

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

**JUNE 30, 2015**

A regular public meeting was held by the School Reform Commission on June 30, 2015 in the Auditorium of the School District of Philadelphia Education Center, 440 North Broad Street.

The meeting was reconvened at 5:34 p.m. by Chair Neff.

**Members present:** Mr. Green, Ms. Houstoun, Ms. Simms, Chair Neff – 4

**Members Absent:** Ms. Jimenez – 1

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 issues, litigation, and investigations.

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.

The following Citation was read and presented to Matthew Stanski, Chief Financial Officer by Superintendent Hite:

WHEREAS, over the past three years, Matthew Stanski has performed his duties as Chief Financial Officer of The School District of Philadelphia with distinction, great skill and an unsurpassed work ethic, treating staff and community members with respect and kindness; and

WHEREAS, Matt's honesty, intelligence, good humor, thoughtfulness, and helpfulness will be greatly missed; and

WHEREAS, thanks to his genuine care for the School District and the children we serve, and his command of the numbers, facts and figures that comprise the District's challenging financial landscape, he successfully stabilized our bleak financial picture; and

WHEREAS, due to Matt's efforts, the School Reform Commission and the School District's budget and finance systems will ensure the required discipline to maintain stricter controls on finances and budget oversight, thus avoiding a recurrence of the serious problems of the past; now be it

RESOLVED, that the School Reform Commission hereby pays a special tribute and gives special recognition to Matthew Stanski. A true public servant, Matt accepted the formidable challenge of wrestling with the many funding, budgetary and financial issues critical to ensuring stable operations.

Chair Neff expressed thanks to Mr. Stanski for his work as Chief Financial Officer. Commissioner Simms also thanked Mr. Stanski for his work, particularly around Title 1 funding.

Chair Neff introduced Superintendent Hite and Mr. Stanski's budget presentation.

Superintendent Hite stated that, financially, the District is building a strong foundation and making exciting progress, including a new, comprehensive measure of school performance (SPR); new rigorous charter authorizing standards; new rigorous review process for district schools (System of Great Schools); new principal pipeline and hiring practices; 100% site selection for all teachers; new standards-aligned curriculum guidance and early-literacy supports; new innovative high schools; new school-driven redesign process (SRI); and a balanced budget with administrative costs being less than 3% and improved financial controls. Superintendent Hite also emphasized positive momentum occurring within the District, including all District schools and 75% of charter schools on the same school performance measure; increased acceptances in high-performing schools; graduation rate reached a new high of 65%; over 13,000 users visiting the new suite of standards-aligned curriculum tools; over 13,000 parents and 47,000 students participating in parent and student surveys; and a new dentistry program at Kensington Health Sciences this year; and new advanced manufacturing program at Benjamin Franklin High School. He also shared celebrations from schools. Superintendent Hite stated that the Action Plan 3.0 is defined by four themes; equity, stability, evidence, and school. He stated that since FY11, schools have experienced significant cuts. With new funding, principals can invest in the resources needed to best improve instruction and climate. Dr. Hite stated that the FY16 budget includes the Governor's proposal of \$159 million in new funding. However, if those funds are not provided, new investments cannot be made. The District will only spend within its revenues.

Matthew Stanski, Chief Financial Officer, reiterated Dr. Hite's point on spending. He stated that the budget contains a clause which states that the District will not spend funds until authorized by the State. Mr. Stanski provided an overview of the Lump Sum Statement adopted in March 2015 and a review of the proposed FY16 budget. He stated that \$141 million in new resources are included in the budget, but will not be spent until authorized. He stated that new resources will improve the educational opportunities, services, and supports provided to students. Mr. Stanski stated that principals and their teams will be able to decide how to best use the vast majority of the resources, including AP courses, credit recovery, differentiated instruction, counseling support, etc.

Mr. Stanski confirmed for Commissioner Houstoun, citing the \$18 million plug in the maintenance budget, that the District was covering what it would be approving tonight.

Chair Neff stated that she is deeply troubled by the situation that Philadelphia public schools find themselves in, by being forced to adopt an inadequate budget. She stated that in the 2013-14 school year, she viewed this process from her seat as a principal and this past year as a commissioner. Chair Neff stated that from both vantage points, it was clear the budget adopted, the budgets our students, teachers and school communities lived with during the past two year were inadequate, as there were not enough funds to provide our students with the basic resources they need and deserve. She stated that what she feared more than anything, was that these inadequate budget would become our new normal, and that unless we have a substantial increase in funding from the state we will be there again. Chair Neff stated that we have been and will continue to advocate for additional funding for our schools, as our children deserve more than limited resources year after year. She asked that the public join us in demanding more from our state legislature and join us in taking action.

