

1

May 2025

Overview of School Finances in the Philadelphia City School District

Christian Barnard, Assistant Director of Education Reform



1

2

About Reason



Reason Foundation is a national 501(c)(3) public policy research and education organization with expertise across a range of policy areas, including education, public sector pensions, transportation, infrastructure, and criminal justice.

K-12 Vision

Reason Foundation envisions an education system with learning opportunities that meet the unique needs of all families.

Mission

The education team at Reason Foundation supports policymakers in pursuing policy reforms that tie funding to individual students, promote locally-responsive decisions that drive innovation, and provide robust financial transparency. We do this through policy research, thought leadership, and data-driven pro bono consulting.

2

3

Quick Overview



1. Revenue, enrollment, staffing trends
2. Expenditure trends & comparisons with other large PA school districts
3. Assessment of financial health
4. Summary takeaways

3

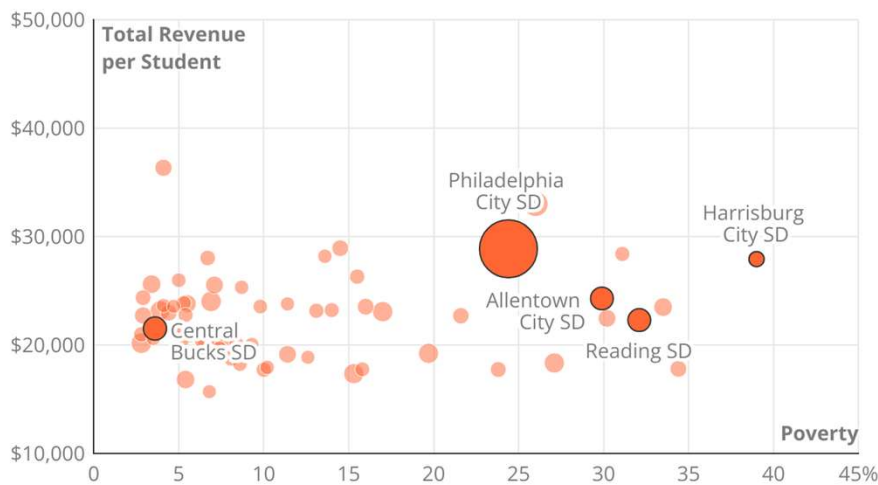
4



Revenue, Staffing, & Enrollment

4

K-12 Revenue Per Student, Largest PA School Districts



- In FY24, Philadelphia was the **4th highest-funded** at \$28,867 per student.
- Higher poverty districts (Harrisburg, Allentown, Reading) have lower per-student funding

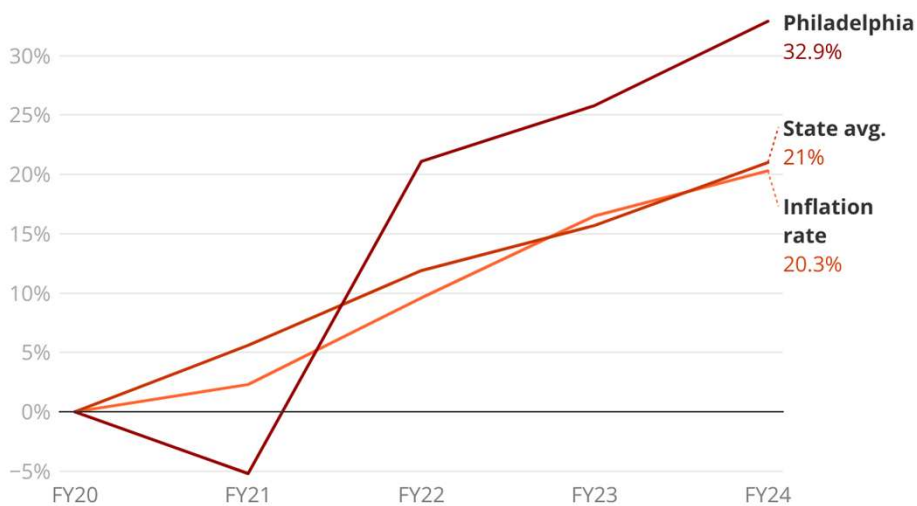
Only districts with 5,000 or more students. Excludes all tuition payments to charters, other schools

