

FY15 Budget Presentation

May 29, 2014



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- Reversing Years of Disinvestment



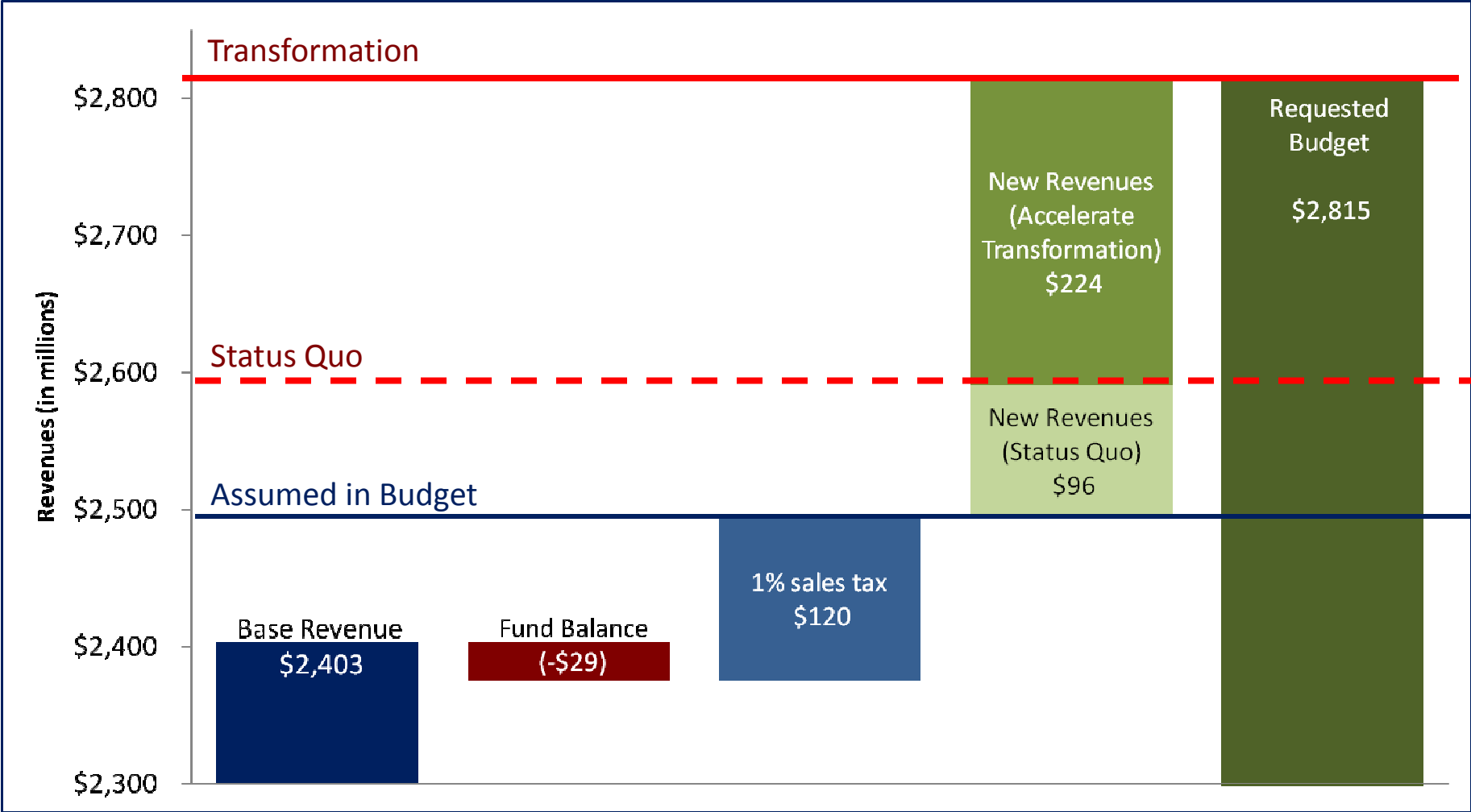
Lump Sum compared to Proposed Budget

| SCHOOL DISTRICT OF PHILADELPHIA OPERATING BUDGET (FISCAL YEARS 2013/2014 AND 2014/2015) | | | |
|--|------------------------|------------------------------------|--|
| Amounts in Thousands | | | |
| | Estimated 2013/2014 | Lump Sum Statement 2014/2015 | Proposed Budget for Adoption 2014/2015 |
| Revenues | \$2,408,527 | \$2,399,518 | \$2,385,383 |
| 1% Sales Tax | | \$120,000 | \$120,000 |
| Other Financing Sources | \$65,586 | \$3,889 | \$3,989 |
| Total Revenues and Other Financing Sources | \$2,474,113 | \$2,523,407 | \$2,509,372 |
| Obligations | \$2,544,244 | \$2,812,017 | \$2,477,982 |
| Other Financing Uses | \$2,264 | \$2,518 | \$2,518 |
| Total Obligations and Other Financing Uses | \$2,546,508 | \$2,814,535 | \$2,480,500 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Obligations and Other Financing Uses | (\$72,395) | (\$291,128) | \$28,872 |
| Prior Year Fund Balance (Deficit) July 1 | \$39,462 | (\$28,872) | (\$28,872) |
