



Building on Our Momentum

Preliminary Five-year Plan (FY2020-2024)
Lump Sum Statement (FY2019-2020)


March 28, 2019

The School District of Philadelphia's Presentation of the Preliminary Five-Year Plan for FY20-24 and Fiscal Year 2020 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, 2019**. 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

- **We Are Making Steady Progress**
 - Guided by Action Plan 3.0, our strategic investments since 2014 are working
- **Building on Our Momentum**
 - Our FY2019-2020 Investment Plan builds on prior investments and supports new priorities
- **Financial Outlook**
 - FY2019-2020 Lump Sum Statement
 - Preliminary Five-Year Plan for FY2020-2024
 - Budget Timeline
- **A Call to Action**

A photograph of a diverse group of students in a classroom. In the foreground, a young man with a large afro hairstyle, wearing a plaid shirt over a white sweater, is smiling and looking towards the right. He has his hand near his face. Behind him, other students are visible, some looking at laptops. The scene is brightly lit, suggesting a modern educational environment. The image is partially overlaid by a white geometric shape on the left side, which contains text.

THE SCHOOL DISTRICT
OF PHILADELPHIA HAS
A CLEAR VISION.

**FOR ALL
CHILDREN TO
HAVE ACCESS TO
A GREAT SCHOOL,
CLOSE TO WHERE
THEY LIVE**

Action Plan 3.0 is our roadmap

100%

of students
will graduate
ready for college
or career.

1

ANCHOR GOAL

100%

of 8 year-olds
will read on
or above
grade level.

2

ANCHOR GOAL

100%

of positions are
filled by great
principals, teachers,
and employees.

3

ANCHOR GOAL

100%

of funding for
great schools
is secured with
zero deficit.

4

ANCHOR GOAL



INVESTMENTS TO DATE

More college- and career-readiness opportunities for students

- 32 new Career and Technical Education programs focused on high-demand occupations
- Increased Advanced Placement and dual enrollment course offerings across 18 high schools
- The first Middle College program in Pennsylvania
- Free Access to PSAT/SAT Practice Tests



INVESTMENTS TO DATE

Launched a three-tiered model to transform early literacy

■ Improve the Curriculum

- New curriculum aligned to industry research and best practices

■ Increase Support for Teachers

- 100% of K-3 teachers received intensive literacy training
- 150 new literacy coaches to support every K-3 classroom
- Reading specialists in all Acceleration Network Schools

■ Expand Resources for Students

- 1 million new books for grade-level libraries in all K-3 classrooms
- \$38 million for new K-12 literacy (and math) materials
- 350 classrooms upgraded with new furniture and reading spaces

INVESTMENTS TO DATE

Restored arts and music education in every elementary school



INVESTMENTS TO DATE

Hired more and more diverse teachers and school support staff

1,700+ teachers and school support staff positions added

Created Teacher Residency Program to fill hard-to-staff positions

1:3 teachers and 1:2 principals hired are educators of color*

*SY18-19





INVESTMENTS TO DATE

Increased social-emotional supports for students

- Counselors and nurses supporting every school
- New Director of Trauma-Informed School Practices
- More programs to provide Positive Behavior Interventions and Supports (PBIS) for students
- Ongoing professional development to support trauma-informed care

INVESTMENTS TO DATE

Renovated and refreshed classrooms to inspire creativity, collaboration and hands-on learning



New Computer Labs in every school



New Computers for every teacher, principal, assistant principal, school secretary and nurse



INVESTMENTS TO DATE

Added new people and made improvements to support cleaner, healthier schools

- 112 cleaning positions added to ensure more rigorous cleaning standards in all schools
- New state-of-the-art hydration stations in every school
- Lead paint stabilized in all 30 high-priority elementary schools*
- Humidity sensors to monitor and proactively prevent mold in 31 targeted schools

