

Ensuring Quality Schools for Every Philadelphia Child

November 2, 2017



City of
Philadelphia

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Letter from Mayor

Fellow Philadelphians,

Since my first day in office, my administration has been deeply committed to improving educational opportunities for all Philadelphia's children. Philadelphia's success depends on our schools. Yet, because we lack local control of our schools, there is a limit to what we can do. As a result, we're moving in the right direction, but not fast enough. Today, after nearly two years of careful consideration, research, and input from Philadelphians of every walk of life, I believe the time has come to return the School District of Philadelphia (the "District") to local control. There are four primary factors that must be present for our schools to succeed: accountability, adequate resources, strong management, and collaboration.

For too long we have had a system that is unaccountable, and we have pointed fingers at each other, whether it be traditional public schools and charter schools, or City elected officials and state elected officials, trying to tell the people of Philadelphia that poor results are someone else's fault. Currently, accountability is diffused between three different bodies - the Mayor, the Governor and the General Assembly. Oftentimes, accountability is even more diluted because SRC members continue to serve even after the mayor or governor who appointed them has left office. With a return to local control, the people of Philadelphia will finally be able to hold one person accountable for their school system, the Mayor.

Local control will also bring better results for our kids by strengthening collaboration between our schools and our City leadership. Over the first two years of my administration, working closely with our partners in City Council, we have made historic investments in Philadelphia's children. Over 2,000 kids have gained access to free, quality early education through PHLpreK; 6,500 students and their families have been served by a community school, and we're

on the verge of kicking off the first round of Rebuild projects which will provide much-needed improvements to the libraries, rec centers, and parks that serve our children and their families. In each of these areas, when the City and the School District shared a common vision, we were able to succeed. Local control will build upon and multiply these benefits by ensuring greater alignment and collaboration by design rather than by chance.

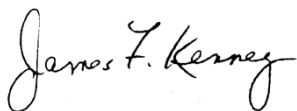
In order to protect and accelerate the hard-won progress of the District in recent years, we also must ensure that our schools have adequate resources and strong leadership. During the past 15 years of SRC control, we've had three superintendents, with current Superintendent, Dr. William Hite, serving the longest term. The stability gained by strong, steady leadership, has borne results from our students, even while dealing with very difficult resource challenges. But we cannot expect him, our teachers or our students to operate under a never ending cycle of fiscal crises.

Due to factors outside its control, the District is facing a deficit which grows to nearly \$1 billion over the next five years. The Commonwealth, with its own structural budget challenges, is unlikely to provide the District with sufficient revenue for the foreseeable future. Unless we want to return to the days of classrooms without teachers and schools without nurses, Philadelphians must step up, again. In return for their investment, Philadelphians deserve greater accountability and accelerated results and, as I've outlined above, I think that's what local control can bring.

This transition and meeting the District's financial needs will not be without difficulty, especially in the short term. It will require sacrifices from everyone. But the alternative is much worse. If we do not create a system in which every child has access to quality schools, the new Philadelphians who have reversed the City's decades of population loss will not stay to raise their families, and the children whose families cannot afford to leave will be unprepared to compete in the 21st century economy. New businesses will not choose Philadelphia as their home, and the businesses here now will lack a talented workforce to help them grow. The City's poverty rate, which remains at 26% while the national average falls, will remain stagnant or worsen.

If we meet the District's need, restore local control, and create clear accountability, we can create quality schools in every neighborhood. We'll ensure the financial stability of our schools, accelerate the momentum of recent successes borne from strong collaboration and alignment, and make smarter and more strategic investments. If we decide not to pass the buck, but rather to double down on our commitment of quality schools for our kids, I'm confident that future generations of Philadelphians will be thankful for the choices we make now.

Sincerely,

A handwritten signature in cursive script that reads "James F. Kenney". The signature is written in dark ink and is positioned below the word "Sincerely,".

Jim



Executive Summary

Currently, the Philadelphia School District is governed by the School Reform Commission (SRC), a body created in 2001 by the issuance of a Declaration of Distress by the Secretary of Education as permitted under Section 696 of the Pennsylvania Public School Code. The SRC is a five-member body with two members appointed by the Mayor, and three members appointed by the Governor with the advice and consent of the Pennsylvania State Senate. The agreement that created the SRC also included a promise of additional annual resources from both the City and the Commonwealth. In 2011, however, then-Governor Corbett and the General Assembly cut \$1 billion in statewide education funding - resulting in a loss of \$103 million in the Philadelphia School District's basic education subsidy and a loss of \$109 million in the District's charter school reimbursement payment between Fiscal Years (FY) 2011 and 2012.

In June of 2012, Dr. William Hite joined the School District as Superintendent. In 2013, due to the Corbett cuts and the expiration of federal stimulus funds, the District had to implement painful budget reductions, including closing 24 schools and issuing 3,800 layoffs. The next school year was also tumultuous, with the SRC voting to cancel the contract with the Philadelphia Federation of Teachers (PFT) in an effort to reduce costs and maintain basic School District operations. The Pennsylvania Supreme Court would eventually find this action to be beyond the SRC's powers, invalidating this and several other of the so-called "special powers" the General Assembly tried to give the SRC under Section 696.

Over the past two years, the tough reforms that Dr. Hite and his Administration have initiated have started to pay dividends. The District has had multiple years of balanced budgets and their bond rating has improved. Philadelphia's schools have finally returned a nurse and counselor to every school, and the District has filled 99% of teacher vacancies. School safety has also significantly improved and most importantly, there were significant

academic gains. The 2016-2017 PSSA scores showed increased gains in reading scores at every grade level from 3rd to 7th grade, and improvements in Algebra, Biology, and Literature in high schools.

