



March 28, 2024

FY 2025 Operating Budget

Lump-Sum Budget and Five-Year Plan

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THE SCHOOL DISTRICT OF
PHILADELPHIA

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Overview

- **Lump Sum Summary**
- **FY 2025 Lump Sum Budget**
- **Budget Engagement**
- **Fiscal Considerations**
- **Next Steps**



Lump Sum Summary

FY 2025 Budget Development Priorities



01

Protect school budgets.

02

Engage partners throughout the City.

03

Negotiate mutually-beneficial labor agreements that fairly compensate employees and help stabilize the system.

04

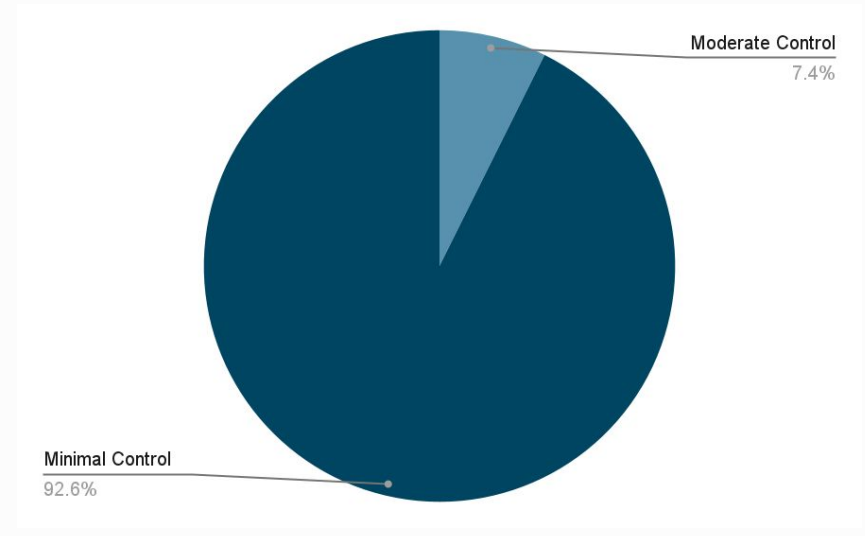
Implement the *Accelerate Philly* Strategic Plan towards achieving the Board of Education's *Goals and Guardrails*.

05

Enact fiscal-responsibility measures and advocate for additional funding to prevent a structural deficit.

Current-Year Operating Expenditures

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



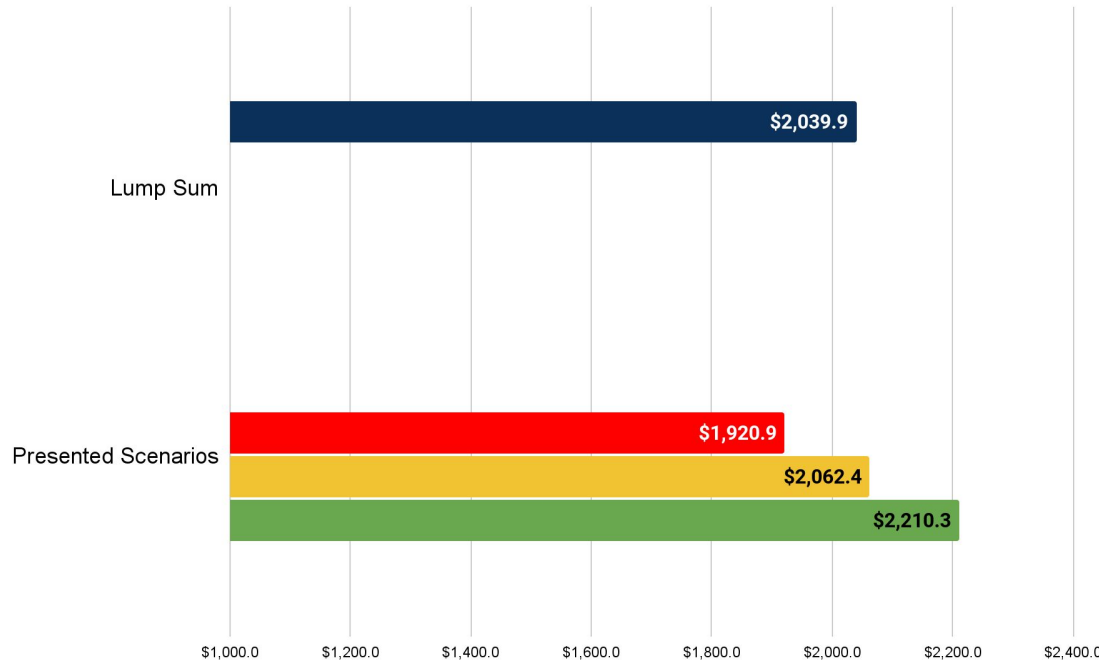
Over 90% of Operating Budget Expenditures are Essentially Locked Before the Annual Budget Development Process Begins



