2010-11, class sizes in grades Kindergarten through 3 were reduced using State-Provided Federal Stimulus funding, Title I Stimulus, and Federal Title II funds. Title II funds, which are used to eliminate split grade classes, were not reduced in FY2011-12. However, with the end of the other Stimulus funds, funds dedicated to providing Reduced Class Size teachers for grades K-3 are being reduced by \$16 million, or 34%. Average District-wide class sizes in these grades are expected to increase by three students from FY2010-11 levels, as shown in the table below.

Funding for reduced class sizes for grades 6, 8, and 9, which was funded by Title I in FY2010-11, has been eliminated.

Grade	Empowerment Schools		Other Schools	
	FY11	FY12	FY11	FY12
K	20	23	23	26
1	22	25	25	28
2	22	25	26	29
3	22	25	26	29

### Supplemental Teachers for Instructional Initiatives

In FY2010-11, teacher positions were provided to schools – in addition to Enrollment Teachers – for a number of specific instructional initiatives. For example, Empowerment Schools received teachers for the Reading Recovery program as well as support teachers to provide greater continuity for students while primary teachers were engaged in professional development. Empowerment Schools also were provided with a School-Based Instructional Specialist – a content specialist who served as an instructional leader among teachers. Comprehensive high schools received additional teachers to allow common planning time as well as additional teachers so failing 9th grade students can re-take English I or Algebra I the following semester ("A/B Schedules"). All

of these programs are being eliminated in FY2011-12 due to a lack of available funding.

### Special Education

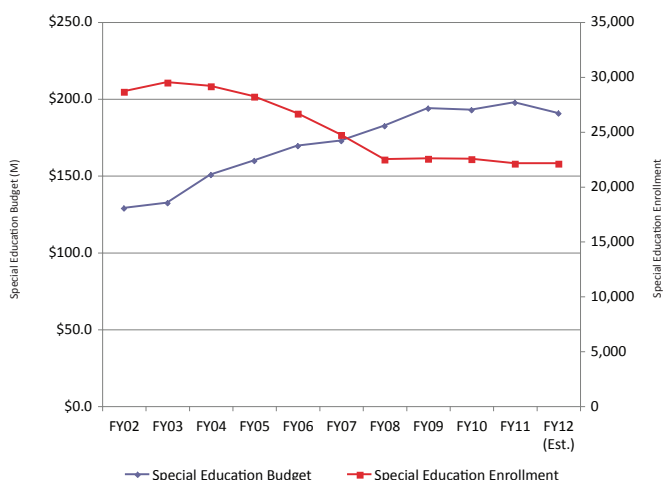
The SDP's total Special Education enrollment declined by nearly 24% from FY2002-03 to FY2007-08, and has been relatively stable since then. But budgets for Special Education have increased steadily since FY2001-02. The Special Education budget is primarily used to pay for positions: teachers, paraprofessionals, and 1:1 paraprofessionals. A small portion of Special Education funding is used for materials and supplies.

In FY2011-12, funding has been provided to staff all Low Incidence Special Education programs at the same level as in FY2010-11. However, High Incidence teacher positions – teachers for Learning Support and Emotional Support classes – have been reduced by \$10.7 million, or 5%, sufficient to support staffing levels and teacher caseloads that are compliant with state and IDEA requirements, but with no additional funding to exceed those levels. Paraprofessional staffing levels have not been reduced.

In addition, funding for Special Education Liaison (SEL) positions will be cut by 77% in FY12. SEL funding gave designated Special Education teachers released time to serve in leadership roles in their building coordinating professional development, meetings, and reporting responsibilities. In FY2010-11, IDEA

Stimulus funds provided a full-time SEL positions at all comprehensive high schools and a half-time position at all

Special Education Budget and Enrollment  
FY2001-02 to FY2011-12 (est.)



other schools. In FY2011-12, with IDEA Stimulus funds no longer available, the comprehensive high schools will retain their full-time SELs, but in other schools, only those with larger Special Education programs will have half-time SELs.

### Gifted and Talented Education

Funding for Gifted and Talented Education is provided on a per student basis for each student who has a Gifted Individualized Education Program (GIEP). The students' schools use these funds for books and supplies and, in a few cases, additional teacher positions. In FY2011-12, about the same number of Gifted students will be served, but the amount of funding provided will be reduced by 50%.

### English Language Learners

In FY2010-11, schools received funding for tutoring and supplies as well as for teachers for English as a Second Language (ESL) and Bilingual Education. In FY2011-12, funding for tutoring and supplies on a per student basis is being eliminated; instead, some federal Title III funds will be provided for tutoring for students at schools that do not have any ESL teachers. The number of centrally-allocated bilingual teacher positions has also been reduced, and one of three Newcomer Learning Academies will be closed.

### Desegregation Support

In past years, schools received Desegregation Support funds based on a formula developed under Commonwealth Court supervision; each school's desegregation status determined a per student amount and an allocation method. However, the court order under which these funds were distributed is no longer in effect. In FY2011-12, Desegregation Support allocations are 75% of the FY2010-11 amounts.

### Instrumental Music

Itinerant Instrumental Music teachers provide instruction to students at multiple schools in one of three instrument families: wind, brass, or percussion. In FY2011-12, the number of teacher positions will be reduced from 77 to 69, so the number of students receiving instructions will drop from 11,400 to 10,350.

Selected Student to Staff Ratios  
FY2010-11 and FY2011-12

	Enrollment		Staff Positions		Students/ Staff	
	FY11	FY12	FY11	FY12	FY11	FY12
Special Education	21,100	20,850	2,749	2,522	7.7	8.3
Special Education Liaisons	21,100	20,850	143	56	147.6	372.3
English as a Second Language	12,059	12,540	337	298	35.8	42.1
Instrumental Music	11,400	10,350	77	69	148.1	150.0
Counselors	148,376	145,064	519	432	285.9	335.8
School Nurses	148,376	145,064	309	258	480.2	562.3
Psychologists	148,376	145,064	120	110	1,236.5	1,318.8
Bilingual Counselor Assistants	148,376	145,064	98	59	1,514.0	2,458.7
School Police	148,376	145,064	482	462	307.8	314.0

**Early Childhood**

Due to the loss of the Accountability Block Grant from the state and Stimulus funding from the Federal government, Early Childhood programs will sustain significant cuts in FY2011-12. The Even Start early childhood literacy program, and the Head Start pre-K program will remain intact; however, the Bright Futures program will lose 730 pre-K slots, and the Comprehensive Early Learning Centers will be closed, resulting in the loss of another 216 pre-K slots. An existing Infant Center at Lincoln High School will continue to operate, but a second planned center will not open. The Regional Early Childhood (REC) Center at Feltonville will also continue to operate, but in lieu of opening a second REC Center in the fall, new rooms dedicated to Early Childhood programming will open at each of the District's seven Parent Resource Centers. In all, Early Childhood programs will be cut by \$12.7 million, or 16%.

**Promise Academies**

The 16 Promise Academies were held harmless from some of the budget reductions that affected other schools, most importantly, the cut in the Operating Budget Allotment. However, the supplemental per student funding for Promise Academies is being cut by 50% from \$430 to \$215 per student. While the per student amount was cut, the number of Promise Academies is growing in FY2011-12 from 6 to 16, so the total Promise Academy supplemental funding will increase from \$1.2 million to \$1.9 million. Promise Academies are also affected by the elimination of other District-wide programs, such as Common Planning Time teachers and A/B Schedules.

**Extended Day**

Extended Day programs provide students with additional instruction in math and literacy to build on the skills they are learning during the school day. In FY2010-11, Extended Day programs provided tutoring for approximately 10,000 1st - 8th grade students in 204 schools, and for over 1,500 high school students in 28 schools. Funds were allocated to schools based on the number of students scoring "Below Proficient" on the PSSAs. In past years, Educational Assistance Program (EAP) funding from the state has been used to support Extended Day programs; however, the Governor's proposed budget eliminates all EAP funding, forcing the District to cut 100% of its Extended Day programs in FY2011-12.

**Summer Programs**

Summer Learning and More (SLAM) is the District's summer program, providing academic classes and a variety of enrichment programs, particularly for Empowerment School students. In FY12, the number of SLAM sites, the number of days, and the number of students served will all be reduced. In addition, whereas all Empowerment Schools had a "Summer Academy" model program last year, only first-

generation Promise Academies will have the Academy model this year. All other sites will have a "Summer Program" model. By making significant changes to both models, summer programs will still be available for nearly 39,000 students this year, despite a funding reduction of \$17.4 million (43%). The table below compares the projected FY2011-12 SLAM program to the FY2010-11 program.

	FY11	FY12
# Sites	128	110
# Days	21	18
Students/ Day	41,579	39,000

**Alternative Education**

In FY2011-12, the budgets for Multiple Pathways and Transition programs are being cut by \$24.1 million, or 50%. Multiple Pathways provides over-age, under-credited students with a path to graduation, and Transition programs are schools for students with discipline problems. To the extent possible, the goal will be to maintain the same level of services in the Transition Schools, but at a lower price. At the same time, the District will take this opportunity to link these programs more closely and apply the acceleration strategies used in Multiple Pathways program to students in the Transition program.

In addition, after expanding in FY2009-10, the In-School Suspension program will be reduced by \$2.2 million or 62% in FY2011-12. This program provides staff and behavioral supports to positively impact student behaviors and keep suspended students in a safe learning environment. In FY2011-12, a reduced number of schools (about 40+) will receive a slightly reduced amount of funding (\$41,000 each). The focus will continue to be on the schools with the greatest challenges in improving school climate.

**Supports for Students and Families in District-Operated Schools****Athletics**

Interscholastic athletics programs will be eliminated and replaced with intramural programs and clubs in SDP middle schools, for a savings of \$506K cut, which represents a 7% reduction in the Athletics budget.

**Parent and Family Support**

Bilingual Counselor Assistants (BCAs) are intended to meet the needs of English Language Learner (ELL) students' families by serving as liaisons and facilitators of communication between ELLs, their parents, school personnel, and community organizations. BCAs provide translation services, serve as cultural brokers between parties, and help to connect students and their families with the resources they need. SDP



BCAs speak 17 different languages, including Vietnamese, Cantonese, Khmer, Laotian, Indonesian, Arabic, Russian, Albanian, Haitian Creole, and Spanish. In FY2011-12, funding for BCAs will be cut by 50%.

#### ***School-Based Social Services***

Through the School-Based Social Services program, Resource Specialists provide support to students who are experiencing barriers to learning due to psychological, social, economic or medical issues that are negatively impacting their ability to be successful in school. They provide linkages to outside behavioral and social service agencies, individual crisis support as needed, and serve as part of the Comprehensive Student Assistance Process (CSAP) team. In FY2010-11, the complement of Resource Specialists was 109; in FY2011-12, funding for Resource Specialists is cut by 50% or \$4.5 million.

#### ***Supplemental Counselors***

Each school is required by contract to have at least one counselor. However, one of the District's recent initiatives has been to increase student support by reducing student-counselor ratios. In FY2010-11, this was accomplished through a two-part strategy: high schools purchased additional counselor positions to achieve a 500:1 ratio of students to counselors. In addition, centrally funded counselors were allocated to schools to achieve a 500:1 ratio in elementary schools, 250:1 in middle grades, and 300:1 in high schools. In FY2011-12, the number of counselors will be reduced and ratios will increase for middle schools to 300:1 and high schools to 400:1. Counselor allocations are "rounded up" for schools with greater needs.

#### ***Nurses***

The number of school nurses will be reduced in FY2011-12. In FY2010-11, nurse positions were allocated at a ratio of one position per 655 students, with at least one full position for each high school. For FY2011-12, the ratio will be one nurse position per 750 students. Every high school will still have at least one nurse.

#### ***Student Advisors and Parent Ombudsmen***

Student Advisor positions and Parent Ombudsmen are positions that were provided to high needs schools in FY2009-10 and FY2010-11 to provide additional supports to struggling students and promote parental involvement to help engage families in the education of their children. These positions were funded with School Improvement funds, which will be reduced by 50% in FY2011-12. A single new position will be created merging the responsibilities of the Parent Ombudsman and Student Advisor.

#### ***Psychologists***

Psychologists are itinerant personnel responsible for performing and updating evaluations of students who are identified as potentially in need of and eligible for special education and related services. In FY11, the complement of psychologists was increased in order to reduce a backlog of evaluations; however, in FY2011-12 there is not sufficient funding to maintain this larger complement, so psychologist positions will be cut by \$900,000 or 6%.

#### ***Operational Support for District-Operated Schools***

##### ***Custodial***

In FY2011-12, the number of employees working to clean and operate school buildings will all be reduced: Building Engineers (positions reduced by 25%), Custodial Assistants (53%), and General Cleaners (21%), in addition to their supervisors (21%). As a result, the number of square feet per custodian will increase by 26% from 30,900 in FY2010-11 to 39,100 in FY2011-12.

