



THE SCHOOL DISTRICT OF
PHILADELPHIA

2018-2019 Budget Hearing

April 19, 2018

The School District of Philadelphia's Presentation of the SRC Budget Hearing represents forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, reduced governmental allocations, changes in economic conditions, mandates from other governments, and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this presentation, April 19, 2018. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Budget Priorities

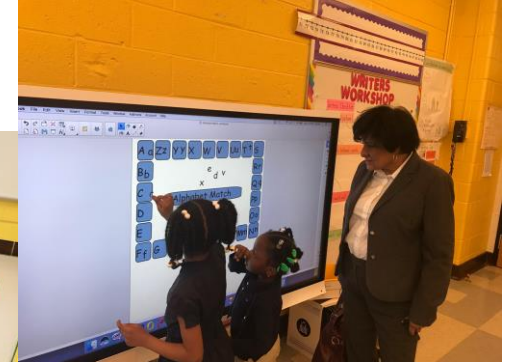
Expanding Our Literacy Investments for FY19 and Beyond

- Eliminating all 1st / 2nd grade split classrooms, resulting in reduced class size
- Expanding the early literacy work to grades 4 and 5
- Adding 30 ELL teachers to support students learning English
- Modernizing more than 160 classrooms in 11 schools for Phase II of our efforts to help improve literacy in PreK -3rd grade, new schools include:

Childs - Rhoads - Taggart - Steel - Webster

Hunter - Anna B. Day - Rowen - Farrell

J.H. Brown - McMichael



THE 9TH GRADE ACADEMY MODEL

ACADEMY STRUCTURE

Dedicated space for 9th grade classes

ACADEMY LEADERSHIP

Dedicated 9th grade academy assistant principal

ACADEMY STAFFING

Core academic teachers dedicated to 9th grade

ACADEMY SCHEDULING

Appropriate scheduling and learning cohorts designed to address remedial, at level, and advanced level learning needs

COMMON PLANNING

Teachers work as a professional learning community to build capacity for teaching and learning around best practices and data-driven instruction

FRESHMAN SEMINAR

Focused on 9th grade transition, successful matriculation through high school, post secondary planning, goal setting, and progress monitoring

FRESHMAN ORIENTATION

Familiarize students with school expectations, staff, and the culture of the school environment

Continuing Our Efforts to Ensure 100% of Students Graduate Ready for College or a Career

- Expanding 9th Grade Academies to 8 more high schools
 - Randolph
 - Mastbaum
 - Swenson
 - School of the Future
 - Dobbins
 - U School
 - The Linc
 - Building 21
- Increasing financial support for our lowest performing schools
- Increasing funding for credit recovery and grade improvement for high school students
- Creating new opportunities for students to access CTE programs
- Continuing to offer free PSAT/SAT testing to all High School students
- Adding gifted education opportunities

2017-2018 School District CTE By the Numbers

6,100

Students enrolled in Career and Technical Education programs

3,852

Certifications earned by CTE students qualifying them for post-graduation jobs

75%

CTE students graduate on-time (higher graduation rate than non-CTE students)

32

High schools offer Career and Technical Education programs

103

Career and Technical Education programs, which cover 41 distinct industry areas of study

85%

of Career and Technical Education programs offer Advanced College Credits

750

Industry representatives partner with Career and Technical Education programs

Additional High School CTE Investments

Opening new CTE programs, based on high-priority and emerging occupations:

- Health-Related Technology
- Computer Systems Networking
- Film/Video Production
- Early Childhood Education and Childcare

Dobbins - \$39 million investment improves 37 classrooms, existing CTE programs and expansion to 4 new CTE programs

Overbrook CTE Digital Lab - New lab supports the Digital Media Production program with 26 new computers

Randolph - \$2 million upgrade to the welding, automotive and auto collision departments

Sayre - Transitioning traditional classrooms into new health-related CTE programs

Saul - Building a new animal science barn

Swenson - \$2 million in upgrades for their CTE technology hub



Budget Detail

Revised City Proposal

- On March 22, 2018, the District released its Lump Sum Statement for FY18-19, which included a Preliminary Five-Year Plan for FY19-23. Plan assumptions included new revenues for the District proposed by the Mayor on March 1, 2018.
- After the release of the Plan, the City shared new assessment projections and a revised proposal for new revenues for the District.
- The revised proposal includes:
 - \$192.7M through a 4.1% property tax increase
 - \$339.8M through slowing scheduled reductions in the wage tax
 - \$100M in increased City contributions
 - \$136M increase in the local portion of real estate transfer tax

Additional Changes

Revenues

- Business Use & Occupancy Tax
- Continuing to update year-end revenues based on real-time data

Expenditures

- Final school budget decisions (school budgets were completed on March 28th)
- Continuing to update year-end expenditures based on real-time data