All these gains are now in jeopardy. The School District projects a deficit of \$105 million starting in FY19, that will accumulate to nearly \$1 billion by FY22. The largest factors contributing to the District's projected gaps are largely beyond its control. The District is now in a situation in which it has already made painful cuts and one of its two primary funders, the Commonwealth, is mired in budget stalemates. This makes the other major funder, the City of Philadelphia, the only realistic source of substantial new funding for the School District. Mayor Kenney believes that the City can and must commit to this investment to protect and accelerate the District's progress. In return, Philadelphians deserve the greater accountability which local control will provide.

Studies of large urban districts have found that mayoral control provides a high degree of accountability, which is critical to success. In a 2016 report, the Pew Charitable Trusts found that there is strong agreement that the governance system must avoid uncertainty about responsibility and accountability in order for its schools to succeed.¹ Additionally, the Center for American Progress (CAP) has found that districts under mayoral control, specifically Boston, New York City, and Washington, D.C., have seen substantial improvement in student performance.² CAP also found that mayor-led districts also use resources strategically, leading to lower administrative costs, and resources getting directly into classrooms through lower teacher-student ratios.³

The process for returning to local control has several components, but at the root is dissolution of the SRC. In order to dissolve, the SRC must recommend its own dissolution by majority vote. The Pennsylvania Secretary of Education may then issue a declaration dissolving the SRC. The Secretary's declaration must be made at least 180 days before the end of the school year. The dissolution is not effective, however, until the end of the school year. During the six month interim, the SRC continues to oversee the School District while a new board is convened and a smooth transition plan is executed.

To create a new board, the Mayor must first select an Educational Nominating Panel, responsible for submitting names of individuals to the Mayor for consideration for appointment to the Board of Education (School Board). The Mayor will then select nine of these individuals for appointment to the School Board. As outlined in the Public Education Supplement, Board members should reflect a diversity of backgrounds, experiences and training. This could include parents of a current or former public school student and individuals with experience in the areas of business, finance, education, public housing, or community affairs, or other expertise relevant and beneficial to the operations and management of the School District. The Board should also include membership from the diversity of educational experiences the District offers, specifically both Charter schools and traditional public schools. The Mayor will announce his selections for the Educational Nominating Panel in late 2017 in anticipation of having a full School Board seated by early 2018, allowing new Board members ample time to responsibly transition into their new roles before taking control at the start of the 2018-2019 school year.

¹ The Pew Charitable Trusts. Governing Urban Schools in the Future. January 2016.
http://www.pewtrusts.org/~media/assets/2016/01/urban_school_governance_brief_final.pdf?la=en.

² The Center for American Progress. Mayoral Governance and Student Achievement. March 2013.
<https://www.americanprogress.org/issues/education-k-12/reports/2013/03/22/56934/mayoral-governance-and-student-achievement/>.

³ Id.

Local control will strengthen current partnerships between the City and the District, and maximize the impact of the resources and programs that have allowed the District to make recent gains in educational outcomes. Quality pre-K better prepares our children for kindergarten and community schools bring invaluable partnerships that address hunger, economic instability, and many other issues that affect students' performance in the classroom. Read by 4th has made a dramatic difference in our children's literacy. Collaboration with the Police Department reduced suspensions and improved school climate. Local control will accelerate the momentum Dr. Hite's Action Plan 3.0 has started to build by transforming these one-off initiatives into a comprehensive vision supported by the City's departments, partners and resources. Philadelphians will finally get to see their School District operate as part of a larger vision which they elect their Mayor to enact.

The paper that follows provides greater detail on the history of school governance in Philadelphia, the current financial state of the Philadelphia School District, and the future of education in Philadelphia under local control.

SCHOOL GOVERNANCE IN PHILADELPHIA

History of School Governance in Philadelphia

Over the last 200 years, governance of Philadelphia's schools has taken many different forms, with differing degrees of success and failure. Before the City/County consolidation of 1854, the First "School District of Philadelphia" was created by an Act of the General Assembly in March of 1818, and was governed by the Board of Controllers of the Public Schools.⁴ This District was made up of ten autonomous wards, or districts, each of which was governed by a twelve-member Board of Directors elected by the eligible voters of that ward, with one Director from each Board selected to serve on the Board of Controllers.⁵ In 1867, in an effort to limit corruption in the election of Directors and appointment of Controllers, the General Assembly changed the governance structure so that the Controllers would be appointed by the judges of the Court of Common Pleas. The local district structure was maintained however, and as the City grew larger, the structure became more unwieldy and corrupt.⁶ In 1870, the Board of Controllers was renamed the Board of Public Education, and in 1911 more significant reforms were put in place to replace the existing Board with a 15-member body, again appointed by the City's judiciary.

After the great civic changes of the 1950's and the adoption of the City's current Home Rule Charter, the General Assembly approved the First Class City Public Education Home Rule Act in 1963, allowing for the voters of Philadelphia to make governance choices for the School District through a supplement to the City Charter in 1965 (the "Public Education Supplement").⁷ This Board of Education structure consisted of nine individuals appointed by the Mayor to six-year terms that were staggered in an attempt to limit political influence. The practical impact of the staggered terms however, significantly limited the accountability of board members. It was not until 1999 that this structure was finally changed through an amendment to the Public Education Supplement which was approved overwhelmingly by Council and adopted by 66% of voters. The major change was to make the terms of the Board of Education members and the Mayor the same, and to give the Mayor the power to remove Board members in the same manner as the Mayor can remove other high level City officials, thus allowing and forcing the Mayor to take full responsibility for the operations and governance of the School District for the first time. This Board was appointed by Mayor Street on March 1, 2000, but its oversight of the School District would be short-lived.⁸

⁴ Philadelphia Department of Records. <http://www.phila.gov/phils/docs/inventor/graphics/agencies/a040.htm>.

⁵ Governance Matters: School Reform for the Urban District. The Committee of Seventy. August 1997.

⁶ Id.