FY 2025 Lump Sum Budget

Anticipated State Receipts

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



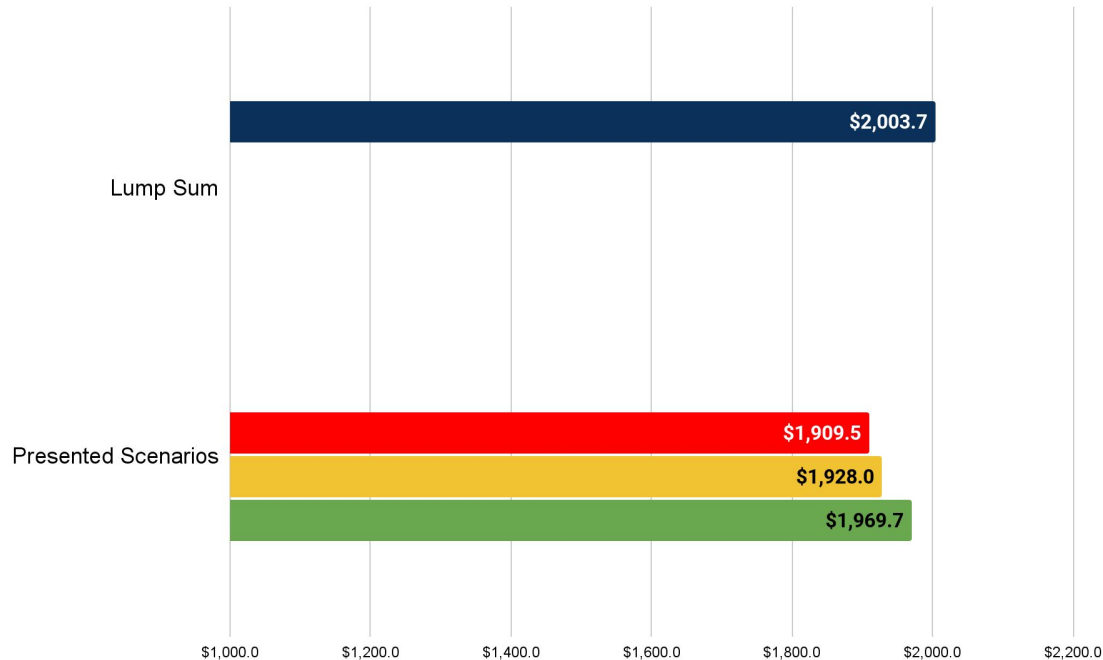
State Revenue Assumption:

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

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



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).

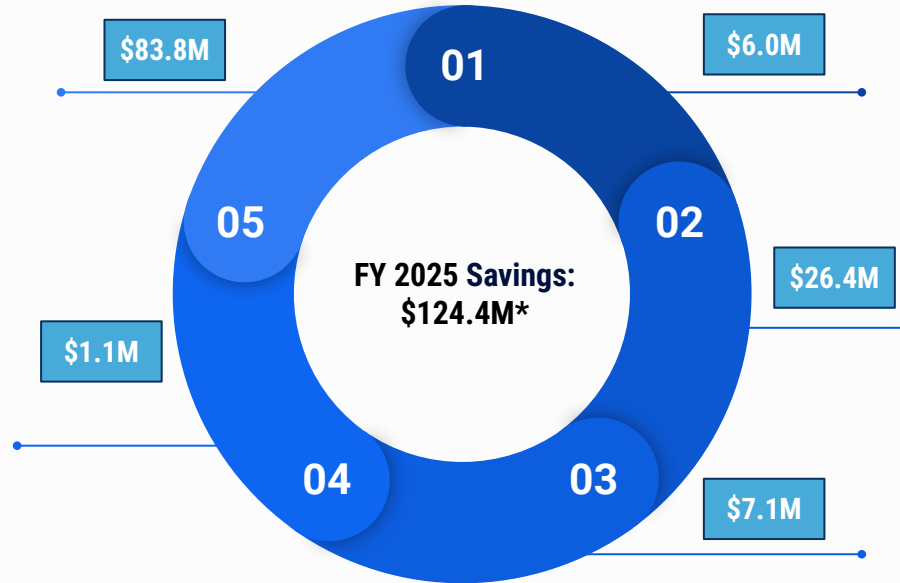
Fiscal Responsibility Measures

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.