| Fund Balance Prior to Changes in Reserves | (\$32,932) | (\$320,000) | \$0 |
| Changes in Reserve | \$4,061 | \$0 | \$0 |
| Fund Balance (Deficit) June 30 | (\$28,872) | (\$320,000) | \$0 |
| Additional Funding Request | | \$320,000 | \$0* |
| Fund Balance (Deficit) June 30 | (\$28,872) | \$0 | \$0 |

* The budget is a reflection of District known revenues and expenditures; therefore, a funding request is not explicitly stated. However, the District's \$320M funding request remains.



The District requested \$440M in new, recurring revenues, including the \$120M from the sales tax; \$216M is needed to maintain the status quo. None of this new funding have been approved.

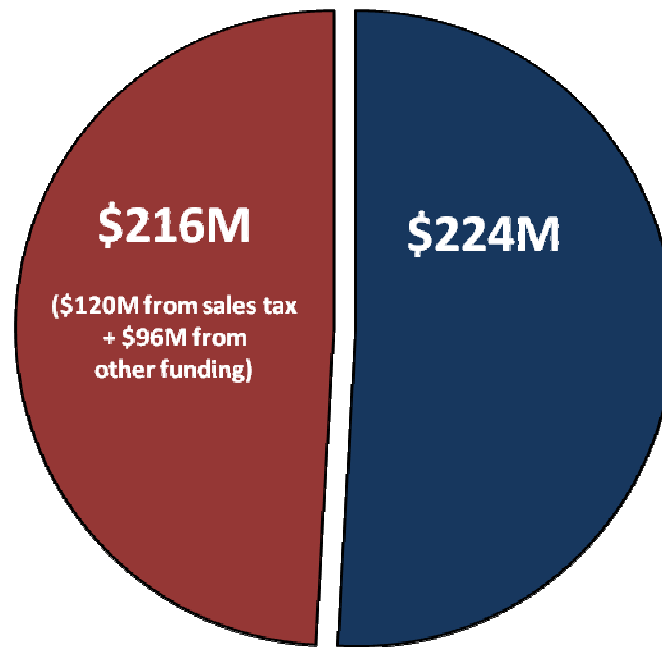


The District needs \$440 million.

Survival gap:
Getting to current levels, bare essentials

Schools will have similar services to this year, including:

- Shared guidance counselors
- Shared nurses
- Minimum number of teachers
- Minimal number of school police
- Reduced number of assistant principals
- Minimal cleaning and facilities staff
- Substantially reduced school budgets for books and supplies