	FY2010-11	FY2011-12	Change
Custodial Staff	1,454	1,034	-29%
Square Feet per Custodian	30,912	39,062	26%
Maintenance Staff	363	199	-45%
Schools per Mechanic	0.8	1.6	100%
Square Feet per Mechanic	65,301	120,696	85%

##### ***Maintenance***

Maintenance positions will also be significantly cut in FY2011-12: the number of Mechanic positions will be reduced by 49%, from 329 to 178. Supervisory positions will be reduced from 33 to 20. The average number of schools per Mechanic will double from 0.8 to 1.6, and the rate at which Mechanics fill work orders is projected to drop by 35%.

##### ***Utilities***

The District's ability to reduce spending on electricity, natural gas, oil, steam, and water is limited in the short term; however, 63 schools will be participating in a Demand Response Program that is projected to save \$350,000 in FY2011-12. In addition, the District is saving \$250,000 per month due to price contracts recently negotiated for electricity, natural gas, and oil.

##### ***School Safety***

The budget for school-based School Police Officers is being reduced in FY2011-12 by \$2.9 million, or 9.5%. This includes the elimination of 190 per diem police officer positions. In addition, the budget for Mobile Security is being cut by 18.6%, or \$728,000.

**Transportation**

With the exception of charter school students, the Pennsylvania Public School Code does not require a school district to provide free transportation for regular education students in the public or non-public schools. The School District of Philadelphia may be required by federal law to provide transportation for District students to and from school as a related service in their Individualized Education Programs (IEPs). Moreover, if the School District does not provide transportation for its own regular education students, it is not required to provide transportation services for students of non-public schools.

The District reviewed different options for reducing transportation costs, such as increasing the minimum distance requirement to qualify for a TransPass from 1.5 miles to 2.0 miles; eliminating Desegregation busing, and providing TransPasses to Alternative Education students in lieu of busing. However, balancing the FY2011-12 budget ultimately required that all transportation services not required by law be eliminated. Therefore, this budget proposes no busing or TransPasses for any students except for charter school students and students with disabilities whose IEPs call for transportation services. Estimated savings are \$38.5 million. It should be noted that first-year savings will not be sustained in future years, as reduced transportation spending will result in reduced transportation subsidies beginning in FY13.

## EXPENDITURES - NON DISTRICT OPERATED SCHOOLS - CHARTER SCHOOLS

### What is a Charter School?

Charter schools are public, nonsectarian schools that are authorized and funded by school districts but operate independently of them. Local school boards authorize the initial creation of charter schools, and any subsequent renewals. Generally both the initial operating period and subsequent renewals are for five years. (In the case of “cyber” charter schools, it is the PA Department of Education that is the authorizer.) Charter schools are organized as nonprofit corporations and are governed by volunteer unpaid boards.

Charter schools operate free from many educational mandates that apply to school districts, excepting those concerning nondiscrimination, health, safety, and accountability. In general, charter schools have greater flexibility and autonomy over their academic program and operations than schools that are operated directly by school districts. Charter schools must be open to all students who reside within their school district. If there are more applicant students than seats, a lottery is required.

The “charter” that establishes each school is a legal agreement with the authorizing local school board that details the school’s mission, programs, methods of assessment, finances, and measures of success. Charters are renewable for subsequent five year terms pursuant to achieving satisfactory results, as determined through a comprehensive review conducted by the authorizer at the end of the charter term.

As part of its comprehensive renewal review of charter schools, the School District of Philadelphia examines a number of critical indicators including academic performance, financial health, effectiveness of governance, compliance with laws and regulations, and customer satisfaction to determine whether or not to recommend renewal to the School Reform Commission, which makes the final decision.

### How are Charter Schools Funded?

Charter schools may not charge tuition to a resident or non-resident student. Instead, the school district where a charter school student resides must pay the charter school a specified amount of money, that amount being determined by the provisions of state law.

The goal of Pennsylvania’s charter school funding law is to provide charter schools

with per pupil payments that are equivalent to the per student amount that school districts spend on students in district-operated schools.

For non-special education students, school districts in Pennsylvania must provide charter schools with an amount per student equal to the school district’s budgeted total expenditures in the prior school year, divided by the average number of public school students in the district that year (including charter school students). “Budgeted total expenditures” are adjusted for programs that charter schools do not offer (e.g. pre-K), for services that the school district provides to charters (e.g. student transportation). Since charters schools receive federal funding directly from the Federal Government and the Commonwealth of Pennsylvania, school district Federally-funded expenditures are also excluded.

For special education students, charters schools receive for each special education student enrolled the same funding as each non-special education student as well as an additional amount determined by dividing the District’s total budgeted special education expenditures by the District’s total enrollment multiplied by a State-defined percentage to capture the average incidence of special needs students in the overall student population.

After making these appropriate adjustments, the per-pupil amount spent in District operated schools is basically identical to the per pupil amount the District provides to charter schools. See table below “Funding for Philadelphia Charter Schools; Calculation of 2010-11 per pupil payments”.

### Funding for Philadelphia Charter Schools; Calculation of 2010-11 per pupil payments

<b>Charter Reimbursement Calculation - Regular Education Students</b>	
Total Expenditures	\$3,354,255,271
minus: PA-Specified Deductions (see below) *	(\$1,574,990,942)
<b>Net Expenditures</b>	<b>\$1,779,264,329</b>
divided by: Estimated Average Daily Membership (District & Charter)	divided by 206,699
<b>Per Pupil Funding for Non-Special Education Charter Students</b>	<b>\$8,608.00</b>
<b>Charter Reimbursement Calculation - Special Education Students</b>	
Special Education Expenditures (net)	\$327,550,215
divided by: Estimated Average Daily Membership (206,699) Multiplied by 0.16	divided by 33,071.84
<b>Special Ed Expenditures Divided by Number of Special Ed Students</b>	<b>\$9,904.20</b>
plus: Per Pupil Funding for Non-special Education Charter Students (see above)	\$8,608.00
<b>Per Pupil Funding for Special Education Charter Students</b>	<b>\$18,512.20</b>
<b>“Blended” 2009-10 Reimbursement Rate (assumes 16% Special Education):</b>	<b>\$10,192.67</b>

\*Deductions from “Total Expenditures” include: Federal Funds, Special Education, Adult Education, Student Transportation, Early Childhood, and Debt Service. Some of these items are excluded because Charter Schools receive their own separate funds to carry out the excluded activities (for example, Charter Schools receive their own Federal Funds directly, so they are not allocated a portion of the District’s Federal funds). In other cases an item is excluded because it is something the District pays for on behalf of Charter Schools (for example, Charter School transportation costs are paid for by the School District.). Special education costs are excluded because they are used to calculate the separate Special Education payment that Charter Schools receive. Adult Ed and Early Childhood are programs Charter Schools do not operate. ADM, in addition to regular District and Charter enrollment, includes preschool and residential treatment facility enrollment.

### Charter School Growth in Philadelphia

In Philadelphia, there are currently 74 charter schools, including 7 Renaissance Charters that opened in FY2010-11, educating over 40,000 students. In FY2011-12, the District is continuing with Year II of its Renaissance Charter initiative, converting an additional 7 schools to Renaissance Charters for a total of 81 Charter Schools. Philadelphia Charter Schools serve a diverse student population with 84% minority/non-white, 32% on State Welfare, 13% special education, and 3% English Language Learners. By way of comparison, District-operated schools serve 86.3% minority/non-white, 78% low income, 14% special education and 7% English Language Learners.

#### *The Impact of Charter Schools on the SDP Budget*

As the number of charter schools and charter school students in Philadelphia has grown dramatically, the amount the School District spends funding charter schools has also grown significantly.

In FY2009-10, the District spent about \$353 million for the education and transportation of charter school students. In FY2010-11, that figure is projected to be \$436M, an increase of \$82 million, or 24% growth. The FY2011-12 SDP Budget includes \$544 million for charter schools (including transportation), a \$102 million 23% increase.

This dramatic growth in funding for charter schools has put significant pressure on the overall School District budget. Each time a student leaves a District-operated school for a charter school the District must provide that charter school with the mandated per pupil payment, but in addition the District must continue paying to support the same number of teachers, principals, custodians, nurses, librarians, etc. in its District-operated schools, and must also continue to heat, light and maintain those school buildings. Unless students depart from one specific District-operated school for charter schools in sufficient numbers to justify the closure of that District-operated school, the District will continue to incur the

same costs it did previously as well as having to reimburse the charter schools. In addition, about 30% of Charter School students did not previously attend Philadelphia District-operated schools. Therefore, the District did not previously incur the cost of educating these students, but once those students begin attending charter schools, the District is responsible for providing the funds to educate them.

#### *The Impact of Renaissance Charters on the SDP Budget*

Renaissance Charters impact the School District's budget in a very different way, because they were previously District-operated Schools that have been taken over by a charter operator. These schools continue to operate as the neighborhood public school in their area, so they serve the same students and community they previously did. Renaissance Charter operators enter into a lease agreement with the District for use of the District's facility, so the cost of operating the building is paid for out of the payments provided to the charter school. Since they continue to serve as neighborhood schools, the majority of the students attending Renaissance Charters were the same District students previously enrolled in those very same schools. While enrollment at Renaissance Charters may be higher than the previous enrollment level when the school was under District operation, the net cost impact of Renaissance Charter schools is much less, about \$1 million per school, which is very different from other charters.

#### *PA Charter School Reimbursement Has Helped the SDP to Fund Charter School Expansion Without Harming District-Operated Schools in the Process.*

In FY2011-12, the School District faces an even greater challenge funding its charter schools than it has in the past, because the Governor's proposed FY2011-12 state budget proposes to eliminate the PA Charter School Reimbursement. If this funding is eliminated, net charter school costs in Philadelphia next year will go up by an unprecedented 49%.

### CHANGE IN NET COST OF CHARTERS TO SDP - FY2008-09 TO FY2011-12

	2008-09	2009-10	2010-11	2011-12
Charter School Reimbursement	\$119,528,276	\$115,831,000	\$112,433,797	\$0
Charter Costs (excl. Trans.)	\$308,344,000	\$343,768,000	\$425,893,164	\$529,570,401
Total Charter Cost Increase from prior year		11%	24%	24%
Net Charter Cost (excl. Trans.)	\$188,815,724	\$227,937,000	\$314,939,607	\$470,312,090
Net Charter Increase from prior year		21%	38%	49%



### ***Other Non-District-Operated Schools Educational Programs***

#### ***Services to Children in Placement***

The School District's FY2011-12 budget includes \$65 million to provide for payments to other educational entities that will provide regular education and Special Education services to approximately 4,800 Philadelphia students during the coming year. Most if not all of these students will be placed in institutions outside of the City and in some cases out of the region, primarily due to a shortage of appropriate educational, therapeutic and residential placement options inside the City limits.

Philadelphia resident children may be placed in institutions outside the City because they are:

- Placed into institutional care by the City's Department of Human Services/Juvenile Justice Services after adjudication by Family Court;
- Placed into residential treatment facilities by mental health providers representing the City's Office of Mental Health/Mental Retardation;
- Incarcerated or assigned to detention facilities;
- Hospitalized as a result of severe behavioral health or physical health problems; or
- Placed by the School District into Approved Private Schools (APS) or Alternative Special Education Institutions/Programs (ASES) for Special Education services through a school-based IEP process.

Beginning in FY2004-05 the City of Philadelphia began transferring to the School District the responsibility for funding the cost of all educational services provided to Philadelphia students that the City had put in placement. This budget line has increased substantially since that time.

#### ***Services to Students in Non-Public Schools – Act 89***

Instructional and related services that are provided to non-public school students through the School District are fully funded by the Commonwealth of Pennsylvania under Act 89 of 1975. These services include remedial education services including remedial reading and math instruction, psychological evaluation, counseling and career guidance service, speech and hearing services, and a program for the visually impaired. The District provides funding for services to about 32,000 students.