*Includes private funding and subject to change through final budget adoption.

FY 2025 - 2029 Five-Year Plan Overview

FY 2024:

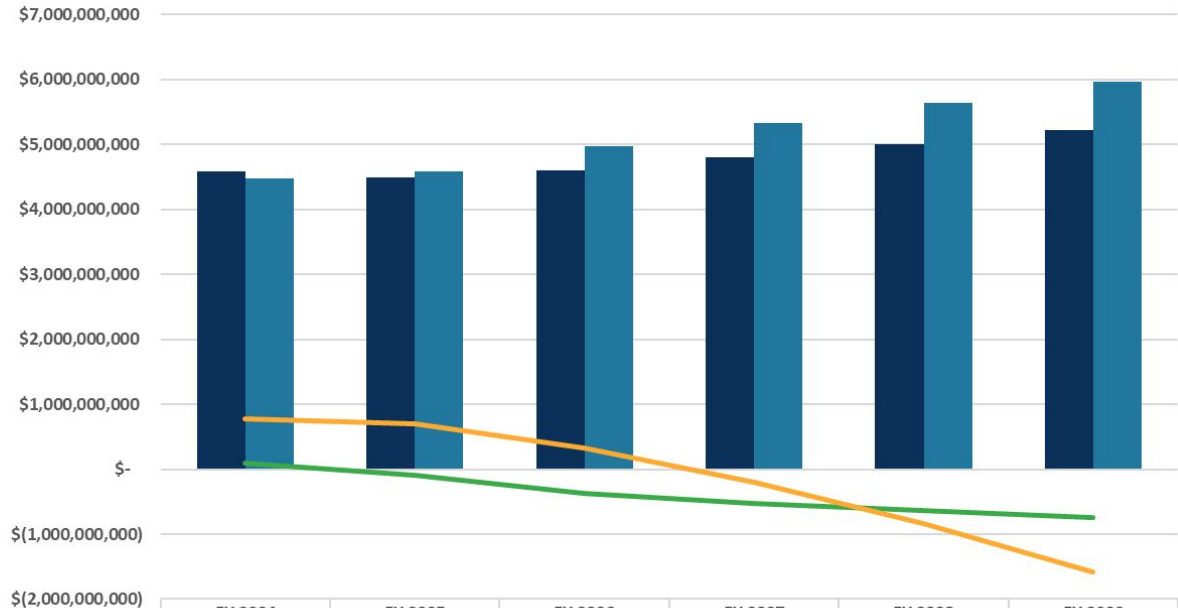
Will Add to Fund Balance as Previously Projected

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



	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Revenues and Sources	\$4,579,695,596	\$4,492,813,596	\$4,596,012,812	\$4,794,528,576	\$5,003,803,423	\$5,218,335,603
Expenditures and Uses	\$4,479,543,079	\$4,580,585,361	\$4,965,790,134	\$5,320,527,076	\$5,644,719,785	\$5,963,554,227
Annual Surplus (Deficit)	\$100,152,517	\$(87,771,765)	\$(369,777,322)	\$(525,998,500)	\$(640,916,362)	\$(745,218,624)
Fund Balance	\$783,034,322	\$695,262,557	\$325,485,235	\$(200,513,264)	\$(841,429,627)	\$(1,586,648,251)

Notes: Excludes ARPA-funded Capital Project Revenues and Expenditures in FY 2025. Includes one-time PlanCon claims of \$45.0 Million in FY 2025.



Budget Engagement

Budget Stakeholder Engagement Overview

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

Budget Survey Respondents

- **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.



165
Students

5%



1,373
Parents/Guardians

38%



1,099
Teachers

30%



188
Principals/
Assistant Principals

5%



577
Other School
Staff

16%



328
Central Office/
Non-School Staff

9%



108
Community
Partners

3%

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.