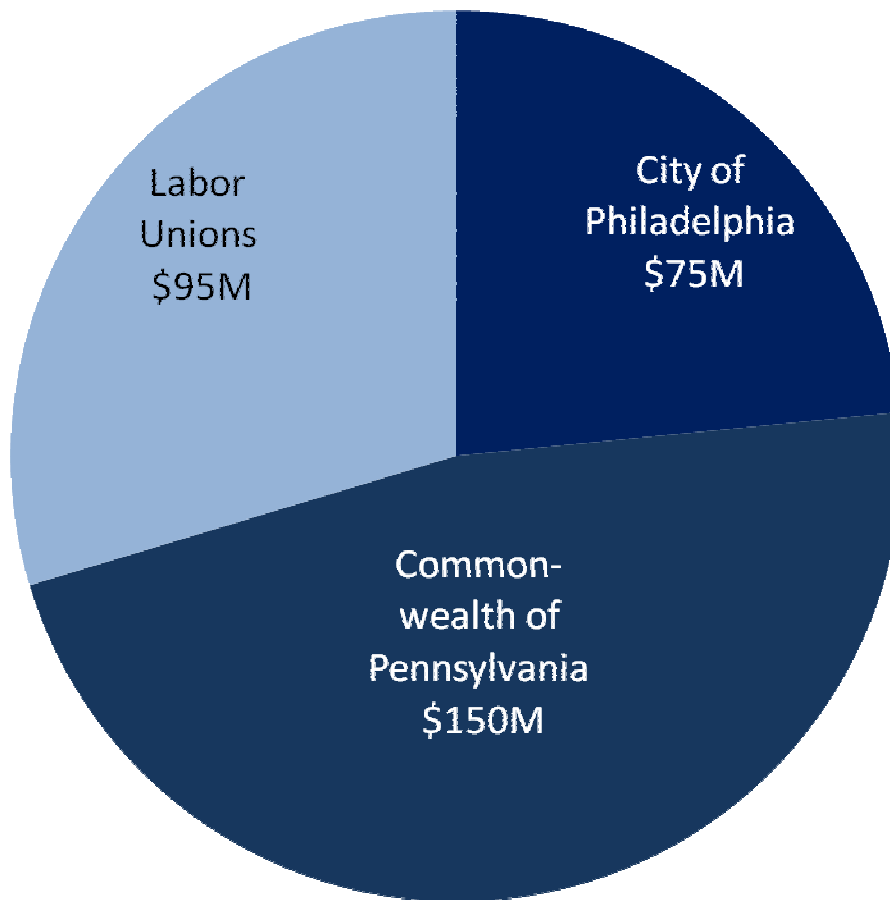


Quality gap:
Getting to better opportunities

- Guidance counselors in every school
- More nurses
- More reading and math teachers
- Advanced placement courses
- More Career and Technical Education programs
- Updated textbooks
- Cleaner schools
- Safer schools
- Credit recovery programs
- Improved school climates
- Increased Pre-K seats
- More teachers to help struggling students
- Art classes



The District neither has the ability to raise revenues nor the authority to raise taxes. It has asked for additional funding from the Commonwealth and the City and savings from labor partners.



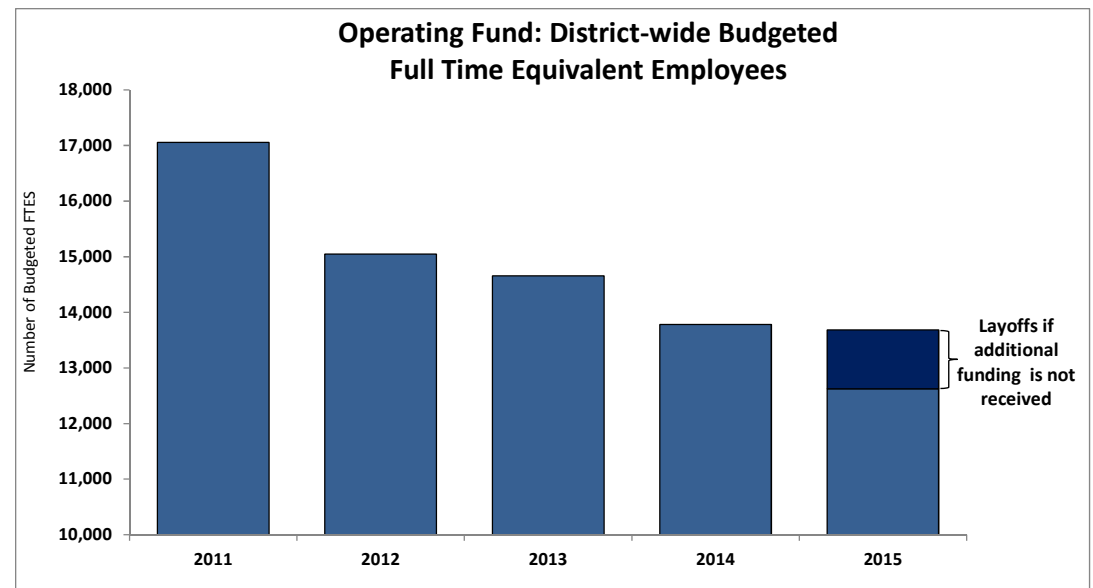
- The District has requested City Council to enact the \$120M in recurring sales tax revenue as approved by the state last year.
- Above the \$120M, it has requested \$320M in additional resources from funders and labor partners.



