

### **Operating, IU & Capital Budget Adoptions**

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May 25, 2023

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# **Budget Adoptions**

- FY 2023 Operating Budget (Amended)
- FY 2024 Operating Budget (Adopted)
- FY 2023 Intermediate Unit 26 Budget (Amended)
- FY 2024 Intermediate Unit 26 (Adopted)
- FY 2023 Capital Improvement Plan (Amended)
- FY 2024 -2029 Capital Improvement Plan (Adopted)





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Fiscal Year 2023 Budget Amendments Fiscal Year 2024 Budget Adoptions

## Superintendent Fiscal Year 2024 Budget Summary

#### The Fiscal Year 2024 Budget will focus on three priority areas:

Strengthening School Safety	Guardrail #1
<ul> <li>Invest in physical, social/ emotional, and environmental safety at schools.</li> </ul>	
• Invest in additional staff resources in high-needs schools.	
Partnering with Parents and Community	Guardrail #1 and Guardrail #3
<ul> <li>Invest in family and staff resources to increase attendance and reduce dropouts.</li> </ul>	Goals #1-#5
<ul> <li>Invest in a two-way communication system and customer service training.</li> </ul>	
Accelerating Academic Achievement	Guardrail #4
<ul> <li>Invest in research-based, standards aligned core curricula and high impact tutoring.</li> </ul>	Goal #1, Goal #2, Goal #3
<ul> <li>Invest in increased and equitable CTE and Dual Enrollment opportunities.</li> </ul>	

### FY 2023 Amended and FY 2024 Adopted Budgets

(Operating Fund and Federal Recovery Funds)

Revenues (\$ in Thousands)	FY 2023 Amended	FY 2024 Adopted	% Change	
Local Revenue	\$1,828,621	\$1,867,181	2.1%	
State Revenue	\$1,977,442	\$2,073,978	4.9%	
Federal Revenue	\$16,667	\$16,246	(2.5%)	
Federal Recovery Funds	\$369,369	\$528,400	43.1%	
Other Financing Sources	\$13,309	\$15,069	13.2%	
Total Revenues & Other Financing Sources	\$4,205,469	\$4,522,949	7.5%	

Expenditures (\$ in Thousands)	FY 2023 Amended		
District-Operated Schools	\$2,186,985	\$2,449,498	12.0%
Non-District Operated Schools	\$1,261,292	\$1,496,134	18.6%
Administration, Debt Service, Undistributed Budget Adjustments and Net Transfers	\$537,622	\$533,284	(0.8%)
Total Expenditures	\$3,985,899	\$4,478,916	12.4%

#### Note on Non-District Operated School Change

- <u>Rate Setting</u>: Greater than 90% of this FY 2024 increase is driven by changes in District expenditures between FY 2022 and FY 2023 (as Charter School rates are based on expenditures one year in arrears).
- <u>Federal Recovery Grants</u>: In FY 2022 (compared to FY 2023) the District spent more in federal COVID-19 grants (not included in Charter rate formula) and less in operating funds (included in Charter rate formulas).
- <u>Other Key Factors</u>: Overall District expenditures increased in FY 2023 due to expense associated with negotiated labor contracts, inflation and other areas.

#### Fiscal Year 2024 - 2028 Five-Year Plan Projections

(Operating Fund and Federal Recovery Funds)



### FY 2023 Amended and FY 2024 Adopted Budgets

(Intermediate Unit 26)

Revenues and Other Funding Sources (\$)	FY 2023 Amended	FY 2024 Projected	% Change	
State Revenue	\$151,417,843	\$160,996,114	6.3%	
Local Revenue	\$293,000	\$293,000	0.0%	
Total Revenue	\$151,710,843	\$161,289,114	6.3%	
Other Financing Sources (Board of Education Transfer to Intermediate Unit 26)	\$316,685,676	\$364,264,040	15.0%	
Total Revenues & Other Financing Sources	\$468,396,519	\$525,553,154	12.2%	

Expenditures and Other Financing Uses (\$)	FY 2023 Amended	FY 2024 Projected	% Change	
Special Education High Incidence	\$108,903,578	\$108,795,898	(0.1%)	
Special Education Low Incidence	\$222,416,523	\$257,111,812	15.6%	
Special Education Gifted Education	\$1,136,467	\$1,134,827	(0.1%)	
Psychologists	\$10,361,426	\$10,634,799	2.6%	
Transportation (Including District, Charter and Non-Public)	\$95,579,090	\$117,296,122	22.7%	
Losses, Judgments and Compensatory Education	\$20,000,000	\$20,500,000	2.5%	
Office Personnel and Expenses	\$979,435	\$1,077,196	10.0%	
Professional Development and Extracurricular Activities	\$20,000	\$2,500	(87.5%)	
Other Financing Uses (Administrative Costs)	\$9,000,000	\$9,000,000	0.0%	
Total Expenditures & Other Financing Uses	\$468,396,519	\$525,553,154	12.2%	

### **Operating Budget Documents and Process**



All documents are now available at: <u>www.philasd.org/budget/</u>

#### **Budget Detail Reports**

- <u>FY 2024 Consolidated Budget Book:</u> Outlines the full revenue and expenditure budget for all funds and delineates budgeted personnel and non-personnel costs for each department.
- <u>FY 2024 School Budget Book:</u> Provides the full position and budget detail at each individual district-managed school.
- <u>Understanding the District's Budget</u>: Outlines key elements of the budget for the public.