Chart: Reason Foundation • Source: Pennsylvania Department of Education, FY24 Annual Financial Report. U.S. Census Bureau, 2023 School District Small Area Income and Poverty Estimates

5

6

Per-Student Revenue Growth Since Pandemic

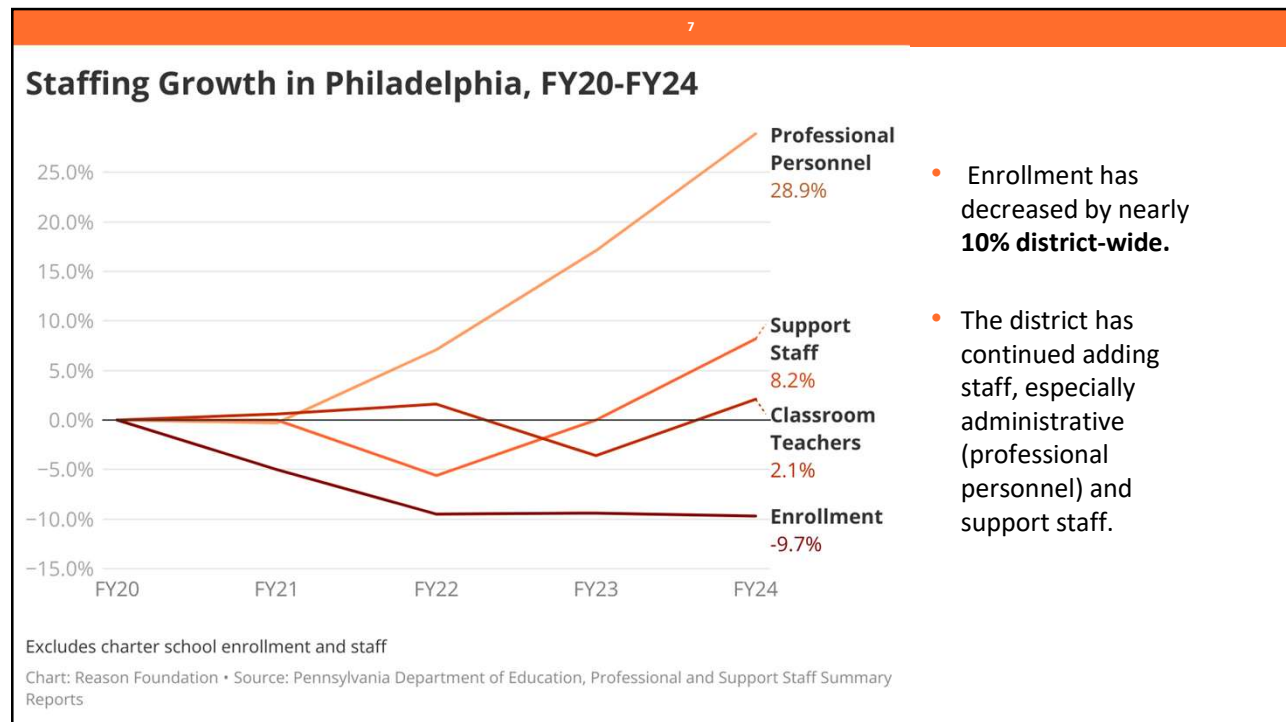


- Statewide, per-student K-12 funding has outpaced inflation by 0.7 percentage points.
- In Philadelphia, per-student funding growth has outpaced inflation by **12.6 percentage points**.