Making up the Difference: Even if City Council approves the \$120M sales tax revenue, without the additional \$96M in revenue needed to maintain status quo, the District will be forced to cut over \$148 M of expenditures.

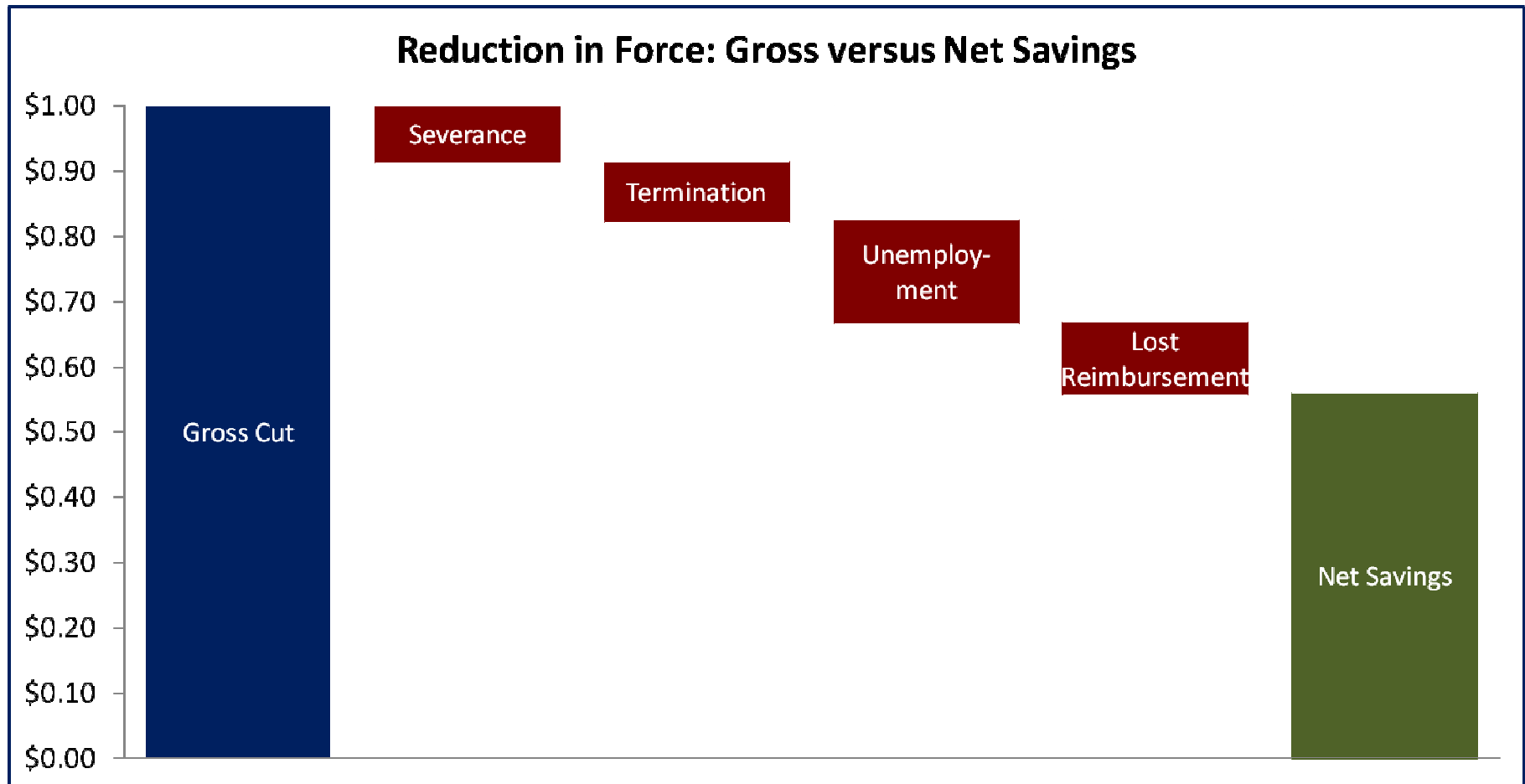
- **The District has little flexibility regarding *what* can be cut:**
61% of the District's expenditures, including debt service, charters, and some transportation, are legally mandated. Therefore, reductions must come primarily from District schools and administrative supports.