⁷ Id. The Public Education Supplement is Article XII of the Philadelphia Home Rule Charter.

⁸ No Honeymoon for New School Board. Philadelphia Inquirer. March 12, 2000.

The School Reform Commission

Act 46 of 1998 contains several amendments to the PA School Code, but none are more important to Philadelphia than Section 696, titled “Distress in School Districts of the First Class.” This section was substantially rewritten in a law signed by the Governor on October 30, 2001,⁹ and set forth special conditions for the School District of Philadelphia, should the Secretary of Education find that the District was “in distress.” The District had threatened to close schools early, borrowed funds to close budget gaps rather than addressing underlying structural imbalances, adopted unbalanced budgets, and failed to develop multi-year financial projections to identify any projected shortfalls with time to plan. At the time, the School District faced a deficit of over \$200 million, and was in active litigation with the Commonwealth over the amount of funding the District should receive.¹⁰ Mayor Street began negotiating a settlement to the dispute in the summer of 2001, finally reaching agreement with Governor Schweiker late in the year. On December 21, 2001, then-Secretary of Education Charles Zogby issued a Declaration of Distress for the School District of Philadelphia, initiating the implementation of the SRC, effectively ending local control for Philadelphians. The SRC is a five-member body with two members appointed by the Mayor, and three members appointed by the Governor with the approval and consent of the Pennsylvania Senate.

The agreement that created the SRC also included a promise of additional annual resources from both the City and the Commonwealth (\$45 million and \$75 million, respectively). The first Superintendent/CEO of the SRC era, Paul Vallas, was hired in late 2002, and shortly thereafter, the SRC voted to contract with six outside providers, including for-profit management company Edison Schools, to manage 45 schools. The first years of the Vallas Administration saw ambitious projects meant to accelerate change for the School District. Vallas

proposed smaller class sizes, curriculum investments and other enhancements, funded by savings from administrative improvements and non-education personnel changes, and by relying on a portion of a \$300 million bond.¹¹ By 2006, however, substantial deficits had returned, prompting the SRC to make further administrative and programmatic cuts.¹² Vallas announced his resignation in the Spring of 2007 and, still facing a deficit, the SRC made nearly \$100 million in additional cuts.¹³

Arlene Ackerman was hired as Superintendent in March 2008, on the cusp of the Great Recession that would devastate state and local revenues. Some of this lost revenue was offset by increases in funding from the 2009 American Recovery and Reinvestment Act (ARRA), the federal stimulus program. These funds were allocated by the Commonwealth and allowed for the School District to maintain operations. Additionally, in 2008 the General Assembly passed Act 61 which created a funding formula based on the costs of providing education in each school district. In 2011, however, then Governor Corbett and the General Assembly eliminated the funding formula, as part of a \$1 billion cut to statewide education funding as ARRA funds were not replaced by state revenues.

The 2011-2012 PA state budget reductions resulted in a loss of \$103 million in the District’s basic education subsidy and a loss of \$109 million in the District’s charter school reimbursement payment between FY11 and FY12.

⁹ See Act 2001-83 (S.B. 640).

¹⁰ Philadelphia Schools in Deal, Avert State Takeover. Reuters. July 19, 2001.

¹¹ \$1.8 billion school budget passed. Susan Snyder, Philadelphia Inquirer, May 31, 2003.

¹² Why was the School Reform Commission Created? Philadelphia Public School Notebook. December 2016 – January 2017.

¹³ Id.



These cuts left the School District of Philadelphia facing a deficit of over \$600 million. In August 2011, after a tumultuous three-year tenure, Arlene Ackerman resigned as Superintendent, receiving a \$905,000 buyout as settlement of her contract.

In June of 2012, Dr. William Hite joined the School District as Superintendent, overseeing a District once again in financial peril. In order to keep schools open during the 2012-2013 school year, and having undertaken significant cuts the prior year, the SRC approved the borrowing of \$300 million in September 2012 just to maintain the District's reduced level of services through FY13. This stop-gap borrowing could only delay the inevitable. The following year, due to the elimination of the one-time deficit financing funds in FY13, the District implemented another round of painful cuts. Those reductions included closing 24 schools, issuing 3,800 layoff notices, negotiating concessions with the District's blue-collar union and principals' union, and reducing school-based and administrative supports.

The tumult continued with the 2013-2014 school year. While schools opened on time, drastic cuts were made to administrative staff, nurses and counselors.¹⁴ Extracurricular activities were reduced and in some cases altogether eliminated. The General Assembly adopted legislation to allow Philadelphia to permanently extend a one percent sales tax increase the City had adopted during the Great Recession, earmarking \$120 million of that levy for the School District annually starting in FY15 and enabling the City to borrow \$50 million to eliminate the District's FY14 budget gap. Facing another deficit for 2014-2015, the School District received relief in September with the General Assembly's authorization of City Council's adoption of a new local tax on cigarettes, bringing in an additional \$58 million annually.

In the Fall of 2014, the SRC voted to cancel the contract with the PFT, in an effort to save costs by adding health care contributions from teachers and modify member benefits. The Pennsylvania Supreme Court would eventually find this move to be beyond the SRC's powers. This decision, along with the Court's invalidation of the SRC decision to cancel some seniority provisions of the PFT contract, removed many of the so-called "special powers" the General Assembly tried to give the SRC when it passed Act 46.

¹⁴ Philadelphia School Funding Agreement Comes with Strings Attached. Pennsylvania Budget and Policy Center. June 30, 2013. <https://www.pennbpc.org/philadelphia-school-funding-agreement-comes-strings-attached>.



The expenditure cuts described above were coupled with a series of steps that the City took to raise revenues. This included multiple increases in the property tax and the use and occupancy tax, a re-appropriation of the one percent increase in the sales tax and the imposition of a cigarette tax with authorization from the General Assembly, an increase in the parking tax, multiple increases in the City's general fund contribution to the District and a borrowing to provide one-time funding to the District.