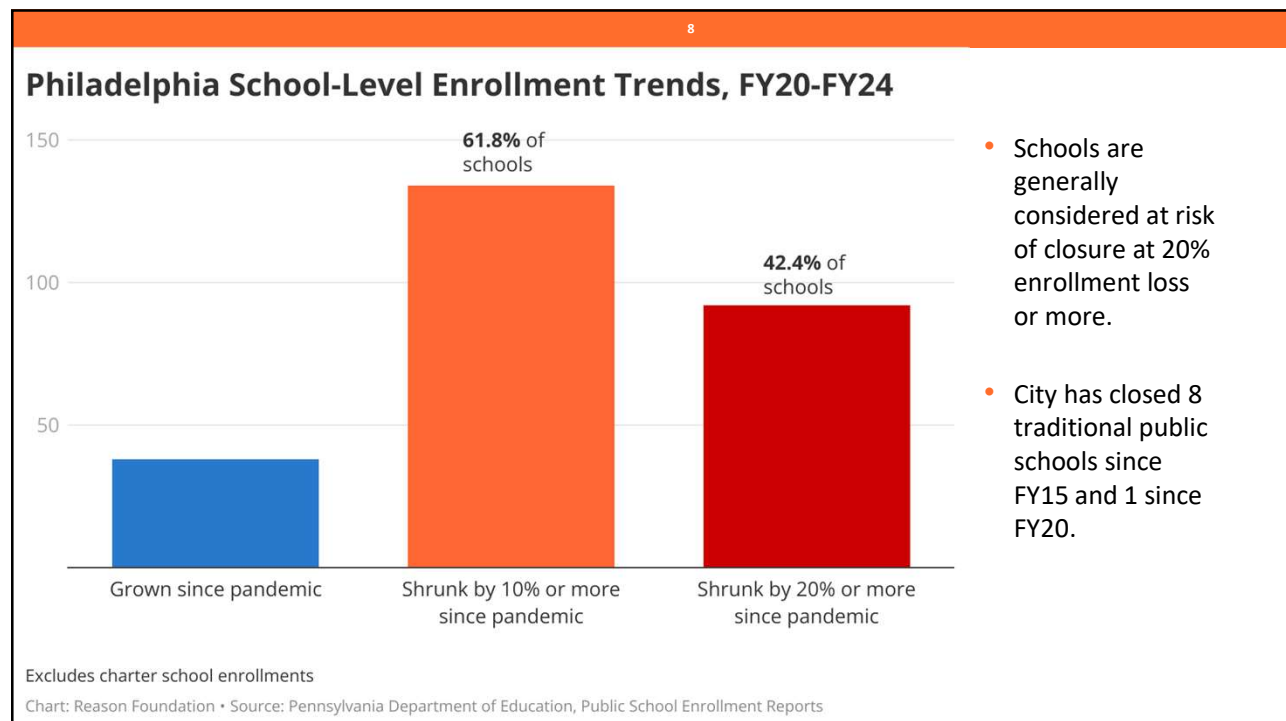
Figure excludes charter school enrollment and all tuition payments to charters & other entities

Chart: Reason Foundation • Source: Pennsylvania Department of Education, Annual Financial Reports

6



7



8

9



Expenditure Trends

9

10



Comparison with 65 Largest Pennsylvania School Districts (5,000 students or more)

In the share of **total expenditures** it devotes to different functions, Philadelphia City ranks...

- 54th in current expenditure share (84.1%)
- 60th in instructional share (50%)
- 7th in support services share (33.5%)
- 9th in administration share (6.1%)
- 5th in facilities acquisition, construction, and improvement share (5.5%)

Takeaway: Relative to other large PA districts, Philadelphia K-12 dollars are generally prioritized for non-instructional functions and facilities costs.

Source: Pennsylvania Department of Education, Annual Financial Report FY24, Summary School District Expenditures

10

11

How new money has been spent since the pandemic



\$379.5 million in increased nominal expenditures since FY20, including...

- +\$208.1 million on salaries (all personnel types)
- +\$157.0 million in purchased property services
- +\$125.6 million in purchased professional/technical services
- -\$306.3 million on debt service, fund transfers to other entities

Takeaway: Bulk of new money went to (1) new staff/salary increases and (2) purchasing services, especially construction and property services. Less money was spent on debt.

