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Introduction

Over the past five years the funding crisis in the School District of Philadelphia ("SDP") has become well known to everyone in the region, as well as many people across the country. As a result of cuts in state and federal funding, during the summer of 2011, the SDP faced a deficit in excess of $600 million for Fiscal Year 2012. (Kristin A. Graham, Officials: Proposed State Budget Revisions Won’t Eliminate Drastic Cuts in Phila. School Spending, Philly.com, May 11, 2011, http://articles.philly.com/2011-05-12/news/29536433_1_budget-gap-cuts-state-funding). In preparing the fiscal years 2013 and 2014 budgets, the school district was forced to face gaps in excess of $300 million. While the SDP has secured funding (mostly from the city) to reduce these gaps, the SDP has been forced to lay off several thousand people and eliminate many important programs. (John Caskey and Mark Kuperberg, The Philadelphia School District’s Ongoing Financial Crisis, Education Next, Fall, 2014, http://educationnext.org/philadelphia-school-districts-ongoing-financial-crisis/). In 2011, the total staff of the school district of Philadelphia was 23,943. In 2015, the number of staff had decreased to 16,833. (School District of Philadelphia, Comprehensive Annual Financial Reports). Children, parents, teachers, advocates, school district leaders, and local officials might disagree on many aspects of the public school system in Philadelphia, but they all agree that the declines in state and federal support have crippled the SDP’s ability to educate our children.

But Philadelphia is not the only city that is experiencing a funding crisis. The dramatic decrease in federal funding after the stimulus program hit all urban districts across the country, and a large majority of states cut education funding during the economic crisis. (Center on Budget and Policy Priorities, Most States Have Cut School Funding and Some Continue Cutting, Jan 25, 2016, http://www.cbpp.org/research/state-budget-and-tax/most-states-have-cut-school-funding-and-some-continue-cutting). Most states in the past few years have started to slowly increase education funding. In 2015, forty-one states passed budgets increasing basic education funding (Pennsylvania has recently joined them, though the extent of the increase is still not fully clear). (National Association of State Budget Officers, Summary: Fall 2015 Fiscal Survey of States, Fall, 2015, http://www.nasbo.org/publications-data/fiscal-survey-of-the-states).

Major increases in support from the state of Pennsylvania are critical to the academic success of children in Philadelphia and other urban areas in the state. However, education funding is a responsibility shared by all levels of government, and, for the purposes of this project, we compare education funding by the City of Philadelphia to funding in other large cities. Our conclusions about Philadelphia are not surprising—the City of Philadelphia has significantly increased its funding to local schools in recent years, both in total dollars and in the share of funding that comes from local sources. But looking at this matter comparatively reveals some interesting insights that we share in this brief report. Other large cities have also increased their funding of
schools during the past decade, as well as their share of overall funding. Philadelphia’s contributions lag behind those of some peer cities. Further, when one compares the share of funding that cities spend on education as an overall part of their budgets, Philadelphia has one of the lowest shares of the country’s largest cities.

Of course, cities are different in many ways--in their economic bases, their economic climates, and the structures and responsibilities that are taken on by local government as opposed to other levels of government. So no comparison is perfect. But as we continue to demand more education funding from the state of Pennsylvania, it is important to look at how we compare with our peers.
Data Explanation

The city and school district data in this report were compiled largely from Comprehensive Annual Financial Reports ("CAFR"). CAFRs detail actual financial data from the preceding fiscal year and are issued by government entities on a yearly basis. Where CAFRs were nonexistent or missing, other government budgetary documents were used as data sources. Data was omitted for Houston, Chicago, San Diego, and Los Angeles for certain years because reliable information was not publicly available. The authors of this report calculated all data comparisons.

All city budgetary data were tabulated from CAFRs or budget documents from the respective cities. Total revenue was calculated by adding school district revenue from local sources with total city revenue from governmental and business or proprietary funds as stated in the “Statement of Revenues, Expenditures and Changes in Fund Balances” tables. Governmental funds include revenues from taxes, the state and federal governments, fines, etc. Governmental revenues are spent on running the city, paying debt service, etc. Proprietary or enterprise fund revenues are derived from businesses administered by a city, such as a water utility or airport. Proprietary or enterprise fund revenues are used to sustain these business operations. Local district revenue (both tax and non-tax) is part of the total city revenue calculation because, but for the schools, most of the local revenue would otherwise flow to each respective city.