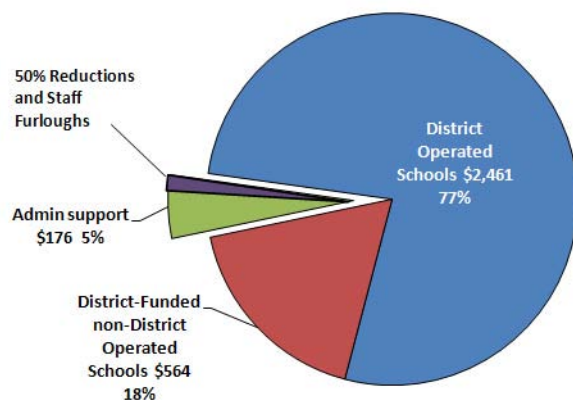
### ***Administrative Support Offices***

The unprecedented decline the SDP anticipates next year in state funding, coupled with the expiration of Federal Stimulus funds and mandated increases in some operating costs, create a major budget gap for the School District in FY2011-12. In order to ensure that the District can preserve the maximum amount of funds for Schools, the District is proposed unprecedented reductions in the budgets of the Administrative Support Offices, the "central administration" of the School District. In FY2011-12, the District plans to reduce Administrative Support Office expenditures as follows:

- Central Office Furloughs
  - Superintendent and Deputy Superintendent Furloughs – 20 days
  - Executive Staff Furloughs – 16 days
  - Central Office Furloughs – 6 days
  - TOTAL SAVINGS: \$300,000
- Central Office Staffing Reductions
  - 50% reduction in staffing at SDP Central Offices – Operating Funds (443 positions)
  - TOTAL SAVINGS: \$49 Million

In FY2011-12, after implementation of these cuts, the Operating Budget for the Administrative Support Offices will be \$60.7 million, 2.8% of the District's total Operating Budget. This marks a 45% decline from FY2010-11, when the Operating Budget for the Administrative Support Offices was \$109.6 million, 4.5% of the District's total Operating Budget.

**FY2010-11 Unified Budget (est)**  
**\$3.2 billion**  
(\$ in millions)



## *District-Wide Gap Closing Measures*

The FY2011-12 SDP Budget includes several important initiatives that will help to reduce the District's costs next year but do not fall in any one office or program budget line. The value of these items in total is \$140 million.

These items are:

1. Voluntary Early Retirement Incentive Program	\$8 Million
2. District-Wide Efficiency Measures	\$20 Million
3. Charter School Budget Relief	\$57 Million
4. Collective Bargaining Re-Opener	\$75 Million
5. Facilities Master Plan – Initial Implementation	\$10 Million

More information is provided below on each of these initiatives:

### **1. Voluntary Early Retirement Incentive Program-\$8 million**

In order to enable the School District to reduce its labor complement with the lowest possible number of forced terminations, the District has instituted a voluntary early retirement incentive program. Employees with 35 years of service, or 30 years of service and are age 60 or older, or have at least one year of service and are age 62 or older are eligible for this program. Participants will receive employer-paid health care for 18 months after retirement.

The School District will incur extra costs because of the health benefit incentive, but is expected to realize compensating savings due to the avoidance of Unemployment Compensation payouts, for which the District is self-insured and must pay the entire UC benefit, and through savings realized from the difference between the average compensation of voluntary retirees and the lower-seniority employees who will not be involuntarily terminated because of the existence of the voluntary early retirement program.

### **2. District-Wide Efficiency Measures-\$20 million**

This budget line anticipates savings to be realized through a variety of District cost containment initiatives to be implementing during the coming year, including a procurement "volume recapture" initiative to correct and collect on billing errors; an "e-payment" initiative to replace paper check issuance with electronic payment; the consolidation and centralization of disparate school-level bank accounts for student activity funds, imprest accounts, and other similar small funds and accounts; savings from forward purchasing and price lock-ins on various commodities; and outsourcing or other service delivery and efficiency improvement approaches to "back of the house" operations like records management, printing, and mail services.

### **3. Charter School Budget Relief-\$57 million**

Under current state law, the School District is required to increase its per student payments to charter schools in 2011-12 despite the enormous drop anticipated in the District's revenues next year. This requires the District to balance its budget through deep and painful cuts to the instructional services provided to 75% of Philadelphia's public school students, while increasing funding for the charter public schools that are attended by the other 25% of Philadelphia's public school students.

At the same time, the Governor is proposing to completely eliminate \$112 million of state Charter School Reimbursement funding next year. The way the state charter law presently works, the School District is free to cut any service or program it offers to make up for the loss of Charter School Reimbursement EXCEPT its per student payments to charter schools.

The School District strongly supports school choice and the expansion of high quality charter schools, but the District also believes that the current status quo is intolerable and unfair. It is not reasonable that only charter schools should be held harmless from the adverse impact of large-scale School District funding cuts, even cuts to Charter School Reimbursement, and only the schools attended by all other public school students must bear the burden of these cuts.

The School District's preference is that the Commonwealth of Pennsylvania maintain full funding for the state's Charter School Reimbursement program. But if the Commonwealth is unwilling or unable to maintain Charter School Reimbursement funding, then the District respectfully requests that school districts be given the authority to reduce per student payments to charter schools proportionately in any year in which school district funding declines by 10% or more.

### **4. Collective Bargaining Re-Opener-\$75 million**

Over 70% of the School District Operating Budget is mandated by law or contract – wages, benefits, debt service, minimum size of the teaching complement, charter school per student payments, special education requirements, ELL requirements, and much more. In the face of a budget gap of over \$600 million, the School District needs to be able to lower its cost structure, if truly drastic cuts in remaining non-mandated costs are to be avoided. Since personnel costs comprise 60% of the SDP budget, any meaningful effort to moderate cost growth must involve personnel costs.

The School District's current collective bargaining agreements

expire in June 2012. In order to avoid alternative spending cuts that will devastate educational programs and even more greatly worsen the working environment for the SDP's employees, the School District is asking its unions to re-open their contracts and consider modifications to wages and benefits that will lower the District's costs and avoid further layoffs, program terminations, and devastating cutbacks in educational programs for students.

(See the section on "Workforce" for additional information.)

**5. Facilities Master Plan – Initial Implementation-\$10 million**

While most of the savings to be realized from the implementation of the School District's Facilities Master Plan are likely to be achieved in FY2012-13 and FY2013-14, the District has set a preliminary FY2011-12 savings target of \$10 million from the initial implementation of the Plan. It is anticipated that these savings will be achieved primarily through an accelerated effort to dispose of the District's existing inventory of surplus property. Additional, more modest savings will be realized by making grade modifications in some schools consistent with the new grade configuration policy, consolidating some academic programs, and closing some surplus annexes.

(See the section on the "Facilities Master Plan" for further information.)

SCHOOL DISTRICT OF PHILADELPHIA  
Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

\$ 000

I. DISTRICT-OPERATED SCHOOLS

		FISCAL YEAR 2010-11			FISCAL YEAR 2011-12			I
		OPERATING	GRANTS	FOOD	OPERATING	GRANTS	FOOD	
		TOTAL			TOTAL			
								DIFFERENCE FY12 to FY11
								%
								TOTAL
1	La. District Operated Schools - Instructional							
2	Elementary / K-8 Education							
3	Teachers							
4	Principals	\$309,375,930	\$161,974,568	\$0	\$350,177,666	\$101,696,120	\$0	(\$19,476,712)
5	Other Instructional Staff/Student Support	\$41,183,395	\$10,306,168	\$0	\$42,978,901	\$0	\$0	\$1,795,506
6	Non-Instructional Staff	\$4,847,242	\$10,306,168	\$0	\$10,766,238	\$0	\$0	(\$2,412,224)
7	Non-Instructional Staff	\$23,664,972	\$6,577,175	\$0	\$17,735,019	\$7,694,168	\$0	(\$4,812,960)
8	Non-Instructional Services	\$17,365,909	\$20,738,646	\$0	\$14,755,403	\$8,990,321	\$0	(\$24,349,631)
9	Elementary / K-8 Education - Subtotal	\$396,437,448	\$199,596,557	\$0	\$417,621,937	\$129,155,847	\$0	(\$49,256,221)
10	Middle School Education							
11	Teachers	\$60,476,835	\$6,727,771	\$0	\$57,400,330	\$6,883,032	\$0	(\$2,921,244)
12	Principals	\$10,119,042	\$0	\$0	\$7,831,850	\$0	\$0	(\$2,287,192)
13	Other Instructional Staff/Student Support	\$472,551	\$1,117,751	\$0	\$78,393	\$1,196,401	\$0	(\$315,508)
14	Non-Instructional Staff	\$6,076,558	\$1,144,232	\$0	\$2,402,486	\$1,082,087	\$0	(\$3,736,217)
15	Non-Instructional Services	\$2,626,824	\$1,274,285	\$0	\$1,754,267	\$574,285	\$0	(\$1,572,557)
16	Middle School Education - Subtotal	\$79,771,809	\$10,264,039	\$0	\$69,467,326	\$9,735,804	\$0	(\$10,832,719)
17	Secondary Education							
18	Teachers	\$167,039,407	\$33,842,545	\$0	\$148,861,194	\$27,164,250	\$0	(\$24,856,509)
19	Principals	\$23,345,021	\$1,719,904	\$0	\$23,728,844	\$1,872,472	\$0	\$536,391
20	Other Instructional Staff/Student Support	\$1,630,854	\$1,684,911	\$0	\$352,427	\$1,948,479	\$0	(\$1,014,860)
21	Non-Instructional Staff	\$19,434,745	\$12,806,902	\$0	\$12,943,329	\$12,785,626	\$0	(\$6,512,693)
22	Non-Instructional Services	\$10,965,015	\$21,875,601	\$0	\$21,513,695	\$11,941,795	\$0	\$614,874
23	Secondary Education -- Subtotal	\$222,415,043	\$71,929,863	\$0	\$207,399,488	\$55,712,622	\$0	(\$31,232,796)
24	Secondary Education - Career and Technical							
25	Teachers	\$35,810,382	\$0	\$0	\$32,557,317	\$0	\$0	(\$3,253,066)
26	Principals	\$13,121,389	\$0	\$0	\$1,391,489	\$0	\$0	(\$1,729,900)
27	Other Instructional Staff/Student Support	\$236,091	\$0	\$0	\$165,878	\$0	\$0	(\$70,213)
28	Non-Instructional Staff	\$4,125,981	\$1,081,618	\$0	\$1,113,562	\$0	\$0	(\$2,155,698)
29	Non-Instructional Services	\$2,166,033	\$1,103,798	\$0	\$1,716,001	\$1,076,557	\$0	(\$477,273)
30	Secondary Education - CTE - Subtotal	\$45,459,876	\$2,185,416	\$0	\$37,769,023	\$2,190,119	\$0	(\$7,686,150)
31	Elementary/Middle/HS/CTE Education - Total							
32	Teachers	\$572,702,554	\$202,544,884	\$0	\$588,996,506	\$135,743,401	\$0	(\$50,597,531)
33	Principals	\$77,768,846	\$1,719,904	\$0	\$75,931,084	\$1,872,472	\$0	(\$1,685,194)
34	Other Instructional Staff/Student Support	\$17,186,738	\$13,106,830	\$0	\$2,571,646	\$13,911,117	\$0	(\$3,812,805)
35	Non-Instructional Staff	\$53,302,256	\$21,609,928	\$0	\$35,019,173	\$22,675,444	\$0	(\$17,217,568)
36	Non-Instructional Services	\$33,123,781	\$44,992,330	\$0	\$29,739,366	\$22,591,958	\$0	(\$25,784,787)
37	Elementary/Middle/HS/CTE Education - Subtotal	\$744,084,176	\$283,375,876	\$0	\$732,257,774	\$196,784,392	\$0	(\$99,007,885)
38	Special Ed -- High Incidence, (Learning/Eno Support)							
39	Teachers	\$107,466,416	\$5,260,510	\$0	\$98,246,864	\$59,533	\$0	(\$14,420,529)
40	Principals	\$2,697,346	\$0	\$0	\$2,784,703	\$0	\$0	\$87,357
41	Other Instructional Staff/Student Support	\$332,367	\$0	\$0	\$342,015	\$0	\$0	\$9,648
42	Non-Instructional Staff	\$3,603,264	\$7,503,900	\$0	(\$4,048,825)	\$7,503,900	\$0	(\$7,652,089)
43	Non-Instructional Services	\$114,099,393	\$12,764,410	\$0	\$97,324,757	\$7,563,433	\$0	(\$21,975,613)
44	Special Ed -- High Incidence, - Subtotal	\$114,099,393	\$12,764,410	\$0	\$97,324,757	\$7,563,433	\$0	(\$21,975,613)
45	Special Education -- Low Incidence							
46	Teachers	\$61,855,437	\$0	\$0	\$65,909,340	\$0	\$0	\$4,053,904
47	Principals	\$321,561	\$0	\$0	\$346,072	\$0	\$0	\$24,511
48	Other Instructional Staff/Student Support	\$15,326,453	\$12,081,790	\$0	\$16,732,507	\$12,749,963	\$0	\$2,074,228
49	Non-Instructional Staff	\$6,262,431	\$2,795,916	\$0	\$2,993,392	\$0	\$0	\$460,990
50	Non-Instructional Services	\$3,204,590	\$3,378,766	\$0	\$3,675,006	\$0	\$0	\$453,660
51	Special Education -- Low Incidence - Subtotal	\$86,970,461	\$20,256,472	\$0	\$93,175,870	\$21,118,355	\$0	\$7,067,292
52	Special Education -- Gifted Education							
53	Teachers	\$2,617,258	\$0	\$0	\$2,022,464	\$0	\$0	(\$594,794)
54	Principals	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55	Other Instructional Staff/Student Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0
56	Non-Instructional Staff	\$0	\$0	\$0	\$0	\$0	\$0	\$0
57	Non-Instructional Services	\$2,792,154	\$1,066,874	\$0	\$2,226,590	\$1,066,874	\$0	(\$565,574)
58	Special Education -- Gifted Education - Subtotal	\$5,409,412	\$1,066,874	\$0	\$4,249,044	\$1,066,874	\$0	(\$1,160,368)
59	Special Education							
60	Teachers	\$171,939,110	\$5,260,510	\$0	\$168,178,668	\$59,533	\$0	(\$10,961,419)
61	Principals	\$321,561	\$0	\$0	\$346,072	\$0	\$0	\$24,511
62	Other Instructional Staff/Student Support	\$18,023,799	\$12,081,790	\$0	\$19,517,210	\$12,749,963	\$0	\$2,161,585
63	Non-Instructional Staff	\$6,594,798	\$2,795,916	\$0	\$6,867,960	\$2,993,392	\$0	\$470,638
64	Non-Instructional Services	\$9,599,998	\$13,949,540	\$0	\$13,945,774	\$0	\$0	(\$7,764,003)
65	Special Education -- Subtotal	\$206,479,266	\$34,087,756	\$0	\$194,749,671	\$29,748,662	\$0	(\$16,068,689)



