

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

MARCH 27, 2014

A meeting was held by the School Reform Commission on March 27, 2014 in the Auditorium of the School District of Philadelphia Education Center, 440 North Broad Street.

The meeting was convened at 5:41 p.m. by Chairman Green. He stated that the sole item on the agenda is the adoption of the Lump Sum Statement for fiscal year 2013-2014, which is the first step in the budget process. He stated that over the course of the past seventeen (17) months the School Reform Commission has shared its belief and affirmation that its goal is to insure the Philadelphia students have a sound, high quality education and that it expands the number safe, high quality seats, and its goal to bring the School District to a financial sound state.

Michael A. Davis, General Counsel, announced that prior to today's public meeting, the School Reform Commission met in Executive Session to discuss personnel matters, labor relations, and litigation.

Members present: Ms. Houstoun, Ms. Jimenez, Dr. Pritchett, Ms. Simms, Mr. Green – 5

Members absent: 0

Fernando Gallard, Office of Communications, provided the order of business for today's meeting of the School Reform Commission. He also stated that the proceedings of today's School Reform Commission meeting are being broadcast live on television and streamed live on the internet. Mr. Gallard stated that the School District's recordings are protected by the copyright laws of the United States.

Dr. Hite introduced Matthew Stanski, Chief Financial Officer, who provided a presentation on the 2014-2015 Lump Sum Budget Statement.

Matthew Stanski, Chief Financial Officer, provided a presentation on the Lump Sum Statement 2014-2015. Mr. Stanski's presentation included an overview of historical funding and expenditure levels for the School District, FY 2012 budget reduction measures, an overview of FY 2013, and overview of FY 14 and the Lump Sum Statement, and plans to become structurally balanced by FY 14 and FY 15. Mr. Stanski stated that expenditures and revenues rose steadily between FY09 and FY11. In FY 12 the District saw dramatic revenue cuts, including the elimination of charter school reimbursement, reduction of Basic Education Stimulus Funds and State Grant reductions. He stated that to meet the cuts in revenue, the District drastically reduced expenditures in FY12, including significant school-based reductions, substantial Central Office staffing cuts, and reduced spending in contracted services, books and materials. Mr. Stanski stated that to ensure sustainability, it is not acceptable to resort to short-term, non-recurring solutions, as no further deficit financings are possible. He stated that the District continues to implement expenditure reduction initiatives, including additional central office reductions, utilities efficiencies, further contracted services reductions, increased transportation savings from more efficient routing, creation of a virtual school to offset cyber charter costs, and facility closures. The District is still faced with a \$304 million budgetary gap. Mr. Stanski stated that the need for structural balance moving forward is critical. He stated that in order to make up the \$304 million gap in FY14, the District will need personnel savings and new revenues to achieve structural balance. Mr. Stanski stated that the Lump Sum Statement reflects \$2.39 billion in revenues from the City, State, \$120 million in local sales tax and \$3.8 million in other financing sources for a total of \$2.5 billion in anticipated revenue. He stated that the District is expected to experience a \$28.87 million budget shortfall for FY14. Mr. Stanski stated that \$2.8 billion is required to begin the transformation of the School District. He stated that \$320 million of additional revenue is required to transform schools. He stated that spending will be aligned with revenues received. Mr. Stanski stated that every dollar that is spent will meet one of the four (4) goals of the Action Plan 2.0: 100% of students will graduate, ready for college and career; 100% of 8 year olds will read on grade level; 100% of schools will have great principals and teachers; and the School District of Philadelphia will have 100% of the funding we need for great schools, and zero deficit.

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

In response to Chairman Green, Mr. Stanski described what would happen if the School District did not receive the revenues proposed in both the Mayor's and Governor's budgets. He stated that there would be further service reductions at schools. Chairman Green stated that \$100 million would be required to maintain the status quo. Dr. Hite stated that no one believes that status quo is sufficient. Commissioner Houstoun reiterated that borrowing is not an option. In response to Commissioner Simms, Dr. Hite stated that the \$320 million would be used for evidence based early literacy, development of principals, and provided students with access to opportunity. Dr. Pritchett noted that this is a three-month process that Mr. Stanski further explained for the public.

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

State Senator Vincent Hughes described a proposal to identify new revenue for basic education across the Commonwealth. He cited the taxing of Marcellus Shale Natural Gas. He stated that it is important for the School District to take a stance. He made a comparison of resources for Overbrook High School and Upper Dublin High School.