All school district budgetary data were tabulated from CAFRs or budget documents from the respective school districts. Many school district CAFRs broke down local, state, and federal funding sources in the “Statement of Revenues, Expenditures and Changes in Fund Balances” governmental funds table. The total school district revenue figure as well as the local contribution to the district were pulled from this table.

The local contribution to the school district as a percentage of the city’s total revenue was calculated by dividing the local contribution to the school district by the city’s total revenue (sum of governmental, proprietary or enterprise, and local school district revenues). The percentage of the school district’s budget derived from local sources was calculated by dividing the local contribution to the school district by total school district revenue.

This report analyzes three metrics on a yearly basis over ten years and also measures how these values have changed over time. For example, we calculated the percentage change in total funding to school districts between the 2004-05 and 2008-09 school years by dividing the difference between the local funding levels for a city in 2004-05 and 2008-09 by the local funding level in 2004-05. We repeated this calculation for each metric over the following time periods: 2004-05 to 2013-14, 2004-05 to 2008-09, and 2009-10 to 2013-14.
Data Analysis

Philadelphia deserves credit for increasing funding to the SDP by almost 37% between 2004-05 and 2013-14, but the increase in support the SDP provided in this period was average compared to its peers. New York City increased funding by almost 72% over this same period. Chicago increased funding by 30% over this period. Houston and Austin increased funding by 31%. Los Angeles increased funding by 35%, an amount similar to Philadelphia’s increase.

Between 2004-05 and 2013-14, Philadelphia ranked 5th among the cities in this study with a 15% increase in its share of the SDP’s budget. Los Angeles ranked first with a 44% increase, and Chicago came in third with an almost 22% increase. However, Philadelphia’s over 25% funding increase between 2009-10 and 2013-14 exceeded each of its peer cities’ education contributions over this period except for New York’s. In fact, New York City is the only other city in this study to increase funding by over 20% during this time period.

Recent increases in local support provide positive news for the SDP. But Philadelphia is still not on par with its peers in terms of the local contribution as a percentage of the total school district budget, or the percentage of total local spending that goes to schools. The SDP relies on Philadelphia’s contribution much less than other cities rely on local funding. Between 2004-05 and 2013-14, the SDP’s reliance on local funding ranked second to last among the school districts in this study. Much more of the SDP’s funding comes from state and federal sources than its peers.

In states like Pennsylvania where state-level education funding is in peril yearly, local streams of money take on greater importance. While the City of Philadelphia has increasingly allocated funding to the SDP, the City’s contributions are significantly lower than the financial commitments other major cities have made to their respective school districts. Philadelphia’s contribution as a percentage of its city budget ranked second to last between 2004-05 and 2012-13 and third to last in 2013-14 when compared to its peer cities. Other cities devote a greater portion of their budget to education. (Again, it is important to note that between 2009-10 and 2013-14, Philadelphia’s contribution to the SDP as a percentage of its own budget has increased by close to 12%, the second largest increase out of any city in this report).

Overall, the data shows that Philadelphia has made a greater commitment to education funding than the overwhelming majority of its peers between 2009-10 and 2013-14. But because Philadelphia’s local contributions were lackluster between 2004-05 and 2008-09, the City has a long way to go before it can claim that it funds its schools on a level commensurate with other major cities. Using its peer cities as guideposts, the City of Philadelphia should continue to allocate more of its budget to the SDP on a yearly basis.
Data Sources for CAFRs and Other Financial Reports

City of Austin: https://www.ci.austin.tx.us/financeonline/finance/financial_docs.cfm?ws=1&pg=1&dl=true&t=t2&b=b1&hash=#FINANCEREPORTS

Austin Independent School District: https://www.austinisd.org/budget/audit-archive


