

THE SCHOOL DISTRICT OF PHILADELPHIA
OFFICE OF GOVERNMENT RELATIONS
440 NORTH BROAD STREET, SUITE 102
PHILADELPHIA, PENNSYLVANIA 19130-4015

MEMORANDUM

TO: Council President Darrell Clarke
Chairman, City Council Committee of the Whole
Councilwoman Jannie Blackwell
Chair, City Council Committee on Education

FROM: Rodney Oglesby, Esq.
Executive Director, Government Relations

DATE: May 19, 2014

SUBJECT: Responses to Questions from FY'15 School District Budget & Tax Reauthorization

Question #1: Set deadline for building decision for Hill-Freedman; provide final cost estimate for Ada Lewis

The District currently estimates a project cost of \$11,827,583 for general construction, mechanical, plumbing and electrical work to renovate Ada Lewis for occupancy. The District estimate does not include ADA, educational specific requirements, exterior doors, furniture and equipment and environmental remediation which could add another \$3.0 million to the project. An outside firm with complete autonomy from the District also surveyed the building and provided an estimate of \$11,884,099 for general construction, mechanical, plumbing and electrical work. The estimate provided by the outside firm did not include hazardous material testing, abatement or handling and provided additional project alternatives that could add \$3.7 million to the project. Therefore, the current project estimate is a range of \$12 million to \$15 million. The project cost will near \$15 million since hazardous abatement and other specifications will likely be necessary costs to bear.

The District does not have \$15 million to commit to the expansion and is open to all funding possibilities. Therefore, we are unable to provide a deadline for a building decision.

Question #2: Provide a list all higher performing seats that are available for Walter D. Palmer students

The District has defined high performing seats as schools that are in either the "Reinforce" or "Model" category on the School Progress Report. Per your request, please find attached a list of high performing schools where space is still available (see Appendix 1).

Please note, however, that while there may be space in many of our schools to absorb more students there are multiple reasons why they are not at full capacity, including:

- a. **Neighborhood Demographics.** Enrollment in our neighborhood schools are determined primarily by the school's boundary (or catchment) area. With shifting demographics, there may not a sufficient number of students to fill all available spaces.

- b. **School Programming.** There are schools that have, in the past, been able to manage their enrollment owing to the nature of the program, e.g., Arts Academy at Rush.
- c. **Classroom Space.** While there is available space at the school, the number of rooms that can be used as classrooms in the current condition would not allow for a full expansion. For example, a K-5 school may have four classrooms available for students; however, because it does not have six classrooms it is unable to increase its capacity by adding 1 additional class per grade.
- d. **Recent School Movement.** There are several schools that were recently relocated in order for the school to expand, e.g., Motivation High School and Parkway Northwest, and therefore are not at full capacity.

Finally, while the attached list provides the list of available high performing schools, it should be noted that more than 80% of W.D. Palmer students would return to a neighborhood school that has a higher School Performance Profile score.

Question #3: Provide the number of probation officers in schools for the last few years and the FY15 projection. Are we going to increase # of probation officers in schools with high crime rates)

Several years ago there may have been probation officers in district schools. Today, however, the practice is for probation officers to visit schools, establish contacts within schools, monitor student records, and work in collaboration with school district employees to ensure the transition of students on probation back into the classroom. Probation officers are Philadelphia Family Court employees; thus the Family Court administrator can best advise if the compliment of probation officers will increase next year.

Question #4: Please review the proposal for a fiscal oversight committee.

We welcome and appreciate City Council's focus on the financial condition of the School District. As is detailed below, the fiscal challenges facing the District stem from a structural deficit, not from any lack of oversight.

For the past three years, the District has experienced ongoing financial distress resulting from a structural deficit caused in large part by a decline in Federal aid and State funding. Facing the crisis head on, the District and School Reform Commission (SRC) made close to \$1 billion in cuts by, amongst other measures, reducing staffing levels by 5,000 positions, closing dozens of schools, reducing administrative costs to less than 3% of the budget, and negotiating concessionary contracts with two of its five labor unions.

Even with these significant cuts, the structural deficit persists. The imbalance between the District's costs and revenues is caused in large part by increasing fixed costs (state-mandated contributions to employee pensions, debt service payments, and charter school payments, etc.) the District cannot control. Unlike all other school boards in Pennsylvania, the SRC has no taxing authority and is not able to raise revenues. As a result, the District must rely on City Council and the General Assembly to provide sufficient revenues for operating Philadelphia public schools.

To bridge the \$300M financial gap in FY12 (school year 2011-12) – caused by a revenue loss of more than \$300M – the District reduced its workforce by almost 13%, cutting more than 3,000 positions.

