

Revised Preliminary Five Year Plan FY19-23

- On March 22, 2018, the School District of Philadelphia (SDP) released its Lump Sum Statement for FY18-19, which included a Preliminary Five-Year Plan for FY19-23. Plan assumptions included new revenues for the SDP proposed by the Mayor on March 1, 2018.
- Subsequent to the release of the Plan, the City released new assessment projections and a revised proposal for new revenues for the SDP.
- The revised proposal included:
 - \$192.7M through a 4.1% property tax increase
 - \$339.8M through slowing scheduled reductions in the wage tax
 - \$100M in increased City contributions
 - \$136M increase in the local portion of real estate transfer tax

The School District of Philadelphia's Revised Five-Year Plan for FY18-23 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 27, 2018. 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.

Revised Preliminary Five Year Plan FY19-23

- At a City Council hearing on March 26, 2018, SDP was asked to provide two versions of a Revised Five-Year Plan for FY19-23 (**which do not include the Mayor's March 1st original tax proposal**):
- Version 1: A revised base line Five-Year Plan FY19-23 which includes revenues from the increased assessments and related impacts. Version 1 can be found on Slide 3 of this presentation.
- Version 2: A revised Five-Year Plan FY19-23 which includes revenues from the increased assessments and includes the City's revised tax proposal. Version 2 can be found on Slide 4 of this presentation.
- Both versions of the Revised Preliminary Five Year Plan FY19-23 are in all other ways consistent with the assumptions described on slides 11, 14, and 15 of the Preliminary Five-Year Plan (FY19-23) and Lump Sum Statement (FY18-19) which were presented on March 22, 2018, and can be found on the SDP website at: <https://www.philasd.org/budget/wp-content/uploads/sites/96/2018/03/18-19-Lump-Sum-Presentation.pdf>

REVISED Preliminary Five-Year Plan Projections as of 3/27/18

V1: Base with Increased Assessments

FY19-FY23 FINANCIAL PLAN Operating Funds

(in thousands)

	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected	CAGR FY18 to FY23
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,270,437	\$1,339,767	\$1,367,489	\$1,406,763	\$1,444,234	\$1,483,494	3.1%
Local Non-Tax Revenues	\$133,054	\$132,521	\$127,763	\$128,256	\$128,498	\$128,498	-0.7%
State Revenues ¹	\$1,601,209	\$1,621,294	\$1,638,903	\$1,663,256	\$1,686,984	\$1,710,376	1.5%
Federal Revenues	\$16,976	\$16,633	\$16,529	\$16,419	\$16,301	\$16,175	-1.0%
Other Financing Sources	\$904	\$289	\$289	\$789	\$289	\$789	-2.7%
TOTAL REVENUES & OTHER SOURCES	\$3,022,580	\$3,110,504	\$3,150,973	\$3,215,482	\$3,276,307	\$3,339,333	2.0%
EXPENDITURES							
District Operated Schools	\$1,624,112	\$1,666,888	\$1,720,211	\$1,739,645	\$1,744,518	\$1,761,037	1.6%
Charter Schools (Incl. Transportation)	\$903,371	\$983,792	\$1,064,372	\$1,145,909	\$1,214,150	\$1,262,660	6.9%
Other Non-District Operated Schools (Incl. Transportation) ¹	\$113,155	\$99,403	\$100,051	\$100,714	\$101,391	\$102,083	-2.0%
Debt Service	\$274,190	\$300,513	\$287,723	\$293,675	\$302,061	\$335,680	4.1%
<i>Debt Service as a % of Total Revenues</i>	<i>9.1%</i>	<i>9.7%</i>	<i>9.1%</i>	<i>9.1%</i>	<i>9.2%</i>	<i>10.1%</i>	-
Administrative Support Operations (Central Offices)	\$97,489	\$106,006	\$110,143	\$112,465	\$112,899	\$113,588	3.1%
<i>Central Offices as a % of Total Expenditures</i>	<i>3.3%</i>	<i>3.4%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>3.2%</i>	<i>3.2%</i>	-
Undistributed Budgetary Adjustments	(\$18,223)	(\$18,289)	(\$19,741)	(\$19,692)	(\$19,641)	(\$19,590)	1.5%
Other Financing Uses	\$3,433	\$1,738	\$1,738	\$1,738	\$1,738	\$1,738	-12.7%
Reserve for Federal Cuts	\$0	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	0.0%
TOTAL EXPENDITURES & OTHER USES	\$2,997,527	\$3,157,551	\$3,281,998	\$3,391,953	\$3,474,615	\$3,574,695	3.5%
OPERATING/FUND BALANCE							
Operating Surplus/(Deficit)	\$25,053	(\$47,047)	(\$131,025)	(\$176,471)	(\$198,308)	(\$235,362)	
Transfers from Reserves	(\$14,702)	\$4,633	(\$13,321)	(\$13,321)	(\$13,321)	\$28,259	
Fund Balance at Beginning of Year - July 1	\$124,697	\$135,048	\$92,633	(\$51,712)	(\$241,505)	(\$453,133)	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$135,048	\$92,633	(\$51,712)	(\$241,505)	(\$453,133)	(\$660,236)	
<i>Fund Balance as % of Total Revenues</i>	<i>4.5%</i>	<i>3.0%</i>	<i>-1.6%</i>	<i>-7.5%</i>	<i>-13.8%</i>	<i>-19.8%</i>	