Chicago Public Schools: http://cps.edu/About_CPS/Financial_information/Pages/Annualreport.aspx

City of Dallas: http://financialtransparency.dallascityhall.com/financial/financial_docs.html

Dallas Independent School District: http://www.dallasisd.org/far

City of Houston: https://www.houstontx.gov/controller/cafr.html

Houston Independent School District: http://www.houstonisd.org/site/default.aspx?PageType=14&DomainID=8010&PageID=31905&ModuleInstanceID=37509&ViewID=1e008a8a-8e8a-4ca0-9472-a8f4a723a4a7&IsMoreExpandedView=True

City of Los Angeles: http://www.lacontroller.org/financial_reports

Los Angeles Unified School District: http://notebook.lausd.net/portal/page?_pageid=33,175012&_dad=ptl


City of San Diego: https://www.sandiego.gov/comptroller/reports

San Diego Unified School District: https://www.sandiegounified.org/investor-relations
Appendix

Total Local Dollars to School District Budget
(2004-05 to 2013-14)

Local $ (in Billions)

School Period (Yr)

NYC
PHL
HOU
DAL
LA
CHI
SD
AUS
Percentage of School District Budget from Local Dollars
(2004-05 to 2013-14)
Percentage of Local Budget That Went to School District
(2004-05 to 2013-14)
Percentage of Local Budget That Went to Philadelphia School District

Percentage of Local Budget That Went to Houston Independent School District

Percentage of Local Budget That Went to Chicago Public Schools

Percentage of Local Budget That Went to San Diego Unified School District

Percentage of Local Budget That Went to Los Angeles Unified School District

Percentage of Local Budget That Went to Dallas Independent School District

Percentage of Local Budget That Went to New York City Department of Education

Percentage of Local Budget That Went to Austin Independent District
Percent Change of Total Local Dollars to School Districts Over 10 Years

Philadelphia
New York City
Los Angeles*
Chicago*
Houston*
San Diego*
Dallas
Austin

% Change

2004-05 to 2008-09
2009-10 to 2013-14
2004-05 to 2013-14

*These cities have data unavailable for certain years. The following are the time ranges that the data represented in the graphs was reported for these cities. Los Angeles: 2005-06 to 2008-09, 2009-10 to 2013-14; Chicago: 2006-07 to 2008-09, 2009-10 to 2013-14; Houston: 2007-08 to 2008-09, 2009-10 to 2013-14; San Diego: 2005-06 to 2009-10, 2010-11 to 2011-12; Dallas, Austin: data unavailable.
Percent Change of School Budget from Local Dollars Over 10 Years

*These cities have data unavailable for certain years. The following are the time ranges that the data represented in the graphs was reported for these cities. Los Angeles: 2005-06 to 2008-09, 2009-10 to 2013-14, 2005-06 to 2013-14; Chicago: 2006-07 to 2008-09, 2009-10 to 2013-14, 2006-07 to 2013-14; Houston: 2007-08 to 2008-09, 2009-10 to 2013-14, 2007-08 to 2013-14; San Diego: 2005-06 to 2009-10, 2010-11 to 2011-12, 2005-06 to 2011-12.
Percent Change of Local Budget to School Districts Over 10 Years