Philadelphia Federation of Teachers (PFT)

Contract Extension:
09/01/24 - 08/31/25

Agreement Provision	Economic Impact
5% Across-the-Board Increase	\$55,900,000
Step Increases and Lane Adjustments	\$19,500,000
Retention and Re-Engagement Bonus	\$17,400,000
Designated Schools Retention Bonuses	\$2,500,000
Total Investment	\$95,300,000



ARPA-Funded School Allocations

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

\$49.8M



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)**



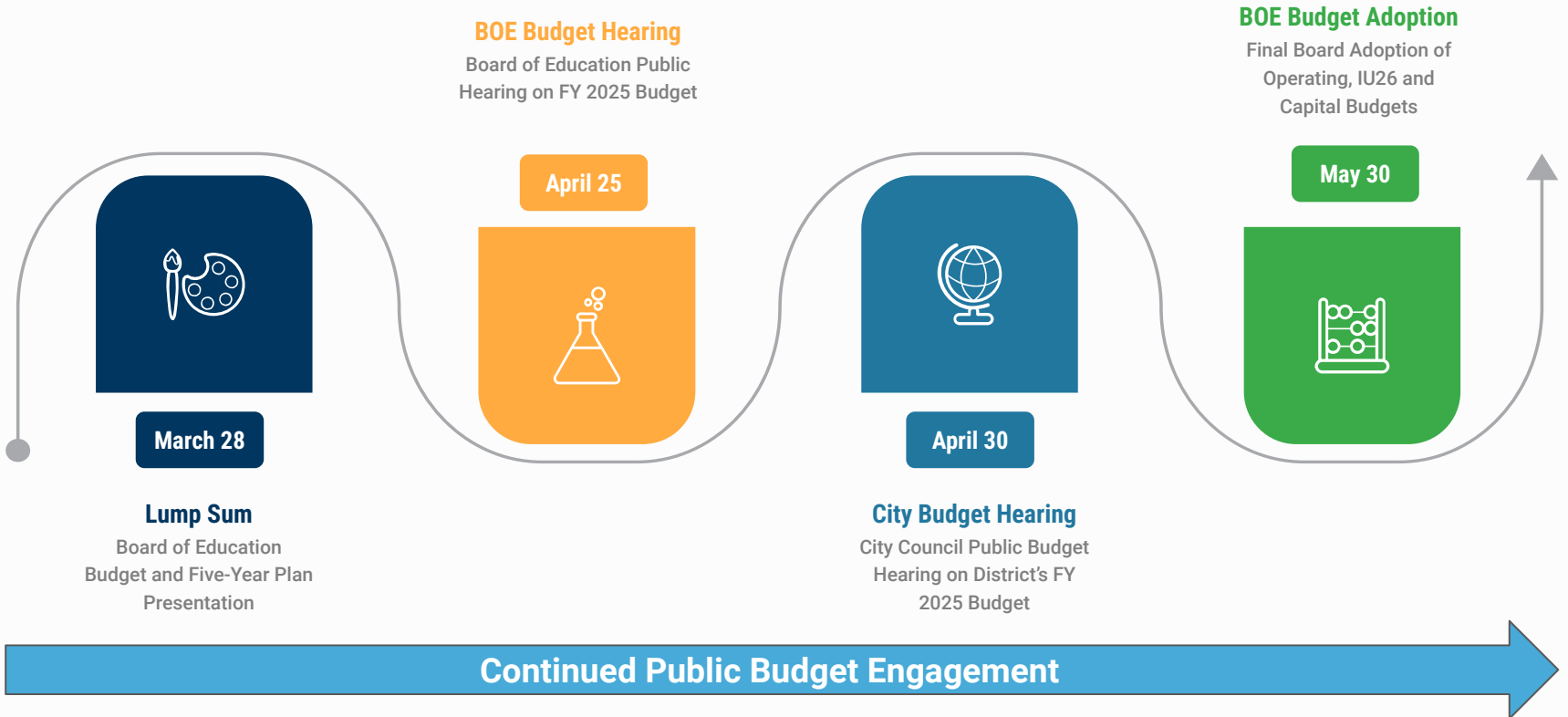
**Recruit more Black and
Latino male teachers
and principals**

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





THE SCHOOL DISTRICT OF PHILADELPHIA

Thank you and Questions