Governor Tom Wolf's first proposed budget brought the promise of additional resources, but a protracted stalemate with the legislature delayed additional funding. Again, the City of Philadelphia came through to provide an additional \$70 million of annual revenue for the School District. Eventually, the School District would receive an additional \$23 million annually in basic education subsidy from the Commonwealth during the Wolf Administration.

In September 2017, the Pennsylvania Supreme Court signaled that it may lay the groundwork for future changes in state basic education funding when it found that a 2015 lawsuit challenging inequities in the distribution of state education dollars could proceed to trial. The case could have far-reaching effects on basic education funding, especially for poorer districts, but the outcome is beset by uncertainty. It will also take time. Even in the best case scenario, it would be years before the District received any new funding under principles set forth by the courts. While the recent decision is an important first step, its impact, if any, will only be felt in the long-term.

Over the past two years the School District has finally reached a stable point. With multiple years of balanced budgets, labor contracts with each of its bargaining units, and improved achievement in the classroom, the tough reforms that Dr. Hite has initiated are paying dividends. Unfortunately, the financial picture for the future is not so rosy. With anticipated deficits of just under \$1 billion in the five-year-plan, and no prospect of additional funding from the Commonwealth, the City must once again step up to ensure that this hard-won stability and growth are not sacrificed, and the children of Philadelphia are not forced to endure cuts again.

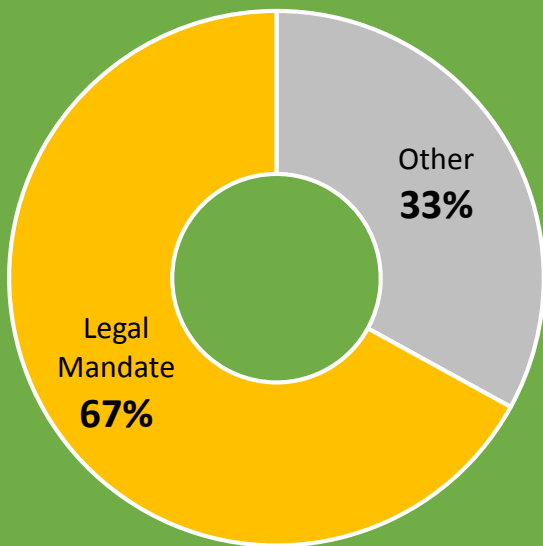
FINANCIAL SITUATION OF SCHOOL DISTRICT

The Current and Projected Situation

The School District projects a deficit
that will reach nearly one billion
dollars by FY22.

The District's costs, particularly those that are beyond its control, are growing much faster than its revenues--at nearly twice the rate. The District projects that, unless corrective actions are taken, it will run a deficit of \$105M next fiscal year.

DISTRICT EXPENDITURES: Mandated vs. Other



A growing share of its resources are spent on pensions, health care, and charter school expenses.

Driving Causes of Imbalance

The main factors contributing to the District's projected gaps are largely beyond its control. The District has managed to avoid deficits over the past three years largely through painful cuts, and disciplined fiscal management. The District now produces five year plans and detailed quarterly reports which allow for better fiscal management and coordination with city and state funders. In September 2017, Moody's Investor Service upgraded the District's bond rating from Ba3 to Ba2 and revised the outlook to positive, noting strong financial management and considerable improvement in the District's still strained fiscal position.

But a growing share of its resources are spent on pensions, healthcare, and charter school expenses. Like other Pennsylvania school districts, the District has no control over its pension costs because its employees participate in the statewide Public School Employees' Retirement System ("PSERS"). As PSERS has sought to improve the funding ratio of the state plan, districts have experienced significant growth in their mandatory contributions. Since FY11, the District's annual payments to PSERS have increased from \$56M to \$250M, leaving fewer resources available to spend directly on education.

Costs for employee medical, dental, and vision benefits have also grown in recent years. From FY11 to FY17, operating health care expenses grew from \$135M to \$161M, while the number of employees decreased by more than 15%. The District moved to a self-insured model in FY11 which helped reduce the rate at which costs were growing, but healthcare remains a large expenditure within the District's budget. The District recently negotiated benefit reforms and contribution increases from unionized district employees to reduce costs (these changes were already in place for non-represented employees). Growing charter school costs – now \$885M or 30% of the District's budget, are up from \$430M or 18% of the budget in FY11 – and the state laws governing charter funding also further strain the District's limited resources. In addition, the

removal of the Charter Reimbursement line-item in the PA Budget has exacerbated the fiscal impact of charter growth.

Limited Options and the Challenges Ahead

After several years of painful layoffs and budget balancing actions, there is little room for the District to cut without further impacting students in district and charter operated schools. Approximately 67% of the District's budget is contractually or legally mandated spending on pensions, debt service, special education, English Language Learners (ELL), and other school and building support services. The District cannot reduce those expenditures. Only 3% of the District's total budget is spent on the central office administration, down from 4% in FY11 and far below spending levels of other major urban districts. The District's projections already assume that it will close two district schools a year based on declining enrollment trends and aging facilities. Class sizes are currently at 30 students per teacher.

The District is out of options. After years of devastating cuts, there is little left in its budget on which to economize. While some hope for a solution from the

Commonwealth, reality has shown the General Assembly is hesitant to support new revenue measures to balance the state budget, let alone make significant new investments. Additionally, it is impossible to know what the courts will do, and even in the best case scenario it would be years before any new funding would materialize as a result of litigation. The District is now in a situation in which it has already made painful cuts and one of its two primary funders is mired in budget stalemate, making the other funder, the City, the only realistic source of substantial new funding for the School District.