To bridge the \$300M financial gap in FY13 (school year 2012-13) – caused by rising fixed costs – the District borrowed \$300M, a one-time infusion of cash.

To bridge the \$300M financial gap in FY14 (school year 2013-14) – i.e., replacing the one-time borrowed funds from FY13 – the District implemented massive lay-offs and program reductions. The District received approximately \$115M in one-time funding from State and City funders, which allowed restoration of some services, but the remaining \$185M in cuts resulted in educational service delivery that does not come close to providing the high-quality learning opportunity all students deserve.

This same structural deficit persists from year to year because recurring revenue has not yet been provided to close it.

Looking ahead to FY15 (school year 2014-15) the District faces a multi-layered deficit. The District needs \$216M just to maintain the current, inadequate level of services. The District needs an additional \$224M to improve educational opportunities for all students, as outlined by Dr. Hite in his Action Plan v2.0. To meet these double deficits, the District is seeking: (a) City Council enactment of the \$120M sales tax revenue authorized by the State in July 2013 (which replaces one-time revenues received in FY14); (b) \$75M in new, recurring local funding, either through the Mayor's proposed mechanism (a \$2/pack cigarette tax that requires State enabling legislation) or some other local funding source; (c) \$150M in new, recurring revenue from the state (including, for example, restoration of the charter reimbursement budget line item); and \$95M in labor concessions from the unions with whom it is in ongoing negotiations (PFT, School Police, and Local 634).

If the District does not receive both the \$120M in sales tax funding and an additional \$95M in funding, it will not be able to operate schools at their current, already compromised level. If the District only receives the \$120M in sales tax funding, it would still have a \$96M budget deficit and be forced to increase class sizes to 40-plus students, lay off another 1,000 teachers, and eliminate essential programs and services.

The only way to avoid further decimating the educational experience of Philadelphia students is to provide \$216M in additional, recurring revenue – i.e., both the \$120M sales tax proceeds and an additional \$96M. The only way to improve the educational experience of Philadelphia students is to provide additional, recurring revenue sources totaling \$440M.

Under the Home Rule Charter, City Council already possesses significant oversight powers regarding the District, including the power to hold public hearings. The District and SRC are amenable to the additional oversight mechanisms -- including an Accountability Committee, periodic briefings, additional financial reports, and notice provisions -- outlined in the enclosed Accountability Agreement developed by the parties last year. These existing and additional tools afford City Council contemporaneous access to financial information and the opportunity to pose questions, address concerns, and work collaboratively to solve the financial challenges confronting the District. Together, these tools -- in particular, the power to hold public hearings -- are more significant than a PICA-esque up-or-down determination as to whether the assumptions underlying the District's five-year financial plan are reasonable. Accordingly, adding another formal level of oversight, with the attendant bureaucracy and cost, is unnecessary.

Question #5: Provide policy for MWBE participation. Include: when it was updated, what is the goal, how was the goal determined, and the internal processes for considering diversity for both the SRC and District

Attached is the latest version of the School District's Anti-Discrimination Policy (Appendix 2), City of Philadelphia's MWBE Policy Executive Order 3-12 (Appendix 3), Anti-Discrimination Policy Procedure Manual (Appendix 4), Instructions to bidders (Appendix 5), and a list of contracts for FY14 for Purchasing, Design & Construction and Professional Services (Appendix 6).

The revised policy was adopted by the School Reform Commission by resolution SRC-3 dated November 14, 2007. The Anti-Discrimination Policy Procedure Manual includes the processes and procedures, implemented and enforced by the Office of Small Business Development to ensure non-discrimination in the award and administration of School District contracts. The Procedure manual includes processes and procedures on monitoring MWBE compliance and reporting. The Anti-Discrimination Policy creates a level playing field on which MWBEs can compete fairly for School District contracts. It is the overall goal of the Office of Small Business Development to remove barriers, to increase the participation of MWBEs in School District contracts, and to assist in the development of firms that can compete successfully for School District contracts. The Office of Small Business Development responsibilities include but are not limited to: monitoring compliance with the policy;

establishing ranges of participation; utilizing Participation Plan Forms, establishing and maintaining a database of MWBE businesses.

The School District of Philadelphia’s overall MWBE goal is 25%. The process in determining the goals was established by the adoption of the Anti-Discrimination Policy, the City of Philadelphia’s Annual Disparity Study and approval by the School Reform Commission. Considerations of race, historical contracting data, benchmark studies, participation reports, and availability of MWBE firms were all factors considered in the determination of MWBE goals.