- **The District has little flexibility regarding *where* to cut:**
Prior year cuts of hundreds of millions of dollars have crippled schools and left few remaining areas to cut.



Making up the Difference: The District must cut more than it actually saves.

For every 1 dollar that the District cuts, it only receives 56 cents in actual savings because of costs associated severance, termination, and unemployment as well as a decline in state reimbursements.



Making up the Difference:

Non-District Operated Schools & Administration

| Area | Savings (\$) | Impact on Schools and Students |
|--------------------------------------|--------------|--|
| Non-District Operated Schools | | |
| Charter School Over Enrollment | \$3.6M | |
| Administration | | |
| Administrative Reductions | \$4.5M | Reductions across multiple central office functions, which will affect services to schools |



Making up the Difference: *Operations*

| Area | Savings (\$) | Impact on Schools and Students |
|--|--------------|---|
| Facilities | \$9.6 M | Reductions in cleaning and maintenance services |
| Transportation | \$3.8M | Increase walking distance from 1.5 to 2 miles for HS students |
| School Police | \$2.4 M | Reduction of 36 positions |
| Tax and Revenue Anticipation Bond (TRAN) | \$0.7M | |
| Debt Service | \$6.2M | |



Making up the Difference: *Instructional*

| Area | Savings (\$) | Impact on Schools and Students |
|---|--------------|--|
| Special Education Services | \$5.5M | Reduced costs for similar services and process improvements |
| Promise Academy <i>District Turnaround Model</i> | \$1.5M | Teacher professional development and staffing bonus eliminated |
| Alternative Education | \$2.2M | Decreasing outside contracts; students will be attending Philadelphia Learning Academies |



Making Up the Difference:

Class Size

Owing to the lack of revenues, the District will be forced to eliminate approximately 800 teaching positions and increase class sizes by seven to eight students across all schools.

| Grade Range | Current Class Size | Projected Class Size (Without \$96M) |
|--|--------------------|---|
| Grades 1 -3 | 30 | 37 |
| Grades 4-8 | 33 | 40 |
| Grades 9-12 | 33 | 41 |
| Career and Technical Education Programs | 24 | 32 |