This year, the Mayor will propose a FY19 budget and five year plan to City Council that provides the necessary funding to address the District's deficit and continue to build upon the educational gains made. It is essential that whatever revenue package is implemented balances the District's budget in the long term and provides stable, recurring resources for the crucial investments needed for the City's children. A short-term funding solution will not end the uncertainty our families face about the education of our children.

The District is out of options. After years of devastating cuts, there is little left in its budget on which to economize.

RETURN TO LOCAL CONTROL

Dissolution of the School Reform Commission

The SRC was formed during a period when the District was failing to pass valid, balanced budgets, routine payments were not made in a timely manner, and the District was not providing an educational program in compliance with State laws and regulations. The creation of the SRC was meant to address this crisis and came with the promise of increased resources. Today, the School District's finances are in a much different place. Fiscal Year 2017 marks the third consecutive year the District has achieved a modest, positive fund balance. The District now develops five-year financial plans and publishes detailed quarterly financial reports which allow for better fiscal management. In September 2017, Moody's Investor Service upgraded the District's bond rating for the first time since 2010, and despite the remaining financial strain, revised the fiscal outlook to positive in recognition of this considerable improvement.

Section 696 of the Pennsylvania Public School Code governed the creation of the SRC and also provides the mechanism for its dissolution.¹⁵ First, the SRC must recommend dissolution. This would be done by majority vote of the members of the SRC at a public meeting. Upon the recommendation of the SRC, the Secretary of Education may then issue a declaration dissolving the SRC. The Secretary's declaration must be made at least 180 days before the end of the school year. The dissolution is not effective, however, until the end of the school year. During the six month interim, the SRC continues to oversee the School District.

¹⁵ Section 696 of the Public School Code, as added in Act 46 of 1996, governs the creation of the SRC. 24 P.S. § 6-696(a), (b). Subsection (n) provides for its dissolution. *Id.* § 6-696(n).

Appointment of a Local School Board

Upon the dissolution of the SRC, governance of the School District will revert back to a nine-member Board of Education established under the Public Education Supplement to the Philadelphia Home Rule Charter.¹⁶

In order to reconstitute the School Board, the Public Education Supplement provides that the Mayor appoints and convenes a 13-member Educational Nominating Panel (the “Panel”), composed of nine members who are the highest-ranking officers of specified types of City-wide organizations and institutions, and another four members from the citizenry at large. The Panel in turn proposes the names of qualified potential School Board appointees. From the lists submitted by the Panel, the Mayor makes appointments to the Board. The bulk of qualifications for and restrictions on School Board membership are set out in the Public Education Supplement, Section 12-202, and the Public School Code, 24 P.S. §§ 3-322-3-324.

Among other qualifications, School Board members must be at least eighteen years of age, residents of the City for at least one year prior to appointment, and registered voters of the City. Board members may not hold certain incompatible offices, such as an office of profit in City government, and may not engage in business transactions with the School District. School Board nominees “should reflect the diversity of backgrounds, experience and training that is representative of the City, including but not limited to: being the parent(s) of a current or former public school student(s); having training or experience in the areas of business, finance, education, public housing, or community affairs; or, having any other such training or expertise relevant and beneficial to the operations and management of the public school system,” and may not serve more than three full terms.¹⁷ The School Board itself appoints a non-voting student advisory member (and alternate) from among students enrolled in Philadelphia public schools. Board members are not compensated.

Once appointed, the School Board operates under the Public Education Supplement, which governed the Board prior to the State takeover, along with other applicable law. With a newly appointed School Board in place by the Spring of 2018, and a plan to address the District’s budget gaps, the District will be better positioned for short and long term success. Independent research and the experience of numerous large school districts make clear that the most successful governance models have central accountability. In a 2016 report, the Pew Charitable Trusts found that there is strong agreement that the governance system must avoid uncertainty about responsibility and accountability in order for its schools to succeed.¹⁸ Additionally, the Center for American Progress (CAP) has found that districts under mayoral control, specifically Boston, New York City, and Washington, D.C., have seen substantial improvement in student performance.¹⁹ CAP also found that mayor-led Districts also use resources strategically, leading to less administrative costs, and resources getting directly into classrooms through lower teacher-student ratios.²⁰

¹⁶ Article XII of the Home Rule Charter established the School District of Philadelphia as a home rule school district, Section 12-100, and its provisions set out the School District’s governance structure under a Board of Education.

¹⁷ Home Rule Charter, Public Education Supplement, Section 12-202.

¹⁸ The Pew Charitable Trusts. Governing Urban Schools in the Future. January 2016.
http://www.pewtrusts.org/~media/assets/2016/01/urban_school_governance_brief_final.pdf?la=en.

¹⁹ The Center for American Progress. Mayoral Governance and Student Achievement. March 2013.
<https://www.americanprogress.org/issues/education-k-12/reports/2013/03/22/56934/mayoral-governance-and-student-achievement/>.

²⁰ Id.



Local Control Will Look Different

While mayors have previously appointed School Board members, the whole Board has only been coterminous with the term of the mayor once, from 2000-2001, during the term of Mayor Street. This Board was stripped of its power with the creation of the SRC, so the Board appointed by Mayor Kenney will be, in essence, the first of its kind. With the terms of mayors and School Board appointees running at the same time, mayors will once and for all be responsible and accountable for their appointees, and could be subject to removal by the mayor.

Closer alignment of operations will also allow for stronger strategic partnerships between the City, School District, and other organizations. While these partnerships have been historically hard to create and manage, recent progress has been made on several initiatives, like the creation of a dozen Community Schools, over twenty social workers in schools, and the transformation of asphalt-covered schoolyards into green, vibrant play spaces for kids. When the School District returns to local control, with direct accountability to the City, these partnerships will become embedded in school and City operations. More initiatives will be developed and once instituted, will be better positioned to move at a faster pace.