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

Karel Kilimnik, retired teacher and member of Alliance for Philadelphia Public Schools, expressed concerns about transparency in the budget and the posting of materials in a timely manner. She also requested an explanation of the Tax and Revenue Anticipation Notes (TRAN) meeting. Ms. Kilimnik also stated that the 100 cut school nurses need to be restored and nursing services not outsourced and questioned the cost for outsourcing substitute services. She raised concerns about expenditures for outside legal counsel.

Carol Heinsdorf, community member, citing the Pennsylvania Public School Code, expressed concerns about whether in its issuance of the RFP for school nursing services the District was knowledgeable about the code's provisions regarding school health services for students that remain under the District's care.

Kristen Loebbert, community member, citing privatization, stated that the District needs to restore certified school nurses. She stated that agencies will not equitably serve our students.

Margaret Devine, community member, stated that every child deserves a level playing field when it comes to school health. She stated that the District should restore the nurse-student ratio to what it was prior to 2011 layoffs.

Robin Roberts, Parents United, questioned where are the resources for Action Plan 3.0. She stated that the District is trying to sell itself, citing proposed contracts for substitute services and school nurses.

Kathy Taggart, school nurse, described apparent risks of the privatization of school nursing services.

Commissioner Green stated that he appreciates the professionalism of teachers and school nurses who have been collectively holding schools together in times of shrinking resources. He stated that principals decide on where the dollars go. Commissioner Green stated that contracting out for substitute services increases coverage from 60% to 90% in the classroom.

The following resolutions were presented for formal action by the School Reform Commission:

## **I. SCHOOL REFORM COMMISSION**

### **\*SRC-1**

#### **Adopts an amended Operating Budget for 2014/2015 and an Operating Budget for 2015/2016**

WHEREAS, by Resolution dated March 26, 2015, the School Reform Commission adopted a lump sum statement of anticipated receipts and estimated expenditures for Fiscal Year 2015-2016 for the School District of Philadelphia (the "School District"), and

WHEREAS, pursuant to Section 12-303(a) of the Education Supplement to the Home Rule Charter, the School District must adopt an Operating Budget for fiscal year commencing on July 1, 2015 in which proposed expenditures shall not exceed the amount of revenues available; and

WHEREAS, pursuant to Section 12-303(a) of the Education Supplement to the Home Rule Charter, the School District must adopt an operating budget for the fiscal year commencing July 1, 2014 in which proposed expenditures shall not exceed the amount of revenues available, and

WHEREAS, changes in revenues and obligations are anticipated to occur with regard to the Fiscal Year 2015-2016 Operating Budget, now therefore be it

RESOLVED, that the School Reform Commission does hereby adopt an amended Operating Budget for Fiscal Year 2014-2015 and does hereby adopt an Operating Budget for Fiscal Year 2015-2016, as reflected in the estimate of receipts herein set forth in Exhibit B and the estimates of obligations by expenditure area herein set forth in Exhibit C for Fiscal Years 2014-2015 and 2015-2016, and be it

FURTHER RESOLVED, that upon the transfer of any function from one office, department or organizational unit, the Executive Director of the Intermediate Unit is authorized to transfer to the successor office, department or organizational unit those portions of the appropriations which appertain to the function transferred; the Executive Director of the Intermediate Unit is authorized to transfer funds from undistributed accounts to appropriate departments to implement decisions of the Superintendent, subject to notification to the School Reform Commission, and be it

FURTHER RESOLVED, that the Superintendent and the Chief Financial Officer shall certify that each request they bring to the School Reform Commission for the authorization of hiring, contracting, purchasing, or any other obligation of School District resources is consistent with the Operating and Capital Budgets that have been adopted by the School Reform Commission, or else they will propose along with the requested authorization an amendment to the adopted Budgets that will hold the cumulative fund balance of the School District to the level projected at the time of the initial budget adoption or any subsequent amendment thereto; and be it

FURTHER RESOLVED, that the Superintendent and Chief Financial Officer shall not expend the funds provided for in the Additional Resources section until the appropriate legislative bodies authorize and appropriate new and additional resources for the School District of Philadelphia.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

