The School District of Philadelphia’s Presentation of the Preliminary Five-Year Plan for FY25-29 and Fiscal Year 2025 Lump Sum Statement of Anticipated Receipts and Expenditures 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, March 28, 2024. 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.
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The School District of Philadelphia
Office of Family and Community Engagement
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Tel: (215) 400-4000
Fax: (215) 400-4181

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Overview

- Lump Sum Summary
- FY 2025 Lump Sum Budget
- Budget Engagement
- Fiscal Considerations
- Next Steps
Lump Sum Summary
<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>01</strong></td>
<td>Protect school budgets.</td>
</tr>
<tr>
<td><strong>02</strong></td>
<td>Engage partners throughout the City.</td>
</tr>
<tr>
<td><strong>03</strong></td>
<td>Negotiate mutually-beneficial labor agreements that fairly compensate employees and help stabilize the system.</td>
</tr>
<tr>
<td><strong>04</strong></td>
<td>Implement the <em>Accelerate Philly</em> Strategic Plan towards achieving the Board of Education’s <em>Goals and Guardrails</em>.</td>
</tr>
<tr>
<td><strong>05</strong></td>
<td>Enact fiscal-responsibility measures and advocate for additional funding to prevent a structural deficit.</td>
</tr>
</tbody>
</table>
Current-Year Operating Expenditures

<table>
<thead>
<tr>
<th>FY 2024 Projected Budget</th>
<th>FY 2024 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Areas of Minimal Budgetary Control</strong></td>
<td><strong>$4,141,288,362</strong></td>
</tr>
<tr>
<td>Employee Salaries</td>
<td>$1,104,497,333</td>
</tr>
<tr>
<td>Employee Retirement Benefits</td>
<td>$370,249,399</td>
</tr>
<tr>
<td>Employee Medical and Other Benefits</td>
<td>$368,572,553</td>
</tr>
<tr>
<td>District Transportation</td>
<td>$133,732,640</td>
</tr>
<tr>
<td>Charter School Tuition &amp; Transportation</td>
<td>$1,388,199,000</td>
</tr>
<tr>
<td>Other Non-Dist. Oper. Tuition &amp; Transp., Comp Pay</td>
<td>$147,096,000</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$337,878,000</td>
</tr>
<tr>
<td>School Discretionary Allocations</td>
<td>$41,920,151</td>
</tr>
<tr>
<td>ARPA School Construction and Curriculum</td>
<td>$185,502,585</td>
</tr>
<tr>
<td>Utilities Costs</td>
<td>$63,640,701</td>
</tr>
<tr>
<td><strong>Areas of Moderate Budgetary Control</strong></td>
<td><strong>$328,859,717</strong></td>
</tr>
<tr>
<td><strong>Total Projected Expenditures</strong></td>
<td><strong>$4,470,148,079</strong></td>
</tr>
</tbody>
</table>

Over 90% of Operating Budget Expenditures are Essentially Locked Before the Annual Budget Development Process Begins
FY 2025 Lump Sum Budget
Anticipated State Receipts

FY 2025 Lump Sum vs. Presented Scenarios ($ in Millions)

Lump Sum: $2,039.9
Presented Scenarios:
- $1,920.9
- $2,062.4
- $2,210.3

State Revenue Assumption:
Lump Sum Budget based on Governor’s Proposed Budget increase which is aligned to the middle-path. This is a first step towards the adequacy targets.

Note: Exclude PSERS reimbursements and one-time PlanCon claims.
**Anticipated Local Receipts**

**Local Revenue Assumption:**

Lump Sum Budget based on Mayor’s Proposed Budget increase which is above all three scenarios (due in part to millage percentage shift between City and District).
Fiscal Responsibility Measures

Estimate Changes and Strategic Fund Alignments
Rightsizing all estimates, reserves and placeholders to achieve budgetary savings and aligning initiatives to less constrained funds (while complying with grant rules).

Identify Other Cost Savings
Reduce energy costs in 23 schools and discontinue contract with PA Convention Center for professional development.

Seek Private and Foundation Funding
Working with the Fund for the School District of Philadelphia to seek private and foundational support for critical Accelerate Philly initiatives.