In addition to operational changes, the new board will operate differently than the SRC. With nine members, the School Board will be able to develop a committee structure that allows for more community input. Under rules dictated in the Public Education Supplement, the new Board will meet biannually with the Mayor and City Council in City Council chambers, and before the general public, to discuss the administration, management, operations and finances of the School District. The Public Education Supplement also provides that the Board will hold public meetings at least once every two months during the school year where individuals and parents can come and share their views with the Board. Finally, the new Board will develop new policies and procedures so that their public meetings can be more efficient, as well as open and transparent.

MAYOR KENNEY'S PROMISE: Quality Education for Every Child

Every child in Philadelphia deserves access to quality schools in their neighborhood. Unfortunately, that is not the case today, and all too often zipcode, income, and race dictate the quality of choices available. There are a great number of high-performing traditional neighborhood schools, and high-performing charter schools in Philadelphia. From this day forward, Philadelphians can no longer accept the reality that any child go to a school which fails to provide them with a high quality educational experience. The Philadelphia school system provides parents with options, and many parents send their kids to both charter and traditional public schools. It is imperative that every school provides a quality educational experience, and that leaders make the tough choices necessary when schools are not delivering for our kids.

Local control enables the City of Philadelphia to accelerate the momentum created by Dr. Hite's Action Plan 3.0 through closer collaboration between the City and the District; to provide the resources to make smarter and more strategic investments in our schools; and to address the unproductive and unhealthy competition between charters and traditional public schools.



Addressing the Traditional versus Charter Debate

Unfortunately, the current charter law and the elimination of the Charter Reimbursement line-item in the state budget has had a significant fiscal impact on the District. This has created an unhealthy competition between traditional neighborhood schools and charter schools for fewer and fewer resources, where everyone loses.

The reality is that more than a third of Philadelphia's children attend charter schools. No Mayor, and certainly not Mayor Kenney, will appoint a school board that would hinder quality charter schools' ability to serve one-third of our students. Too often the public debate gets mired in "District vs. Charter," but the ultimate metric through which mayors will be judged is whether all children can access quality schools in their neighborhood.

The Mayor is committed to increased communication and collaboration with charter school operators and identifying opportunities for the City to further serve students and families who attend charter schools. Further, he will establish a Board balanced with diverse education philosophies, support high quality choices for parents and work with the District and charter sector to strengthen predictability and transparency in authorizing practices.

With approximately 70,000 children in 84 charter schools, the administration is committed to supporting high quality choices for parent. Building quality choices for parents means traditional schools and charters working together for the good of students. Charter legislation from the state must allow charter schools and the Board to pursue a plan for quality seats that is responsive to community need. We must focus on meeting the needs of all students, including those who have been historically under-served. Charter legislation should optimize the use of public resources by improving school and District leaders' ability to plan for and manage fiscal and facility impacts resulting from the growth of quality seats and redirection of resources. Finally, charter legislation must be predictable, tying the acts of opening new schools, growing schools, and closing poorly performing schools to consistent and transparent quality standards.

Protecting the Progress Made under School District's Action Plan 3.0

In 2014, Dr. Hite laid out a set of aspirational and urgent goals for The School District of Philadelphia to create great schools close to where all children live.²¹ This plan was supported by a \$526 million investment over six years.

²¹ The School District of Philadelphia. Action Plan 3.0. <https://www.philasd.org/about/actionplan/>.

Anchor Goal 1:

100% of students will graduate ready for college and career.

To achieve this goal, the District made investments to strengthen and improve the safety, climate, and culture of our high schools. These investments include launching a capital improvement program that will invest \$1.1 billion in schools and classrooms. To increase readiness for college, the District has increased access for high school students to earn college credits before graduating, offered free PSAT and SAT testing for all students, and provided additional opportunities for students to take advanced placement courses. The District also created the only middle-college program in Pennsylvania, where students can also earn an associate's degree. To decrease the dropout rate, the District launched a ninth-grade academy program which provides academic supports and counseling to new students in order to increase graduation rates. To improve career readiness, the District has expanded career and technical education opportunities.

Anchor Goal 2:

100% of 8-year-olds will read on grade level.

Investing in early literacy enables children to develop skills that will benefit them for a lifetime. The 2016–2017 kindergarten class was the first group of students to receive the full benefit of the District's early literacy strategies. These strategies include hiring specialized reading coaches for every school and improving training and instructional support for K-3 grade teachers. The District has a goal of equipping every K-3 classroom with new libraries full of books with varied reading levels for all students, and remodeling K-3 classrooms in schools with the lowest literacy rates.

Anchor Goal 3:

100% of schools will have great principals and teachers.

A great school for every child starts with strong leaders and great educators. The district also continues to invest in hiring new principals and teachers with a focus on increasing diversity, actively recruiting for hard-to-fill positions, and ensuring all our schools are fully staffed. By providing ongoing training and coaching school staff and leaders will master their craft and improve student outcomes. The number of ESOL teachers and bilingual counseling assistant has increased, and the District filled 99% of teacher vacancies.

Anchor Goal 4:

100% funding for great schools

Through strong fiscal management and tough choices, the district has stabilized its finances, improved bond rating and bond savings, produced a positive fund balance for three consecutive years and will have balanced budgets through FY19.

Progress Made

The District's focus on its goals and these investments are paying off – the 2016-2017 PSSA scores showed gains in reading scores at every grade level from 3rd to 7th grade and improvements in Algebra, Biology, and Literature in high schools. The graduation rate has consistently increased. Schools are safe - 74% of district schools improved their school climate, there are zero "persistently dangerous schools" and student arrests decreased by 68%. In order to protect these gains, the City must meet the deficit. The District is making progress and we cannot afford to lose momentum.



