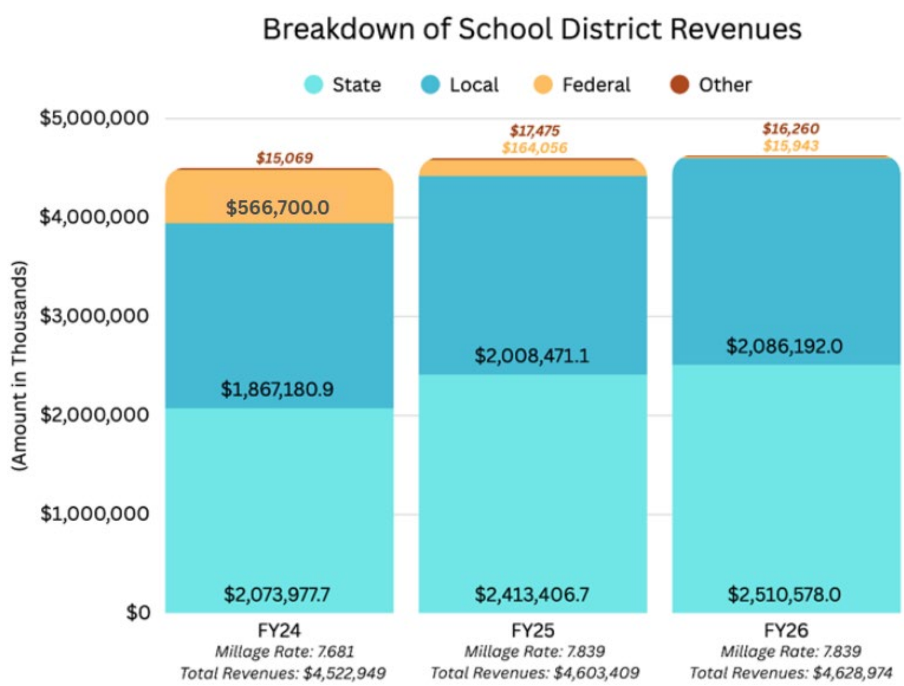
AUGUST 2025

City & State Revenue Increases Offset School District of Philadelphia's Loss in Federal Support



The School District of Philadelphia (SDP) will begin the 2025–26 (FY2026) school year with a $4.6 billion operating budget—reflecting a 0.56% increase from the prior year. This increase is largely driven by a boost in state and local funding.

Local revenue, which is primarily driven by the SDP's portion of the city's Real Estate Tax, increased by almost $80 million over the prior year. State funding grew by $97 million over the same period. These increases will help offset a $148 million decline in the one-time federal pandemic relief in the operating budget the SDP received, underscoring the ongoing challenge of replacing temporary federal support with sustainable local and state revenue.

Since FY2024, local and state revenues to the SDP have increased by 12% and 21%, respectively. During the same period, federal dollars to the school district declined from $550.8 million in FY24 to $16 million in FY2026. In FY2025, city council approved its budget that included increasing the SDP's millage rate from 0.7681 to 0.7839, or by 1%. This adjustment directed 56% of the total property taxes collected to the SDP and lowered the city's share to 44%. Prior to this action, the tax rates were unchanged since FY2016.

Philadelphia is the only school district in Pennsylvania without the authority to raise its own revenue through taxes. While other districts can directly levy taxes such as earned income, business privilege, and additional property taxes, the SDP relies on city and state sources for 99% of its operating budget. A future increase to the millage rate is planned for FY2030, to support long-term financial projections and debt obligations.

Each month Controller Brady looks forward to bringing transparency and accountability of our city, right to you.

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