*\*A complete copy of resolution SRC-1 with Exhibits is on file with the minutes of the School Reform Commission.*

**\*SRC-2**

**Adopts an amended Capital Budget for 2014/2015 and an amended Capital Program for 2015-2020 and Adopts a Capital Budget for 2015/2016 and a Capital Program for 2016-2021**

WHEREAS, The School Reform Commission of the School District of Philadelphia at its meeting of June 30, 2014 (SRC-2) adopted a Capital Budget in the amount of \$166,358,808 for the Fiscal Year 2015 and a Six Year Program for the Fiscal Years 2015-202 in the amount of \$938,245,791, and

WHEREAS, Additional adjustments to reflect the variance between budgets and actual contract awards, the implementation of the reprioritization and revised estimated costs have been prepared, now, therefore be it

RESOLVED, That the Amended Capital Budget for Fiscal Year 2015 be adopted in the amount of \$72,821,102, and be it

FURTHER RESOLVED, That the Amended Six-Year Capital Program for Fiscal Years 2015-2020 as set forth in the summary exhibit be adopted in the amount of \$913,851,722, and

WHEREAS, Section 12-304 of the Home Rule Charter requires the School District to adopt a Capital Program which is comprised of a Capital Budget for the ensuing fiscal year and capital expenditures planned for the ensuing five years no later than the date of adoption of the Operating Budget, and

WHEREAS, The Proposed Fiscal Year Budget and Program which was included in the June 30, 2014 (SRC-2) Budget Document has been adjusted to reflect project reprioritization, transfers and revised estimates; now, therefore be it

RESOLVED, That the Capital Budget for Fiscal Year 2016 be adopted in the amount of \$130,055,970, and be it

FURTHER RESOLVED, That the Proposed Six-Year Capital Program for Fiscal Years 2016-2021 as set forth in the Summary Exhibit be adopted in the amount of \$981,934,308, and be it

FURTHER RESOLVED, That the individual projects included in the Adopted Fiscal Year 2015 and Fiscal Year 2016 Capital Budgets must be authorized by separate resolutions of the School Reform Commission prior to implementation.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

*\*A complete copy of resolution SRC-2 with Exhibits is on file with the minutes of the School Reform Commission.*

**SRC-3**

**Approves an agreement with the Philadelphia Intermediate Unit to provide an educational program and auxiliary services to nonpublic school students for 2015/2016**

WHEREAS, School Reform Commission of the School District of Philadelphia adopts an Operating Budget on June 30, 2015, including appropriations for the Intermediate Unit for the fiscal year 2015/16 in the amount of \$356,070,800, therefore be it

RESOLVED, that the School Reform Commission of the School District of Philadelphia be authorized to enter into an agreement with the Philadelphia Intermediate Unit Board of Directors whereby the Philadelphia School District will provide professional and non-professional personal services, all materials, supplies, books and equipment necessary for a complete educational program in Special Education programs, Transportation for Special Education, Management Services and Auxiliary Services to Non-Public students. All services provided by the School District will comply with State statutes and any decrees by a court of competent jurisdiction. The programs provided in conjunction with this contract will not exceed the following: Special Education \$273,336,848, Transportation for

Special Education \$67,514,000 and Auxiliary Services to Non-Public School Students \$15,189,952 during the 2015/16 fiscal period.

The vote was as follows:

Yeas: Mr. Green, Ms. Houstoun, Ms. Simms, Chair Neff – 4

Nays: 0

#### **SRC-4**

#### **Authorization to Levy and Assess Taxes – Real Estate Tax, Use & Occupancy Tax, School Income Tax and Liquor by the Drink Tax**

WHEREAS, Article XII, Section 305 of the Philadelphia Home Rule Charter requires the Board of Education to levy taxes annually within the authority prescribed by the General Assembly of the Commonwealth or the Council of the City in amounts sufficient to fund current operations, interest and all other charges on debt and incidental services and to certify said tax levy to the City of Philadelphia; and

WHEREAS, pursuant to Section 696(e)(1) of the Public School Code of 1949, as amended, following the issuance of a declaration by the Secretary of Education under Section 691(c) of the Public School Code, all powers and duties granted to the Board of Education, including its authority to levy taxes, shall be vested in the School Reform Commission; and

WHEREAS, the Council of the City of Philadelphia by ordinances enacted on June 18, 2015 (Bill No. 150165 and Bill No. 150535) (the “Ordinances”) has authorized the levy of taxes for school purposes as described in Sections 1 and 2 of this Resolution, said rates having been established based upon the reassessment of real estate by the City of Philadelphia, as returned by the Office of Property Assessment on or before November 15, 2013, at full or actual market value; and

WHEREAS, the School Reform Commission was authorized to impose certain annual taxes for school purposes within the City of Philadelphia for the year 2016; and

WHEREAS, by this Resolution, the School Reform Commission desires to levy and impose annual taxes for school purposes within the limits prescribed by the Council of the City of Philadelphia.