## SCHOOL DISTRICT OF PHILADELPHIA

## Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

		A				B				C				D				E				F				G				H				I			
		OPERATING		GRANTS		FOOD		TOTAL		OPERATING		GRANTS		FOOD		TOTAL		OPERATING		GRANTS		FOOD		TOTAL		OPERATING		GRANTS		FOOD		TOTAL		DIFFERENCE FY12 to FY11		%	
I. DISTRICT-OPERATED SCHOOLS																																					
56	Promise Academics																																				
56	Teachers																																				
56	Principals																																				
57	Other Instructional Staff/Student Support																																				
58	Non-Instructional Staff																																				
59	Non-Instructional Services																																				
60	Non-Instructional Services - Subtotal																																				
61	Promise Academics - Subtotal																																				
61	Early Childhood Programs																																				
61	Teachers																																				
62	Principals																																				
62	Other Instructional Staff/Student Support																																				
63	Non-Instructional Staff																																				
64	Non-Instructional Services																																				
65	Non-Instructional Services - Subtotal																																				
66	Early Childhood Programs - Subtotal																																				
67	Extended Day/Summer Programs																																				
68	Summer Programs																																				
68	Extended Day/Summer Programs - Subtotal																																				
69	English Language Learners - Instruction																																				
70	Teachers																																				
71	Principals																																				
72	Other Instructional Staff/Student Support																																				
73	Non-Instructional Staff																																				
74	Non-Instructional Services																																				
75	Non-Instructional Services - Subtotal																																				
76	English Language Learners - Subtotal																																				
77	Per Diem Substitute Service																																				
77	Desegregation																																				
78	Teachers																																				
78	Principals																																				
78	Other Instructional Staff/Student Support																																				
79	Non-Instructional Staff																																				
80	Non-Instructional Services																																				
81	Non-Instructional Services - Subtotal																																				
82	Desegregation - Subtotal																																				

[illegible]

**SCHOOL DISTRICT OF PHILADELPHIA**  
**Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate**

\$ 000

\$ 000									
FISCAL YEAR 2010-11			FISCAL YEAR 2011-12			TOTAL			
OPERATING	GRANTS	FOOD	OPERATING	GRANTS	FOOD	OPERATING	GRANTS	FOOD	TOTAL
<b>II. NON-DISTRICT OPERATED SCHOOLS</b>									
147 Renaissance Charters	\$41,649,000	\$0	\$0	\$41,649,000	\$0	\$107,107,983	\$0	\$0	\$107,107,983
148 All Other Philadelphia Charters	\$341,240,994	\$10,099,467	\$0	\$351,340,461	\$0	\$383,625,864	\$0	\$0	\$383,625,864
149 Non-Philadelphia Charter - Cyber Schools	\$32,903,703	\$0	\$0	\$32,903,703	\$0	\$38,836,554	\$0	\$0	\$38,836,554
150 Charter Schools - Transportation	\$15,206,616	\$0	\$0	\$15,206,616	\$0	\$14,292,475	\$0	\$0	\$14,292,475
151 Charter Schools -- Subtotal	\$431,000,313	\$10,099,467	\$0	\$441,099,780	\$0	\$543,862,876	\$0	\$0	\$543,862,876
152 Education of Students in Institutional Placements	\$65,166,289	\$0	\$0	\$65,166,289	\$0	\$64,973,662	\$0	\$0	\$64,973,662
153 Services to Non-Public Schools -- Regular									
154 Teachers	\$114,109	\$12,640,415	\$0	\$12,754,524	\$0	\$11,072,935	\$0	\$0	\$11,072,935
155 Principals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
156 Other Instructional Staff/Student Support	\$475,860	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
157 Non-Instructional Staff	\$15,263,851	\$1,020,476	\$0	\$1,496,336	\$0	\$1,517,775	\$0	\$0	\$1,517,775
158 Non-Personnel Services	\$175,860	\$7,958,378	\$0	\$23,222,229	\$0	\$18,487,717	\$0	\$0	\$18,487,717
159 Services to Non-Public Schools -- Regular - Subtotal	\$15,853,819	\$21,619,270	\$0	\$37,473,089	\$0	\$31,078,427	\$0	\$0	\$31,078,427
160 Services to Non-Public Schools -- Transportation	\$20,186,672	\$0	\$0	\$20,186,672	\$0	\$8,767,510	\$0	\$0	\$8,767,510
161 Services to Non-Public Schls (PA Act 89) -- Subtotal	\$36,040,491	\$21,619,270	\$0	\$57,659,761	\$0	\$39,845,937	\$0	\$0	\$39,845,937
162 NON-DISTRICT OPERATED SCHOOLS - TOTAL	\$532,207,093	\$31,718,737	\$0	\$563,925,830	\$0	\$648,682,475	\$0	\$0	\$648,682,475
163 Percent of Total Budget	22%	5%	0%	18%	0%	27%	4%	0%	22%
<b>SUMMARY - SCHOOL BUDGETS</b>									
164 District Operated Schools - Instructional	\$1,098,402,436	\$451,881,251	\$0	\$1,550,283,688	\$0	\$1,378,349,726	\$0	\$0	\$1,378,349,726
165 District Operated Schools - Instructional Support	\$37,610,681	\$74,789,314	\$0	\$112,399,995	\$0	\$79,795,204	\$0	\$0	\$79,795,204
166 District Operated Schools - Pupil Support	\$98,868,718	\$42,972,312	\$0	\$141,841,128	\$0	\$116,496,492	\$0	\$0	\$116,496,492
167 District Operated Schools - Operational Support	\$573,061,368	\$3,896,074	\$79,168,651	\$656,126,092	\$0	\$621,310,922	\$81,391,316	\$0	\$621,310,922
168 District Operated Schools -- Subtotal	\$1,807,943,203	\$573,538,951	\$79,168,651	\$2,460,650,903	\$0	\$2,195,952,344	\$81,391,316	\$0	\$2,195,952,344
169 Non-District Operated Schools	\$532,207,093	\$31,718,737	\$0	\$563,925,830	\$0	\$648,682,475	\$0	\$0	\$648,682,475
170 School Budgets - Total	\$2,340,150,297	\$605,257,688	\$79,168,651	\$3,024,576,733	\$0	\$2,844,634,819	\$81,391,316	\$0	\$2,844,634,819
171 Percent of Total Budget	96%	88%	96%	95%	0%	96%	87%	96%	97%
<b>III. ADMINISTRATIVE SUPPORT OPERATIONS</b>									
<b>III.a. ASSOCIATE SUPERINTENDENT FOR ACADEMICS</b>									
172 Associate Superintendent for Academics Office	\$174,761	\$272,137	\$0	\$446,899	\$0	\$334,892	\$0	\$0	\$334,892
173 Specialized Services Office	\$786,669	\$23,657,988	\$0	\$24,444,657	\$0	\$20,410,530	\$0	\$0	\$20,410,530
174 Early Childhood Office	\$176,235	\$15,338,529	\$0	\$15,514,764	\$0	\$15,407,806	\$0	\$0	\$15,407,806
175 Accountability Office	\$3,322,920	\$9,191,987	\$0	\$12,514,916	\$0	\$10,685,630	\$0	\$0	\$10,685,630
176 Secondary School Reform Office	\$3,339,984	\$8,461,678	\$0	\$11,801,663	\$0	\$12,329,052	\$0	\$0	\$12,329,052
177 Teaching & Learning Office	\$5,398,705	\$2,698,987	\$0	\$7,988,692	\$0	\$8,328,532	\$0	\$0	\$8,328,532
178 Multilingual Curriculum & Programs Office	\$1,267,596	\$1,830,092	\$0	\$3,097,688	\$0	\$2,798,197	\$0	\$0	\$2,798,197
179 Professional Development Office	\$632,018	\$2,398,086	\$0	\$3,030,104	\$0	\$647,360	\$0	\$0	\$647,360
180 Empowerment Schools Support Office	\$432,061	\$0	\$0	\$432,061	\$0	\$1,077,691	\$0	\$0	\$1,077,691
181 Academic Counseling and Standards Office	\$477,951	\$0	\$0	\$477,951	\$0	\$490,462	\$0	\$0	\$490,462
182 FY2011-12 Budget Reductions - Assoc. Sup. for Academics	\$16,008,900	\$63,740,495	\$0	\$79,749,395	\$0	(\$10,950,115)	\$0	\$0	(\$10,950,115)
183 ASSOCIATE SUPERINTENDENT FOR ACADEMICS - TOTAL									
184 Percent of Total Budget	1%	9%	0%	2%	0%	0%	11%	0%	2%
<b>III.b. ASSOCIATE SUPERINTENDENT FOR ACADEMIC SUPPORT</b>									
185 Associate Superintendent for Academic Support Office	\$823,217	\$71,298	\$0	\$894,514	\$0	\$1,010,371	\$0	\$0	\$1,010,371
186 Student Discipline, Hearings & Expulsions Office	\$2,371,278	\$351,729	\$0	\$2,723,007	\$0	\$2,825,757	\$0	\$0	\$2,825,757
187 Community Engagement/Faith Based Partnerships Office	\$1,904,769	\$35,140	\$0	\$2,056,908	\$0	\$2,038,755	\$0	\$0	\$2,038,755
188 Attendance and Truancy Office	\$2,070,524	\$60,417	\$0	\$2,130,941	\$0	\$1,671,605	\$0	\$0	\$1,671,605
189 Student Support Services Office	\$1,444,177	\$0	\$0	\$1,504,593	\$0	\$1,671,605	\$0	\$0	\$1,671,605
190 Non-Instructional Schools Support Office	\$514,764	\$0	\$0	\$514,764	\$0	\$574,745	\$0	\$0	\$574,745
191 FY2011-12 Budget Reductions - Assoc. Sup. for Academic Support	\$9,128,727	\$518,584	\$0	\$9,647,311	\$0	(\$3,688,943)	\$0	\$0	(\$3,688,943)
192 ASSOCIATE SUPERINTENDENT FOR ACADEMIC SUPPORT - TOTAL									
193 Percent of Total Budget	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>DIFFERENCE FY12 to FY11</b>									
TOTAL						%			
\$65,458,983						157.2%			
\$32,285,403						9.2%			
\$5,932,851						18.0%			
(\$914,141)						-6.0%			
\$102,763,096						23.3%			
(\$192,627)						-0.3%			
(\$1,681,589)						-13.2%			
\$0						N/A			
\$0						N/A			
\$21,439						1.4%			
(\$4,734,512)						-20.4%			
(\$6,394,662.17)						-17.1%			
(\$17,813,824)						-30.9%			
\$84,756,645						15.0%			
(\$171,933,962)						-11.1%			
(\$32,604,791)						-29.0%			
(\$34,815,177)						-5.3%			
(\$264,698,559)						-10.8%			
\$84,756,645						15.0%			
(\$179,941,914)						-6.9%			

