



THE SCHOOL DISTRICT OF
PHILADELPHIA

Fiscal Year 2024 Lump-Sum Budget Board of Education Presentation

March 23, 2023

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Superintendent

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The School District of Philadelphia's Presentation of the Preliminary Five-Year Plan for FY24-28 and Fiscal Year 2024 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 23, 2023**. 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.

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Superintendent Fiscal Year 2024 Budget Summary

The Fiscal Year 2024 Budget will focus on three priority areas:

<p><i>Strengthening School Safety</i></p> <ul style="list-style-type: none">○ Invest in physical, social/ emotional, and environmental safety at schools.○ Invest in additional staff resources in high-needs schools.	<p>Guardrail #1</p>
<p><i>Partnering with Parents and Community</i></p> <ul style="list-style-type: none">○ Invest in family and staff resources to increase attendance and reduce dropouts.○ Invest in a two-way communication system and customer service training.	<p>Guardrail #1 and Guardrail #3 Goals #1-#5</p>
<p><i>Accelerating Academic Achievement</i></p> <ul style="list-style-type: none">○ Invest in research-based, standards aligned core curricula and high impact tutoring.○ Invest in increased and equitable CTE and Dual Enrollment opportunities.	<p>Guardrail #4 Goal #1, Goal #2, Goal #3</p>



Priority Area 1: Strengthening School Safety

Physical

- Expand the police safety zones surrounding our schools.
- Expand the Safe Paths program to include 12 additional schools.
- Increase school safety officer allocations by fifteen positions and supervisor allocation by two positions to better serve high-needs schools.

Social/ Emotional

- Providing additional Counselors to Highest-Need Schools
- Mental health and well-being resources:
 - Kooth online mental health and well-being platform for students launched in February
 - Lyra Health provides wellness coaching and therapy for employees.

Environmental

- Hire an Executive Director and other key staff for the Office of Environmental Management Services to augment new processes.
- Invest in a new data management system to support the District's data and environmental needs.
- Increase contracting services to address staffing shortages.



Priority Area 2: Partnering with Parents and Community

Invest in family and staff resources to increase attendance and reduce dropouts

- Increase School Improvement Support Liaison allocations for most off-track schools.
- Contract to review best practices in attendance.
- Launch an attendance marketing campaign.

Invest in a two-way communication system and customer service training

- Enhance feedback and customer service solutions for schools through purchase of a two-way communications system.
- Provide customer service training for designated District employees.

Priority 3: Accelerating Academic Achievement

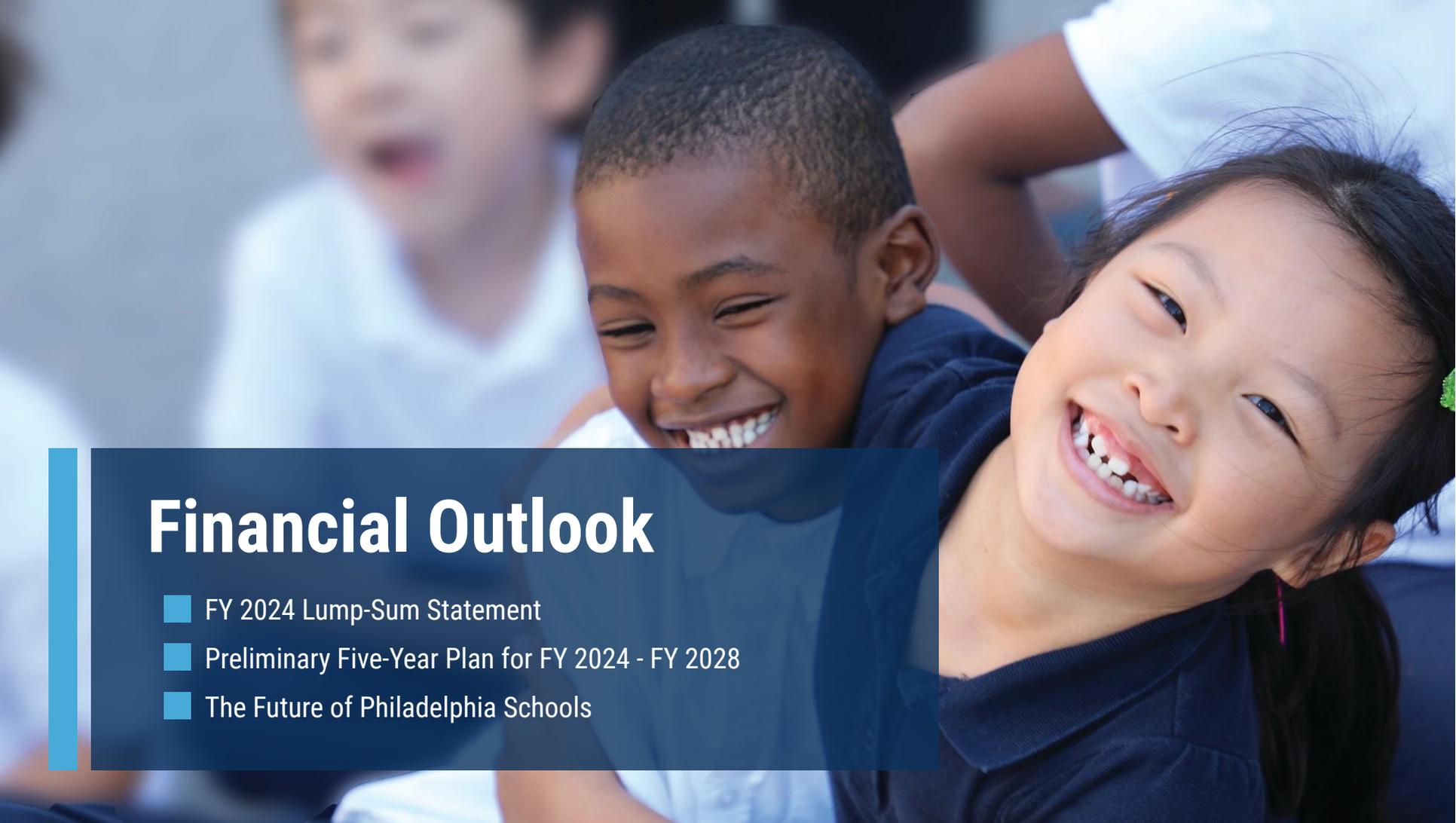
Invest Research-based, Standards-Aligned Core Curricula