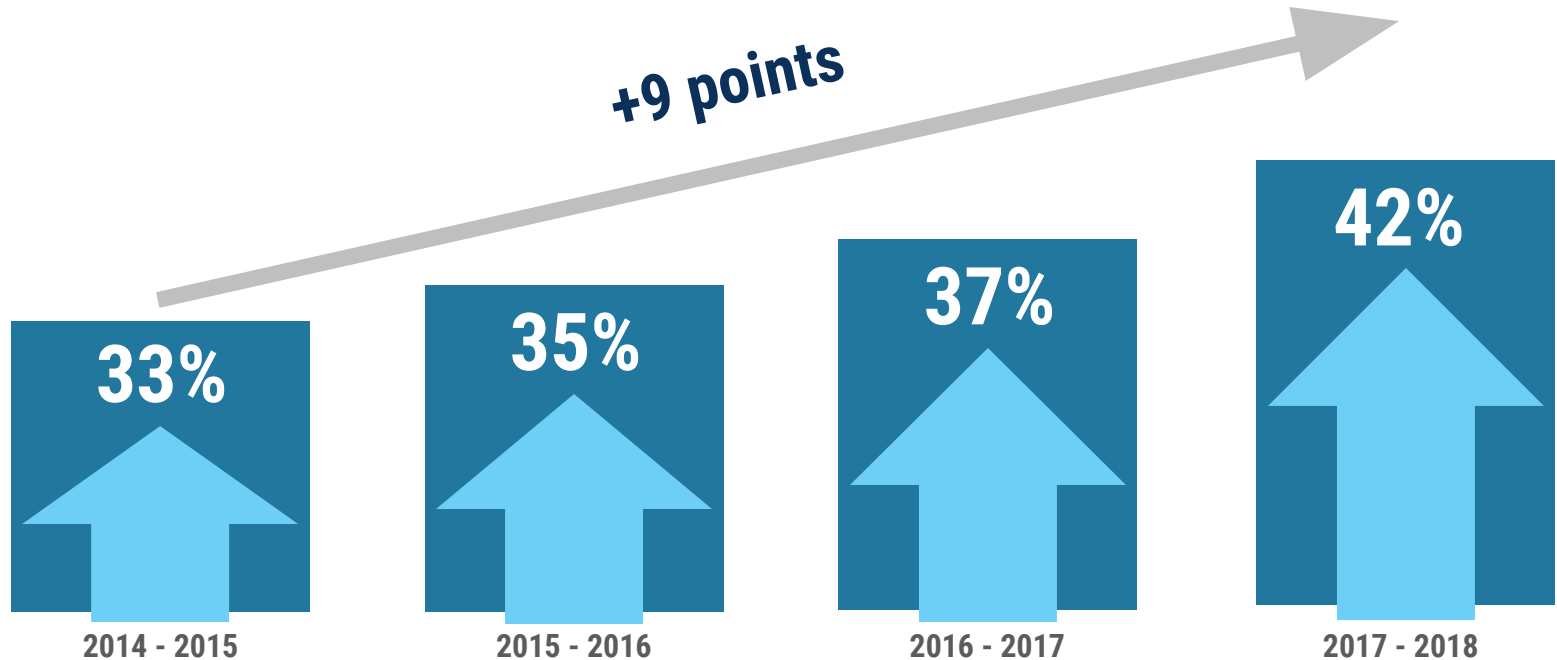
**Projected as of fall 2019*

A young boy with short dark hair, wearing a green long-sleeved shirt with blue and white striped cuffs, is sitting at a wooden desk in a classroom. He has his right hand raised high, palm facing forward, and is looking towards the camera with a slight smile. In his left hand, he holds a yellow pencil. The background is a blurred classroom with other students, bookshelves, and colorful decorations. A blue diagonal graphic element is overlaid on the left side of the image.