Now be it

RESOLVED,

(A) That the School Reform Commission of The School District of Philadelphia, Pennsylvania, hereby levies and assesses the following taxes:

1. For the tax year 2016, a tax rate (the “Tax Rate”) of 0.7681% or seventy-six and eighty-one hundredths cents (\$0.7681) per one hundred dollars (\$100.00). The tax shall be calculated, by multiplying the Tax Rate by the Net Taxable Value of the property. Net Taxable Value shall be calculated by subtracting the amount of Homestead Exclusion, if any, provided and defined in Section 19-1301 of the Philadelphia Code, from the assessed value of the property returned by the Office of Property Assessment in the year immediately preceding the tax year, but in no event may Net Taxable Value be less than zero.

2. For the tax year beginning July 1, 2015 a tax on the use or occupancy of real estate within the School District for the purpose of carrying on any business, trade, occupation, profession, vocation, or any other commercial or industrial activity at a tax rate (the “U&O Tax Rate) of one and twenty-one hundredths percent (1.21%). The tax shall be computed pursuant to the formula set forth in Section 19-1806 (4) of Ordinance (Bill No. 150535) utilizing the U&O Tax Rate and the definitions of Assessed Value and Exemption Amount set forth therein.

3. For Fiscal Year 2016 a tax on net income from the ownership, lease, sale or other disposition of real property and tangible and intangible personal property of residents of the School District of Philadelphia received or credited from January 1, 2015 to December 31, 2015, at the rate of three and nine hundred ten-two thousandths percent (3.9102%) or approximately three dollars and nine hundred ten-two thousandths of a cent (\$3.9102) on each one hundred dollars (\$100.00) of net income in accord with the Act of August 9, 1963, P.L. 640, 53 P.S. §16101 et seq., as amended, and Philadelphia Code § 19-1804, and in the event the rate of any tax imposed hereunder is determined to exceed any limitation imposed by statute, it is the intent of this resolution to impose such tax at the maximum permissible rate (mirroring Resident City Wage Tax).

4. For the year beginning July 1, 2015, a tax on the sales at retail of liquor and malt and brewed beverages at the rate of ten percent (10%) of the sale price in accord with Philadelphia Code §19-1805 (1994), App. No. 228.

(B) That the School Reform Commission shall forthwith certify this levy of school taxes, under the seal of the School District attested by the Chair of the School Reform Commission and the Secretary, to the Office of Property Assessment, the Board of Revision of Taxes or other proper authority of the City of Philadelphia authorized to prepare tax duplicates, to be entered thereon, and by such authority to be certified to the City's Department of Revenue, such taxes to be collected as provided by law, at the same time, in the same manner and with like authority as other taxes collected in the City, and

(C) That the officials collecting municipal taxes in the City of Philadelphia are directed to collect said taxes and do all acts necessary in connection therewith.

(D) In the event that subsequent to the adoption of this Resolution, any of the Ordinances are amended or modified, whether by action of City Council or otherwise, with respect to the basis upon which taxable real property is assessed for the year 2016, this Resolution shall, without further action of the School Reform Commission, be amended to reflect such amendment or modification.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

**II. EDUCATION SUPPORT SERVICES**

**A-1**

**Operating Budget: \$45,000 Contract with Pest-A-Side, Inc. – Termite Control Services**

RESOLVED, that the School Reform Commission authorizes The School District of Philadelphia, through the Superintendent or his designee, pursuant to blanket purchase agreements of supplies and/or a combination of supplies and services, for purchases costing \$25,000 or more, to execute, deliver and perform a contract with Pest-A-Side, Inc., for termite control services, for an amount not to exceed \$45,000, subject to funding, for the period commencing July 1, 2015 through June 30, 2017.

*Description:* This purchase will be made as a result of a blanket purchase agreement contract which relate to supplies and/or a combination of supplies and services. Copies of the specifications and awards for these contracts are filed in the Office of Procurement Services. The listed purchases are approved subject to available funding at the time of purchase.