- Prioritize K readiness, K-3 science of reading, K-3 mathematics, and middle grades math.
- Maintain American Rescue Plan Act positions and discretionary supports to schools.
- Provide additional resources for English-Language Learner students.
- Facilitate the step-down of Schools Losing CSI designation.

Invest in Increased and Equitable CTE and Dual Enrollment

- Accelerate comprehensive CTE Program Evaluation by the Southern Regional Education Board.
- Renovate and improving CTE facilities.
- Increase investment in industry certifications for students.
- Expand CTE professional development and curriculum development.





Financial Outlook

- FY 2024 Lump-Sum Statement
- Preliminary Five-Year Plan for FY 2024 - FY 2028
- The Future of Philadelphia Schools

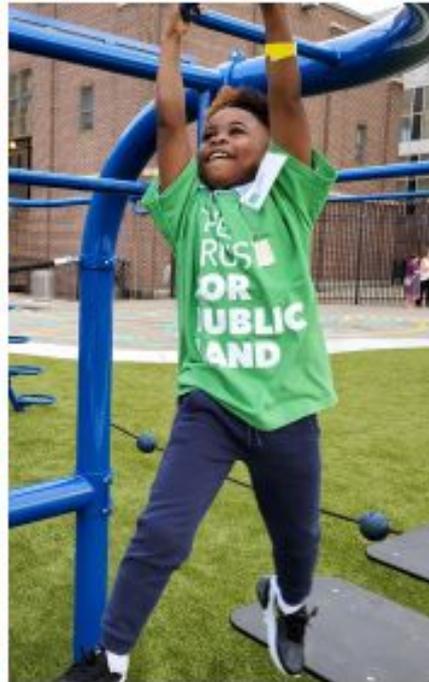
Lump-Sum Budget Requirement

“At least sixty (60) days prior to adoption of the annual operating budget, the Board shall adopt and submit to the Mayor and Council a lump sum statement of anticipated receipts and expenditures for the next fiscal year and a request for authority to levy taxes to balance its budget for the year.”

Home Rule Charter, § 12-303 (b)



FY2022-23 DISTRICT-OPERATED SCHOOL BUDGETS



Budget Process: Next Steps

Release of Budget Detail Reports

- Late-April: FY 2024 Consolidated Budget Book:
Outlines the full revenue and expenditure budget for all funds and delineates budgeted personnel and non-personnel costs for each department.
- Late-April: FY 2024 School Budget Book:
Provides the full position and budget detail at each individual district-managed school.
- Late-April: Understanding the District's Budget:
Outlines key elements of the budget for the public.