39

**SCHOOL DISTRICT OF PHILADELPHIA**  
**Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate**

\$ 000

	\$ 000																I	
	A		B		C		D		E		F		G		H			
	OPERATING	TOTAL	GRANTS	FOOD	GRANTS	FOOD	GRANTS	FOOD	OPERATING	TOTAL	GRANTS	FOOD	GRANTS	FOOD	OPERATING	TOTAL		
IV. DISTRICT-WIDE GAP CLOSING MEASURES																		
IV.a. DISTRICT-WIDE GAP CLOSING MEASURES																		
16	Early Retirement		\$0	\$0	\$0	\$0	\$0	\$0	(\$8,000,000)	(\$8,000,000)	\$0	\$0	\$0	\$0	(\$8,000,000)	(\$8,000,000)	N/A	
17	Efficiency Measures		\$0	\$0	\$0	\$0	\$0	\$0	(\$20,000,000)	(\$20,000,000)	\$0	\$0	\$0	\$0	(\$20,000,000)	(\$20,000,000)	N/A	
18	Charter School Budget Relief		\$0	\$0	\$0	\$0	\$0	\$0	(\$57,000,000)	(\$57,000,000)	\$0	\$0	\$0	\$0	(\$57,000,000)	(\$57,000,000)	N/A	
19	Collective Bargaining Re-Opener		\$0	\$0	\$0	\$0	\$0	\$0	(\$75,041,938)	(\$75,041,938)	\$0	\$0	\$0	\$0	(\$75,041,938)	(\$75,041,938)	N/A	
20	Facilities Master Plan		\$0	\$0	\$0	\$0	\$0	\$0	(\$10,000,000)	(\$10,000,000)	\$0	\$0	\$0	\$0	(\$10,000,000)	(\$10,000,000)	N/A	
21	DISTRICT-WIDE GAP CLOSING MEASURES - TOTAL		\$0	\$0	\$0	\$0	\$0	\$0	(\$170,041,938)	(\$170,041,938)	\$0	\$0	\$0	\$0	(\$170,041,938)	(\$170,041,938)	N/A	
32	Percent of Total Budget		0%	0%	0%	0%	0%	0%	-7%	-6%	0%	0%	0%	0%	-6%	-6%		
TOTAL																		
33	School Budgets		\$2,340,150,297	\$605,257,688	\$79,168,651	\$3,024,576,635	\$3,024,576,635	\$2,328,897,334	\$434,346,169	\$81,391,316	\$2,844,634,819	\$2,844,634,819	\$2,844,634,819	\$2,844,634,819	(\$179,941,816)	(\$179,941,816)	-6.9%	
34	School Budgets - Percent of Total		96%	88%	95%	95%	95%	99%	87%	96%	97%	96%	97%	97%	97%	97%		
35	Administrative Support Operations		\$87,167,210	\$84,010,266	\$4,489,508	\$175,666,984	\$175,666,984	\$27,371,560	\$67,112,261	\$3,106,449	\$97,590,270	\$97,590,270	\$97,590,270	\$97,590,270	(\$78,076,714)	(\$78,076,714)	-44.4%	
36	Administrative Support Operations - Percent of Total		4%	12%	5%	5%	5%	1%	13%	4%	3%	4%	3%	3%	3%	3%		
37	District-Wide Gap Closing Measures		\$0	\$0	\$0	\$0	\$0	(\$170,041,938)	\$0	\$0	(\$170,041,938)	(\$170,041,938)	(\$170,041,938)	(\$170,041,938)	(\$170,041,938)	(\$170,041,938)	N/A	
38	District-Wide Gap Closing Measures - Percent of Total		0%	0%	0%	0%	0%	-7%	0%	0%	-6%	0%	-6%	-6%	-6%	-6%		
39	TOTAL		\$2,427,317,507	\$689,267,955	\$83,658,168	\$3,200,243,620	\$3,200,243,620	\$2,186,226,956	\$501,458,430	\$84,497,765	\$2,772,183,151	\$2,772,183,151	\$2,772,183,151	\$2,772,183,151	(\$428,060,468)	(\$428,060,468)	-13.4%	



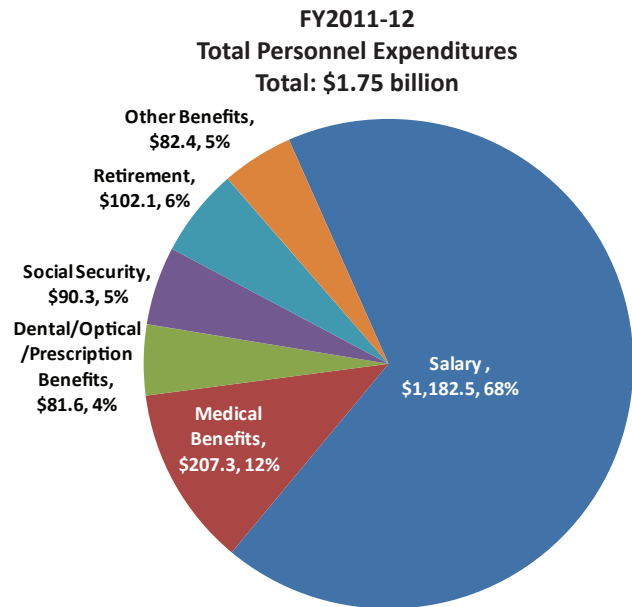
## THE DISTRICT'S WORKFORCE

To address the unprecedented budget gap the School District faces in FY2011-12, the District must reduce its costs. As a labor intensive organization, cost reduction necessarily requires a reduction in the District's complement. Based on the current FY2011-12 SDP Budget, the School District workforce is projected to total slightly under 20,000, the School District's workforce is comprised of approximately 20,000 employees, a 16% 3,820 position reduction compared to FY2010-11.

At 9,500, teachers are projected to comprise 48% of the workforce, with an additional 1,890 positions (over 9% of the complement) providing support for teachers in the classroom. Personnel costs constitute the majority of the District's estimated total expenditures. In FY2011-12, wages and benefits will comprise 63% of the District's estimated total expenditures of \$2.7 billion in FY2011-12.

Unless corrective actions are taken, compensation for School District employees is expected to increase by over \$87 million next year as a result of:

- A 3 % across-the-board wage increase for unionized workers currently scheduled to go into effect on January 1, 2012
- Automatic year-over-year step increases in pay for teachers, principals and certain support personnel
- Higher projected FY2011-12 costs for the School District's employee medical program
- Increases in District costs for Employee Dental/ Optical/ Prescription benefits, primarily in the form of negotiated increases in SDP payments to union-run health and welfare funds
- Increased contributions to employees' state pension fund (PSERS), based on increased state-mandated rates.



### Re-Opening Collective Bargaining Agreements

The School District has approached representatives of its collective bargaining units seeking to re-open current collective bargaining agreements prior to their currently scheduled termination date of June 2012.

The School District believes that renegotiation of contract terms to lower the District's per employee costs is necessary to create a sustainable cost structure for the District in the face of the dramatic decreases expected next year in the District's revenue. The alternative to these changes will be less desirable for the District's employees and the children and families we serve – even greater levels of complement reduction, less favorable working conditions, and greater obstacles to student success.

Position Type	FTEs FY2008-09 Amended	FTEs FY2009-10 Amended	FTEs FY2010-11 Estimated Actual	FTEs FY2011-12 Projected	Diff FY12 vs. FY11
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 Engineers	1,073	1,494	1,437	1,062	-375
Facility Maintenance	524	353	378	230	-148
Counselors/Student Adv./ Soc. Serv.	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 - ALL POSITIONS ABOVE</b>	<b>18,937</b>	<b>20,761</b>	<b>20,588</b>	<b>17,397</b>	<b>-3,191</b>
<b>ALL OTHER POSITIONS</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>

Note: School-budgeted FTEs for FY12 are tentative and subject to change as school principals are still in the process of completing their school budgets.

## THE DISTRICT'S WORKFORCE AND NON-PERSONNEL EXPENDITURES

Governor Corbett in his March 8, 2011 budget address called on all PA school districts to negotiate a one-year pay freeze for their employees next year. Many Pennsylvania districts have already obtained agreements to implement freezes. Nationally, many major urban districts have also negotiated wage and/or step freezes, some covering multiple years, including: Los Angeles, Cleveland, Dade County, Florida; Fairfax, Virginia, Gwinnett County Georgia; Detroit, and Montgomery County, Maryland.

In addition, several large districts around the country have recently implemented furlough days for teachers, including: Cleveland, Los Angeles Unified, Hawaii Schools, and Gwinnett County.

The School District of Philadelphia is unusual in requiring no employee contribution to the cost of medical benefits. Nationally, employee contributions to health care premium costs currently average 19- 21% for single employees and 28- 31% for families depending on plan type (Kaiser Family Foundation, 2010). In a sample of seven large districts in the Philadelphia suburbs, all required employee contributions to medical premiums and six out of seven have shifted a greater percentage of premium costs to employees since 2009.

### NON-PERSONNEL EXPENDITURES

In FY2011-12 the SDP's non-personnel costs (for contracts, materials, supplies and equipment) will also undergo significant reductions as part of the District's gap closing plan. Principals are currently finalizing school budgets and administrators are making final decisions on efficiencies, departmental modifications, and other details. Until this work is completed, final numbers will not be available regarding the details of the reductions being to SDP non-personnel expenditures in FY2011-12.

In the meantime, the tables below reflect the FY2010-11 base from which these reductions will occur.

In FY2010-11, Contracted Services constituted 12% of the School District's Operating Budget and 16% of its Categorical Grants Budget. Of those amounts, 95% of the Operating funds and 61% of the Categorical funds spent on contracts were spent in schools.

Contracted Services are 12% of the FY11 Operating Budget and 16% of the FY11 Categorical Budget

	FY2010-11 Operating Budget	% of Total Oper. Budget	FY2010-11 Categorical Budget	% of Total Cat. Budget
Contracted Services	\$287,937,451	12%	\$105,970,109	16%
All Other	\$2,154,103,786	88%	\$571,228,509	84%
<b>TOTAL - FY2010-11 Budget</b>	<b>\$2,442,041,237</b>	<b>100%</b>	<b>\$677,198,618</b>	<b>100%</b>

95% of the Operating Budget and 61% of the Categorical Budget for Contracts is spent in Schools

	FY2010-11 Oper. Contr. Svs	% of Total Oper. Contr. Svs	FY2010-11 Cat. Contr. Svs	% of Total Cat. Contr. Svs
School Budgets (incl. Non-District Schools, excl. Charters)	\$273,802,479	95%	\$64,841,631	61%
Administrative Support Operations	\$14,134,972	5%	\$41,128,478	39%
<b>TOTAL - Contracted</b>	<b>\$287,937,451</b>		<b>\$105,970,109</b>	<b>100%</b>

75% of the District's Operating Budget Contracted Services were budgeted this year in six categories, all in School areas:

- Education of Students in Placement \$65 million – 23%
- Alternative Education \$40 million – 14%
- Services to Non-Public School Students \$39 million – 14%
- Bus Transportation – SDP Operated Schools \$32 million – 11%
- Facilities \$23 million – 8%
- Utilities \$16 million – 5%

Materials, Supplies and Equipment comprise just 4% of the District's Operating Budget. Excluding utilities, the number is 1%.

	Materials/Supplies	FY11 Curr Bgt Op Funds	% of Tot. FY11 MSE Op Bgt
1 Utilities		\$61,602,425	65%
2 Facilities - Custodial/Maintenance		\$6,390,778	7%
3 Transportation		\$4,029,420	4%
4 Elementary/K-8		\$4,403,993	5%
5 Special Education		\$2,971,283	3%
6 High Schools		\$3,184,012	3%
7 English Language Learners		\$2,233,866	2%
8 Deseg Funds - School Budgets		\$1,750,751	2%
9 Early Childhood		\$192,745	0%
10 Academic Divisions (incl. Promise Academies)		\$846,874	1%
11 Middle Schools		\$891,273	1%
12 Postage		\$754,257	1%
13 Associate Superintendent for Academics		\$353,879	0%
14 Associate Superintendent for Academic Support		\$412,681	0%
15 Facilities - Space Rental/Property Mgmt		\$235,640	0%
16 School Safety		\$293,570	0%
17 Athletics		\$332,819	0%
18 All Other		\$3,921,631	4%
19 <b>Total Materials/Supplies</b>		<b>\$94,801,897</b>	<b>100%</b>
20 Central Offices (some included in all other)		\$1,003,938	1%