ABC Code/Funding Source	\$45,000.00
1100-031-9270-2625-4311 FY16 (\$22,500.00)	
1100-031-9270-2625-4311 FY17 (\$22,500.00)	

In response to Chair Neff, Claire Neff, Chief of Staff, stated that resolution A-1 was being presented as a stand-alone resolution not presented at the June 18, 2015 meeting in part due to the new process for reviewing resolutions. Due to the high volume of resolutions presented for June 18, 2015, it was inadvertently missed and not included.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

**III. EDUCATION SERVICES**

*None Submitted*

The meeting was recessed at 6:24 p.m. and reconvened at 6:26 p.m. following the business of the Intermediate Unit.

At the request of Commissioner Houston, Matthew Stanski, Chief Financial Officer, provided an overview of a Tax and Revenue Anticipation Note (TRAN) which is being presented to the School Reform Commission for action at a special meeting scheduled for Wednesday, July 1, 2015.

On motion, the meeting was adjourned at 6:28 p.m.

Marjorie G. Neff, Chair  
School Reform Commission

William R. Hite, Jr.  
Superintendent

**PHILADELPHIA INTERMEDIATE UNIT #26  
MEETING OF THE SCHOOL REFORM COMMISSION  
PHILADELPHIA, PA**

**JUNE 30, 2015**

A regular public meeting was held by School Reform Commission sitting as the Intermediate Unit Board of Directors on June 30, 2015 in the Auditorium of the School District of Philadelphia Education Center, 440 North Broad Street.

The meeting was convened at 6:27 p.m. by Chair Neff

**Members present:** Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

**Members absent:** Ms. Jimenez – 1

The following resolutions were presented for formal action by the School Reform Commission:

**IV. INTERMEDIATE UNIT**

**\*IU-1**

**Adopts a Philadelphia Intermediate Unit Budget for 2014/2015**

WHEREAS, the Philadelphia Intermediate Unit Board of Directors must adopt an Operating Budget for the fiscal year, commencing July 1, 2015, in which proposed obligations shall not exceed the amount of revenues available, therefore be it

RESOLVED, that the Philadelphia Intermediate Unit Board of Directors does hereby adopt an Operating budget for Fiscal Year 2015/2016, as reflected in the receipts herein set forth in Exhibit B and the estimate of obligations by functional organization herein set forth in Exhibit C for Fiscal Year 2015/2016, and be it

FURTHER RESOLVED, that upon the transfer of any function from one office, department or organizational unit, the Executive Director of the Intermediate Unit is authorized to transfer to the successor office, department or organizational unit those portions of the appropriations which appertain to the function transferred; the Executive Director of the Intermediate Unit is authorized to transfer funds from undistributed accounts to appropriate departments to implement decisions of the Executive Director and Offices of the Intermediate Unit Board of Directors.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

*\*A complete copy of resolution IU-1 with Exhibits is on file with the minutes of the School Reform Commission.*

**IU-2**

**Approves an Agreement with the Philadelphia School District to provide an educational program and auxiliary services to nonpublic school students**

WHEREAS, the Philadelphia Intermediate Unit Board of Directors adopts an Operating Budget on June 30, 2015, including appropriations for the Intermediate Unit for the fiscal year 2015/16 in the amount of \$56,070,800, therefore be it

RESOLVED, that the Philadelphia intermediate Unit Board of Directors be authorized to enter into an agreement with the School Reform Commission of the School District of Philadelphia whereby the Philadelphia School District will provide professional and non-professional personal services, all materials, supplies, books and equipment necessary for a complete educational program in Special Education programs, Transportation for Special Education, Management Services and Auxiliary Services to Non-Public students. All services provided by the School District will comply with State statutes and any decrees by a court of competent jurisdiction. The programs provided in conjunction with this contract will not exceed the following: Special Education \$273,336,848, Transportation for Special Education \$67,514,000 and Auxiliary Services to Non-Public School Students \$15,189,952 during the 2015/16 fiscal period.

The vote was as follows:

Yeas: Mr. Green, Ms. Houston, Ms. Simms, Chair Neff – 4

Nays: 0

On motion, the meeting was adjourned at 6:28 p.m.

Marjorie G. Neff, Chair  
School Reform Commission

William R. Hite, Jr.  
Acting Executive Director