Chairman Green thanked Senator Hughes for his advocacy. He expressed his support of the proposed cigarette tax. Commissioner Jimenez thanked Senator Hughes for his longstanding commitment to securing funding

for education. In response to Commissioner Jimenez, Senator Hughes stated that he would suggest using funds for longer school days as well as restoring programming that proved successful several years ago.

Mark Wilkens, teacher at South Philadelphia High School, stated that the School Reform Commission needs to reign in charter schools. He stated that there is no way to right the District's financial ship as long as it continues to bleed students and money to the charters.

Eileen DiFranco expressed hope for transparency and presented a series of questions: why is the School District unable to provide in 2014 the same education it provided her father at Northeast High School during the depression; why are her young neighbors moving out of the city because they feel that they can't get the services they need for their children in Philadelphia public schools; why does the SRC diminish the value of teachers' advanced degrees and certifications; if class size is so immaterial to poor urban school children, why do wealthy parents spend \$30,000 to send their children to schools like Penn Charter where the class size is twelve to fifteen children; and why has the School District jumped on the bandwagon of the Philadelphia Schools Partnership, a private agency which is not open to public scrutiny and is headed by a person who knows very little about education.

Terry Pittman, parent, offered a plan for the expanded Hill-Freedman World Academy. He suggested that for the short term, the \$150,000 identified to renovate the Kinsey School be used to set up modular structures on the current Hill-Freedman campus to house the high school students. For the long term, Mr. Pittman requested that the District meet with parents and students to identify a site that will provide a permanent home. Dr. Hite stated that there have been conversations about the short- and long-term plan for the school.

Terrilyn McCormick, parent and Chair of the SAC at Penn Alexander and President of CAPA Home and School Association, requested open and transparent discussions about the School District budget and active engagement with parents, teachers and students in the process of setting the District's budget priorities.

Victoria Hanley, Home & School President at the Arts Academy at Benjamin Rush, stated that budget cuts have impacted the arts. She stated that the school lost five teachers last year and classes of 23-25 students became classes of 33 students. Ms. Hanley stated that the school has a 600 student capacity, but a proposed 250 student increase would jeopardize the school's integrity and deplete resources even further.

Dr. Doreen Loury, Arcadia University, invited the School District to enter into a partnership for the Black Male Development Symposium scheduled for May 10, 2014.

David Hardy, CEO of Boys Latin Charter School, shared his recommendations for the proposed Charter School Policy. He recommended that the Charter School Office report directly to the SRC; fund the Charter School Office through a half percent assessment of charter funding; and suggested that the District stop obsessing about barriers to entry and focus on the development of more schools that will meet academic and parental acceptability standards.

Mama Gail, comparing it to a building, stated that the School District has lost its foundation and footing. She questioned who is the master of the plan for the School District.

Donna Cooper, Public Citizens for Children and Youth, shared the results of the PCCY Performance Audit of ten charters seeking renewal. She stated that five of the ten charters serve significantly smaller shares of low-income students compared to the District's average enrollment; six of ten charters serve significantly lower numbers of special education students compared to the District's average enrollment; and six of ten charters serve no English Language Learners. She stated that in making decisions regarding renewal, given the lower than average presence of vulnerable students, the SRC should consider if a school's academic achievement is high enough to warrant renewal, and where renewals are granted, the SRC should place conditions on renewals that require that these schools demonstrate on an annual basis that they are enrolling a larger share of low income, special education, minority and ELL students. Ms. Cooper also noted that six of the charters seeking renewal still exhibit application, enrollment or acceptance practices that PCCY considers barriers to open enrollment. She also stated that PCCY released a statement stating that they are very troubled and opposed to a recent decision to remove minimum staffing requirements for librarians and counselors as well as the policy of permitting staff complement changes after the leveling staffing decisions are made. Ms. Cooper stated that PCCY supports the decision to continue to permit all schools to use a site selection process as the basis of hiring and transfer.

Karel Kilimnik, retired teacher and member of the Alliance for Philadelphia Public Schools, stated that for the past several months she has been asking questions of Chairman Green and he has been refusing to answer them. She suggested that the SRC have a monthly meeting where stakeholders can come and have a dialogue. Citing questions raised by speaker Eileen DiFranco, Ms. Kilimnik provided answers and data to those questions.