**Collectively,
investments
to date have
benefited
every school**

THE INVESTMENT PLAN IS WORKING

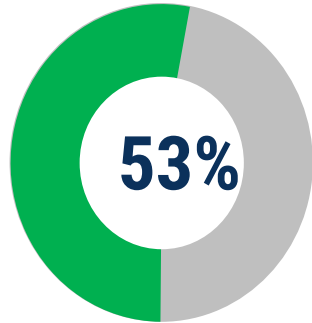
For three years in a row, public schools across our city have improved



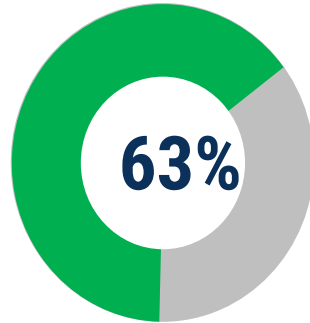
Overall School Progress Report Score - District-led + Charter

THE INVESTMENT PLAN IS WORKING

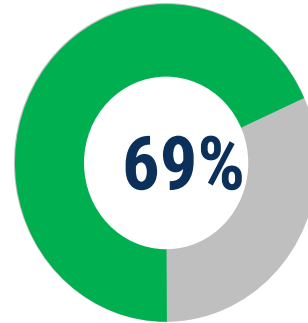
Schools are improving in the areas that matter most to student success



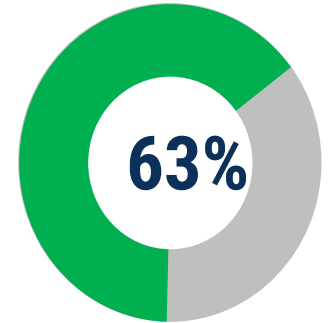
of schools have improved their **ACHIEVEMENT SCORES**



of schools have improved their **PROGRESS SCORES**



of schools have improved their **CLIMATE SCORES**



of schools serving grades 9-12 have improved their **COLLEGE & CAREER READINESS SCORES**

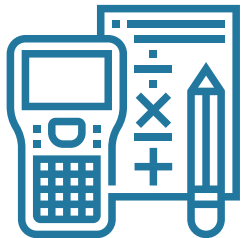
Data reflects 2014-2015 through 2017-2018 school years.

THE INVESTMENT PLAN IS WORKING

Our students are showing progress in literacy and math across nearly all tested grade levels



PSSA Subject/Grade	SDP 2014-2015 % Proficient/Advanced	SDP 2017-2018 % Proficient/Advanced	Three-Year Change
Literacy 3	33	36	+3 ppts
Literacy 4	28	31	+3 ppts
Literacy 5	31	32	+1 ppts
Literacy 6	32	37	+5 ppts
Literacy 7	35	40	+5 ppts
Literacy 8	35	38	+3 ppts



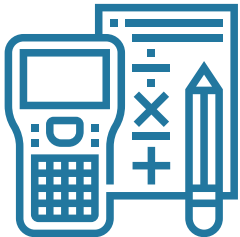
Math 3	19	25	+6 ppts
Math 4	17	17	n/c
Math 5	17	20	+3 ppts
Math 6	17	20	+3 ppts
Math 7	16	22	+6 ppts
Math 8	15	17	+2 ppts

THE INVESTMENT PLAN IS WORKING

Our students' three-year academic growth rates for literacy and math are outpacing the state average in nearly all tested grade levels



PSSA Subject/Grade	SDP Three-Year Change % Proficient/Advanced	PA Three-Year Change % Proficient/Advanced	Variance SDP vs PA
Literacy 3	+3 ppts	+2 ppts	+1 ppt
Literacy 4	+3 ppts	+1 ppts	+2 ppts
Literacy 5	+1 ppts	-3 ppts	+4 ppts
Literacy 6	+5 ppts	+2 ppts	+3 ppts
Literacy 7	+5 ppts	+3 ppts	+2 ppts
Literacy 8	+3 ppts	+4 ppts	-1 ppt
Math 3	+6 ppts	+5 ppts	+1 ppt
Math 4	n/c	nc	n/c
Math 5	+3 ppts	+2 ppts	+1 ppt
Math 6	+3 ppts	nc	+3 ppts
Math 7	+6 ppts	+6 ppts	n/c
Math 8	+2 ppts	+1 ppts	+1 ppt



