

Budget Hearing

April 20, 2017

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 20, 2017. 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.

Overview

❖ **Updates since Lump Sum**

- Additional City Revenues
- Additional Investments
- Revised Five-Year Plan

❖ **Next Steps**

Additional City Revenues

- The City informed the District of its commercial property reassessments on March 30, 2017 (subsequent to the SRC's adoption of the FY17-18 Lump Sum Statement on March 23, 2017)
- The District revised its Preliminary Five-Year Plan to reflect updated City revenue projections and additional investments
- The commercial property reassessments are projected to result in approximately \$65M of additional annual real estate tax revenues

Additional Investments

The following are the additional investments the District added since Lump Sum:

- Hold harmless at leveling for grades K-3
- Elimination of 1st and 2nd grade combined classes
- Reserve for projected federal grant cuts related to proposed elimination of Title II
- Additionally, increased District spend results in greater charter per pupil payments starting in FY19

Revised Five-Year Plan: Additional City Revenues

FY18-FY22 FINANCIAL PLAN Operating Funds

(in thousands)

	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	CAGR FY17 to FY22
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,138,671	\$1,238,349	\$1,282,465	\$1,299,642	\$1,338,293	\$1,367,854	3.7%
Local Non-Tax Revenues	\$131,725	\$124,820	\$123,315	\$123,815	\$124,308	\$124,550	-1.1%
State Revenues	\$1,533,550	\$1,569,211	\$1,553,051	\$1,597,339	\$1,634,591	\$1,672,353	1.7%
Federal Revenues	\$13,054	\$16,713	\$16,615	\$16,516	\$16,400	\$16,283	4.5%
Other Financing Sources (excluding Refunding)	\$1,309	\$289	\$789	\$289	\$789	\$289	-26.1%
TOTAL REVENUES & OTHER SOURCES (excl. Refunding)	\$2,818,309	\$2,949,382	\$2,976,235	\$3,037,601	\$3,114,381	\$3,181,329	2.5%
EXPENDITURES							
District Operated Schools	\$1,475,928	\$1,572,058	\$1,614,947	\$1,653,327	\$1,669,786	\$1,683,818	2.7%
Charter Schools (Incl. Transportation)	\$813,956	\$896,385	\$986,661	\$1,068,022	\$1,140,886	\$1,201,420	8.1%
Other Non-District Operated Schools (Incl. Transportation)	\$109,779	\$112,009	\$112,924	\$113,858	\$114,812	\$115,786	1.1%
Debt Service	\$269,265	\$271,891	\$291,955	\$282,283	\$286,309	\$291,925	1.6%
Administrative Support Operations (Central Offices)	\$85,646	\$91,886	\$93,121	\$94,407	\$95,343	\$96,389	2.4%
Undistributed Budgetary Adjustments	(\$11,713)	(\$5,268)	(\$5,252)	(\$5,235)	(\$5,217)	(\$5,199)	-15.0%
Other Financing Uses (excluding Refunding)	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	\$2,252	0.0%
Reserve for Federal Cuts	\$0	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	N/A
TOTAL EXPENDITURES & OTHER USES (excl. Refunding)	\$2,745,113	\$2,958,712	\$3,114,109	\$3,226,415	\$3,321,672	\$3,403,891	4.4%
Refunding Revenues and Sources	\$1,306,745	\$0	\$0	\$0	\$0	\$0	
Refunding Expenditures and Uses	\$1,315,876	\$0	\$0	\$0	\$0	\$0	
OPERATING/FUND BALANCE							
Operating Surplus/(Deficit)	\$73,196	(\$9,330)	(\$137,874)	(\$188,814)	(\$207,291)	(\$222,562)	
Net Impact of Refunding	(\$9,131)	\$0	\$0	\$0	\$0	\$0	
Transfers from Reserves	(\$9,702)	(\$14,702)	\$4,633	(\$13,321)	(\$13,321)	(\$13,321)	
Fund Balance at Beginning of Year - July 1	\$131,228	\$101,848	\$77,816	(\$55,424)	(\$257,559)	(\$478,171)	
Adjustment of PY Funding Balance	(\$83,744)						
Restated Fund Balance at Beginning of Year - July 1	\$47,485	\$101,848	\$77,816	(\$55,424)	(\$257,559)	(\$478,171)	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$101,848	\$77,816	(\$55,424)	(\$257,559)	(\$478,171)	(\$714,053)	
<i>Fund Balance as % of Total Revenues (excl. Refunding)</i>	3.6%	2.6%	-1.9%	-8.5%	-15.4%	-22.4%	

Next Steps

- **May 10:** City Council Hearing
- **May 25:** SRC Budget Vote
- **June:** City Adoption of Tax Measures for School District
- **June:** State Budget Adoption