#### **Budget Timeline**

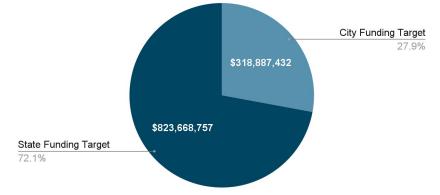


#### The Future of the School District A Call to Advocacy

#### **Unfair and Inadequate State Funding System**

- On February 7, 2023, Commonwealth Court President Judge Cohn Jubelirer ruled that the current system does not adequately or equitably fund schools.
- Judge Cohn Jubelirer called on the Legislature and Executive Branch to appropriately address the issue.
- According to The Education Law Center PA and the Public Interest Law Center fair funding would require an additional \$4,976 per Philadelphia student.

Total Annual Funding Inadequacy for the School District of Philadelphia



Source: May 1, 2021, Expert Testimony to the Commonwealth Court from Dr. Matthew Kelly, Professor at Penn State's College of Education.



### Fiscal Year 2024 - 2029 Six-Year Capital Improvement Plan

### **Proposed FY24 Capital Budget Approach**

- New schools were selected in coordination with the **Facilities Condition Index** (FCI), previous capital investments, and with input from the district's leadership.
- Building additions are based on utilization that exceeds the building capacity, size of campus, and with input from the district's leadership.
- Major renovations selection is based on the Facilities Conditions Assessment which identifies over 12,000 deficiencies and with input from Facilities, Maintenance, the FPP and the district's leadership.
- Minor renovations selection is based on building utilization, classrooms' needs, 5-year enrollment trend, Facility Condition Index (FCI) and educational suitability.
- Major systems replacements and energy efficiency improvements were identified based on input from Facilities, Maintenance, Environmental, Design & Construction staff and management and confirmed with the FCA.

### **Budget Highlights: New Construction**

The Capital budget allocates \$21.3M for new construction including \$145 M in ESSER funds, in support of our "state of the art" educational facilities goals and equity drivers.

If approved six (6) new projects will be supported.

Projects in various stages of design & construction are:

- Lincoln Athletic Field Relocation
- Solis Cohen
- T. M. Peirce
- Cassidy
- AMY at James Martin
- Holme





RABTREE ROHRBAUGH AND ASSOCIATES ARCHITECTS 401 EAST WINDING HILL ROAD MECHANICSBURG PENNSYLVANIA 17055



### **Budget Highlights: Additions & Major Renovations**

The Capital budget allocates \$58.6M for additions and major renovations, in support of our utilization, educational adequacy and life safety goals.

If approved 19 projects will be supported:

- 11 in various stages
  - 7 New Additions (Ethan Allen, Anne Frank, Disston, Mayfair, Rhawnhurst, Richmond, & Shallcross Garage Campus
  - 4 Major Renovations (Forrest, Meehan, Pollock, & Pratt)
- 8 new projects
  - 2 New Additions (Fox Chase Farm, McCall)
  - 4 Major Renovations (Bache-Martin, Bethune, Fitler, & McClure)
  - 2 Major Renovation, including Modular Addition (Comly & Hopkinson)



### **Budget Highlights: Major Systems Replacements**

The Capital budget continues investments to replace critical building systems and support our resiliency and educational suitability goals.

The Capital budget will allocate \$78.0M for HVAC, Controls, Electrical Systems, Fire Alarm Systems.

The system investments for 78 projects will be supported:

- HVAC: 9 in construction, 4 in Design and 7 in planning
- Electrical Systems: 23 in construction, 16 in Design and 15 in Planning



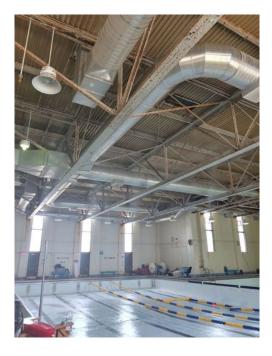


### **Sayre Morris Recreation Center - Pool Renovation**

• Revised scope approach; facility renovation with required life and building systems upgrades.

#### • Estimated Capital Budget: \$15M

- Design & Engineering (10%)
- General Construction
- HVAC
- Plumbing
- Electrical & Fire Alarms
- Environmental (5%)
- Construction Management (5%)
- Supply Chain & Schedule Acceleration (5%)
- The City will contribute \$3M to the project and operate the Pool upon its completion
  - See Sayre Pool Agreement action item (May 25, 2023 Action Item #66)



### **Sayre Morris Recreation Center - Pool Renovation**

 Revised scope approach; facility renovation w/ required life and building systems upgrades.