THE INVESTMENT PLAN IS WORKING

More students are in school and having college- and career-readiness experiences

ZERO OUT-OF-SCHOOL SUSPENSIONS

92%

up +2 pts over
last year, up +3 pts
since 2014-2015

STUDENT ATTENDANCE

9,067

more students are
attending schools 95%
of the time or more.

ACADEMIC RIGOR

6,700+

students are now
taking AP and dual
enrollment courses

CAREER & TECHNICAL EDUCATION

7,300

students have earned
more than 14,300
industry credentials



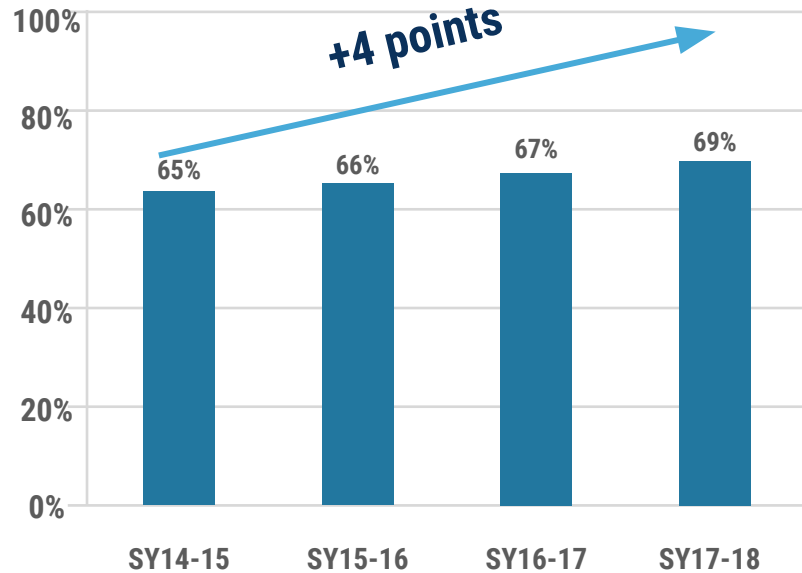
THE INVESTMENT PLAN IS WORKING

We have more high-performing schools and fewer lower-performing ones

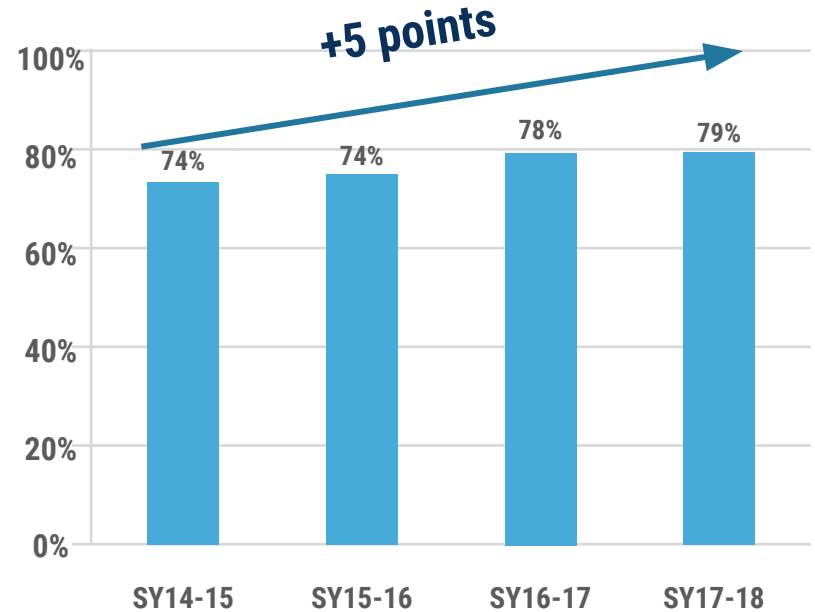
- 2X More Higher-Performing Schools
(*Model and Reinforce*)
- 50% Fewer Lower-Performing Schools
(*Intervene*)
- 89 schools have increased their overall school progress score two or more years in a row
- Two new National Blue Ribbon Schools

