

**THE SCHOOL DISTRICT OF PHILADELPHIA
SPECIAL MEETING OF THE SCHOOL REFORM COMMISSION**

OCTOBER 6, 2014

A special meeting was held by the School Reform Commission on October 6, 2014 in the Auditorium of the School District of Philadelphia Education Center, 440 North Broad Street.

The meeting was convened at 9:35 a.m. by Chairman Green.

Michael A. Davis, General Counsel, stated that the Commission met in Executive Session on September 29, 2014 and October 5, 2014 to discuss labor relations and litigation. Mr. Davis also announced that notice of today's special meeting was published in the *Philadelphia Inquirer* on October 5, 2014.

Members present: Ms. Houstoun, Ms. Jimenez, Ms. Neff, Ms Simms, Chairman Green – 5

Members absent: 0

Chairman Green stated that the School District has been engaged in contract negotiations with the Philadelphia Federation of Teachers for the past 21 months, including more than 100 bargaining sessions. Chairman Green stated that the District faces an \$8 million and \$71 million budgetary deficit this year and next respectively. He stated that the city and state funders have increased recurring funding by over \$212 million, and that Philadelphia families have made the most extraordinary sacrifices. Chairman Green stated that negotiations have moved in the wrong direction, with blue-collar workers agreeing to salary reductions averaging 10% that will save our schools \$100 million over the next four years and CASA accepting salary reductions averaging 16% in addition to employee health care contributions that will save our schools \$20 million over the next three years. Chairman Green stated that the PFT has refused to make any meaningful financial concessions to help us deal with the structural deficit. He stated that as he has said repeatedly since February and most recently on August 15, if the PFT failed to make meaningful concessions, we would have to act. He stated that we will take what we believe to be the most fair and least onerous of poor choices; employee contributions to healthcare. He also stated that salary reductions are off the table. Chairman Green stated that the School Reform Commission will exercise the powers given by state law to cancel the labor contract between the School District of Philadelphia and the Philadelphia Federation of Teachers. He stated that this action allows the District to impose modifications to PFT health benefits that bring the union in line with other District, city and state employees while enabling the District to redirect \$44 million to students this year and almost \$200 million over the next four years.

Dr. Hite stated that the action described by Chairman Green brings the PFT benefits in line with other District employees, including principals, blue collar workers and central office staff. Dr William Hite, Superintendent, provided an overview of how the additional resources secured through this proposal will provide direct supports to schools and help ensure programmatic sustainability. Dr. Hite stated that in October/November 2014, \$15 million will be added to schools budgets, thereby allowing principals and school leadership teams to direct resources to meet their students' needs. Appropriate expenditures will include: supplemental support for students who require additional assistance to pass the Keystone Exam(s); intensive reading interventions for students who are two or more levels below grade level; social, counseling and behavioral support services to students and materials to support instructions. In January/February 2015, a \$15 million investment will be made for additional site-based resources to be shared among schools that have similar needs, including supplemental instruction for students who require additional support prior to graduation; additional instructional supports for activities that advance Anchor Goals 1 and 2; accelerated support for students who are two or more levels below grade level in reading; and additional high-quality alternative education programming and climate enhancements in schools rated as Intervene or Watch. In April 2015, a \$13.8 million investment will be made for additional student supports and resources to ensure programmatic sustainability, including supplemental instruction for students who require additional support to ensure graduation; and investments to ensure programmatic sustainability at the school level.

The following resolution was presented for formal action by the School Reform Commission:

I. SCHOOL REFORM COMMISSION

SRC-1

Implementation of Modified Economic Terms with PFT; Cancellation of Collective Bargaining Agreement
WHEREAS, The School District of Philadelphia (“the School District”) continues to be in the midst of a years-long financial crisis and, despite having taken significant and historic cost-reduction measures – including the closure of 31 schools, the reduction of central administrative costs by 48% in 2012 and an additional 30% in 2013, over 5000 layoffs, a several-year freeze on charter-school expansion, and the negotiation of significant wage and benefit concessions with two of its employee organizations – the School District continues to suffer extreme financial distress with an operating budget that does not adequately resource schools; and

WHEREAS, for the last 21 months, the School District has engaged in a marathon of collective bargaining with its largest employee organization, Philadelphia Federation of Teachers Local 3, American Federation of Teachers, AFL-CIO”) (“PFT”), in an effort to agree on a new contract, having engaged in more than 110 bargaining sessions, exchanged hundreds of proposals, all under the guidance of mediators from the Pennsylvania State Bureau of Mediation; and

WHEREAS, notwithstanding these strenuous efforts, the parties have not reached agreement on needed economic concessions, and

WHEREAS, the School Reform Commission has determined that it is necessary without further delay to reform these benefits and other terms and conditions to effect needed economies in the operation of the School District's schools, while continuing to provide health benefits of the highest quality; now be it

RESOLVED, that the School Reform Commission, on behalf of the School District, pursuant to section 693(a)(1) of the School Code, incorporated in section 696(i) of the School Code, in order to effectuate needed economies in the operation of the School District's schools, hereby authorizes and directs the School District, through the Superintendent or his designee, to make specific limited changes and to implement the following modified economic terms and conditions for employees in the bargaining units represented by the PFT, consistent with economic terms proposed in negotiations, while maintaining all other existing terms and conditions to the extent required by law, as follows: changes to medical benefits, including replacing the existing medical plan administered by Independence Blue Cross with a less expensive plan deemed by the School District to be comparable in coverage, requiring employee contributions towards medical premiums, imposing a surcharge for coverage of spouses who have access to medical benefits provided by their own employers, and eliminating opt-out payments; instituting a new School District-administered program providing for dental, optical, and prescription drug benefits; eliminating contributions to the PFT Health and Welfare Fund and to the PFT Legal Services Trust Fund; creating a uniform *per diem* rate for certified teachers; changing wage continuation benefits; and modifying termination pay benefits for new employees; and be it

FURTHER RESOLVED, that the School Reform Commission, pursuant to the powers conferred upon it by section 693(a)(1) of the School Code, incorporated in section 696(i) of the School Code, in order to effectuate needed economies in the operation of the School District's schools, hereby cancels the most recent Collective Bargaining Agreement between the School District and the PFT to the extent it continues to govern the parties' relations, which Agreement was initially approved by the School Reform Commission pursuant to Resolution No. SRC-34, on January 27, 2010, and then extended for an additional year from August 31, 2012 through August 31, 2013, at which point it expired.

The vote was as follows:

Yeas: Ms. Houstoun, Ms. Jimenez, Ms. Neff, Ms. Simms, Chairman Green – 5

Nays: 0

The meeting was opened to the public for presentation of statements.

Lisa Haver, Alliance for Philadelphia Public Schools, described today's action by the SRC as sneaky. She stated that the SRC placed a very small ad announcing today's meeting on page E-4 in the back on the Business section of Sunday's *Inquirer*. Ms. Haver questioned why the SRC kept secret the time and date of today's meeting. She stated that she would like to see the members of the SRC do the right thing, and personally called on Commissioner Simms to do the right thing, and hoped that Commissioner Neff will not squander the good will she has built in the city.

On motion, the meeting was adjourned at 9:48 a.m.

William J. Green, Chairman
School Reform Commission

William R. Hite, Jr.
Superintendent