Budget Hearings

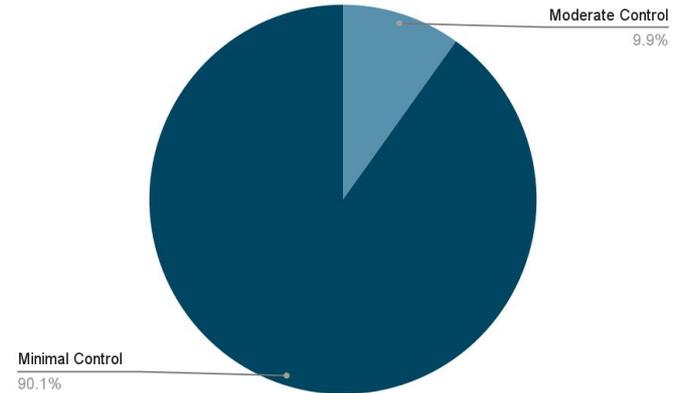
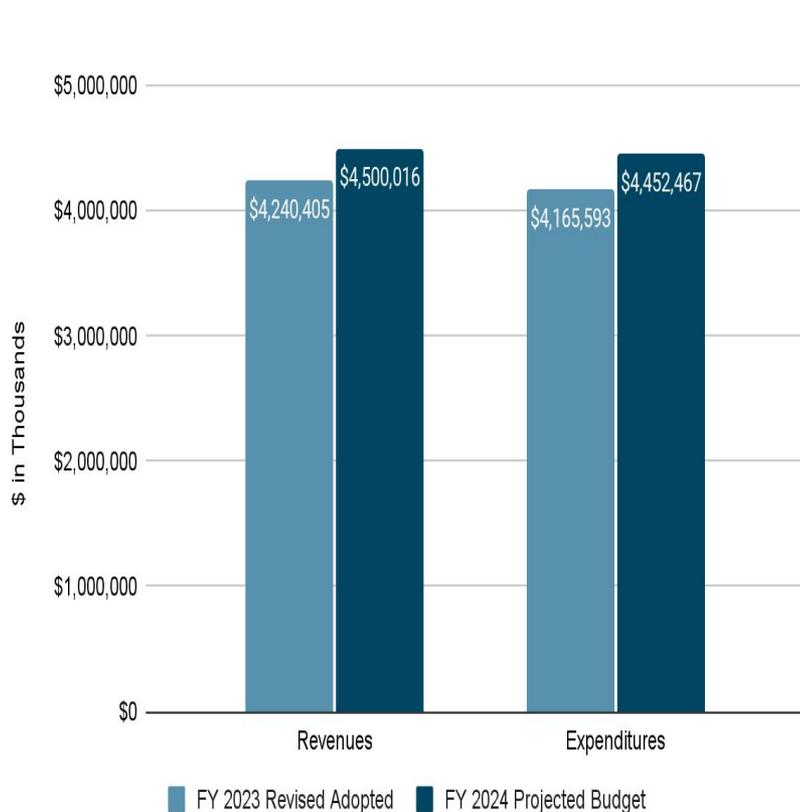
- April 20: Board of Education Budget Hearing
- May 2: City Council Budget Hearing

Board of Education Adoption

- May 25: Board of Education Vote to Adopt Final FY 2024 Operating Budget

Fiscal Year 2024 Lump-Sum Revenue and Expenditures

(Operating Fund and Federal Recovery Funds)



FY 2024 Lump-Sum Budget	FY 2024 Budget
Areas of Minimal Budgetary Control	\$4,010,970,051
Employee Salaries	\$1,093,948,810
Employee Retirement Benefits	\$373,105,710
Employee Medical and Other Benefits	\$357,070,273
District Transportation	\$148,372,353
Charter School Tuition & Transportation	\$1,394,823,282
Other Non-Dist. Oper. Schools Tuition & Transp.	\$108,062,732
Debt Service	\$344,672,046
School Discretionary Allocations	\$40,914,845
ARPA School Construction and Curriculum	\$150,000,000
Areas of Moderate Budgetary Control	\$441,496,949
Total Lump-Sum Expenditures and Other Financing Sources	\$4,452,467,000

Fiscal Year 2024 Lump-Sum Revenue and Expenditures

(Operating Fund and Federal Recovery Funds)

Revenues (\$ in Thousands)	FY 2023 Revised Adopted	FY 2024 Projected	% Change
Local Revenue	\$1,768,183	\$1,863,389	5.4%
State Revenue	\$1,978,431	\$2,076,789	5.0%
Federal Revenue	\$16,479	\$16,246	(1.4%)
Federal Recovery Funds	\$459,044	\$528,523	15.1%
Other Financing Sources	\$18,268	\$15,069	-17.5%
Total Revenues & Other Financing Sources	\$4,240,405	\$4,500,016	6.1%