## SCHOOL DISTRICT OF PHILADELPHIA

## Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

## FULL TIME POSITIONS BY AGENCY page 1 of 6

\$ 000

## I. DISTRICT-OPERATED SCHOOLS

I.a. District Operated Schools - Instructional									
Elementary / K-8 Education									
1	Teachers	3,483	1,379	-	4,862	3,575	888	-	4,463
2	Principals	243	-	-	243	242	-	-	242
3	Other Instructional Staff/Student Support	322	655	-	977	126	650	-	776
4	Non Instructional Staff	1,184	104	-	1,287	897	126	-	1,023
5	Non-Personnel Services	-	-	-	-	-	-	-	-
6	Elementary / K-8 Education - Subtotal	5,231	2,138	-	7,368	4,840	1,664	-	6,504
Middle School Education									
7	Teachers	648	66	-	714	574	62	-	635
8	Principals	59	-	-	59	43	-	-	43
9	Other Instructional Staff/Student Support	31	71	-	102	71	18	-	76
10	Non Instructional Staff	211	19	-	230	53	-	-	71
11	Non-Personnel Services	-	-	-	-	-	-	-	-
12	Middle School Education - Subtotal	949	156	-	1,105	674	151	-	825
Secondary Education									
13	Teachers	1,865	304	-	2,169	1,481	264	-	1,745
14	Principals	132	10	-	142	128	10	-	138
15	Other Instructional Staff/Student Support	104	103	-	207	105	105	-	210
16	Non Instructional Staff	540	130	-	670	258	130	-	388
17	Non-Personnel Services	-	-	-	-	-	-	-	-
18	Secondary Education - Subtotal	2,661	547	-	3,208	1,876	509	-	2,384
Secondary Education - Career and Technical									
19	Teachers	360	-	-	360	311	-	-	311
20	Principals	17	-	-	17	7	-	-	7
21	Other Instructional Staff/Student Support	11	-	-	11	7	-	-	7
22	Non Instructional Staff	111	8	-	119	41	8	-	50
23	Non-Personnel Services	-	-	-	-	-	-	-	-
24	Secondary Education - CTE - Subtotal	499	8	-	507	367	8	-	375
Elem/Middle/HS/CTE Education - Total									
25	Teachers	6,376	1,749	-	8,125	5,941	1,213	-	7,154
26	Principals	451	10	-	461	420	10	-	430
27	Other Instructional Staff/Student Support	468	829	-	1,297	147	826	-	973
28	Non Instructional Staff	2,045	261	-	2,306	1,249	282	-	1,531
29	Non-Personnel Services	-	-	-	-	-	-	-	-
30	Elem/Middle/HS/CTE Education - Total	9,340	2,849	-	12,189	7,756	2,331	-	10,088
Special Ed -- High Incidence. (Learning/Emo Support)									
31	Teachers	1,186	45	-	1,231	1,007	-	-	1,007
32	Principals	-	-	-	-	-	-	-	-
33	Other Instructional Staff/Student Support	139	-	-	139	136	-	-	136
34	Non Instructional Staff	31	-	-	31	31	-	-	31
35	Non-Personnel Services	-	-	-	-	-	-	-	-
36	Special Ed -- High Incidence - Subtotal	1,356	45	-	1,401	1,174	-	-	1,174
Special Education -- Low Incidence									
37	Teachers	613	-	-	613	613	-	-	613
38	Principals	2	-	-	2	2	-	-	2
39	Other Instructional Staff/Student Support	425	206	-	631	425	206	-	631
40	Non Instructional Staff	79	23	-	102	79	23	-	102
41	Non-Personnel Services	-	-	-	-	-	-	-	-
42	Special Education -- Low Incidence - Subtotal	1,119	229	-	1,348	1,119	229	-	1,348
Special Education -- Gifted Education									
43	Teachers	20	-	-	20	12	-	-	12
44	Principals	-	-	-	-	-	-	-	-
45	Other Instructional Staff/Student Support	-	-	-	-	-	-	-	-
46	Non Instructional Staff	-	-	-	-	-	-	-	-
47	Non-Personnel Services	-	-	-	-	-	-	-	-
48	Special Education -- Gifted Education - Subtotal	20	-	-	20	12	-	-	12
Special Education									
49	Teachers	1,819	45	-	1,864	1,632	-	-	1,632
50	Principals	2	-	-	2	2	-	-	2
51	Other Instructional Staff/Student Support	564	206	-	770	561	206	-	767
52	Non Instructional Staff	110	23	-	133	110	23	-	133
53	Non-Personnel Services	-	-	-	-	-	-	-	-
54	Special Education -- Subtotal	2,495	274	-	2,769	2,305	229	-	2,534

SCHOOL DISTRICT OF PHILADELPHIA  
Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

		FISCAL YEAR 2010-11		FISCAL YEAR 2011-12		FISCAL YEAR 2012-13		DIFFERENCE	
								FY12 to FY11	%
		OPERATING FTE	GRANTS FTE	FOOD FTE	TOTAL FTE	OPERATING FTE	GRANTS FTE	FOOD FTE	TOTAL FTE
I. DISTRICT-OPERATED SCHOOLS									
	<u>Promise Academies</u>								
	Teachers	-	-	-	-	-	-	-	-
	Principals	-	-	-	-	-	-	-	-
	Other Instructional Staff/Student Support	-	-	-	-	-	-	-	-
	Non Instructional Staff	-	-	-	-	-	-	-	-
	Non-Personnel Services	-	-	-	-	-	-	-	-
	Promise Academies - Subtotal	-	-	-	-	-	-	-	-
	<u>Early Childhood Programs</u>								
	Teachers	4	334	-	338	-	293	-	338
	Principals	-	-	-	-	-	-	-	-
	Other Instructional Staff/Student Support	34	335	-	369	-	335	-	369
	Non Instructional Staff	52	196	-	248	-	190	-	241
	Non-Personnel Services	-	-	-	-	-	-	-	-
	Early Childhood Programs - Subtotal	90	865	-	955	-	818	-	948
	Extended Day/Summer Programs	-	-	-	-	-	-	-	-
	Extended Day Programs	-	2	-	2	-	1	-	1
	Summer Programs	-	-	-	-	-	-	-	-
	Extended Day/Summer Programs - Subtotal	-	2	-	2	-	1	-	1
<u>English Language Learners - Instruction</u>									
Teachers	337	-	-	337	-	298	-	298	
Principals	-	-	-	-	-	-	-	-	
Other Instructional Staff/Student Support	-	-	-	-	-	-	-	-	
Non Instructional Staff	-	-	-	-	-	-	-	-	
Non-Personnel Services	-	-	-	-	-	-	-	-	
English Language Learners - Subtotal	337	-	-	337	-	298	-	298	
Per Diem Substitute Service	-	-	-	-	-	-	-	-	
<u>Desegregation</u>									
Teachers	37	-	-	37	-	25	-	25	
Principals	4	-	-	4	-	-	-	-	
Other Instructional Staff/Student Support	78	-	-	78	-	78	-	78	
Non Instructional Staff	179	-	-	179	-	132	-	132	
Non-Personnel Services	-	-	-	-	-	-	-	-	
Desegregation - Subtotal	299	-	-	299	-	235	-	235	
<u>Itinerant Instrumental Music</u>									
Teachers	75	-	-	75	-	68	-	68	
Principals	-	-	-	-	-	-	-	-	
Other Instructional Staff/Student Support	-	-	-	-	-	-	-	-	
Non Instructional Staff	2	-	-	2	-	1	-	1	
Non-Personnel Services	-	-	-	-	-	-	-	-	
Itinerant Instrumental Music - Subtotal	77	-	-	77	-	69	-	69	
<u>Alternative Education</u>									
Alternative Education - Transition Programs	-	14	-	14	-	44	14	58	
Alternative Education - Multiple Pathways	127	-	-	127	-	75	-	75	
Alternative Education - Subtotal	127	14	-	141	-	119	14	133	
DISTRICT OPERATED SCHOOLS - INSTRU - TOTAL	12,764	4,004	-	16,768	-	10,912	3,393	14,306	
Percent of Total Budget	71%	79%	0%	70%	73%	73%	80%	72%	



SCHOOL DISTRICT OF PHILADELPHIA

Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

\$ 000

\$ 000									
FISCAL YEAR 2010-11				FISCAL YEAR 2011-12					
OPERATING FTE	GRANTS FTE	FOOD FTE	TOTAL FTE	OPERATING FTE	GRANTS FTE	FOOD FTE	TOTAL FTE		
I. DISTRICT-OPERATED SCHOOLS									
I.b. District Operated Schools - Instructional Support									
Professional Development									
Partnership Schools/EMOs -- Additional Payments									
Teachers									
Principals									
Other Instructional Staff/Student Support									
Non Instructional Staff									
Non-Personnel Services									
Partnership Schools/EMOs-Subtotal									
Academic Division Offices									
Multiple Pathways to Graduation Office									
Educational Technology									
Alternative Education Academic Division									
Supplementary Principals and Assistant Principals									
Central Book Allotment									
Hospital/Homebound Instruction									
Teachers									
Principals									
Other Instructional Staff/Student Support									
Non Instructional Staff									
Non-Personnel Services									
Hospital/Homebound Instruction - Subtotal									
Other Instructional Support									
DISTRICT OPERATED SCHOOLS - INSTR SUPPORT									
Percent of Total Budget									
I.c. District Operated Schools - Pupil/Family Support									
Counselors and Related Positions									
School Health/Nurses									
Parent & Community Support									
Psychologists									
Athletics, Sports, Health, Safety and Physical Ed									
Librarians									
Extra Curricular Activities/Clubs									
English Language Learners - Support Services									
DISTRICT OPERATED SCHOOLS - PUPIL/FAMILY SUPPORT									
Percent of Total Budget									
I.d. District Operated Schools - Operational Support									
Debt Service (less Refunding)									
Facilities -- Custodians and Building Engineers									
Facilities -- Maintenance and Repair Services									
Facilities -- Subtotal									
Transportation -- Special Education Services									
Transportation -- Regular Services									
Transportation -- Bus Attendants - Special Ed									
Transportation -- Maintenance									
FY2011-12 Budget Reductions - Transportation									
Transportation -- Subtotal									
Utilities									
Food Service									
School Safety -- School Police									
School Safety -- Climate & Behav Support									
School Safety -- Mobile Security									
School Safety -- Subtotal									
Losses and Judgments									
Insurance and Self Insurance Reserves									
Postal Services									
DISTRICT OPERATED SCHOOLS - OP SUPPORT									
Percent of Total Budget									

SCHOOL DISTRICT OF PHILADELPHIA

Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

\$ '000

II. NON-DISTRICT OPERATED SCHOOLS										
147	Renaissance Charters	-	-	-	-	-	-	-	-	N/A
148	All Other Philadelphia Charters	-	-	-	-	-	-	-	-	N/A
149	Non-Philadelphia Charter - Cyber Schools	-	-	-	-	-	-	-	-	N/A
150	Charter Schools - Transportation	-	-	-	-	-	-	-	-	N/A
151	Charter Schools -- Subtotal	-	-	-	-	-	-	-	-	N/A
152	Education of Students in Institutional Placements	-	-	-	-	-	-	-	-	N/A
153	Services to Non-Public Schools -- Regular	1	98	-	99	1	87	-	88	(11)
154	Teachers	-	-	-	-	-	-	-	-	-11.1%
155	Principals	-	-	-	-	-	-	-	-	N/A
156	Other Instructional Staff/Student Support	-	-	-	-	-	-	-	-	N/A
157	Non Instructional Staff	5	22	-	27	5	22	-	27	0.0%
158	Non-Personnel Services	-	-	-	-	-	-	-	-	N/A
159	Services to Non-Public Schools -- Regular - Subtotal	6	120	-	126	6	109	-	115	(11)
160	Services to Non-Public Schools -- Transportation	-	-	-	-	-	-	-	-	N/A
161	Services to Non-Public Schls (PA Act 89) -- Subtotal	6	120	-	126	6	109	-	115	(11)
162	NON-DISTRICT OPERATED SCHOOLS -- TOTAL	6	120	-	126	6	109	-	115	(11)
163	Percent of Total Budget	0%	2%	0%	1%	0%	3%	0%	1%	-8.7%

<b>SUMMARY - SCHOOL BUDGETS</b>										
164 District Operated Schools - Instructional	12,764	4,004	-	16,768	10,912	3,393	-	14,306	(2,463)	-14.7%
165 District Operated Schools - Instructional Support	85	200	-	284	89	232	-	320	36	12.7%
166 District Operated Schools - Pupil Support	876	477	-	1,353	748	299	-	1,047	(306)	-22.6%
167 District Operated Schools - Operational Support	3,379	15	798	4,192	2,745	15	798	3,558	(634)	-15.1%
168 District Operated Schools - Subtotal	17,103	4,696	798	22,597	14,494	3,939	798	19,231	(3,367)	-14.9%
169 Non-District Operated Schools	6	120	-	126	6	109	-	115	(11)	-8.7%
170 School Budgets - Total	17,109	4,816	798	22,723	14,500	4,048	798	19,346	(3,378)	-14.9%
171 Percent of Total Budget	96%	95%	95%	96%	97%	95%	96%	97%		

III. ADMINISTRATIVE SUPPORT OPERATIONS

<b>III.a. ASSOCIATE SUPERINTENDENT FOR ACADEMICS</b>										
172 Associate Superintendent for Academics Office	15	3	-	18	12	5	-	17	2	13.3%
173 Specialized Services Office	6	77	-	83	6	77	-	83	-	0.0%
174 Early Childhood Office	2	12	-	14	2	13	-	15	1	7.1%
175 Accountability Office	27	14	-	41	27	7	-	34	(7)	-17.1%
176 Secondary School Reform Office	12	52	-	64	12	52	-	64	-	0.0%
177 Teaching & Learning Office	32	15	-	48	32	13	-	42	(6)	-12.6%
178 Multilingual Curriculum & Programs Office	11	8	-	19	11	8	-	19	-	N/A
179 Professional Development Office	5	19	-	24	5	-	-	5	(19)	-79.2%
180 Empowerment Schools Support Office	4	-	-	4	8	-	-	8	4	100.0%
181 Academic Counseling and Standards Office	4	-	-	4	4	-	-	4	-	0.0%
182 FY2011-12 Budget Reductions - Assoc. Sup. for Academics	-	-	-	-	(68)	-	-	(68)	(68)	N/A
183 ASSCOATE SUPERINTENDENT FOR ACADEMICS - TOTAL	115	200	-	315	48	175	-	223	(93)	-29.3%
184 Percent of Total Budget	1%	4%	0%	1%	0%	4%	0%	1%		

