

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 010515)

RESOLUTION

Resolution calling for a genuine partnership among the City of Philadelphia, the School District, and the Commonwealth of Pennsylvania to devise a long-term plan that will restore the finances of the School District in order to improve the education of its students; and condemning the shameful use of the crisis in public education as a cover for an outrageous attack on Philadelphia home rule.

WHEREAS, The underfunding of the School District of Philadelphia is a chronic problem that has been built up over many years and will require a partnership among the City, District and Commonwealth of Pennsylvania to resolve over the next several years, and

WHEREAS, The School District of Philadelphia faces a short-term cash crisis that threatens its ability to pay more than 27,000 employees next week and jeopardizes its ability to open schools in September; and

WHEREAS, After budget cuts adopted last week by the School Board, the District projects a Fiscal 2001-2002 deficit of \$217 million and a cumulative five-year deficit of \$1.5 billion; and

WHEREAS, The causes of the District's fiscal crisis include the failure of state subsidies to take into account the District's rapid enrollment growth over the last eight years and extraordinary pressures to increase spending for bilingual education, school security, full-day kindergarten, court or agency-ordered payments to other education entities for special education or disciplinary reasons, and the rapid growth of charter schools, all of which are driven by mandates and conditions largely beyond the District's control; and

WHEREAS, With the support and encouragement of Governor Ridge and leaders of the business community, the School District and the Philadelphia Federation of Teachers negotiated a reform contract for the District's 13,000 teachers which resulted in

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a longer school day, the phasing in of a performance-based compensation system, a relaxation of seniority rules for assigning teachers, and an increase in teacher salaries to help the district compete with higher-paying suburban school districts; and

WHEREAS, To avert a shutdown of the schools last year, the Governor and the Mayor agreed to one-time contributions to the district while a long-term solution was sought, with the local contribution amounting to \$30 million in School District cuts and \$20 million in cash from the City; and

WHEREAS, To induce teachers to agree to a reform contract, the Mayor also agreed to make a one-time contribution of \$25 million in cash to the School District during the current fiscal year, which cash was to be used for signing bonuses; and

WHEREAS, Given the lack of a multi-year workout plan that would allow schools to open in September, members of City Council raised concerns that the state could take over the District and annualize the \$45 million under the provision of Act 46 of 1998, which would devastate the City's General Fund; and

WHEREAS, On May 30, the Mayor asked City Council to appropriate the \$45 million and gave Council his commitment that these funds would not be turned over to the District until the Commonwealth, in keeping with the spirit in which these funds were volunteered as one-time contributions, exempted the \$45 million from the maintenance-of-effort requirements of Act 46; and

WHEREAS, The Mayor, members of his Administration, officials of the Philadelphia School District and the President of City Council have been discussing the problems and potential solutions for funding public schools in dozens of meetings over the last 15 months; and

WHEREAS, The Majority Leader of the House of Representatives proposed a list of options for dealing with the School District's fiscal problems, a copy of which is attached to this Resolution, along with the City's response to those options, but most of those options were impractical or would have imposed what would have resulted in higher taxes for Philadelphia residents and businesses, who are already bear one of the highest local tax burdens in the United States; and

WHEREAS, The City administration and School District have provided the Governor's office and legislative leaders with a plan that would restore the District's finances to sound condition over five years, and as part of that plan, have requested that the state exempt the \$45 million from the Act 46 maintenance-of-effort requirements; and

WHEREAS, Rather than to engage in discussions with the City and School District, the response of the General Assembly has been to pass legislation that would enable the Governor of Pennsylvania and the Republican leaders of the General

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Assembly to take over the Philadelphia Parking Authority and to confiscate its “retained earnings” for the School District; and

WHEREAS, This legislation was devised without any consultation or notice to the City, the School district, or the City’s legislative delegations, and was rushed through the legislature on party-line votes, under the guise of being a response to the fiscal crisis of the School District and as a way of transferring to the District an alleged \$45 million surplus in “retained earnings” by June 30; and

WHEREAS, In reality, virtually all of the Parking Authority’s “retained earnings,” which cannot be identified until the end of its fiscal year next March 30, are legally obligated to bonds, leases, or long-term contracts and therefore cannot be directed to the School District, leaving only the Authority’s estimated \$3 million operating margin available for transfer; and

WHEREAS, Even if it were prudent to turn the Authority’s entire operating margin over to the School District, \$3 million will not solve the District’s immediate cash needs nor its projected \$217 million Fiscal 2001-2002 deficit nor its projected \$1.5 billion five-year cumulative deficit; and

WHEREAS, The legislation purports to exempt up to \$45 million in Parking Authority “retained earnings” from the maintenance-of-effort requirements of Act 46 but the exemption is meaningless because there are no funds to be transferred and because it does not apply to the \$45 million appropriation that the City is prepared to transfer; and

WHEREAS, The legislation is therefore a sham response to both the immediate cash crisis and the long-term fiscal crisis facing the School District; and

WHEREAS, Despite this blatant act of bad faith by the Commonwealth, City Council will appropriate the \$45 million to address the District’s immediate cash needs pending an effective Act 46 exemption for these funds and is also prepared to contribute additional resources to a long-term solution to the District’s fiscal crisis; and

WHEREAS, This legislation constitutes an arrogant and unprecedented attack on the principle of home rule that could signal future legislative attempts to take control of local authorities including the Philadelphia Housing Authority, the Philadelphia Redevelopment Authority, the Pennsylvania Convention Center Authority, the Pennsylvania Inter-governmental Cooperation Authority, the Philadelphia Authority for Industrial Development and the School District of Philadelphia all under the pretense of helping the school children of the City; and

WHEREAS, The state legislature also continues to impose higher costs on local taxpayers by mandating services without providing adequate compensation and threatens to otherwise interfere with the ability of local government to manage their personnel

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policies in such areas as residency, education, health, pension and benefits for City and School District employees; now therefore

RESOLVED, That the City Council condemns the shameful use of a crisis potentially affecting the lives and education of more than 200,000 students and their families and the careers of more than 27,000 employees and their families as cover for an outrageous attack on home rule and a partisan power grab; and

FURTHER RESOLVED, That City Council calls on the General Assembly to refrain from taking any further actions that undermine the principle of home rule, which has been upheld for more than half a century by the City's voters; and

FURTHER RESOLVED, That City Council calls on the General Assembly to enact an effective exemption from the Act 46 maintenance-of-effort provisions so that the City can complete its transfer of \$45 million to help the School District avert an immediate cash crisis; and

FURTHER RESOLVED, That City Council affirms its willingness to participate in a genuine partnership with the School District and the Commonwealth to devise a long-term plan that will restore the finances of the School District to sound condition and allow the District to improve the education of its students.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the fourteenth of June, 2001.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Miller for Councilmembers Council President
Verna, Mariano and DiCicco
Sponsored by: Councilmembers Miller, Kenney, Blackwell, Cohen, Ortiz,
Longstreth, Krajewski, Clarke, Reynolds Brown, Goode and
Nutter

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