Source: Pennsylvania Department of Education, Annual Financial Reports, Object-Level Expenditures

11

12



Financial Health Indicators

12

13

K-12 Debt and Expenditure Trends, Per Student



All values inflation-adjusted, base year FY24

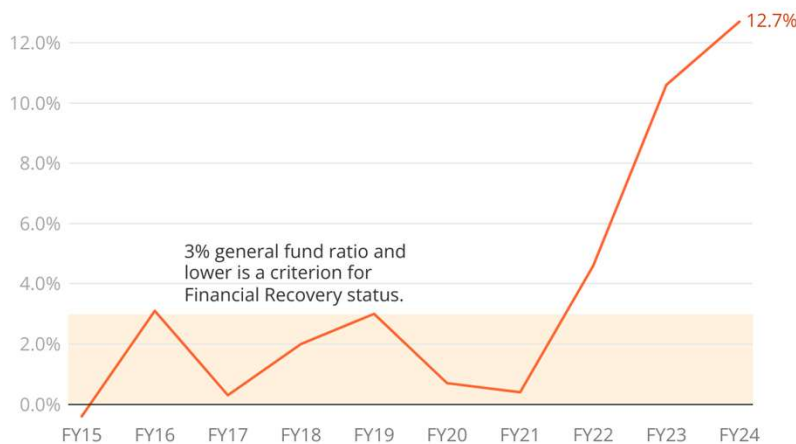
Chart: Reason Foundation • Source: Pennsylvania Department of Education, Short- and Long-Term Debt, 2014-15 to 2023-24

- Total inflation-adjusted per-student debt has improved since FY20, but still remains more than double per-student spending.
- About 2/3 of per-student debt is OPEB and pension liabilities.
- Other 1/3 of debt is general obligation bonds.

13

14

Philadelphia K-12 General Fund Balance Share of Total Annual Expenditures



Expenditures include tuition payments to charters and other entities. General fund balances include unassigned, assigned, and dedicated.

Chart: Reason Foundation • Source: Pennsylvania Department of Education, General Fund Balance: 2013-14 to 2023-24

- Starting in FY22, after the largest federal COVID-19 relief aid packages came, the district used aid to plug budget holes and pad its reserves.
- Leading into the pandemic, the city always had low general fund balances (below 3%)
- This development has allowed the district to delay the fiscal cliff, but it's still facing ongoing structural deficits

14

15

National Comparison: 100 largest school districts in the country



According to FY23 Annual Certified Financial Reports, Philadelphia ranks...

- 4th highest debt ratio (1.914, liabilities/assets)
- 3rd highest liabilities per student (\$69,254 per student)
- 13th lowest free cash flow per student (-\$4,470 per student)
- 24th highest bonds/loans per student (\$20,133 per student)

Takeaway: The Philadelphia school district has one of the highest debt loads in the nation.

Source: 2023 Annual Certified Financial Reports obtained by Reason Foundation

15

16



Summary Takeaways

16

17

Summary Takeaways



1. One of the highest-funded school districts in the state.
2. Funding growth has outpaced inflation by a wide margin.
3. Continued adding staff despite large enrollment loss.
4. Nearly half of city's schools are at risk of closure.
5. Disproportionate new spending on capital projects, facilities.
6. COVID-19 relief aid was used to take on new ongoing commitments and build reserves.
7. Recent improvements in general fund balance and debt repayments have helped improve financial standing.
8. Remains one of the highest-debt school districts in the nation.

17

18

Summary Takeaways



6. Key areas the district needs to examine to improve its financial health:
 - School consolidation
 - Control staffing growth (especially non-teaching staff)
 - Re-assess facilities improvement plans
 - Control future growth in bonds, especially since pension debt largely isn't in the district's control.
7. If increased state aid comes, it still won't solve the structural deficit issue.

