

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

MARCH 24, 2016

A public meeting was held by the School Reform Commission on March 24, 2016 in the Auditorium of the School District of Philadelphia Education Center, 440 North Broad Street.

The meeting was convened at 5:33 p.m. by Chair Neff. She stated that tonight's meeting centers on the School District's finances. The sole agenda item is the adoption of the Lump Sum Statement for the 2017 fiscal year, the first official step in the budget process. Chair Neff stated that Pennsylvania's school code mandates that we adopt a budget before July 1st each year. She stated that after nine (9) months of gridlock, yesterday, the Governor brought this year's budget crisis to an end by allowing the budget before him to become law. Chair Neff stated that financially, the District incurred an extra \$8 million in borrowing costs to keep schools operating while waiting for state monies to come. She stated that even more critically, our students, teachers, principals, staff, and families have had to bear the cost of worry and uncertainty the budget impasse brought. Chair Neff stated that after living through devastating cuts and painstaking decisions over the last four (4) years, the School District has reached a financial turning point and is positioned to make investments in our schools. She stated that we cannot make these investments without predictable, recurring funding each year. Our legislature and Governor are required to pass next year's budget by June 30th, ninety-seven (97) days from today. Chair Neff urged the public to contact Governor Wolf and our Philadelphia legislators to tell them how critical a timely budget is to the success of our schools.

Chair Neff announced that there will be two (2) SRC public meetings in April. The SRC's annual budget hearing will be held April 21st at 5:30 p.m., and the regular Action meeting will be held on April 28th at 4:00 p.m. She also stated that speakers will be limited to three (3) speakers for and against each topic.

Michael A. Davis, General Counsel, stated that the School Reform Commission met in Executive Session to discuss labor relations, and quasi-judicial matters.

Members present: Mr. Green (*via telephone conference call*), Ms. Houstoun, Ms. Jimenez (*via telephone conference call*), Ms. Simms (*via telephone conference call*), Chair Neff – 5

Members Absent: 0

Evelyn Sample Oates, Office of Family and Community Engagement, provided the order of business for today's meeting of the School Reform Commission. She also stated that the proceedings of today's School Reform Commission meeting are being streamed live on the internet and recorded by the School District of Philadelphia. Ms. Sample-Oates stated that the School District's recordings are protected by the copyright laws of the United States.

William Hite, Superintendent, provided remarks. He stated that the District will introduce its preliminary Five-Year Plan (FY2017-2021) and the Lump Sum Statement (FY2016-2017). Dr. Hite provided an overview of the Context and Action Plan 3.0 Anchor Goals and Fiscal Plan Goals and Assumptions. He stated that the District has been operating in deficit mode since 2012, and has made many difficult and painful decisions to prevent additional and more significant operating deficits. Dr. Hite stated that the District closed 24 schools, eliminated important programs, laid off 1000s of teachers, nurses, counselor, and staff, and made substantial central office staffing cuts. Dr. Hite stated that today, that 80% of all District-run and charter schools are in the lowest 2 performance tiers, made investments to preserve performance, including Literacy coaches and additional CTE seats. He stated that the District can celebrate zero persistently dangerous schools, increased attendance, steady graduation rate, and increased Keystone Literature pass rate. Dr. Hite stated that the Five-Year Plan provides a clear view of the District's expenses and priorities. He stated that the Plan includes expected revenues and expenses for FY2016-2017 through FY2017-2021 and highlights potential risks and challenges. Dr. Hite stated that only with sustained, recurring investments can we create a District of high quality schools.

Uri Monson, Chief Financial Officer, provided a presentation that included an overview of the Preliminary Five-Year Plan for 2016-2021, and the FY16-17 Lump Sum Statement. He stated that the Five-Year Plan proposes a budget and spending plan, which strives for structural balance, while determining investments designed to achieve the mission of achieving equity in educational opportunity for all children. Mr. Monson stated that the Plan utilizes reasonable projections for revenues and expenditures based on actual revenues and expenditures, current law historic trends, and most budget proposals. Mr. Monson provided an overview of key assumptions for both revenues and expenditures, as well as explaining possible risks. Citing the Lump Sum Statement, Mr. Monson explained why expenditures and revenues are increasing from FY16 to FY17. He also provided a timeline of next steps in the FY2016-2017 budget process.

**A complete copy of Mr. Monson's powerpoint presentation is on file with the minutes of the School Reform Commission.*

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

Karel Kilimnik, community member, provided clarification of previous testimony regarding Commissioners visiting SLA and not visiting schools scheduled for closure. She questioned Commissioners apparent lack of concern in hearing from the communities of Cooke, Huey, and Wister Elementary Schools. Ms. Kilimnik also noted that the Lump Sum Statement resolution was not posted in advance of today's meeting. Ms. Kilimnik questioned whether the budget is addressing needs and whether it is a restorative or doomsday scenario.

Lisa Haver, community member, stated that she is shocked that there is an apparent plan to close three schools each year, starting in 2018. She stated that school closures are devastating to the community. She provided her observations of SPRs for Mastery schools as compared to Cooke, Huey, and Wister Elementary Schools. She also questioned whether the "Committee Evaluation Reports" from Cooke, Huey, and Wister were available.

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

I. SCHOOL REFORM COMMISSION

SRC-1

Adoption of Lump Sum Statement 2016-2017

WHEREAS, Section 12-303(b) of the Home Rule Charter requires the adoption and submission to the Mayor and City Council of a lump sum statement of anticipated revenues and expenditures for the next fiscal year, be it

RESOLVED, that the Proposal Operating Budget for 2016/2017 of anticipated revenues and other financing sources totaling \$2,805.3 million, anticipated expenditures and other financing uses of \$2,794.5 million, and an ending fund balance of \$135.7 million at June 30, 2017, be adopted and submitted to the Mayor and City Council.

**SCHOOL DISTRICT OF PHILADELPHIA
OPERATING BUDGET
LUMP SUM STATEMENT OF ANTICIPATED REVENUES AND OTHER
FINANCING SOURCES, OBLIGATIONS AND OTHER FINANCING USES AND FUND BALANCE
FISCAL YEARS 2015/2016 AND 2016/2017**

Amounts in Thousands			
	Actual 2014/2015	Projected 2015/2016	Proposed 2016/2017
	\$	\$	\$
Revenues	2,592,460	2,712,130	2,803,787
Other Financing Sources	<u>317,952</u>	<u>6,344</u>	<u>1,489</u>
Total Revenues and Other Financing Sources	2,910,412	2,718,474	2,805,276
Obligations	2,502,693	2,650,548	2,792,207
Other Financing Uses	<u>302,584</u>	<u>4,500</u>	<u>2,252</u>
Total Obligations and other Financing Uses	2,805,277	2,655,048	2,794,459
Prior Year Fund Balance (Deficit) July 1	3,043	88,048	134,572
Fund Balance Prior to Changes in Reserves	108,178	151,474	145,389
Changes in Reserves	<u>(20,130)</u>	<u>(16,902)</u>	<u>(9,702)</u>
Fund Balance (Deficit) June 30	<u>88,048</u>	<u>134,572</u>	<u>135,687</u>

The vote was as follows:

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

Nays: 0

II. EDUCATION SUPPORT SERVICES

None Submitted

III. EDUCATION SERVICES

None Submitted

On motion, the meeting was adjourned at 6:18 p.m.

Marjorie G. Neff, Chair
School Reform Commission

William R. Hite, Jr.
Superintendent