Christine Carlson stated that when she received information about Dr. Hite's proposed changes to staffing schools for next year, she assumed that he was talking about universal site selection. Ms. Carlson stated that she believes that school communities should be able to interview and select their teaching staff by way of a site selection process. Ms. Carlson shared worst case scenarios that she has heard: the District will be able to assign any teacher they want anywhere in the District; principals will have the authority to fire and hire teachers at will; PFT teachers will be replaced with Teach for America; and the District will not have to provide counselors or nurses in any of the schools. Ms. Carlson stated that the language for new staffing guidelines is too vague.

Dr. Ayesha Imani, CEO, Sankofa Freedom Academy Charter School, expressed concerns with the proposed AQI – Charter Schools Policy. She stated that the proposed policy proposes a system that can judge independent charter schools by different standards than Renaissance and District schools, authorizes the School District to turn over independent neighborhood charter schools to corporate charter franchises based on criteria yet

to be determined or agreed upon, and proposes a system in which authorization and renewals can be based on the financial position of the School District, or the willingness of charter schools to agree to enrollment caps and not the actual performance of the school. Dr. Imani also stated that the Charter School Office must be provided adequate resources to monitor and support schools.

Tre Johnson expressed support of the elimination of teacher seniority as the sole or primary determinant to staffing. He stated that he believes this decision will empower school communities to create a successful school staff.

Chairman Green requested that Matthew Stanski, Chief Financial Officer, further explain the chart depicted on page 9 of the *powerpoint* presentation. Mr. Stanski stated that \$100 million is needed to maintain the status quo. He stated that the chart depicts \$50 million in incremental funding which has not been identified nor proposed, to the \$320 million needed for the total transformation of the District. In response to Commissioner Jimenez, Mr. Stanski stated that budgets released to schools this past Monday assume maintaining the current level of service.

In response to questions raised about staffing changes by speaker Christine Carlson, Dr. Hite stated that all vacancies will be filled by the site selection process. Chairman Green stated that the proposal does not address salary and benefits, does not propose to end due process, and only deals with site selection where there are vacancies. Seniority will remain a factor.

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

I. SCHOOL REFORM COMMISSION

SRC-1

Adoption of Proposed Lump Sum Budget 2014-2015

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 expenditure for the next fiscal year, be it

RESOLVED, that the Proposed Operating Budget for 2014/2015 of anticipated revenues and other financing sources totaling \$2523.4 million, anticipated expenditures and other financing uses of \$2814.5 million, and an ending fund balance of \$0million at June 30, 2015, 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 2013/2014 AND 2014/2015**

Amounts in Thousands

	<u>Actual 2012/2013</u> \$	<u>Estimated 2013/2014</u> \$	<u>Request 2014/2015</u> \$
Revenues	2,304,571	2,408,527	2,399,518
1% Sales Tax			120,000
Other Financing Sources	<u>303,417</u>	<u>65,586</u>	<u>3,889</u>
Total Revenues and Other Financing Sources	2,607,988	2,474,113	2,523,407
Obligations	2,548,630	2,544,244	2,812,017
Other Financing Uses	<u>2,459</u>	<u>2,264</u>	<u>2,518</u>
Total Obligations and Other Financing Uses	2,551,089	2,546,508	2,814,535
Prior Year Fund Balance (Deficit) July 1	(20,436)	39,462	(28,872)
Fund Balance Prior to Changes in Reserves	36,462	(32,932)	(320,000)
Changes in Reserve	3,000	4,061	0
Fund Balance (Deficit) June 30	<u>39,462</u>	<u>(28,872)</u>	<u>(320,000)</u>
Additional Funding Request			320,000
Fund Balance (Deficit) June 30 Assuming Additional Funding Request	39,462	(28,872)	

The vote was as follows:

Yeas: Ms. Houstoun, Ms. Jimenez, Dr. Pritchett, Ms. Simms, Mr. Green – 5

Nays: 0

Chairman Green stated that the Lump Sum S tatement adopted does not reflect the financial picture the SRC wants for the District, nor does it allow for the type of educational services we want for all students.

II. EDUCATION SUPPORT SERVICES

None Submitted

III. EDUCATION SERVICES

None Submitted

On motion, the meeting was adjourned at 7:11 p.m.

William R. Green
School Reform Commission Chairman

William R. Hite, Jr.
Superintendent