Data reflects growth from SY2014-2015 to SY2017-2018

THE INVESTMENT PLAN IS WORKING
Our graduation rates are steadily rising



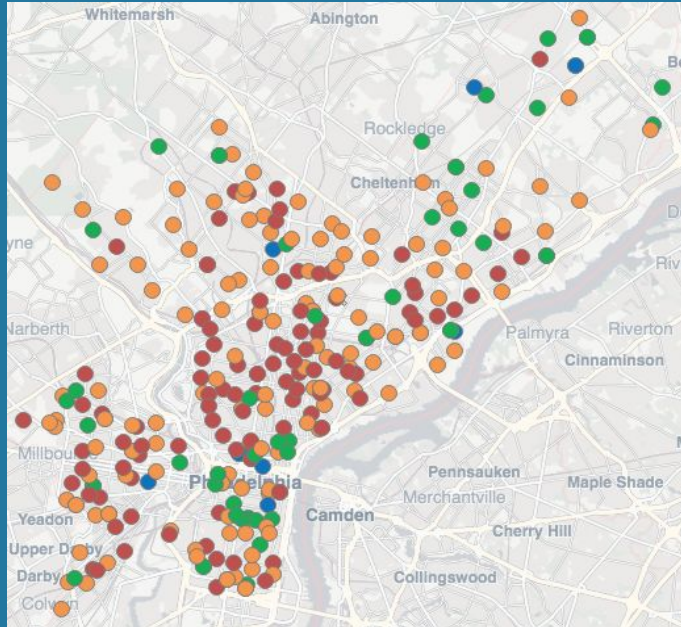
District & Alternative Schools



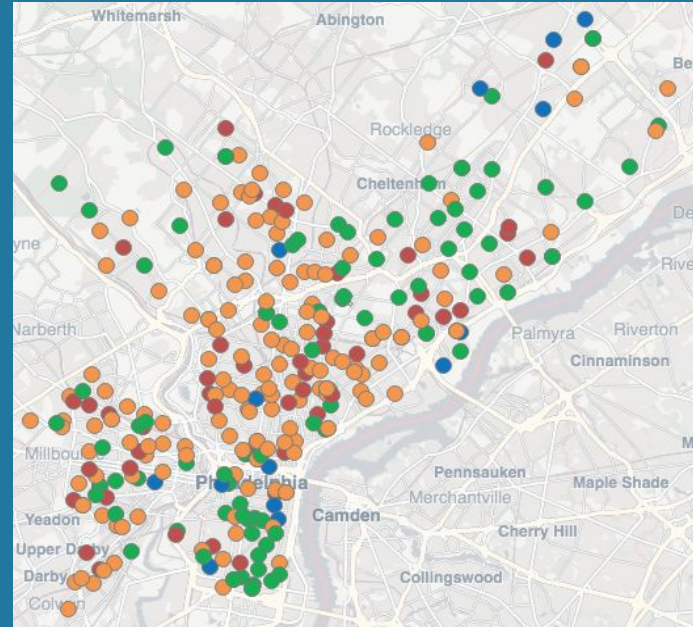
District Schools

THE INVESTMENT PLAN IS WORKING

Overall, we are improving the quality of Philadelphia's public schools



SY 2014-2015



SY 2017-2018

Range of School Performance

● Intervene ● Watch ● Reinforce ● Model

We are improving student outcomes while maintaining
a strong fiscal foundation

MOODY'S
INVESTOR SERVICES

- An Investment Grade credit rating for the first time since 1977
- Positive year-end fund balance for the fifth year in a row
- No negative audit findings for the fifth consecutive year