18

Shannon Mitchell

Testimony

5/19/25

Good afternoon. It's a great honor to come here today. If you are not sure who I am, my name is Shannon Mitchell. I actually came in front of everyone back in 2023 to basically explain why school choice is a big thing for me and my family. To give you a little background I'm a mom of three. My daughter Morgan is 12 and is going to be 13. My son Caleb just turned 11 and my youngest, Brianna, just turned 9.

My journey begins back in October of 2023. Brianna recently started with ABA services. ABA services are services that are provided to families to help with behavior issues in the home or school setting. My ABA therapist decided to do a surprise visit to Brianna's classroom. When her therapist entered the classroom, Brianna was in the back of the classroom not being interactive with a teacher or an aid and not doing any demands or any work. She was just sitting there with toys. My therapist actually created data stating when the teacher was coming up to her or if the teacher was coming up to her and that started our journey to fight the school system.

In November, we started the process of suing the school district, not only for my daughter, but we also started suing for my son Caleb, who is also on the spectrum. Come to find out that they did not have a speech therapist. It was a whole year without a speech therapist. We were never notified letting us know our options on what to do. The court date that was set got canceled because something happened in the proceedings from what I was told by my lawyer, the doctor and psychiatrist that is currently working for the school district just up and left and that is what I got from him. The holidays rolled around, and we finally got a new court date of February 26th. We were present, me, my lawyer, the psychiatrist that does these proceedings, their lawyer, and the autistic support director for my child at school was there, but she looked like a deer in headlights at that time.

It was decided that my child, Brianna, was eligible to be sent to a different school because they say they cannot fulfill her educational needs. That was a big win. Now that was in February. The next day I got a list from my lawyer stating that these are the approved schools that the school district is willing to pay for. Three of those schools on that list were not approved by the School District of Philadelphia and I was curious why. So any mom or parent like myself I researched those three schools and the school that stuck out was Step Up Academy. I looked the school up. I read the history. I read the purpose. I told my lawyer "that is the school for my daughter."

That was in March. I did not hear anything. I kept emailing. I kept calling every number I could possibly think of. Nobody returned my calls. Nobody read my emails and I was even being ghosted by the lawyer, my so-called lawyer, so I ended up calling his boss. His boss got involved and that is when everything escalated.

In April, I was told my daughter needed to be reevaluated, for what reason I have no idea, this is for the school district not for the new school. When I spoke to the director at the new school, she said it is just a long process. We just got to wait and see. May rolled around, and Brianna finally was reevaluated. She was diagnosed by a psychiatrist with ID, which means intellectual disorder in smaller terms. Meaning she cannot fend for herself. She cannot be educated. She cannot do anything that a normal child would be able to do. I can tell you right now, I did not take that lightly. There were actually parents telling me I should be grateful she got that diagnosis, and I refuse to believe it once she got that diagnosis that was in July.

When I finally spoke with the psychiatrist she signed off not even a week before school was supposed to start at her current new school. That is when I got the news that she was able to go to that school and transportation was provided. I was thrilled. I was finally able to breathe just a little not a lot, but I knew all that fighting came to that one moment. The moment which I am talking about is a week after my daughter started her new school. She came through the door and clear as day said, "hi mama, I love you." When at the time she was eight. When an eight-year-old, nonverbal, who was basically diagnosed with ID says that, tears start. And I knew at that point I did this, all this mess, all this fighting was for her, and I am going to continue to fight for her to my last breath.

Now my new battle is for my son. The current school he attends, which is Thomas Holme, still fighting the battle, but I am winning every battle known to man. They are currently at Austin Meehan, which is the satellite school for their new school until it can be built. Everybody is giving them high hopes, which is all good and everything, but I do not have any hopes for the school whatsoever. The principal has no idea what he is doing. The vice principal is barely seen, barely heard. He has no idea about children on the spectrum and their needs and their autistic support director over there is useless. But I am still continuing to fight for my son because he deserves every ounce of education. He deserves a future.

That is why I am here today to fight for my children and everybody else's children who have no idea what is going on in the school system. I am here for them, and I am going to fight for them because that is what I intend to do for these families. I want to thank you for listening and taking the time out of your busy schedule to listen to my story.