Current Building: Approx. 21,680 sq.ft facility, constructed in 1967

#### • Project Timeline

- Pre-Design Phase and assessments (structural, compliance, environmental, etc.)
- Program and Preliminary Design/Prelim "turnkey" scope with City
- Design (30%, 60%, 90%)/Contract scope development
- Procurement of 100% CD documents/Lease "Turnkey" Agreements Final
- Bid Assessment and Award
- Board Action and NTP
- Construction TBD
- Substantial Completion and Punch-lists
- Project Close out
- Turnkey Agreement "Day 1"
- "Turnkey" Agreement with City: They will budget/fund its ongoing operations



### **Current Budget Estimate Scope**

Scope of work	Cost	Notes		
Design and Engineering Costs (10%)	\$1,166368.90	Design, engineering and A/E oversight		
General Construction	\$6,524,118	Replace roof, rehab interior pool concrete work, rehabilitate building envelope, repair structural issues, replace interior stairwells due to structural damage, renovate interiors, rehab interior finishes/exterior rehab/ADA		
HVAC	\$2,201,664	Replace mechanical systems, ductwork, controls		
Plumbing	\$1,118,414	Replace pool pump systems, interior bathroom renovations/ADA		
Electrical & Fire Alarms	\$1,819,493	Replace electrical systems and fire alarm system, provide surveillance system and IT		
Schedule acceleration (2%)	\$233,273.78	Per industry standard		
Supply Chain (3%)	\$349,910.67	As understood by current inflationary event		
Construction Management (5%)	\$583,184.45	As per industry standard		
Sub-Total	\$13,996,426.80			
Environmental (5%)	\$699,821.34	As per SDP standard		
Total	\$14,696,241.10	Full Renovation   17		

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### Fiscal Year 2024 - 2029 Six-Year Capital Improvement Plan

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Six-Year Total
Project Category	Amended	Adopted	Projected	Projected	Projected	Projected	Projected	(FY 2024 - FY 2029
New Construction	\$26,036,073	\$21,310,414	\$14,639,646	\$36,652,621	\$241,598,963	\$232,247,962	\$43,410,901	\$589,860,507
New Additions	\$18,707,668	\$18,660,952	\$43,071,392	\$100,192,745	\$64,220,676	\$6,752,937	\$0	\$232,898,702
Major Renovations	\$39,039,049	\$39,937,856	\$50,176,143	\$169,801,797	\$158,426,165	\$42,303,417	\$0	\$460,645,378
Minor Renovations	\$21,078,840	\$11,786,809	\$8,747,389	\$5,430,500	\$9,285,634	\$7,988,030	\$1,711,410	\$44,949,772
Energy Performance Improvements	\$40,274,749	\$2,298,270	\$0	\$0	\$0	\$0	\$0	\$2,298,270
Major System Replacements	\$51,098,359	\$77,974,132	\$194,091,383	\$133,249,600	\$109,292,295	\$109,182,523	\$74,059,227	\$697,849,160
Exterior Renovations	\$34,295,554	\$76,858,426	\$81,228,141	\$24,998,774	\$40,523,819	\$40,523,819	\$40,549,171	\$304,682,150
Site Improvements	\$4,406,346	\$15,177,609	\$55,723,402	\$16,484,173	\$21,224,083	\$21,676,673	\$14,351,652	\$144,637,592
Environmental and Program Reserves	\$4,815,784	\$5,913,152	\$5,163,152	\$5,163,152	\$5,163,152	\$5,163,152	\$5,163,152	\$31,728,912
Security Equipment	\$2,002,735	\$13,492,303	\$14,979,800	\$19,022,300	\$0	\$0	\$0	\$47,494,403
On-Going Assessments	\$2,047,605	\$6,000,000	\$2,000,000	\$0	\$0	\$0	\$0	\$8,000,000
Technology	\$15,378,846	\$8,410,000	\$2,000,000	\$0	\$0	\$0	\$0	\$10,410,000
Bus Fleet Modernization	\$5,000,000	\$2,500,000	\$2,500,000	\$2,500,000	\$0	\$0	\$0	\$7,500,000
Bond Issuance Cost	\$0	\$2,000,000	\$0	\$2,000,000	\$0	\$0	\$0	\$4,000,000
Environmental and Capital Support Services	\$1,526,388	\$3,979,704	\$4,123,704	\$4,123,704	\$0	\$0	\$0	\$12,227,112
Office of Capital Programs, Environmental			and the second states					
Services and Other Support Services	\$22,200,238	\$23,686,687	\$26,255,483	\$30,222,525	\$34,516,508	\$40,179,683	\$47,508,014	\$202,368,900
Totals	\$287,908,234	\$329,986,314	\$504,699,635	\$549,841,891	\$684,251,295	\$506,018,196	\$226,753,527	\$2,801,550,854



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