Accelerating Momentum Through Closer Collaboration

Perhaps the most promising area of opportunity for local control is the prospect of stronger collaboration and alignment of our schools with the City of Philadelphia. There will be increased opportunities to align City services and initiatives that benefit students in both traditional district-run schools as well as charter schools. Since the beginning of Dr. Hite's tenure, there have been a number of City-run programs in partnership with the District which have contributed to better outcomes for kids. More recently, the Mayor and City Council have invested \$92 million annually in new initiatives designed to stabilize and strengthen local schools, namely PHLpreK, community schools and Rebuild. What follows is a description of those programs on which the City and the District collaborate and a description of future opportunities to partnership.

Collaboration on Early Success

PHLpreK, Philadelphia's locally-funded early childhood education program was created based on resounding evidence that children who participate in quality pre-K are more likely to read on grade level in elementary school, graduate from high school on-time, and be consistently employed as adults.²² The practical experience of educators bears this out as well. In a recent survey of Pennsylvania elementary school principals, nearly 99% agree that publicly-funded, high-quality pre-K is an important tool for preparing at-risk children for kindergarten. Pennsylvania principals cited improvements in age-appropriate behavior and the ability to reach academic milestones in students who attended high-quality pre-K; validating research that shows the positive impact of quality pre-K is both immediate and long-lasting.²³

Presently, 2,000 students are enrolled in PHLpreK at 86 participating pre-K programs across the City. The District has been a key strategic partner of PHLpreK, serving not only as a provider for 13% of the City-funded seats, but also as a strategic partner in the program's design and implementation. For example, the City and District collaborate on strategies to bolster kindergarten readiness of participants, and work together to align and leverage city, state, and federal resources. This ensures that families with the greatest need have improved access to free quality pre-K in their neighborhoods.

²² Philadelphia Commission on Universal Pre-Kindergarten Final Recommendations Report <http://www.phila.gov/universalprek/Documents/Recommendations%20Report.pdf>.

²³ Elementary School Principals Resoundingly Support Pre-K Investments (Pre-K for PA) https://www.papincipals.org/resource/images/stories/documents/ppc_report_2017.pdf.

By improving equity and access to early education, thousands of students will arrive to their first day of kindergarten ready to learn. Quality pre-K is also expected to save millions of dollars in special education costs because early diagnosis and intervention is key in remediating language and learning barriers in young children.

Read by 4th has established an unprecedented citywide coalition of 91 partners, managed by the Free Library of Philadelphia, with the goal of doubling the number of children reading at grade level by 4th grade by 2020. Right now, nearly two out of three Philadelphia school children are unable to read at grade level by 4th grade. This presents a crisis for our city because students failing to reach the critical read-by-4th milestone are likely to remain or fall even further behind in schooling as classroom instruction shifts quickly from learning-to-read to reading-to-learn, making it less likely they will graduate from high school on time. The campaign's citywide collaborative approach, which relies on research, practitioner experiences, community integration and family engagement, has shown promising results. The latest PSSA test scores for the School District - released by the Pennsylvania Department of Education - reported a five percentage point jump in PSSA reading scores.

Collaborating to Improve School Supports & Environment

The Mayor and City Council have invested in creating 25 Community Schools by 2020. Community schools are traditional neighborhood public schools that take a strategic approach to aligning City and nonprofit services to address the non-academic challenges that children face. Ultimately, community schools eliminate barriers so our children can learn. Whether addressing students' basic needs, physical health and social/emotional wellness, or helping families improve their economic stability through adult education or benefits access, community schools improve learning conditions for children and help to strengthen neighborhoods. The Mayor's Office of Education works closely with District leadership to collect data, align services, and implement programs in Community Schools.

In 2016-2017, City-employed community school coordinators completed data-informed needs assessments and developed detailed community school plans for each of the first nine community schools. In just a short time, school climate and culture have improved across our first nine schools. Our community schools have provided nutritious food to thousands of students and their families; helped connect hundreds of students and community members to jobs, training programs and public benefits; created clothing closets that provide free clothing and basic necessities to students and community members, and much more. In 2017-2018, three additional schools are being transformed into community schools, bringing the total to 12. Closer collaboration and alignment will not only help bring the first 25 community schools to fruition by 2020, but will enable us to expand community school strategies and resources to a broader set of schools over time.

In August 2017, the Mayor announced the addition of social workers into 21 district schools and one charter school to improve the continuum of behavioral health services in schools ranging from prevention and at-risk services to intensive treatment options for children and youth. The Philadelphia Support Team for Education Partnership (STEP) Project is a partnership with the City and District that aims to ensure wellness for all youth and families by identifying drivers of behavioral health issues early and connecting children and families to appropriate resources to result in reduced missed instructional time and prevent children going into crisis. To reach this goal, a pilot will be launched for the 2017-18 academic year across 22 schools. The City is spending \$1.3 million on this program annually, with the ambition of expanding in scale in successive years and securing a sustainable funding stream.

In May 2014, the Philadelphia Police School Diversion Program was implemented across the School District. Designed to dismantle the growing school-to-prison pipeline, the program is an innovative nationally recognized collaboration between the Philadelphia Police Department, the Philadelphia Department of Human Services and the School District. The Program



diverts students with no history of delinquency, who commit low-level, school-based offenses from arrest and into individualized, community-based prevention services. This trauma-informed diversion process allows students aged 10 and up to avoid the collateral consequences of juvenile justice system involvement while simultaneously addressing their underlying social and emotional needs. Data from the first three years of the Diversion Program reflect outstanding results. City-wide, in the 2016-17 school year, the number of school-based arrests was down 68% from 1,582 in 2013-14 to just 500 arrests. Evaluation of the Program is currently being conducted by Drexel University's Juvenile Justice Research and Reform Lab. Supported by \$1.35 million in grants from the Office of Juvenile Justice and Delinquency Prevention and a \$1.28 million grant from the National Institute of Justice.