**We are
proud of our
progress,
but there
is still
much work
to do**



- 20% of our schools are still in the lowest level of school performance
- Not enough students are performing at proficient or advanced levels
- Only 7 of every 10 students are graduating on time*

*Includes students in Alternative Schools

BUILDING ON OUR MOMENTUM

The SY2019-2020
Investment Plan will
build on prior investments
and **support new priorities**
to further improve
academic outcomes
for students





NEW INVESTMENTS

Expanding our K-3 literacy model to grades 4 and 5

■ Increase Support for Teachers

- Additional literacy coaches to ensure all K-5 teachers receive intensive literacy training and support over the next two years

■ Expand Resources for Students

- All grade four and five classrooms will receive new leveled libraries over the next two years
- 141 classrooms across 11 targeted schools will be upgraded with new furniture and reading spaces





NEW INVESTMENTS

Building a strong foundation to improve math teaching and learning

■ Improve the Curriculum

- Studying industry research and best practices to develop new Foundations of Math content

■ Increase Supports for Teachers

- *Coming in SY2020-2021*

■ Expand Resources for students

- *Coming in SY2020-2021*



NEW INVESTMENTS

Strengthening college- and career-readiness supports for students

- More dual enrollment opportunities for all high school students
- 10 new college-and career-readiness coordinators
- New curriculum specialist for World Languages
- New Office of Career Connectedness in conjunction with the City
- New resources and programming to support high school students who are off-track for graduation



NEW INVESTMENTS

Adding more services and supports in schools to help all learners succeed

■ All Learners

- More nurses to minimize vacancies and absences
- 25 additional teacher residents for hard-to-fill subject areas (STEM, special education, middle school)
- Reduce by 50% the number of classrooms impacted by leveling

■ English Language Learners

- 30 additional EL teachers

■ Special Education Students

- Enhancing the quality of supports available for students with disabilities

■ Students needing more social-emotional supports

- More behavioral health staff and counselors in schools

A photograph of a classroom where students are seated at desks, playing recorders. The students are wearing maroon shirts. The classroom has blue chairs and desks. A semi-transparent blue box is overlaid on the bottom left of the image, containing text and a list of items.

FINANCIAL OUTLOOK

- FY 2019-2020 Lump Sum Statement
- Preliminary Five-Year Plan for FY2020-2024
- Budget Timeline

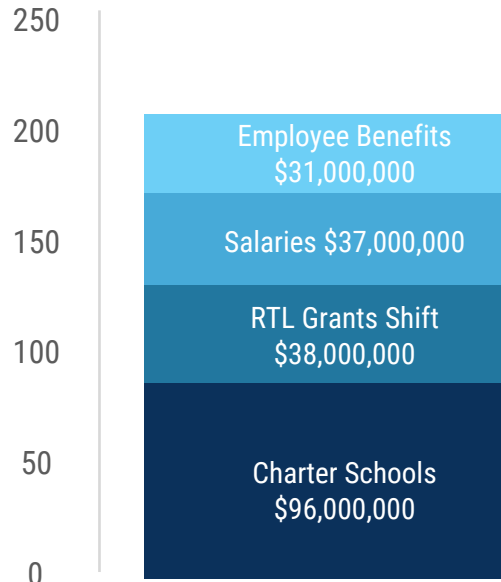
The Proposed FY2019-2020 Lump Sum Budget

(in thousands)