<b>III.b. ASSOCIATE SUPERINTENDENT FOR ACADEMIC SUPPORT</b>										
185 Associate Superintendent for Academic Support Office	6	1	-	7	5	1	-	6	-	0.0%
186 Student Discipline, Hearings & Expulsions Office	24	-	-	24	24	-	-	24	-	0.0%
187 Community Engagement/Faith Based Partnerships Office	13	1	-	14	13	1	-	14	-	0.0%
188 Attendance and Truancy Office	27	-	-	27	16	-	-	16	(11)	-40.7%
189 Student Support Services Office	14	1	-	15	14	-	-	14	(1)	-6.7%
190 Non-Instructional School Support Office	4	-	-	4	4	-	-	4	-	0.0%
191 FY2011-12 Budget Reductions - Assoc. Sup. for Academic Support	-	-	-	-	(29)	-	-	(29)	(29)	N/A
192 ASSOCIATE SUPERINTENDENT FOR ACADEMIC SUPPORT - TOTAL	87	3	-	90	48	2	-	50	(41)	-45.0%
193 Percent of Total Budget	0%	0%	0%	0%	0%	0%	0%	0%		

## SCHOOL DISTRICT OF PHILADELPHIA

## Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

\$ 000																		
		FISCAL YEAR 2010-11										FISCAL YEAR 2011-12						
		OPERATING FTE		GRANTS FTE		FOOD FTE		TOTAL FTE		OPERATING FTE		GRANTS FTE		FOOD FTE		TOTAL FTE		
III. ADMINSTRATIVE SUPPORT OPERATIONS																		
III.c. CHIEF FINANCIAL OFFICER																		
194	CFO Office	10	-	-	-	-	-	-	-	10	-	-	-	-	-	-	-	0.0%
195	Management and Budget Office	32	4	-	-	-	-	-	-	36	-	-	-	-	-	-	-	-41.7%
196	Comptroller Office	37	-	-	-	-	-	-	-	37	-	-	-	-	-	-	-	-16.2%
197	Special Finance Office	7	4	-	-	-	-	-	-	11	-	4	-	-	-	-	-	0.0%
198	Treasury Office	3	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	0.0%
199	System Administration Unit	5	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	0.0%
200	Risk Management Office	5	-	-	-	-	-	-	-	5	-	-	-	-	-	-	-	0.0%
201	FY2011-12 Budget Reductions - Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0%
202	CHIEF FINANCIAL OFFICER - TOTAL	99	8	-	-	-	-	-	-	107	-	-	-	-	-	-	-	N/A
203	Percent of Total Budget	1%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	-57.7%
III.d. SCHOOL OPERATIONS - ADMINISTRATIVE SUPPORT																		
204	School Operations Office	3	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-	0.0%
205	Procurement Office	16	-	-	-	-	-	-	-	16	-	-	-	-	-	-	-	0.0%
206	Facilities -- Administration	63	-	-	-	-	-	-	-	63	-	-	-	-	-	-	-	0.0%
207	Space Rental and Real Property Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
208	Food Service - Administration	-	-	-	-	38	38	-	-	-	-	-	38	-	-	-	-	0.0%
209	Transportation -- Administration	32	-	-	-	-	32	-	-	32	-	-	-	-	32	-	-	0.0%
210	Records Management/Warehouse/Distribution	22	-	-	-	-	22	-	-	22	-	-	-	-	17	-	17	-22.7%
211	Information Technology Office	73	-	-	-	-	73	-	-	73	-	-	-	-	73	-	-	0.0%
212	Grants Development and Compliance Office	18	18	-	-	-	36	-	-	36	-	7	-	-	7	-	-	-80.6%
213	FY2011-12 Budget Reductions - School Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	(80)	-	(80)	N/A
214	SCHOOL OPERATIONS - TOTAL	227	18	-	-	38	283	-	-	283	1%	7	19.00	0%	143	169	(114)	-40.3%
215	Percent of Total Budget	1%	0%	0%	5%	1%	1%	0%	0%	1%	1%	0%	2%	0%	1%	2%	0%	0.0%
III.e. OTHER ADMINISTRATIVE OFFICES																		
216	Office of the Superintendent/CEO	25	-	-	-	-	25	-	-	25	-	-	-	-	25	-	-	0.0%
217	Talent and Development Office	119	3	-	-	-	122	-	-	119	-	6	-	-	125	-	3	2.5%
218	General Counsel's Office	38	-	-	-	-	38	-	-	38	-	-	-	-	38	-	-	0.0%
219	Charter Schools/Partnership Schools/New Schools Office	18	5	-	-	-	23	-	-	18	5	-	-	-	23	-	-	0.0%
220	Communications Office	19	1	-	-	-	20	-	-	19	1	-	-	-	20	-	-	0.0%
221	School Safety Office	6	1	-	-	-	7	-	-	6	-	-	-	-	6	-	-	-14.3%
222	Associate Superintendent of Schools Office	5	-	-	-	-	5	-	-	5	-	-	-	-	5	-	-	0.0%
223	FY2011-12 Budget Reductions - Other Administrative Offices	-	-	-	-	-	-	-	-	-	-	-	-	-	(118)	-	(118)	N/A
224	OTHER ADMINISTRATIVE OFFICES - TOTAL	230	10	-	-	-	240	-	-	230	1%	12	0%	0%	112	124	(116)	-48.3%
225	Percent of Total Budget	1%	0%	0%	0%	0%	1%	0%	0%	1%	1%	0%	0%	0%	1%	0%	0%	0.0%
III.f. SCHOOL REFORM COMMISSION																		
226	School Reform Commission	8	-	-	-	-	8	-	-	8	-	-	-	-	8	-	-	0.0%
227	Auditing Services	8	-	-	-	-	8	-	-	8	-	-	-	-	8	-	-	0.0%
228	Inspector General's Office	8	-	-	-	-	8	-	-	8	-	-	-	-	8	-	-	0.0%
229	FY2011-12 Budget Reductions - School Reform Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	(10)	-	(10)	N/A
230	SCHOOL REFORM COMMISSION - TOTAL	24	-	-	-	-	24	-	-	24	0%	-	0%	0%	14	-	(10)	-41.7%
231	Percent of Total Budget	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%
III.g. OTHER EXPENSES																		
232	District Support for Property Tax Assessments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
233	City Controller - School District Support	8	-	-	-	-	8	-	-	-	-	-	-	-	-	-	(8)	-100.0%
234	Temporary Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
235	Undistributed Budgetary Adjustments/Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A
236	OTHER EXPENSES - TOTAL	8	-	-	-	-	8	-	-	8	0%	-	0%	0%	-	-	(8)	-100.0%
237	Percent of Total Budget	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.0%
SUMMARY - ADMINISTRATIVE SUPPORT OPERATIONS																		
238	Associate Superintendent for Academics	115	200	-	-	-	316	-	-	115	-	175	-	-	48	-	(93)	-29.3%
239	Associate Superintendent for Academic Support	87	3	-	-	-	90	-	-	87	-	2	-	-	48	-	(41)	-45.0%
240	Chief Financial Officer	99	8	-	-	-	107	-	-	99	-	4	-	-	41	-	(62)	-57.7%
241	School Operations	\$227	18	38	-	-	283	-	-	\$227	-	7	19.00	-	143	-	(114)	-40.3%
242	Other Administrative Offices	230	10	-	-	-	240	-	-	230	-	12	-	-	112	-	(116)	-48.3%
243	School Reform Commission	24	-	-	-	-	24	-	-	24	-	-	-	-	14	-	(10)	-41.7%
244	Other Expenses	8	-	-	-	-	8	-	-	8	-	-	-	-	-	-	(8)	-100.0%
245	Administrative Support Operations - Total	790	240	38	-	-	1,068	-	-	790	405	201	19.00	0%	625	443	(443)	-41.5%

SCHOOL DISTRICT OF PHILADELPHIA  
Unified Budget FY2011-12 Proposed Expenditures Compared to FY2010-11 Estimate

\$ 000

				A			B			C			D			E			F			G			H			I	
				OPERATING FTE			GRANTS FTE			FOOD FTE			TOTAL FTE			OPERATING FTE			GRANTS FTE			FOOD FTE			TOTAL FTE			DIFFERENCE	
																												FY12 to FY11	
																										TOTAL	%		
IV. DISTRICT-WIDE GAP CLOSING MEASURES																													
IV.a. DISTRICT-WIDE GAP CLOSING MEASURES																													
246	Early Retirement			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
247	Efficiency Measures			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
248	Charter School Budget Relief			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
249	Collective Bargaining Re-Opener			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
250	Facilities Master Plan			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
251	DISTRICT-WIDE GAP CLOSING MEASURES - TOTAL			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
252	Percent of Total Budget			0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
TOTAL																													
253	School Budgets			17,109	4,816	798	95%	95%	96%	22,723	96%	96%	14,500	4,048	798.20	95%	95%	97%	19,346	97%	97%	19,346	97%	97%	(3,378)	-14.9%			
254	School Budgets - Percent of Total																												
255	Administrative Support Operations			790	240	38	5%	5%	4%	1,068	4%	4%	405	201	19.00	5%	5%	3%	625	3%	3%	625	3%	3%	(443)	-41.5%			
256	Administrative Support Operations - Percent of Total																												
257	District-Wide Gap Closing Measures			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	N/A		
258	District-Wide Gap Closing Measures - Percent of Total																												
259	TOTAL			17,900	5,056	836	95%	95%	96%	23,791	96%	96%	14,905	4,248	817.20	95%	95%	97%	19,971	97%	97%	19,971	97%	97%	(3,821)	-16.1%			

## RISKS AND UNCERTAINTIES

### **RISKS AND UNCERTAINTIES: HOW THINGS COULD GET WORSE**

The School District has built its FY2011-12 Budget based on the best information available at this time and reasonable assumptions and strategies. However, there are a number of risks and uncertainties that could have an adverse impact on the FY2011-12 budget. Among these major risks and uncertainties are the following:

**Collective Bargaining Re-Openers:** The School District's FY2011-12 budget gap closing plan relies on \$75 million in budgetary relief from re-opening the School District's existing collective bargaining agreements. If the School District is not able to realize these savings, then other spending cuts will be necessary.

**Charter School Budget Relief:** The School District's FY2011-12 budget gap closing plan anticipates that the School District will realize budgetary relief with respect to the growth in expenditures to support charter schools through the reinstatement of the PA Charter School Reimbursement, which the Governor has proposed to eliminate from the state budget, or through some other means. If the School District is not able to achieve budgetary relief with respect to its costs related to charter schools, then other spending cuts will be necessary.

**Unplanned Growth in Charter School Enrollment:** The FY2011-12 budget anticipates significant growth in Philadelphia charter school enrollment. In FY2011-12, the budget projects that 25% of public school students in Philadelphia will be attending charter schools, for a total of 51,000 students. The School District is committed to the expansion of academically successful, high performing charters, but recognizes that with so many students attending charter schools in Philadelphia, and so much movement of students between schools before and during each school year, coordinated enrollment planning for all public schools is essential if the School District hopes to avoid wasting resources on schools and teachers whose services will not to be needed. By contrast, some charter school operators and advocates believe that charter schools ought to be able to grow their enrollment without any coordination with the School District, and without any requirement that they first demonstrate that they are capable of running a successful academic program. If these views prevail, charter school enrollment could exceed the levels forecast in the proposed FY2011-12 SDP Budget. Since every additional 100 students attending charter schools costs the School District an additional \$1 million, dramatic over-budget expansion of charters could create a significant budget problem for the School District.

### **Deduction of Voucher Costs from SDP State Revenues:**

Discussion is actively underway in Harrisburg regarding the potential creation of a state voucher program that would permit public funding for students to attend non-sectarian and religiously-sponsored private schools. Current proposals anticipate that such a program would be funded by deducting the cost from the state aid that would otherwise go to the home school districts of voucher recipients. The negative impact on SDP could be severe. In year 1 of a voucher program, if 10% of eligible students received vouchers and the cost to fund those vouchers was taken out of the resident district's state funding, the cost to the SDP could be as much as \$40 million. As currently proposed, eligibility for the voucher program could expand dramatically in year 2, with a total potential cost as high as \$135 million.

