



**Testimony on Bills 190317 and 190318
Uri Monson, Chief Financial Officer - School District of Philadelphia**

**Presented before the Philadelphia City Council, Committee of the Whole
Council President Darrell Clarke, Chair
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Good morning Council President Clarke and members of the committee. I am Uri Monson, Chief Financial Officer for the School District of Philadelphia. I am here to explain the impact on the School District of Bill 190317, which would increase the amount of the Homestead Exclusion, under certain terms and conditions, and Bill 190318 which would provide that for each tax year, Council shall enact a tax rate consisting of a “revenue neutral” tax rate intended to produce approximately the same level of tax revenues as were generated during the prior tax year.

Let me begin by saying clearly that passage of these two bills, particularly so late in the budget cycle, would have disastrous impacts on the School District of Philadelphia, and unwind the progress we have made over the past few years.

The dollar figures involved are staggering. The change in the Homestead Exclusion would cost the School District \$16.9 million in FY20, and more than \$85 million over the life of our newly enacted Five-Year Plan. The “revenue neutral” bill is even more significant, reducing District revenues by nearly \$25 million in FY20, and just over \$400 million dollars over the next five years. Combined, the District would lose \$42 million for the school year beginning in a few short months, and nearly half-a billion dollars over the next five years.

This past Thursday night, the School Board adopted its FY20 budget based on revenue estimates which assumed no changes in tax rates or policy. The adopted budget continued the District’s recent practice of making sustained and sustainable investments, the types of investments which have resulted in increased graduation rates, higher literacy rates, and students’ three-year academic growth rates for literacy and math outpacing the state average. The FY20 budget expands the District’s early literacy efforts to the 4th and 5th grade; provides more ESL teachers; modernize an additional 141 classrooms; adds nurses and counselors; and, increases investment in our facilities.

These investment decisions are made in the context of what the District will be able to support and sustain over at least five years, to prevent a churn of increasing investments followed by rapid cuts. These investments would never have been made had we known City Council would consider reducing our revenues by \$42 million in the coming year.

The loss of these revenues would require the District to immediately begin scaling back these investments, as the District would be facing a projected deficit of over \$40 million in FY21. The School Board would be considering a budget next May, which makes cuts in student supports and staff, undermining the progress of our students.

These bills would also undermine the core, sustainable, recurring revenues which have served as the basis for the District's return to fiscal stability, and which were cited by Moody's when the District was upgraded to Investment Grade status for the first time since 1977. Passage of these bills puts the District's bond rating at risk, before we can even reap the benefits through cheaper borrowing.

In short, the proposed bills have an immediate and significant impact on the core sustainable, recurring, predictable revenues the School District relies on in order to make investments in our students, staff and schools. I strongly oppose bills 190317 and 190318.

This concludes my testimony and I would be pleased to answer any questions that you may have.