Since 2012 the City and District have partnered in creating green play spaces in school yards transforming asphalt playgrounds into rain gardens and vibrant spaces for the whole community to enjoy. Through the Parks for People initiative managed by the Trust for Public Land, five schools have been completed at cost of approximately \$1 million per school yard thanks to a combination of public and private funds. Two schools are presently in construction and two are currently in the design phase. These investments are aligned with the City's Parks and Recreation Department's ambition for all Philadelphians to have green space within 10 minutes walking distance and the Philadelphia Water Department's Green City, Clean Waters plan to reduce stormwater pollution.

In February 2017, the Philadelphia Citywide Out-of-School Time (OST) Initiative was launched with the District to create a shared and coordinated approach to OST programming among City agencies, public schools, providers, philanthropy and the community to improve the quality and quantity of after-school and summer experiences for all young people. Research confirms that quality youth programs can make a positive difference in young people's academic achievement, social skills and risk reduction. Children who participate in quality OST programs are by far more likely to be engaged in learning and to have better school attendance, are less likely to be involved in or become victims of violence, and to have increased levels of physical activity. By aligning and working closely with the School District and partners we can ensure the greatest impact for the young people and support the work of existing initiatives, such as the Read by 4th campaign, PHLpreK, Rebuild, Community Schools and the School District's Action Plan 3.0. Recently, the Citywide OST Initiative's received a \$2 million, three-year grant, to pilot an evidence-based, volunteer one-on-one, literacy intervention during the after-school hours of 3PM-6PM to support

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literacy gains in the District. A six-month pilot at three School District sites will launch in January 2018 and an additional seven sites will be added in September 2018.

Collaborating to Improve Career & College Readiness

In support of Dr. Hite's Action Plan 3.0 goal to have all students graduating high school college and career-ready, the District, City and Philadelphia Youth Network are working in partnership with the business community to improve and increase quality work experiences for high school students. One of Philadelphia's premier youth employment programs, WorkReady Philadelphia, provides summer and year round jobs to 8,000 youth through major investments by the city and state, as well as exceptionally strong support and engagement by Greater Philadelphia employers. The total investment is \$14.5 million, of which the City contributes \$6.9 million annually. Research tells us what we know intuitively to be true: early work experience has the potential to improve academic performance in school,²⁴ to promote acquisition of postsecondary credits, and to boost long-term wages and employment. Summer jobs and work based learning can be important gateways into the world of work. Appreciating the foundational value of summer jobs for young Philadelphians, Mayor Kenney announced a bold goal of providing summer work and work-related experiences for 16,000 young Philadelphians by 2020. The School District is Philadelphia's most critical long-term talent development strategy for business growth and attraction and we must invest in providing many more Philadelphia youth and young adults with high quality employment and other work-related experiences.

One key area we've identified that could benefit from greater collaboration is career readiness. The District seeks to provide high-quality academic and work-based learning experiences and a post-high school plan that will prepare all graduates to successfully meet the demands of postsecondary education and employment. Specifically, the District will work towards all high school students gaining (i) a high quality work experience, such as a summer job, mentoring or shadowing with an employer while in high school and (ii) receiving a "post secondary" plan that helps them prepare for the career or college of their choice. Working more closely with the City's Commerce Department, the District will be more able to meaningfully engage the business community and offer quality work based experiences and build career readiness skills necessary to compete in the knowledge economy.

Future Opportunities for Collaboration

Through local control, we continue to support these already existing successful programs and expand into new areas to provide the best services possible to all of Philadelphia's children. These one-off initiatives will be transformed into a comprehensive partnership, in which the City and District better align their resources to create greater focus and better outcomes. Additionally, many current initiatives are hampered, or have less impact due to difficulties sharing data between the District and City, and so the prospect of closer alignment can help bring data into the planning process to enable smarter and more strategic thinking to monitor and produce better outcomes children and their families.

²⁴ Goerge, Robert, et al. [After-School Programs and Academic Impact: A Study of Chicago's After School Matters](#). Issue Brief, Chapin Hall Center for Children at the University of Chicago. April 2007; and Husbands, Jennifer and Stacy Beese. 2004. *Review of Selected High School Reform Strategies*. Aspen Institute, 2004



With the flexibility of local control, the City will also undertake a comprehensive review of School District operations. Any significant merger of City and School District operations intended to improve overall services or identify efficiencies, savings, or added benefits will require a thoughtful and careful planning process. These efficiencies are not guaranteed to be immediate and in our first year we will be focused on a smooth transition of governance. It would be irresponsible to rush this process, and as such we see future planning as a multi-year process with various phases beginning after the appointment of the new local school board.

There are a number of areas of operations that fall outside the School District's core function of educating children, and by providing support from City departments who specialize in these functions, we believe we can provide better services. We will need to deep dive into shared administrative services from procurement and utility spending to records and fleet management. Through closer collaboration we can use planning data to better inform decisions around school investments and closures and provide overall support on capital planning, asset management, and surplus property sales. We can improve facilities sharing for schools, specifically the ways in which school facilities are made available for public use during non-school hours, and we can look at transportation planning for safer routes to schools.

As we begin the due diligence around future operational improvements, we will focus on considering the following factors: financial implication (increases or saves costs); programmatic impact (long term value, importance of need, number of people impacted, logical program efficiency, improved service delivery, impact on other programs); implementation (overall complexity, time, rules and process changes). That entire process will take time and can only begin once we have local control to ensure that our resources are better aligned with our overall vision for a better school in every neighborhood.

CALL TO ACTION

Over the next eight months, there will be numerous public hearings on this issue in which to learn more, express your opinions, and provide input on the future of the district's governance and how we meet the deficit. In the near term, the School Reform Commission will have multiple meetings before the end of December 2017 to allow for input, and moving beyond there will be a wide call to allow the public to nominate members to the Board of Education. Public input will continue to be as we work together to create the best schools for our all Philadelphia kids.

To learn more about these opportunities go to **www.phila.gov/EducationNews** to sign up for updates.



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