	FY18 Actual	FY19 Projected	FY20 Proposed
REVENUES & OTHER FINANCING SOURCES			
Local Tax Revenues	\$1,280,108	\$1,286,805	\$1,367,154
Local Non-Tax Revenues	\$141,813	\$220,744	\$253,303
State Revenues	\$1,588,404	\$1,608,131	\$1,721,109
Federal Revenues	\$16,968	\$16,982	\$16,857
Other Financing Sources	\$3,037	\$402	\$2,049
TOTAL REVENUES & OTHER SOURCES	\$3,030,329	\$3,133,064	\$3,360,472
EXPENDITURES			
District Operated Schools	\$1,631,139	\$1,671,847	\$1,794,184
Charter Schools (Incl. Transportation)	\$887,145	\$990,653	\$1,088,880
Other Non-District Operated Schools (Incl. Transportation) ¹	\$110,875	\$98,078	\$100,508
Debt Service	\$274,925	\$300,349	\$291,764
Administrative Support Operations (Central Offices)	\$93,850	\$108,690	\$116,588
Undistributed Budgetary Adjustments	(\$30,574)	(\$21,192)	(\$19,523)
Other Financing Uses	\$3,486	\$1,896	\$1,877
TOTAL EXPENDITURES & OTHER USES	\$2,970,846	\$3,150,321	\$3,374,279
OPERATING/FUND BALANCE			
Transfers from Reserves	(\$14,702)	\$4,633	(\$13,321)
Operating Surplus/(Deficit) incl. Change in Reserves	\$44,781	(\$12,624)	(\$27,128)
Fund Balance at Beginning of Year - July 1	\$124,697	\$169,478	\$156,854
ENDING FUND BALANCE			
Fund Balance at End of Year - June 30	\$169,478	\$156,854	\$129,726
<i>Fund Balance as % of Total Expenditures</i>	5.7%	5.0%	3.8%

There are four major areas driving expenditure and revenue increases from FY19 – FY20

Major Expenditure Increases from FY19 to FY20 (\$M)



Four major expenditure areas are driving growth from FY19 to FY20:

- Increase of \$96M for payments to charter schools
- Increase of \$38M in funding shift from Ready to Learn (RTL) grant
- Increase of \$37M for salaries
- Increase of \$31M for employee benefits

Baseline revenue increases between FY19 and FY20 are primarily due to:

- Increase of \$97M in basic education and special education funding included in the Governor's FY20 proposed budget (including the RTL grant shift)
- Increase of \$64M in real estate tax revenues
- Increase of \$33M in the City grant
- Increase of \$15M due to higher retirement reimbursements

Our five-year plan focuses on maintaining fiscal stability while advancing academic supports for all children

Key Assumptions

- **Use reasonable projections and assumptions for revenues and expenditures, based on:**
 - Actual revenues and expenditures
 - Current law
 - Historical spending and enrollment trends (SDP and charter)
 - Most recent City and State budget proposals
- **Primary objectives:**
 - Identify sufficient revenues to meet the anticipated obligations of the first 24 months
 - Establish baseline financial projections to enable dialogue among all School District funders (City, State, Private) identifying pathways to achieving long-term structural balance



Preliminary Five-Year Plan Projections: SDP continues to approach a structurally balanced budget

FY20-FY24 FINANCIAL PLAN Operating Funds (in thousands)

