

Administrative Procedures for Budget Adoption (Attachment for Policy No. 604)

Purpose

The purpose of this policy is to provide an adopted annual budget that represents the position of the Board of Education (“Board”). Board Members and School District of Philadelphia (“District”) administrators shall be knowledgeable about, and understand the need for, proposed expenditures.

These administrative procedures are directed towards the offices responsible for completing and submitting the required budget adoption documents to the Board, the City of Philadelphia and the Pennsylvania Department of Education, in accordance with statute.

Definitions

Appropriation: An allocation of funding to a specific function or purpose.

Budget Adoption: Process by which the Board approves the proposed budget for the upcoming fiscal year.

Capital Budget: The current and the adopted fiscal year budget for projects and administrative support costs that are funded with available cash. It is a balanced budget as required by the Home Rule Charter.

Capital Improvement Plan/Program (“CIP”): A set of projects to build, rebuild, replace and renovate tangible, long-term assets, within the District’s facilities, and which details the School District’s plan of such projects for the ensuing six years. The Capital Budget and Capital Budget Plan are parts of the CIP.

Levy: The process of a government charging a tax or fee on citizens or a business to fund services; for example, levying a property tax.

Lump Sum Statement: A summary level statement of revenues and expenditures to show, at a high level, the District’s proposed budget.

Operating Budget: The District’s operating budget includes revenue and expenditures associated with the General Fund, Intermediate Unit Fund, and Debt Service Fund, and are made up of funding sources that can be used for those general purposes (i.e. unrestricted, non-grant funds).

Procedures

The Superintendent designates the Chief Financial Officer, [Office of Management and Budget](#), [Office of Capital Programs](#), and [Office of Special Finance](#) as responsible for implementing and maintaining the requirements of this policy and its procedures.

Lump Sum Statement

In advance of the March Board Meeting, the [Office of Management and Budget](#) develops and submits a Lump Sum Resolution and Statement to the Board. This Resolution and Statement represents all operating funded revenue and expenditures. The Resolution includes the statutory language associated with the lump sum requirements based on the Philadelphia Home Rule Charter. The Statement includes a summary of anticipated receipts (revenues), expenditures and fund balances for the current year (projected) and the new budget year (proposed). This Statement also includes the final actual revenue, expenditures, and fund balances for the prior fiscal year.

[The Office of Management and Budget](#) also creates Lump Sum Transmittal Letters to both the Mayor and City Council President summarizing the District's lump sum budget and associated spending priorities. These letters are signed by the Board President and are required to maintain compliance with the City Charter, showing that the District has adopted the Lump Sum Action Item within 60 days prior to adoption of the annual operating budget.

As soon as the Lump Sum Resolution and Statement is approved by the Board, [the Office of Management and Budget](#) submits the Transmittal Letters to the Mayor and City Council President. The Superintendent and City Finance Director are also copied on these submissions.

Budget Hearings

Prior to the adoption of the CIP, the [Office of Capital Programs](#) will present the proposed CIP to the City Planning Commission. The presentation includes slides summarizing capital priorities and needs for the current year and ensuing six years. It presents an opportunity for the City Planning Commission to review and coordinate capital investments in District properties with the City's capital investments in neighborhoods.

The April Board meeting includes a budget hearing on the Operating Budget. It presents another opportunity for the Board to review the budget and for the public to provide feedback on the budget proposal.

The District also presents its Budget as part of annual City Council Budget hearings which typically take place in April or early May. Information from the District's Budget Book, released in April of each year is used in these hearings.

Budget Adoption

In advance of the May Board meeting, the [Office of Management and Budget](#) and [Office of Capital Programs](#) develop and submit Adopted Budget Action Items for the Operating Budget, Intermediate Unit Budget, and Capital Programs Budget.

The action items for the Operating and Intermediate Unit budgets reflect the statutory requirements based on the Philadelphia Home Rule Charter. It is the District's practice to include

the following attachments: Comparative Statement of Revenues, Obligations, and Changes in Fund Balance, a summary of revenues by revenue source, and expenditures by functional organization for the current year (Amended Budget) and the Request Year (Adopted Budget). The action item for the Capital Budget also includes the statutory requirements based on the Philadelphia Home Rule Charter. It is the District's practice to include a detailed summary by project of the Capital Project Fund (the CIP) and Capital Funding Resources for the current year and projected six-year period.

When the District submits the next fiscal year's Adopted Budget Action Item, the District also amends the current fiscal year's adopted budget.

Pennsylvania requires that budgets are adopted by June 30 of each year. However, the Philadelphia Home Rule Charter requires 30 days prior, which is why the Adopted Budget is completed at the May Board Meeting.

Budget Submission to PDE

The Consolidated Financial Reporting System ("CFRS") is maintained by PDE for local educational agencies ("LEAs"), career and technical centers, and intermediate units as the required method of completing and submitting the required final budgets. The [Office of Special Finance](#) completes these three reports after the budget is adopted, by July: PDE 2028 School District, PDE 2028 Area Vocational Technical, and PDE 2054 Intermediate Unit.

The PDE 2028 School District reports the budgeted revenues and expenses related to the General Fund, Debt Service Fund, and School District Categorical Funds. The PDE 2028 Area Vocational Technical reports the budgeted revenues and expenses related to the Area Vocational Technical Fund. The PDE 2054 Intermediate Unit reports budgeted revenues and expenses related to Intermediate Unit Act 89.

Board Certification of Tax Levy

In advance of the June Board Meeting, the [Office of Special Finance](#) office, submits an action item authorizing the levy and assessment of taxes for the upcoming year through the Board process and timeline. The Action Item is typically submitted as a draft pending the approval of any City ordinances enacted by City Council which might impact the upcoming tax rates. The Office of Special Finance contacts the District's office of government relations to obtain a certified copy of any relevant ordinances which have been enacted by the Mayor. These certified copies are then attached to the action item for Board approval which must take place no later than June 30th.

Maintenance Schedule

These administrative procedures shall be reviewed upon the review of the policy, or upon the occurrence of a triggering event.

Related Information:

- [Policy 602](#) - Budget Planning
- [Policy 603](#) - Budget Preparation