Question #6: Detail the number of CTE seats expanded in last few years and plans for expansion in the next few years; also include what fields those seats are in and identify if they are 'high needs'

Career and Technical Education (CTE) programs have increased in number and seats across the District over the past few years. In 2011-12, there were approximately 4,800 students enrolled in CTE programs. This current school year, 2013-14, there are approximately 6,300 students enrolled in CTE programs. There are approximately 120 CTE programs offered in 30 high schools across the District. Growth in CTE programs is attributed to a number of factors, the most important of which are: 1) increasing the number of CTE programs across the District, and 2) making all CTE programs city-wide admissions, meaning that all students can apply to enroll in any CTE program across the District.

All of the CTE programs currently offered and planned for future opening are aligned to career areas deemed as “high priority occupations” by the local workforce investment board; which essentially means that the CTE programs are preparing students for careers that are in demand now and in the future.

From the 2014-15, the District is adding three (3) new CTE programs:

Proposed New CTE Programs as of May 2014				
Program	HPO	Proposed Year	Proposed School	Available Seats
Building Property Maint	Y	2014	Strawberry Mansion	75
Biotechnology	Y	2014	Roxborough	75
Pre-Engineering	Y	2014	Science Leadership	75

Question #7: There is an issue that prevents students at CTE schools from internships with companies. Provide an update on this.

The Office of CTE has developed policies and procedures to allow for students to participate in work-based learning opportunities, such as internships and cooperative education. Such policies and procedures address the issues around the clearances for worksite mentors and employees.

Question #8: Provide a list of all contracts - construction, services, supplies, and equipment, and professional services; describe how the District monitors MWBE compliance by contractors.

Please see answer to question #5 and appendices 2 through 6 for additional details.

Question #9: Provide a list of vacant properties not yet sold by the District

The following vacant properties have not yet been sold by the District:

1. Edward Bok, 1901 S. 9th Street
2. Charles Carroll, 2826 Salmon Street
3. Communications Tech, 2900 S. 81st Street

4. Fairhill, 2800-62 N. 6th Street
5. Old Samuel Fels, 1001 Deveraux Avenue
6. Thomas Fitzsimmons, 2601-31 W. Cumberland Street
7. Robert Fulton, 56-86 E. Haines Street
8. Germantown High School, 5901-41 Germantown Ave
9. Elizabeth Gillespie, 3901-61 N. 18th Street
10. Joseph Leidy, 1301-59 Belmont Avenue
11. William Penn, 1301 N. Broad Street
12. George Pepper, 2801 S. 84th Street
13. Walter Smith, 1300 S. 19th Street
14. M. Hall Stanton, 1523 W. Cumberland Street
15. Abigail Vare, 1619 E. Moyamensing Avenue
16. Rudolph Walton, 2601-31 N. 28th Street
17. Sheridan West, 3701 Frankford Avenue
18. John Whittier, 2600 W. Clearfield Street
19. Old Frances Willard, 1920 E. Orleans Street
20. Beeber Wynnefield, 1818 N. 53rd Street
21. Ada Lewis, 6199 Ardleigh Street
22. Ferguson, 2000-2046 7th Street
23. Kinsey, 6501 Limekiln Pike
24. William Peirce, 2400 Christian Street
25. John Reynolds Elementary School, 1429 N 24th Street
26. Vaux, 2300 W. Master Street
27. LP Hill, 3133 Ridge Avenue

Properties listed from 1-20 are currently being marketed for sale through PIDC. Properties from 21-27 are being retained by the District for potential District reuse.

Question #10: Determine what amount is saved in public safety, courts, police, DHS, etc. costs for every dollar invested in public education

The exact estimates for the amount of funds saved for every dollar invested in education varies and are often not clearly quantifiable. However, the following has been consistently demonstrated through multiple studies:

For every dollar invested in early education, “there is a \$17 return to the economy, primarily because of the large continuing effect on the reduction of male crime.” Furthermore, investment in early education has yielded the following results:

- i. *Economic/Workforce:* More of the group who received high-quality early education than the non-program group were employed at age 40 (76 percent vs. 62 percent).
- ii. *Education:* More of the group who received high-quality early education, particularly females, graduated from high school than the non-program group.
- iii. *Crime Prevention:* The group who received high-quality early education had significantly fewer arrests than the non-program group (36 percent vs. 55 percent were arrested five times or more).”