If the School District's budget gap were to grow because of any of the factors described above, the SDP will be forced to make additional spending cuts elsewhere in the budget in order to close the resulting gap. Because the budget cuts already proposed in the FY2011-12 SDP Budget are so severe, additional cuts would be especially detrimental. In some cases, what would be required is the complete elimination of remaining funding for critical programs and initiatives, including the elimination of all remaining Music and Art programs, the elimination of all Athletics programs, increasing the sizes of Kindergarten through 3rd grade classes to the current contractual maximums or beyond, and reducing Kindergarten to a half-day program. Some examples of the types of additional cuts that would have to be considered are listed below:

Examples of Remaining Savings Options	Est. Savings (M\$)
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



### **ALTERNATIVES AND OPPORTUNITIES: HOW THINGS COULD GET BETTER**

The School District has built an FY2011-12 Consolidated Budget based on the best information that is available at this time. However, just as there are risks and uncertainties that could worsen the District's financial picture, there are also opportunities and alternatives that could improve the budget picture and make it possible to avoid or undo some of the painful cuts now included in the FY2011-12 SDP Budget.

If the District receives additional support from its sponsoring governments it will be able to maintain or restore a number of programs and resources that have been cut in the current version of the budget. The School District has also asked the City to assume \$11 million in costs that are currently in the FY2010-11 School District budget.

#### ***What Could Be Restored If FY2011-12 SDP Resources Are Increased?***

If FY2011-12 local and state SDP revenues were to be increased above currently forecast levels, the School District would be able to accomplish some or all of the following:

- 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 school-based social service Resource Specialists, who help students and families access a broad variety of supports.
- Transportation: Restore Distance Busing and Hazardous Routes for public and non-public students.
- Reduced Class Size: Fund additional teacher positions to reduce class sizes in grades K-3 or in grades 6, 8, and 9.
- Counselors: Fund additional School Counselor positions in order to restore lower FY10-11 student: counselor ratios

- Special Education: Fund additional Special Education teachers in order to restore lower FY10-11 student: teacher ratios
- Summer School: Increase the number of students and schools served by Summer School.
- Programs for English Language Learners: Increase the number of teachers for Bilingual Education and English as a Second Language, and restore funding for tutoring and supplies.
- Gifted and Talented Education: Restore funding for the education of Gifted and Talented students.
- Middle School Athletics: Restore interscholastic athletics programs for middle schools.
- School Psychologists: Increase the number of school Psychologists in order to reduce caseloads.
- Instrumental Music: Restore cuts in the Itinerant Instrumental Music Program.
- 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.

## The Capital Improvement Program

The School District's Capital Improvement Program is a set of projects that build, rebuild, replace and renovate the District's facilities. Capital projects must have a "useful life" of five years or more. Most capital projects last much longer. The School District's Capital Improvement Program includes the building of new schools and additions, renovation of existing facilities, and life-cycle replacements for critical building elements like roofs, boilers, and windows.

The School District funds the Capital Improvement Program by selling bonds, which are long-term District debt, usually repayable with interest over 30 years. The proceeds from the District's bond sales are the funding source for the Capital Improvement Program. The annual component of the Capital Improvement Program for the coming fiscal year is the Capital Budget. The Capital Budget is used to pay for professional services (i.e. architects, engineers, appraisers, contractors, attorneys), and for land, equipment, supplies and other items that support the District's capital projects.

The Debt Service Fund in the Operating Budget is used to make the District's payments of principal and interest associated with the District's bonds.

The largest percentage of the Capital Budget is spent on life-cycle replacements such as boilers, windows, HVAC systems, etc, and on building additions.

As recently as the 1990s, the District was spending as little as \$40 million annually on repair and reconstruction of its facilities, leading to a deferred maintenance backlog. Despite dramatic increases in the levels of investment in facilities over the past 7 years (see chart below), this backlog has still not been eliminated.

Investment increased dramatically in the past decade, and the District's average annual expenditures from 1989 to 2012 (proj.) has been \$139M a year. However, this increased expenditure level still remains well below the optimal level of spending the District needs to maintain its real estate portfolio:

- The total estimated value of the District's real property portfolio is currently \$7.4 Billion (343 buildings)
- With an average building age of 66 years, the Capital Program Office has estimated the District's optimal annual Life Cycle Replacement costs to be \$320M. This amount has been determined by counting the District's major building components such as roofs, windows, boilers, building envelopes, doors, chillers, elevators, cooling towers, fire alarms, automatic temperature control systems, etc.; evaluating their respective expected life cycles; estimating their respective current replacement costs; and summing up the costs per year per component.
- Life Cycle Replacement targets for the past several years were:
  - \$51.3M in FY2009-10
  - \$122M in FY2010-11
  - \$101M in FY2011-12 (proj.)

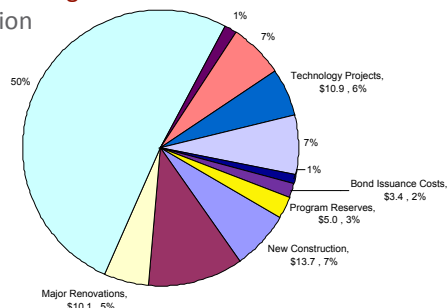
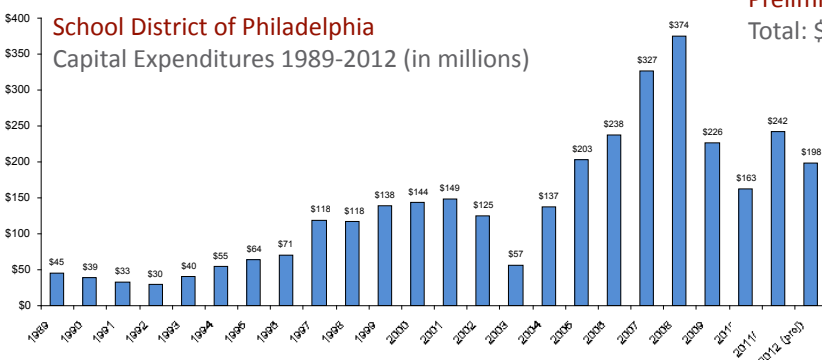
The proposed Capital Budget for FY2011-12 is \$197.7 million, and as of March 2011, will partially fund 143 active construction contracts at 64 locations including:

- Completion of the new West Philadelphia High School scheduled to open in September 2011.
- Additions and major renovation projects at:
  - Bridesburg
  - Kearny
  - Logan Elementary
  - Parkway at Sulzberger.
- \$101.1M in life-cycle replacements, comprised of:
  - \$9.6M for boiler replacements
  - \$15.3M for structural and façade restorations
  - \$13.1M for roof replacements
  - \$9.9M for window replacements
  - \$26.7M for electrical systems upgrades and replacements
- 38 design projects

## FY2011-12

### Preliminary Capital Budget

Total: \$197.7 million



## GLOSSARY

**ACCESS** - A Federal program that allows school districts to receive federal Medicaid funds for providing IEP-mandated health-related services to special education students who are Medicaid eligible.

**Adequate Yearly Progress (AYP)** – The measure of progress each year for a student, school, or school district that ensures that states/school districts/schools are meeting the requirements of the Federal No Child Left Behind Act of 2001 (NCLB) to adequately meet students’ academic needs. Targets used to measure AYP are participation in and performance on statewide assessments in subjects like math and English, and other indicators such as attendance and graduation rates.

**Alternative Schools** – Schools operated either by the District or by outside contract providers that offer a diverse array of school options for: students who have committed a serious or persistent violations of the Student Code of Conduct, and youth expelled from the District (Transition Schools); and students at-risk of dropping out of school or who have recently returned to school from prior dropout (Accelerated Schools)

**American Recovery and Reinvestment Act (ARRA)** – The 2009 federal economic stimulus bill, which included over \$2.6 billion for schools in Pennsylvania.

**Average Daily Membership (ADM)** – The aggregate days in membership for all students on active rolls divided by the number of days school is in session. ADM is considered the most accurate representation of the number of enrolled students and is a figure that is reported to the state annually.

**Basic Education Subsidy** – The major Pennsylvania education grant to school districts which provides state funding to all 501 PA school districts for general operating purposes.

**Charter Schools** – Independently operated public schools that are authorized to operate for a limited period of time (3 years or 5 years) in a particular school district by that district’s governing body, with subsequent options for multi-year renewals. Charter schools are funded by the school districts that authorize them, according to a funding formula set forth in state law.

**Education Management Organization (EMO)** – An outside organization, either non-profit or for-profit, that provides supervision and management support for certain Philadelphia public schools.

**Empowerment Schools** – Schools that have not achieved Adequate Yearly Progress (AYP) targets under the No Child Left Behind guidelines over a period of years, and therefore have been placed in Corrective Action Level II (CA-II) status, including those making progress in CA-II for the 2008-9 school year. Empowerment schools receive special instructional support, training, and resources from the School District.

**English Language Learners (ELL)** – Students who speak a language other than English and have not yet mastered English. Pennsylvania has its own standards defining English proficiency. Usually such students receive bilingual or English-as-a-Second-Language services.

**Individuals with Disabilities Education Act (IDEA)** – Primary federal funding stream for special education. In exchange for federal dollars, schools must guarantee that all children with disabilities receive a “free appropriate public education.”

**Individualized Education Plan (IEP)** – A plan written by the IEP team (including parents) that specifically describes the programs and services necessary for a “free appropriate public education” for a child who has been determined after evaluation to be eligible for special education services.

**No Child Left Behind (NCLB)** – The No Child Left Behind Act of 2001 is a reauthorization of the Elementary and Secondary Education Act, the central federal law in pre-collegiate education. The NCLB Act expanded the federal role in education and has become a focal point of education policy.  
**Pennsylvania System of School Assessment (PSSA)** – The Commonwealth’s state-wide system of annual assessment tests for core subjects such as reading and

math in grades 3-8 and grade 11. Renaissance Schools – Historically failing Philadelphia public schools that will be targeted beginning in 2009-10 for bold new educational approaches with proven track records of success. The District intends to seek both internal and external partners to manage these schools who have the potential to make dramatic improvements in levels of student achievement.

**School Improvement Schools** – A school (or school district) that has been designated as needing school improvement because it did not meet AYP targets for two or three consecutive years. Under NCLB, school choice and supplemental education services are to be offered to students in schools that are in School Improvement status.

**Renaissance Initiative Schools** - Historically low performing schools that have been slated for transformation under one of four models:

**Promise Academies (traditional)** - Historically lowest performing schools that, under Central Office Management, will turn around and achieve dramatic improvement in student achievement. **Promise Innovation** – Historically lowest performing schools that, under the guidance of their existing principal, are afforded the flexibility and autonomy of traditional Promise Academies.

**Promise Neighborhood Partnership** – Schools funded by federal funds under the Promise Neighborhood initiative, that provides cradle to career services to improve the educational achievement and healthy development of children in the target neighborhood.

**Renaissance Charters** – Schools run by an outside management team under charter agreement with the District to bring transformative change and make dramatic improvements in student achievement. These schools continue to run as the neighborhood public schools.

**School Reform Commission (SRC)** – The governing body of the School District of Philadelphia, established in December 2001 by the General Assembly of the Commonwealth of Pennsylvania to take the place of the former Philadelphia Board of Education. The SRC is unique among PA school boards, in that the Governor of Pennsylvania appoints three of its members, who must then be confirmed by the PA Senate, while the Mayor of Philadelphia appoints the remaining two members. The SRC replaced the Board of Education, which was a nine member governing body appointed by the Mayor of Philadelphia.

**Special Education – High Incidence** – School-based programs for students who are evaluated as meeting the “exceptionability” and “eligibility” criteria for Learning Support or Emotional Support. Students in High Incidence Programs are educated, to the extent possible, with regular education peers. This population of students is taught the General Education Curriculum but provided with accommodation strategies to meet their unique learning and/or behavioral needs in the Least Restrictive Environment.

**Special Education – Low Incidence** – School-based programs for students who are evaluated as requiring Autistic Support, Life Skills Support or Multiple Disabilities Support. These programs are named Low Incidence because there is a lower prevalence of their occurrence in the general education population. Students in Low Incidence Special Education Programs participate in an alternative curriculum developed to address their educational and functional needs.

**Special Education – Gifted** – Supplemental school-based programs for students exhibiting above average general and/or specific abilities, high levels of task commitment, and high levels of creativity.

**State Fiscal Stabilization Fund (SFSF)** – The State Fiscal Stabilization Fund (SFSF) program is a new one-time appropriation under the American Recovery and Reinvestment Act of 2009 (ARRA). SFSF fund monies are intended to enable states to avoid making cuts in their funding for education, and also to allow states to continue to implement programs intended to advance adequate and equitable school funding. Pennsylvania will be receiving \$1.56 billion under the SFSF program, which must be distributed to and spent by school districts and state-related universities in Pennsylvania by September 2011.



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