Expenditures (\$ in Thousands)	FY 2023 Revised Adopted	FY 2024 Projected	% Change
District-Operated Schools	\$2,312,117	\$2,401,623	3.9%
Non-District Operated Schools	\$1,286,205	\$1,502,886	16.9%
Administration, Debt Service, Undistributed Budget Adjustments and Net Transfers	\$567,302	\$547,958	(3.4%)
Total Expenses and Other Financing Sources	\$4,165,593	\$4,452,467	6.9%

Note on Non-District Operated School Change

- Rate Setting: Greater than 90% of this FY 2024 increase is driven by changes in District expenditures between FY 2022 and FY 2023 (as Charter School rates are based on expenditures one year in arrears).
- Federal Recovery Grants: In FY 2023 (compared to FY 2022) the District spent more in federal COVID-19 grants (not included in Charter rate formula) and less in operating funds (included in Charter rate formulas).
- Other Key Factors: Overall District expenditures increased in FY 2023 due to expense associated with negotiated labor contracts, inflation and other areas.



FY 2024 - 2028 Five-Year Plan

Key Assumptions

Reasonable State Revenue Assumptions

- State revenue based on Governor's March 7 Budget Proposal with moderate (1.25%) future growth.
- Does not yet include impacts of recent Commonwealth Court ruling that Pennsylvania school funding is inadequate and inequitable.

Reasonable City Revenue Assumptions

- FY 2024 City revenue is based on Mayor's March 2 Budget Proposal.
- Out years are based on City and internal projections.

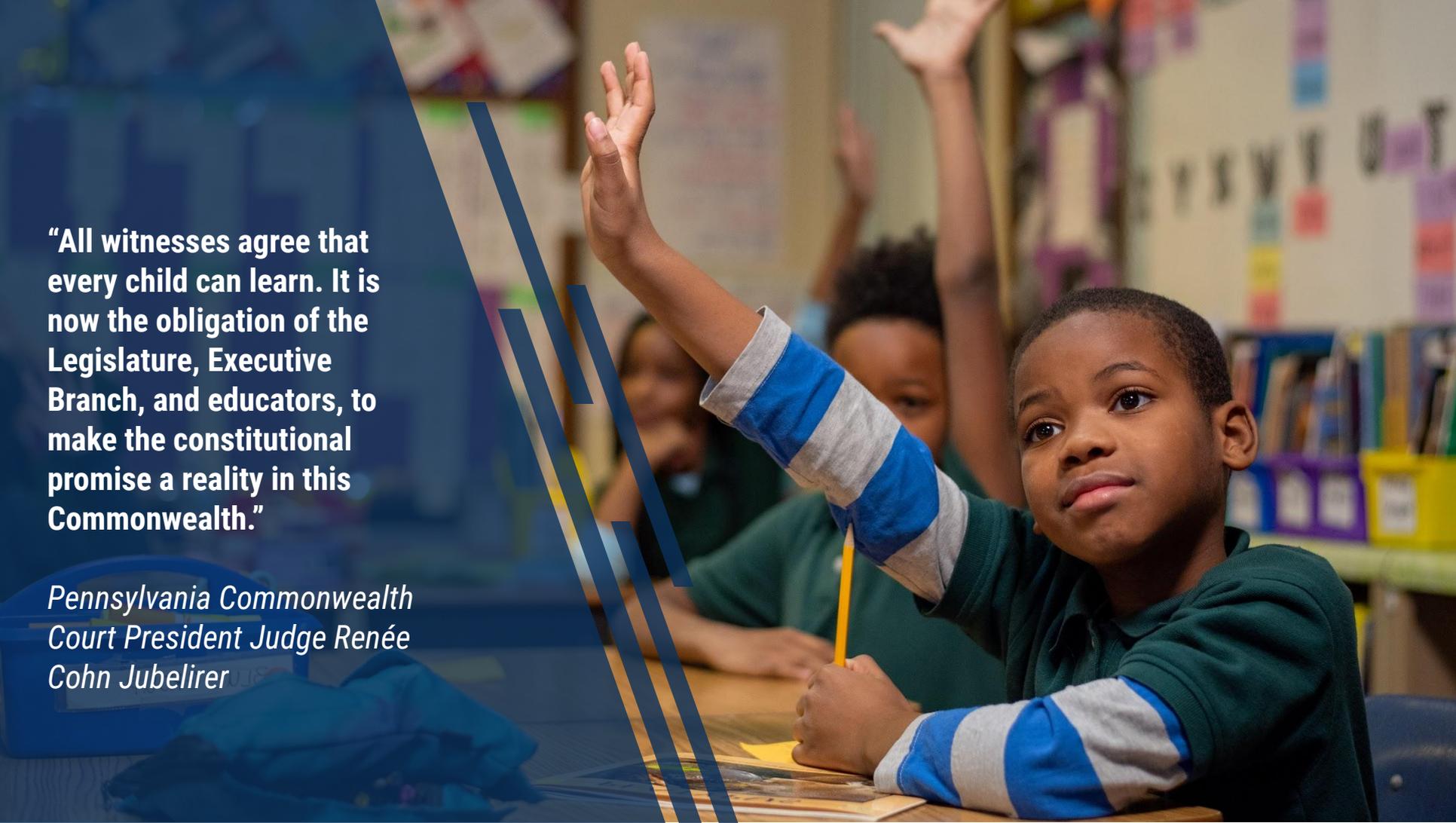
Reasonable (but Understated) Expenditure Assumptions