Source: <http://www.ncsl.org/research/human-services/new-research-early-education-as-economic-investme.aspx>

Additionally, according to the National Center for Education Statistics' "Education and the Economy: an Indicators Report," (<http://nces.ed.gov/pubs97/97269.pdf>) a significant relationship exists between education, employment and economic productivity. Specifically,

- "Increases in educational attainment were responsible for an estimated 11 to 20 percent of growth in worker productivity in the United States in recent decades." (ix)
- "Workers with higher educational attainment are unemployed less and earn more than workers with lower educational attainment."(x)
- "[I]n 1994, 30 percent of dropouts compared with 20 percent of graduates were unemployed. This difference is an indication that there is a substantial economic penalty for not graduating from high school." (16)

Furthermore, research has demonstrated that:

1. *Great schools support and sustain neighborhoods, providing essential "social capital" that counters the adverse effects of blight and poverty.* Schools and education can build social capital by providing forums for community activity.¹
2. *Great schools will contribute meaningfully to Philadelphia's and Pennsylvania's economy.* Investments in great schools both increase future public revenue and decrease current and future public costs. Educated workers raise regional income because of increased productivity. Furthermore, dollars invested in quality schools can reduce other areas of public spending such as unemployment, the criminal justice system, and public aid.² For example, every \$1 spent on quality pre-school for low income families is estimated to generate \$4 to \$11 of economic benefits over a child's lifetime.³
3. *Great schools contribute to the recruitment and maintenance of a high quality workforce.* According to a recent study by the Pew Charitable Trusts, 56% of young adults said they would not recommend Philadelphia as a place to live as the condition of the School District of Philadelphia "weighs heavily on millennials;" 81% of them have a negative impression of the job that schools are doing.⁴ In addition to not recommending Philadelphia as a place to live, half of those surveyed indicated that they definitely or probably will not be living in Philadelphia in the next five to 10 years with 29% indicating that school and child-upbringing as their primary source of concern.⁵

Question #11: Please indicate how the District is working with the DA to address truancy.

The School District would very much like to partner with the District Attorney of Philadelphia to fight truancy. As was stated during the hearing, truancy is a community problem and it will take the entire community to change the well-accepted community practice of not attending school. One suggestion offered was for the District Attorney to record a message which the school district could send by automatic calling to the parents of students

¹ The World Bank. "Social Capital and Education." Retrieved from <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTSOCIALCAPITAL/0,,contentMDK:20186584~isCURL:Y~menuPK:418214~pagePK:148956~piPK:216618~theSitePK:401015,00.html>

² Alliance for Excellent Education (2013). "Saving Futures, Saving Dollars: The Impact of Education on Crime Reduction and Earnings." Retrieved from <http://all4ed.org/wp-content/uploads/2013/09/SavingFutures.pdf>

³ National Institutes of Health (2011). "High-quality preschool program produces long-term economic payoff." Retrieved from <http://www.nih.gov/news/health/feb2011/nichd-04.htm>.

⁴ The Pew Charitable Trust (2004). "Millennials in Philadelphia: A Promising but Fragile Boom." Retrieved from http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Philadelphia_Research_Initiative/Philly_Millennials_Report_012214.pdf

⁵ The Pew Charitable Trust (2004). "Millennials in Philadelphia: A Promising but Fragile Boom." Retrieved from. http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Philadelphia_Research_Initiative/Philly_Millennials_Report_012214.pdf

who are truant. School District representatives remain willing and able to consider any option supported by the regulations which govern sharing child specific information with non-educational entities.

Question #12. Please provide data for ways to measure progress.

Included below are the metrics the District has utilized to measure its students, school, and system progress:

	District Rate
Four-Year Graduation Rate (Old Local Methodology)	64%
Four-Year Graduation Rate (New Local Methodology)	65%
First-Fall College Matriculation Rate	42%
College Persistence Rate	81%
Keystone Exam - Algebra I: First-Time Pass Rate	28%
Keystone Exam - Algebra I: Re-Test Pass Rate	16%
Keystone Exam - Algebra I: % Advanced	6%
Keystone Exam - Biology: First-Time Pass Rate	25%
Keystone Exam - Biology: Re-Test Pass Rate	15%
Keystone Exam - Biology: % Advanced	5%
Keystone Exam - Literature: First-Time Pass Rate	47%
Keystone Exam - Literature: Re-Test Pass Rate	19%
Keystone Exam - Literature: % Advanced	5%

Notes:

1. *The graduation rate is for the cohort of students who entered a District school as a first-time 9th grader in SY2009-2010. The District is in a transition year with our graduation rate methodology. The old methodology attributes students to the first high school of entry; the new methodology attributes students to the last school enrolled.*
2. *First-Fall College Matriculation Rate: Of SY 2012-2013 annual graduates (students who graduated between October 1, 2012 and September 30, 2013), the percentage who enrolled in college in the first fall following their graduation from high school. Annual graduates can be from multiple first-time 9th grade cohorts.*
3. *College Persistence Rate: Of SY 2010-2011 annual graduates who enrolled in college in the first year following their graduation from high school, the percentage who persisted to the second year.*
4. *For Keystone Exams, first-time testers are students who were enrolled in Keystone-eligible courses at the time of test administration.*
5. *For Keystone Exams, % Advanced includes first-time testers and re-testers.*