Revised Five-Year Plan

FY19-FY23 FINANCIAL PLAN

Operating Funds

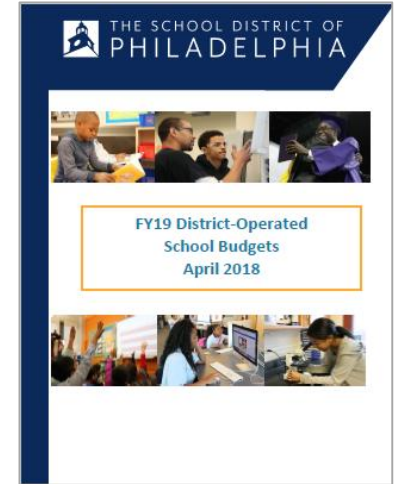
(in thousands)

	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected	CAGR FY18 to FY23
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,268,437	\$1,364,239	\$1,401,912	\$1,439,123	\$1,478,610	\$1,520,027	3.7%
Local Non-Tax Revenues	\$134,436	\$202,526	\$225,424	\$255,547	\$269,921	\$273,021	15.2%
State Revenues ¹	\$1,594,343	\$1,622,443	\$1,644,658	\$1,666,665	\$1,692,007	\$1,716,750	1.7%
Federal Revenues	\$16,976	\$16,633	\$16,529	\$16,419	\$16,301	\$16,175	-1.0%
Other Financing Sources	\$1,169	\$289	\$289	\$789	\$289	\$789	-7.6%
TOTAL REVENUES & OTHER SOURCES	\$3,015,361	\$3,206,130	\$3,288,813	\$3,378,543	\$3,457,128	\$3,526,762	3.2%
EXPENDITURES							
District Operated Schools	\$1,625,746	\$1,667,865	\$1,722,674	\$1,742,636	\$1,748,867	\$1,765,717	1.7%
Charter Schools (Incl. Transportation)	\$887,458	\$978,010	\$1,061,133	\$1,144,473	\$1,213,233	\$1,262,680	7.3%
Other Non-District Operated Schools (Incl. Transportation) ¹	\$115,011	\$103,446	\$104,101	\$104,770	\$105,455	\$106,154	-1.6%
Debt Service	\$274,064	\$297,319	\$284,235	\$290,188	\$298,575	\$332,194	3.9%
<i>Debt Service as a % of Total Expenditures</i>	9.2%	9.4%	8.7%	8.5%	8.6%	9.3%	-
Administrative Support Operations (Central Offices)	\$97,249	\$103,233	\$107,396	\$109,729	\$110,171	\$110,869	2.7%
<i>Central Offices as a % of Total Expenditures</i>	3.3%	3.3%	3.3%	3.2%	3.2%	3.1%	-
Undistributed Budgetary Adjustments	(\$18,513)	(\$15,313)	(\$16,699)	(\$16,583)	(\$16,465)	(\$16,343)	-2.5%
Other Financing Uses	\$3,433	\$1,738	\$1,738	\$1,738	\$1,738	\$1,738	-12.7%
Reserve for Federal Cuts	\$0	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	0.0%
TOTAL EXPENDITURES & OTHER USES	\$2,984,448	\$3,153,798	\$3,282,077	\$3,394,452	\$3,479,073	\$3,580,508	3.6%
OPERATING/FUND BALANCE							
Operating Surplus/(Deficit)	\$30,913	\$52,332	\$6,736	(\$15,909)	(\$21,945)	(\$53,745)	
Transfers from Reserves	(\$14,702)	\$4,633	(\$13,321)	(\$13,321)	(\$13,321)	\$28,259	
Fund Balance at Beginning of Year - July 1	\$124,697	\$140,907	\$197,873	\$191,288	\$162,058	\$126,792	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$140,907	\$197,873	\$191,288	\$162,058	\$126,792	\$101,306	
<i>Fund Balance as % of Total Revenues</i>	4.7%	6.2%	5.8%	4.8%	3.7%	2.9%	

¹Starting in FY19, approximately \$15M of revenues and expenditures associated with Act 89 transfer to Categorical. For the FY18 to FY23 CAGR calculation, these funds are excluded for FY18.

Budget Books

- PDF Budget books containing the District's budget detail were released online on April 17, 2018
 - School Budget Book: includes historic and projected budgets for each District-operated school
 - Consolidated Budget Book: presents District-wide budgeted revenues and expenditures
- The District's Budget 101 Guide explains how to read the District's Budget
- The budget books and the Budget 101 Guide can be viewed at: <http://www.philasd.org/budget/services/families-and-community/>



School District of Philadelphia Budget 101: Understanding the District's Budget

April 17, 2018

Next Steps

- **May 9:** City Council Budget Hearing
- **May 24:** SRC Budget Vote
- **May:** City Adoption of Tax Measures for School District
- **June:** State Budget Adoption
- **August 27:** First Day of School