Begin Data-Driven Program Evaluations
Review of programs to determine return on investment (ROI)

Analyze Central Office Budgets & Begin Modified Zero-Based-Budgeting
Review of vacant Central Office positions and non-personnel budget costs.

FY 2025 Savings: $124.4M*
- $83.8M
- $6.0M
- $26.4M
- $7.1M
- $1.1M

*Includes private funding and subject to change through final budget adoption.
## FY 2025 - 2029 Five-Year Plan Overview

**FY 2024:**
Will Add to Fund Balance as Previously Projected

**FY 2025:**
Requires $87.8M in Use of Fund Balance and Passage of Governor/Mayor Proposals

**FY 2026 and Beyond:**
Will require continued State and City progress towards adequacy targets and sound fiscal practices to avoid structural deficit

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<table>
<thead>
<tr>
<th></th>
<th>FY 2024 Projected</th>
<th>FY 2025 Projected</th>
<th>FY 2026 Projected</th>
<th>FY 2027 Projected</th>
<th>FY 2028 Projected</th>
<th>FY 2029 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and Sources</td>
<td>$4,579,695,596</td>
<td>$4,492,813,596</td>
<td>$4,596,012,812</td>
<td>$4,794,528,576</td>
<td>$5,003,803,423</td>
<td>$5,218,335,603</td>
</tr>
<tr>
<td>Expenditures and Uses</td>
<td>$4,479,343,079</td>
<td>$4,580,585,361</td>
<td>$4,965,790,194</td>
<td>$5,320,327,076</td>
<td>$5,644,719,785</td>
<td>$5,963,594,227</td>
</tr>
<tr>
<td>Annual Surplus (Deficit)</td>
<td>$100,152,517</td>
<td>$(87,771,765)</td>
<td>$(369,777,322)</td>
<td>$(525,998,500)</td>
<td>$(640,916,362)</td>
<td>$(745,218,624)</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>$783,034,322</td>
<td>$695,262,557</td>
<td>$325,485,235</td>
<td>$(200,513,264)</td>
<td>$(841,429,627)</td>
<td>$(1,586,648,251)</td>
</tr>
</tbody>
</table>

Notes: Excludes ARPA-funded Capital Project Revenues and Expenditures in FY 2025. Includes one-time PlanCon claims of $45.0 Million in FY 2025.
As part of Accelerate Philly, we extended the operating budget development timeline.

- **Engagement to Date:**
  - 47 Two-Way Conversations
  - Citywide Budget Survey

- **Upcoming Discussions**
  - Mayor's Commission on People with Disabilities (Scheduling for Mid-April)
  - Continued Follow-Up Partner Discussions
Common Themes Across Stakeholder Meetings

Where are we achieving?
- ARPA-Funded Positions Are Critical to Maintain
- Highly-Qualified Well-Supported Stable Teachers Make a Difference
- Standards-Aligned Core Instructional Materials Are Effective (Though Improvements Are Needed in Rollout and Consistency of PD)

Where are we not achieving?
- Leveling Practices are Disruptive to Schools, Students and Employees
- Need for Improvement in Office Collaboration with Schools
- Maintenance of Aging Facilities Needs Improvement
- Overabundance of Adaptive Online Programs that are Not Utilized

What would you like more information about?
- Central Office Positions and Resources
- Enrollment Projections
- Special Education Position Calculations
- State Budget Allocations
3,641 total stakeholders responded to the survey, representing 229 District schools/programs.

All key stakeholder groups were represented in the sample: students, parents/guardians, school and non-school based staff, and community partners.

Respondents not fully representative of District by race or household income.

Note: The percentage in each group totals to more than 100% because some respondents selected multiple roles.
Budget Survey Results

**Link: Full Survey Results**

**Over 95% of respondents rated all five Accelerate Philly priority areas as “somewhat,” “very,” or “extremely” important.**

- Respondents rated teaching positions as the most important priority for schools.