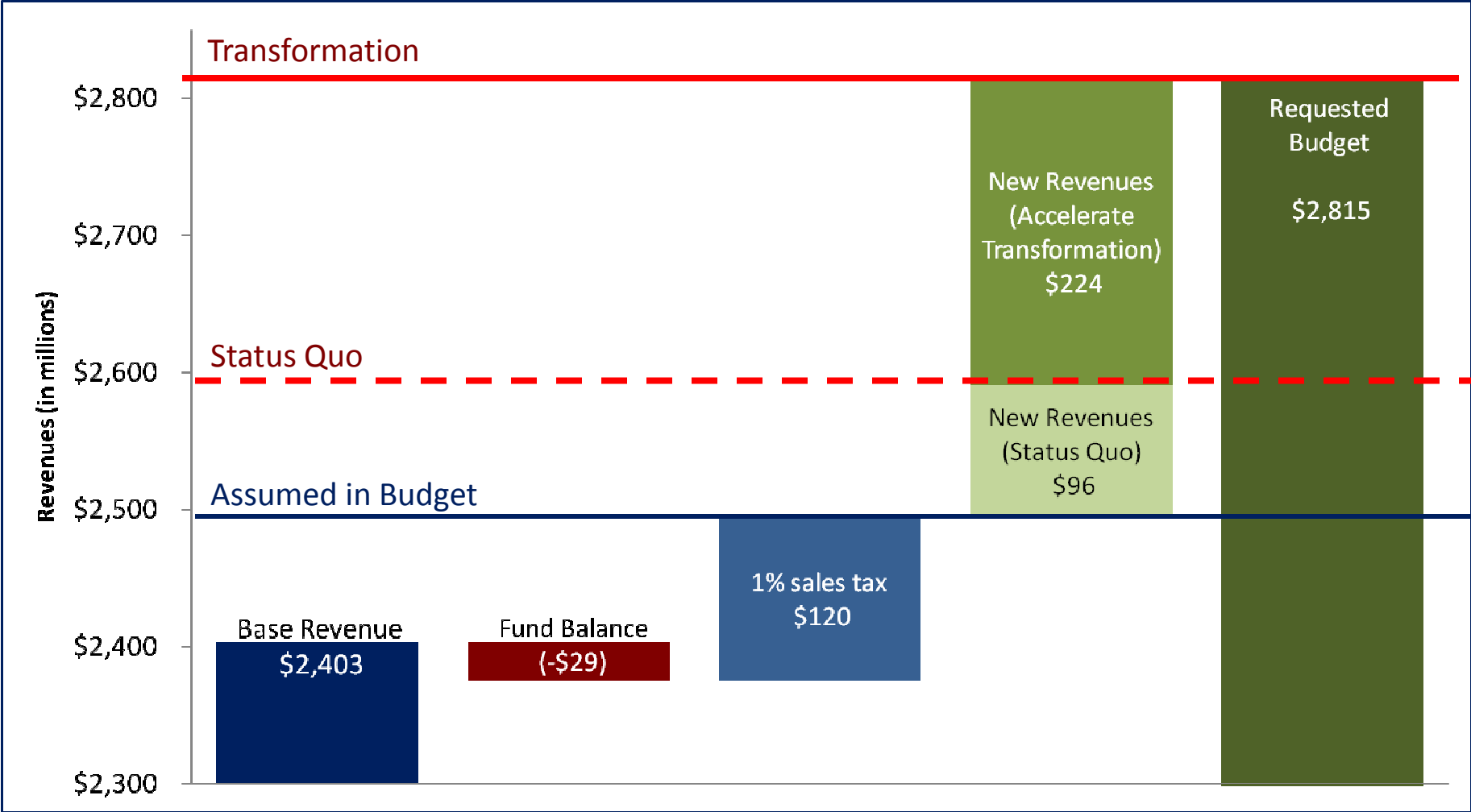


The following contingencies – either the loss of anticipated savings and budget flexibility or the imposition of new costs -- could result in the District being forced to make additional cuts.

| Area | Amount |
|------------------------------------|---------------|
| Ready to Learn Flexibility (State) | \$29 M |
| ----- | |
| Pension Savings (State) | \$10 M |
| TOTAL EXPOSURE | \$39M |



The District requested \$440M in new, recurring revenues, including the \$120M from the sales tax; \$216M is needed to maintain the status quo. None of this new funding have been approved.



**Proposed Charter Renewal
New Foundations Charter School
May 29, 2014**

New Foundations Charter School

Recommendation: 5-Year Renewal with Conditions

Student Body: Serves 1,255 students in grades K-12
9% special education students
1% English language learners
60% economically disadvantaged

Location: Northeast Philadelphia

Mission: The mission of the New Foundations Charter School is to provide students with the academic, social, and emotional foundations and skills necessary to become high achieving, socially competent stewards of their communities.

Opening Date: 2000

New Foundations Charter School





I. Academic Success





| | | | | |
|---------------|------------------------------|--|--|--|
| Rating | Meets Domain Standard | | | |
|---------------|------------------------------|--|--|--|

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
|----------------------------|----------|----------|------------------------------|---|
| AYP/SPP | Made AYP | Made AYP | Made AYP | SPP: 84 |
| Math Proficiency | 91% | 90% | 85% | 80% |
| Reading Proficiency | 78% | 81% | 77% | 78% |
| Math Growth | | | Did Not Meet Growth Standard | Exceeded Growth Standard in Math and Met in Algebra |
| Reading Growth | | | Did Not Meet Growth Standard | Exceeded Growth Standard in Reading and Literature |

New Foundations Charter School





II. Organizational Compliance (1 of 2)





| Rating | Approaching Domain Standard | |
|---|---|--|
| Special Education Compliance |  | Placement procedures, personnel, and resources are appropriate. |
| ELL Compliance |  | Identification procedures are adequate and instruction aligns with PDE guidelines. |
| Admissions Policies |  | School-specific form must be hand-delivered, but accepting common application. HS admission has included an interview pre-lottery. Parent volunteer requirements pose an enrollment barrier. |
| Student Retention & Discipline |  | Discipline policy is implemented consistently and clearly communicated to families; 96% of students returned in 2013-14. |