	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected	FY24 Projected	CAGR FY19 to FY24
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,286,805	\$1,367,154	\$1,390,882	\$1,429,657	\$1,470,469	\$1,516,282	3.3%
Local Non-Tax Revenues	\$220,744	\$253,303	\$281,421	\$293,795	\$295,534	\$295,501	6.0%
State Revenues	\$1,608,131	\$1,721,109	\$1,744,640	\$1,769,583	\$1,795,478	\$1,820,393	2.5%
Federal Revenues	\$16,982	\$16,857	\$16,744	\$16,744	\$16,744	\$16,744	-0.3%
Other Financing Sources	\$402	\$2,049	\$289	\$2,049	\$289	\$2,049	38.5%
TOTAL REVENUES & OTHER SOURCES	\$3,133,064	\$3,360,472	\$3,433,975	\$3,511,829	\$3,578,514	\$3,650,968	3.1%
EXPENDITURES							
District Operated Schools	\$1,671,847	\$1,794,184	\$1,808,184	\$1,815,222	\$1,832,823	\$1,846,533	2.0%
Charter Schools (Incl. Transportation)	\$990,653	\$1,088,880	\$1,187,956	\$1,258,817	\$1,314,515	\$1,366,557	6.6%
Other Non-District Operated Schools (Incl. Transportation)	\$98,078	\$100,508	\$101,239	\$101,987	\$102,751	\$103,533	4.4%
Debt Service	\$300,349	\$291,764	\$302,132	\$305,653	\$343,684	\$312,350	0.8%
<i>Debt Service as a % of Total Expenditures</i>	9.5%	8.6%	8.6%	8.5%	9.3%	8.4%	-
Administrative Support Operations (Central Offices)	\$108,690	\$116,588	\$117,180	\$117,027	\$117,555	\$118,149	1.7%
<i>Central Offices as a % of Total Expenditures</i>	3.5%	3.5%	3.3%	3.3%	3.2%	3.2%	-
Undistributed Budgetary Adjustments	(\$21,192)	(\$19,523)	(\$19,455)	(\$19,386)	(\$19,315)	(\$19,243)	-1.9%
Other Financing Uses	\$1,896	\$1,877	\$1,877	\$1,877	\$1,877	\$1,877	-0.2%
TOTAL EXPENDITURES & OTHER USES	\$3,150,321	\$3,374,279	\$3,499,113	\$3,581,197	\$3,693,891	\$3,729,757	3.4%
OPERATING/FUND BALANCE							
Transfers from Reserves	\$4,633	(\$13,321)	(\$13,321)	(\$13,321)	\$28,259	(\$9,395)	
Reserve for Federal Cuts	\$0	\$0	(\$22,500)	(\$22,500)	(\$22,500)	(\$22,500)	
Operating Surplus/(Deficit) incl. Change in Reserves	(\$12,624)	(\$27,128)	(\$100,959)	(\$105,188)	(\$109,618)	(\$110,685)	
Fund Balance at Beginning of Year - July 1	\$169,478	\$156,854	\$129,726	\$28,767	(\$76,422)	(\$186,039)	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$156,854	\$129,726	\$28,767	(\$76,422)	(\$186,039)	(\$296,724)	
<i>Fund Balance as % of Total Expenditures</i>	5.0%	3.8%	0.8%	-2.1%	-5.0%	-8.0%	

Total Revenues & Other Sources

CAGR FY19 to FY24
3.1%

Total Expenditures & Other Uses

CAGR FY19 to FY24
3.4%

Preliminary Five-Year Plan Projections: SDP projects positive fund balances through FY21

FY20-FY24 FINANCIAL PLAN Operating Funds (in thousands)

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Fund Balance at
End of Year

FY19 Projected
\$156,854

FY20 Projected
\$129,726

FY21 Projected
\$28,767

TIMELINE

28

March

Board of Education
Lump Sum Vote

11

April

Finance and Facilities
Committee Meeting

25

April

Board of Education
Budget Hearing

14

May

City Council
Budget Hearing

16

May

Finance and Facilities
Committee Meeting

30

May

Board of Education
Budget Vote



May

City Adoption of Tax
Measures for School District



June

State Budget
Adoption



A CALL TO ACTION

**Building on Our Momentum:
A City-Wide
Call to Action**

Our progress to date is the result of the hard work and commitment of thousands of students, families, District employees, elected officials and community members.

There is still much work to do.



CALL TO ACTION: BE A PART OF OUR CONTINUED PROGRESS



VOLUNTEER IN A SCHOOL

ADOPT A SCHOOL

MAKE A DONATION THROUGH THE FUND FOR THE SCHOOL DISTRICT OF PHILADELPHIA