¹Starting in FY19, approximately \$15M of revenues and expenditures associated with Act 89 transfer to Categorical. For the FY18 to FY23 CAGR calculation, these funds are excluded for FY18.

REVISED Preliminary Five-Year Plan Projections as of 3/27/18

V2: Base with Increased Assessments and City Tax Proposal

FY19-FY23 FINANCIAL PLAN

Operating Funds

(in thousands)

	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected	FY22 Projected	FY23 Projected	CAGR FY18 to FY23
REVENUES & OTHER FINANCING SOURCES							
Local Tax Revenues	\$1,270,437	\$1,373,967	\$1,403,789	\$1,445,263	\$1,484,934	\$1,526,494	3.7%
Local Non-Tax Revenues	\$133,054	\$201,021	\$224,663	\$254,856	\$268,998	\$271,798	15.4%
State Revenues ¹	\$1,601,209	\$1,621,294	\$1,638,903	\$1,663,256	\$1,686,984	\$1,710,376	1.5%
Federal Revenues	\$16,976	\$16,633	\$16,529	\$16,419	\$16,301	\$16,175	-1.0%
Other Financing Sources	\$904	\$289	\$289	\$789	\$289	\$789	-2.7%
TOTAL REVENUES & OTHER SOURCES	\$3,022,580	\$3,213,204	\$3,284,173	\$3,380,582	\$3,457,507	\$3,525,633	3.1%
EXPENDITURES							
District Operated Schools	\$1,624,112	\$1,666,888	\$1,720,211	\$1,739,645	\$1,744,518	\$1,761,037	1.6%
Charter Schools (Incl. Transportation)	\$903,371	\$983,792	\$1,064,372	\$1,145,909	\$1,214,150	\$1,262,660	6.9%
Other Non-District Operated Schools (Incl. Transportation) ¹	\$113,155	\$99,403	\$100,051	\$100,714	\$101,391	\$102,083	-2.0%
Debt Service	\$274,190	\$300,513	\$287,723	\$293,675	\$302,061	\$335,680	4.1%
<i>Debt Service as a % of Total Revenues</i>	<i>9.1%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>8.7%</i>	<i>8.7%</i>	<i>9.5%</i>	-
Administrative Support Operations (Central Offices)	\$97,489	\$106,006	\$110,143	\$112,465	\$112,899	\$113,588	3.1%
<i>Central Offices as a % of Total Expenditures</i>	<i>3.3%</i>	<i>3.4%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>3.2%</i>	<i>3.2%</i>	-
Undistributed Budgetary Adjustments	(\$18,223)	(\$18,289)	(\$19,741)	(\$19,692)	(\$19,641)	(\$19,590)	1.5%
Other Financing Uses	\$3,433	\$1,738	\$1,738	\$1,738	\$1,738	\$1,738	-12.7%
Reserve for Federal Cuts	\$0	\$17,500	\$17,500	\$17,500	\$17,500	\$17,500	0.0%
TOTAL EXPENDITURES & OTHER USES	\$2,997,527	\$3,157,551	\$3,281,998	\$3,391,953	\$3,474,615	\$3,574,695	3.5%
OPERATING/FUND BALANCE							
Operating Surplus/(Deficit)	\$25,053	\$55,653	\$2,175	(\$11,371)	(\$17,108)	(\$49,062)	
Transfers from Reserves	(\$14,702)	\$4,633	(\$13,321)	(\$13,321)	(\$13,321)	\$28,259	
Fund Balance at Beginning of Year - July 1	\$124,697	\$135,048	\$195,333	\$184,188	\$159,495	\$129,067	
ENDING FUND BALANCE							
Fund Balance at End of Year - June 30	\$135,048	\$195,333	\$184,188	\$159,495	\$129,067	\$108,264	
<i>Fund Balance as % of Total Revenues</i>	<i>4.5%</i>	<i>6.1%</i>	<i>5.6%</i>	<i>4.7%</i>	<i>3.7%</i>	<i>3.1%</i>	

¹Starting in FY19, approximately \$15M of revenues and expenditures associated with Act 89 transfer to Categorical. For the FY18 to FY23 CAGR calculation, these funds are excluded for FY18.