-  Meets Standard
-  Approaching Standard
-  Does Not Meet Standard
-  Not Assessed

New Foundations Charter School



II. Organizational Compliance (2 of 2)





| Rating | Approaching Domain Standard | |
|---|---|---|
| Mission Fulfillment |  | Mission is understood by stakeholders and operationalized in school systems and activities. |
| Board Oversight & Compliance |  | Board possesses knowledge of school and finances and complies with bylaws, Sunshine Act, and submits statements of financial interest timely. |
| Timely Reporting Requirements |  | Annual reports and audited financial statements submitted timely. Compliant with IEP SCN requirements. |
| Personnel Compliance |  | At least 75% staff certified and meeting 100% highly qualified teachers requirement. |

-  Meets Standard
-  Approaching Standard
-  Does Not Meet Standard
-  Not Assessed

New Foundations Charter School

III. Financial Viability

| Rating | Approaching Domain Standard | |
|--------------------|---|---|
| Financial Health |  | Sound financial health; meeting standard industry indicators and ratios. |
| Business Practices |  | No independent CPA audit findings or deficiencies during charter term. School CEO served on affiliated non-profit Board as non-voting member until 2012. Unpaid real estate taxes for HS location; tax exemption not fully processed by city. |

-  Meets Standard
-  Approaching Standard
-  Does Not Meet Standard
-  Not Assessed

New Foundations Charter School

Charter agreement conditions include:

- Revise admissions policy to ensure application can be submitted through multiple avenues and to ban interviews or transcript receipt pre-lottery.
- Revise parent/guardian involvement provisions in Parent/Student Handbook.
- Submit and implement a plan to increase the diversity of the charter school.
- Implement procedures to evaluate the performance of the Chief Executive Officer, Board members, and the Charter School.
- Ensure at least 75% certified and 100% highly qualified teachers with appropriate background checks and clearances.
- Board of Trustees complies with Ethics and Nonprofit Acts and Conflict of Interest policy.
- Board of Trustees statements of financial interest submitted on time annually.

**Proposed Grade Reconfiguration
Maritime Academy Charter School
May 29, 2014**

Maritime Academy Charter School

| | |
|-----------------------------------|--|
| Recommendation: | 4-12 to K-12 Grade Reconfiguration Same enrollment cap – 820 students |
| Student Body: | Serves 773 students in grades 4-12 9% special education students 1% English language learners 84% economically disadvantaged |
| Location: | Northeast Philadelphia |
| Mission: | The Maritime Academy Charter provides a rigorous academic program with the special theme of maritime studies. MACHS students work with the latest technology to learn maritime content while achieving to high standards in English, Math, Science, Social Studies and the Arts. |
| Academic Success: | 2013 SPP academic score: 73 % proficient/advanced: 78% in math and 70% in reading Growth: met or exceeded growth standard in reading & math |
| Organizational Compliance: | Acceptable ratings in 2013 renewal |
| Financial Viability | |

Maritime Academy Charter School

- Maritime Academy is interested in adding a 25 student class in grades K-3, one grade per year, starting in 2014-15.
- Fewer 6th and 9th graders will be accepted to assist with the transition.

| | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 |
|----------|------------|------------|------------|------------|------------|
| K | | | | | 25 |
| Grade 1 | | | | 25 | 25 |
| Grade 2 | | | 25 | 25 | 25 |
| Grade 3 | | 25 | 25 | 25 | 25 |
| Grade 4 | 63 | 50 | 25 | 25 | 25 |
| Grade 5 | 75 | 65 | 50 | 25 | 25 |
| Grade 6 | 110 | 80 | 85 | 100 | 75 |
| Grade 7 | 142 | 110 | 100 | 85 | 100 |
| Grade 8 | 143 | 142 | 110 | 100 | 85 |
| Grade 9 | 74 | 110 | 100 | 100 | 100 |
| Grade 10 | 87 | 80 | 110 | 100 | 100 |
| Grade 11 | 60 | 87 | 100 | 110 | 100 |
| Grade 12 | 66 | 70 | 87 | 100 | 110 |
| Total | 820 | 819 | 817 | 820 | 820 |