



THE SCHOOL DISTRICT OF
PHILADELPHIA

SDP Five-Year Plan Update TRAN Description

July 14, 2022



Key Updates since Budget Adoption - City

- City approved final budget
 - Relative to Adopted Budget, reduced District revenues by \$29 million in FY23; \$147 million over the life of the Five Year Plan
- City denied final appeal in Duffield case
 - Challenge to City Real Estate Assessments process in FY18
 - Will require the District to reimburse certain taxpayers ~\$35 million (one-time)
- Parking Authority payment
 - On June 30, the Parking Authority wired a payment of \$6.4 million to the School District

Key Updates since Budget Adoption- Commonwealth

- Final Budget signed on July 10
 - Included increases in Basic Ed Funding and Level Up funding of \$177 million
 - (compared to proposed increase of \$381 million included in Adopted Budget)
 - Included increase in Special Education funding of \$12.6 million
 - (compared to proposed increase of \$29.8 million included in Adopted Budget)
 - Did not include changes to Charter tuition calculations for special education rates or cyber charters

Five Year Plan changes

- Reset FY22 Year-end Fund Balance to reflect Parking Authority Payment and liability of Duffield case repayments
- Reduced Projected City Tax Revenues to reflect final City Budget
- Reduced Projected Commonwealth Revenues to reflect final Commonwealth Budget
- Increased Charter costs to reflect retention of Charter Tuition calculation rules
- Zeroed out “TBD Expenditures” which were dependent on getting full funding proposal approved
 - This represents a reduction in projected spending in District Operated schools of \$1.33 billion over the life of the Five-Year Plan and reduced state reimbursements of \$99 million
- Adjusted Charter expenditures to reflect expenditure reduction
 - Between retention of existing Charter Tuition calculation rates and expenditure reductions, the result is a net increase in Charter costs of \$452 million over the life of the Five-Year Plan

Revised Five Year Plan FY23-FY27

Including Federal Relief Funds

(in thousands)	FY22 Projected	FY23 Projected	FY24 Projected	FY25 Projected	FY26 Projected	FY27 Projected	CAGR FY23 to FY27
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,361,729	\$1,479,075	\$1,519,101	\$1,561,835	\$1,607,247	\$1,659,184	2.9%
Local Non-Tax Revenues	\$286,919	\$289,108	\$301,173	\$307,311	\$306,561	\$306,561	1.5%
State Revenues	\$1,616,232	\$1,978,431	\$1,986,153	\$2,053,370	\$2,083,335	\$2,103,857	1.5%
Federal Revenues	\$16,608	\$16,479	\$16,342	\$16,196	\$16,040	\$15,868	-0.9%
Federal Grant Recovery Funds	\$756,387	\$459,044	\$519,884	\$54,796	\$0	\$0	-100.0%
Other Financing Sources	\$21,319	\$18,268	\$20,028	\$18,268	\$20,028	\$18,268	0.0%
TOTAL REVENUES & OTHER FINANCING SOURCES	\$4,059,194	\$4,240,405	\$4,362,681	\$4,011,776	\$4,033,211	\$4,103,737	-0.8%
EXPENDITURES & OTHER FINANCING USES							
District Operated Schools	\$2,023,370	\$2,312,117	\$2,306,814	\$2,148,675	\$2,127,063	\$2,139,546	-1.9%
Charter Schools (incl. Transportation)	\$1,252,498	\$1,176,548	\$1,390,642	\$1,462,105	\$1,636,380	\$1,747,560	10.4%
Other Non-District Operated Schools (incl. Transportation)	\$99,667	\$109,656	\$112,354	\$115,073	\$117,812	\$120,572	2.4%
Debt Service	\$316,087	\$369,500	\$342,164	\$344,147	\$355,269	\$363,139	-0.4%
<i>Debt Service as % of Total Expenditures</i>	8.2%	8.9%	7.9%	8.1%	8.1%	8.0%	
Administrative Support Operations (Central Offices)	\$149,026	\$176,252	\$171,611	\$165,333	\$166,854	\$167,883	-1.2%
<i>Admin as % of Total Expenditures</i>	3.9%	4.3%	4.0%	3.9%	3.8%	3.7%	
Undistributed Budgetary Adjustments	(\$10,459)	(\$8,959)	(\$8,959)	(\$8,959)	(\$8,959)	(\$8,959)	0.0%
Other Financing Uses	\$11,085	\$2,218	\$2,218	\$2,218	\$2,218	\$2,218	0.0%
TBD Expenditures (Governor's Budget Proposal and Local Tax Revenues)	\$0	\$0	\$0	\$0	\$0	\$0	N/A
TOTAL EXPENDITURES & OTHER USES	\$3,841,275	\$4,137,334	\$4,316,845	\$4,228,593	\$4,396,637	\$4,531,960	2.3%
OPERATING/FUND BALANCE							
Transfers from Reserves	(\$13,321)	\$28,259	(\$9,395)	(\$9,395)	(\$9,395)	(\$9,395)	
Facilities Reserve	\$12,500	\$0	\$0	\$0	\$0	\$0	
Reserve for Legal Settlement	(\$35,000)	\$0	\$0	\$0	\$0	\$0	
Operating Surplus/(Deficit) incl. Change in Reserves	\$182,099	\$131,330	\$36,441	(\$226,213)	(\$372,821)	(\$437,618)	
Fund Balance at Beginning of Year - July 1	\$202,513	\$384,612	\$515,942	\$552,383	\$326,171	(\$46,650)	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$384,612	\$515,942	\$552,383	\$326,171	(\$46,650)	(\$484,268)	

TRAN: Cash-Flow Borrowing

- The School District does not receive its revenues consistently throughout the year
 - Current real estate taxes, which make up 24% of revenues, are primarily received in March
- To allow for regular cash flow throughout the year, the District borrows Tax and Revenue Anticipation Notes (TRANs)
 - Standard government practice to smooth cash flow
 - Funds must be borrowed and repaid within the same fiscal year
 - The District is seeking authorization to borrow \$500 million in FY23

TRAN: FY23 Transaction

- The School District released a request for Bids in late May, 2022
- 4 Bids received on June 14, 2022
 - Given ongoing uncertainty in the interest rate market, elected to move forward with a fixed rate transaction, with one drawdown of funds
 - PNC was selected for the Note placement based on rate, acceptance of School District terms, and ability to fully fund the transaction
- Final interest rate will be determined on date of transaction
- Final Interest rate: 2.89%
- Total Estimated Interest: \$13.77 million
- Total estimated costs of issuance: \$175,000