

## **Fiscal Pressures Squeeze Philadelphia Schools as Opening Looms**

**By Jaclyn Zubrzycki**

Philadelphia's scramble this week to find the \$50 million in emergency aid Superintendent William R. Hite Jr. says is needed to open schools as scheduled exposed deep rifts about how to fix the district's chronic fiscal problems.

On the hot seat, both short and long term: a district that's laid off thousands of teachers and support staff; a city that's weighing how to meet its pension obligations amid the school funding crisis; teachers and principals whose contracts expire at the end of this month; and a state that's been criticized over an aid formula that experts say is among the most inequitable in the country.

"This has been an historic pattern in Pennsylvania and Philadelphia," said Michael D. Casserly, the executive director of the Council of the Great City Schools, a Washington group that represents large urban districts. "Philadelphia is not unique in facing substantial budget issues, but it is unique in the fact that the state, for decades, has not adequately supported Philadelphia or its schoolchildren.

"The crisis is not related just to an economy that's gone sour in the last few years," he said. "It's related to a longer historical lack of support from the state."

But Timothy Eller, a spokesman for the state department of education, asserted there has been strong state financial support for public schools under Gov. Tom Corbett, a Republican who took office in 2011, and said the Philadelphia district will get more than \$1.33 billion in state funding this school year.

"State taxpayers cannot be expected to continually bail out the district unless they are assured that students are being provided a high-quality education and

local leaders are taking the necessary steps for financial stability," Mr. Eller said in an email.

The city was reeling this week from Mr. Hite's stunning announcement Aug. 8 that school could not open as planned for 136,000 non-charter-school students without the \$50 million emergency infusion of cash. City officials struggled to agree on how to come up with the money, with Mayor Michael Nutter, a Democrat, embracing the state's complex—and politically divisive—plan for Philadelphia to borrow against future revenues from a city sales tax.

At the same time, Superintendent Hite stressed that the \$50 million was "necessary but not sufficient" for a district that had been set to open schools with a skeletal staff: no assistant principals, no guidance counselors, no hall aides, and no librarians.

Adding to the complications is the fact that some 80 charter schools account for about 57,000 of Philadelphia's 204,000 public school students—and, because of the funding system, those schools were effectively insulated from the threat that they might not be able to open on time.

Regardless of any last-minute deal to allow a Sept. 9 opening for the rest of the schools, district officials said the beginning of school will see a reduced Philadelphia district.

"Even if we were to get every penny that's right now identified for the district, we will not be able to bring back all of the employees that were laid off," said Fernando Gallard, a spokesman for the district. "It's come to a point at which we're completely bare bones. ... There needs to be a state funding formula that's student-driven and looks at the need of students." The district is pressing for changes in work rules and gain \$133 million in concessions from its labor unions.

## **Brinksmanship**

This spring, the district, facing a \$304 million deficit in an operating budget of \$3.1 billion for the 2013-14 school year, had requested funds from the city and the state. That set off weeks of wrangling among state, city, and district officials over the amount of funding and where it would come from.

Labor issues contributed to the tension that continued as the back-to-school clock kept ticking.

Earlier in the summer, Gov. Corbett and Charles Zogby, the state's budget secretary, pledged \$45 million in one-time funds and gave approval for the city to extend a local sales tax that would generate a \$120 million recurring contribution as a way to help the district deal with its deficit. But they reiterated this week that the state's portion of those funds was contingent on an agreement by the Philadelphia Federation of Teachers to make significant concessions in ongoing contract negotiations.

Philadelphia officials, including Mayor Nutter, sent a letter to state officials listing changes they believed qualified the district to receive the \$45 million in one-time funds, but the state held firm.

"A new collective bargaining agreement with the Philadelphia Federation of Teachers that makes substantial progress toward achieving the fiscal savings and academic reforms set out by CEO Hite and the School Reform Commission must be in place before any new funding is released," Mr. Zogby said in his letter.

The commission is the district's five-member governing body appointed by the governor and mayor.

Union representatives were outraged. "Chronic lack of resources has brought this crisis to our schools, not work-rule provisions in collective bargaining agreements. Parents of Philadelphia public schoolchildren should be outraged that Harrisburg [the state capital] is holding their education for ransom in order to force reforms that will do nothing to improve education," Jerry Jordan, the president of the Philadelphia Federation of Teachers, said in a statement.

The district is hoping to negotiate a contract with teachers that would change the pay scale and require them to contribute to their health-insurance plans, among other changes. This week, the district further raised the ire of the union by approving plans to circumvent seniority in rehiring laid-off employees.

Mark Gleason, the executive director of the Philadelphia School Partnership, a group founded in 2010 that invests in Catholic, charter, and district-managed

schools it says can increase the number of “high-performing seats” in the city, said that although the group has made donations to some regular public schools, it did not intend to help fill the budget gap and agreed with the governor’s strong stance.

“There is a need for additional revenue, but if it isn’t accompanied by major changes in the way staff are managed and assigned, taxpayers won’t get a return on investment,” Mr. Gleason said.

### **State Funding Issue**

But a drop in overall state funding is a major driver of the current crisis, said Brett Schaeffer, a spokesman for the Education Law Center, in Philadelphia. High-poverty districts in the state, like Philadelphia, have been hit harder than other districts by state-level education funding cuts in recent years, according to Mr. Schaeffer.

This is not the first time Philadelphia schools have been at risk of closing their doors. In 1998, then-Superintendent David W. Hornbeck threatened to close the city’s schools early if the state did not come through with funds. The state came through with a rescue package, but that financial crisis triggered a state takeover of the district, which has been governed since 2001 by the School Reform Commission.

That the district is in such dire financial straits even after a dozen years of state control troubles some in the city, said Helen Gym, the co-founder of Parents United for Public Education, a local advocacy group.

“The state receivership has come with enormous strings attached to it,” Ms. Gym said. “We’ve gone through extraordinarily expensive and reckless experiments in education.”

A number of for-profit management companies ran schools in the district after the state took it over, though most are no longer in the city, and the number of charter schools has dramatically increased. Mr. Gallard, the district spokesman, said that growth was driven by parents.

“Parents are looking for high-quality seats,” he said. “It’s our duty, as a public school district, that we provide public schools—and charter schools are public schools—that have high-quality seats.”

But the growth of charter schools takes a toll on regular public schools, said Michael Masch, who was the district’s chief financial officer from 2008 until 2012 and was the budget director for former Gov. Edward G. Rendell, a Democrat. One of the measures that was cut in 2010-11 was reimbursement for students attending charter schools in the city—an amount that totaled \$110 million that year alone. The district pays to transport those students and has reduced efficiency in some of its schools as students leave, Mr. Masch said.

### **Back to School**

When school finally starts, district families and teachers are preparing for a stressful re-entry, amid the loss of many staff members and the closing of 24 schools.

Dawn Hawkins, a parent in the district, said that she was so concerned about understaffing in the schools at the beginning of the year that she was considering not sending her son to school. Religious leaders in the city were discussing a potential boycott of the schools.

Meanwhile, Robert McGrogan, the president of the principals’ union in the district, said that principals were in a hard spot as they prepared for the beginning of school amid uncertainty.

Still, he said, “if we open or when we open the schools, one thing I can guarantee: Teachers and staff who are there to greet students will do the best they can with the means they have.”