Philadelphia

New York City

Los Angeles*

Chicago*

Houston*

San Diego*

Dallas

Austin

*These cities have data unavailable for certain years. The following are the time ranges that the data represented in the graphs was reported for these cities. Los Angeles: 2005-06 to 2008-09, 2009-10 to 2013-14, 2005-06 to 2013-14; Chicago: 2006-07 to 2008-09, 2009-10 to 2013-14, 2006-07 to 2013-14; Houston: 2007-08 to 2008-09, 2009-10 to 2013-14, 2007-08 to 2013-14; San Diego: 2005-06 to 2009-10, 2010-11 to 2011-12, 2005-06 to 2011-12.
<table>
<thead>
<tr>
<th>City</th>
<th>Total Local Funding ($)</th>
<th>Percent Change 2004-05 to 2008-09</th>
<th>Percent Change 2009-10 to 2013-14</th>
<th>Percent Change 2004-05 to 2013-14</th>
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</thead>
<tbody>
<tr>
<td>Austin</td>
<td>653,181,009</td>
<td>693,915,900</td>
<td>738,759,610</td>
<td>11.78 13.30 31.12</td>
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<tr>
<td>Chicago*</td>
<td>1,873,645,000</td>
<td>2,060,808,000</td>
<td>2,123,681,000</td>
<td>13.34 8.58 30.26</td>
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<tr>
<td>Dallas</td>
<td>1,035,967,146</td>
<td>1,122,125,694</td>
<td>1,061,456,048</td>
<td>7.30 0.27 -1.63</td>
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<td>Houston*</td>
<td>1,133,872,459</td>
<td>1,266,164,141</td>
<td>1,257,122,119</td>
<td>11.40 17.72 31.50</td>
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<td>Los Angeles*</td>
<td>1,415,511,000</td>
<td>1,646,811,000</td>
<td>1,832,104,000</td>
<td>29.43 3.39 35.60</td>
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<td>New York City</td>
<td>5,549,875,672</td>
<td>6,282,419,075</td>
<td>7,261,753,378</td>
<td>30.85 33.69 71.97</td>
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<tr>
<td>Philadelphia</td>
<td>784,936,850</td>
<td>815,295,523</td>
<td>900,243,886</td>
<td>9.77 25.37 36.91</td>
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<td>San Diego*</td>
<td>682,874,240</td>
<td>695,575,365</td>
<td>592,485,756</td>
<td>-16.74 11.90 -0.49</td>
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% of School District Budget

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<tbody>
<tr>
<td>Austin</td>
<td>81.08</td>
<td>81.33</td>
<td>77.17</td>
<td>67.55</td>
<td>69.17</td>
<td>72.64</td>
<td>75.79</td>
<td>80.40</td>
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<td>11.44</td>
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<td>Chicago*</td>
<td>35.92</td>
<td>39.13</td>
<td>42.30</td>
<td>36.82</td>
<td>41.67</td>
<td>40.76</td>
<td>43.78</td>
<td>17.77</td>
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<td>Dallas</td>
<td>72.71</td>
<td>73.05</td>
<td>67.10</td>
<td>57.47</td>
<td>59.24</td>
<td>57.57</td>
<td>53.78</td>
<td>57.72</td>
<td>59.96</td>
<td>59.95</td>
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<tr>
<td>Houston*</td>
<td>57.82</td>
<td>63.12</td>
<td>62.00</td>
<td>59.79</td>
<td>63.52</td>
<td>70.73</td>
<td>69.57</td>
<td>9.16</td>
<td>12.20</td>
<td>20.31</td>
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<tr>
<td>Los Angeles*</td>
<td>17.85</td>
<td>19.14</td>
<td>20.52</td>
<td>23.95</td>
<td>24.27</td>
<td>26.64</td>
<td>31.07</td>
<td>25.76</td>
<td>14.97</td>
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<td>New York City</td>
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<td>42.81</td>
<td>41.64</td>
<td>41.10</td>
<td>47.30</td>
<td>47.33</td>
<td>47.83</td>
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<td>Philadelphia</td>
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<td>33.86</td>
<td>33.92</td>
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<td>32.07</td>
<td>29.85</td>
<td>28.67</td>
<td>34.28</td>
<td>35.37</td>
<td>38.93</td>
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<td>San Diego*</td>
<td>49.27</td>
<td>44.09</td>
<td>41.48</td>
<td>40.69</td>
<td>47.06</td>
<td>56.58</td>
<td>52.73</td>
<td>-17.41</td>
<td>12.06</td>
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% of Total Local Spending

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<tr>
<td>Chicago*</td>
<td>21.83</td>
<td>22.94</td>
<td>24.16</td>
<td>24.59</td>
<td>23.83</td>
<td>25.50</td>
<td>24.64</td>
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<td>36.91</td>
<td>36.48</td>
<td>34.31</td>
<td>30.35</td>
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<td>31.75</td>
<td>28.89</td>
<td>29.64</td>
<td>29.42</td>
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