- Elements rated “very high priority” by more than 50% of respondents:
  - Employee salaries and benefits
  - Safety and security measures
  - Mental and behavioral health supports
  - Building maintenance
  - Curriculum/classroom resources

- Respondents indicated opportunities for improvement with budget collaboration and transparency:
  - 65% said it was “very” or “extremely” important for the community to be involved in finding solutions to District’s financial challenges.
  - Only 17% of respondents said the District is “very” or “extremely” collaborative with stakeholders in development of the budget.
  - Only 16% of respondents said the District is “very” or “extremely” transparent when it communicates financial challenges and proposed solutions.
Fiscal Considerations
Long-Term Budget Considerations

01 Future Labor Negotiations
- PFT (CBA Expiration Date: 8/31/2025)
- CASA (CBA Expiration Date: 8/31/2025)
- Local 32BJ (CBA Expiration Date: 8/31/2026)
- SPAP (CBA Expiration Date: 8/31/2025)
- Local 634 (CBA Expiration Date: 9/30/27)

02 Long-Term Continuation of Former ARPA-Funded Initiatives
- Many ARPA-Funded Initiatives will be continued in FY 2025.
- Long-term continuity will require annual State and City progress towards funding adequacy targets and continued fiscal vigilance.

03 Implementation of Accelerate Philly Strategic Plan
- Ongoing support of year-one initiatives.
- Initial implementation of year-two actions.
- Continuation and maintenance of all 62 strategic actions throughout the strategic plan.

04 Adequate & Equitable Funding
- Commonwealth Court declared current state school funding inadequate, inequitable and unconstitutional.
- Both the Governor's Budget Proposal and the Mayor's Budget Proposal represent first steps towards our funding adequacy targets of $1.4 - $1.6 billion above current allocations.
- Lump-Sum budget assumes current proposals will pass legislative bodies and continued progress towards adequacy and equity.
Here at the School District of Philadelphia, schools are the primary unit of change, and highly-qualified, well-supported, stable teachers over time are the number one lever for accelerating student achievement. This contract extension supports the needs of teachers, and all PFT members, while helping us accelerate Philly and become the fastest improving, large urban school District in the nation.

Tony B. Watlington Sr., Ed.D. 
Superintendent

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<table>
<thead>
<tr>
<th>Agreement Provision</th>
<th>Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Across-the-Board Increase</td>
<td>$55,900,000</td>
</tr>
<tr>
<td>Step Increases and Lane Adjustments</td>
<td>$19,500,000</td>
</tr>
<tr>
<td>Retention and Re-Engagement Bonus</td>
<td>$17,400,000</td>
</tr>
<tr>
<td>Designated Schools Retention Bonuses</td>
<td>$2,500,000</td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td><strong>$95,300,000</strong></td>
</tr>
</tbody>
</table>

Philadelphia Federation of Teachers (PFT)

Contract Extension: 09/01/24 - 08/31/25
Beginning in FY 2022, through the American Rescue Plan Act, schools received additional direct budget resources totalling $49.8 million to help combat pandemic impacts on education.

In FY 2024, funding was used to support critical school-based positions:

- 129 Assistant Principals
- 110 Teachers (Including 16 Special Education Teachers)
- 35 School Climate Managers
- 26 Counselors
- 46 Student Climate Staff
- 15 Other School-Based Positions

**Investment to Maintain Funding**

- One-year extension requiring continual revenue increases to maintain in future years
- Required for District to sustain recent academic progress
- Consistent with stakeholder engagement
FY 2025 Accelerate Philly Priority Funding Areas

- Pilot a year-round and extended-day school calendar
- Relaunch Parent University
- Purchase and implement standards-aligned core instructional resources for English Language Arts (ELA)
- Recruit more Black and Latino male teachers and principals
What Will the District Do with Adequate Funding?

- Invest in the relaunch of Parent University
- Invest in Extended Day and Year Round Schools
- Invest in facility improvements
- Invest in teacher and principal recruitment and retention
- Invest in job training (CTE, building trades, life sciences, and bio-tech)
- Invest in high-impact tutoring
Remaining Budget Timeline

- **March 28**
  - **Lump Sum**
  - Board of Education Public Budget and Five-Year Plan Presentation

- **April 25**
  - **BOE Budget Hearing**
  - Board of Education Public Hearing on FY 2025 Budget

- **April 30**
  - **City Budget Hearing**
  - City Council Public Budget Hearing on District’s FY 2025 Budget

- **May 30**
  - **BOE Budget Adoption**
  - Final Board Adoption of Operating, IU26 and Capital Budgets

**Continued Public Budget Engagement**
Thank you and Questions