- Includes current estimates of all school and centralized budgets investments for FY 2024.
- Assumes contractual labor increases already negotiated but no assumptions for contracts not yet negotiated (understates out-year expenditures).

Fiscal Year 2024 - 2028 Five-Year Plan Projections

(Operating Fund and Federal Recovery Funds)

(\$ in Thousands)	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Total Revenues and Other Funding Sources	\$4,255,673	\$4,500,016	\$4,195,343	\$4,173,238	\$4,237,321	\$4,329,563
Total Expenditures Other Uses and Net Transfers	\$4,030,168	\$4,452,467	\$4,390,673	\$4,531,449	\$4,677,368	\$4,789,588
Operating Surplus (Deficit)	\$225,505	\$47,549	\$(195,330)	\$(358,211)	\$(440,047)	\$(460,025)
Projected Ending Fund Balance	\$633,680	\$681,228	\$485,898	\$127,687	\$(312,360)	\$(772,385)

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

“All witnesses agree that every child can learn. It is now the obligation of the Legislature, Executive Branch, and educators, to make the constitutional promise a reality in this Commonwealth.”

*Pennsylvania Commonwealth
Court President Judge Renée
Cohn Jubelirer*

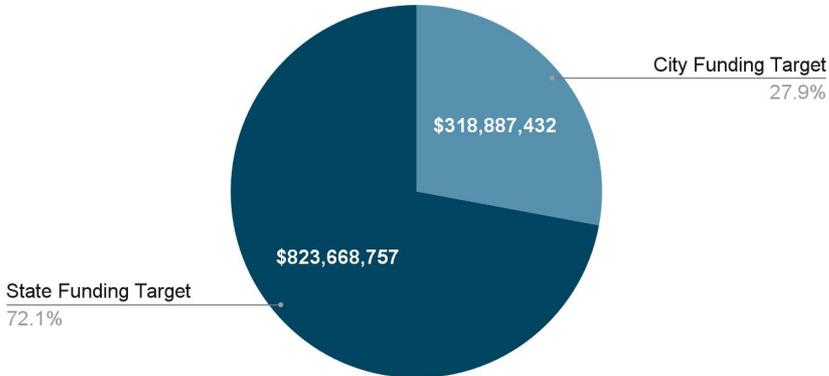
The Future of the School District

A Call to Advocacy

Unfair and Inadequate State Funding System

- On February 7, 2023, Commonwealth Court President Judge Cohn Jubelirer ruled that the current system does not adequately or equitably fund schools.
- Judge Cohn Jubelirer called on the Legislature and Executive Branch to appropriately address the issue.
- [According to The Education Law Center - PA and the Public Interest Law Center fair funding would require an additional \\$4,976 per Philadelphia student.](#)

Total Annual Funding Inadequacy for the School District of Philadelphia



Source: Expert Testimony to the Commonwealth Court from Dr. Matthew Kelly, Professor at Penn State's College of Education.



What Could the District Do with Nearly \$5,000 More per Student?

- Update aging facilities and address environmental hazards to execute timely scheduled maintenance of all buildings and operational systems.
- Regionally-competitive employee compensation.
- Provide equitable supports for the schools with the highest needs.
- Teach consistent high-quality core curriculum and provide standards-aligned tutoring.
- Deliver premium services for diverse learners within District schools.
- Increase CTE and Dual Enrollment opportunities.
- Provide Comprehensive professional learning for all employees.
- Transparent and timely communications between all stakeholders.





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