

Legislation Text

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Authorizing the City Council Committees on Children and Youth and on Finance to hold hearings regarding the Philadelphia Parking Authority's unorthodox and contested request for the School District to repay the Parking Authority nearly \$11 million.

WHEREAS, The Commonwealth of Pennsylvania took over the governance of the Philadelphia Parking Authority (PPA) in 2004, with the express understanding that doing so would provide up to a proposed \$45 million in additional revenue to Philadelphia schools. As former Pennsylvania House of Representatives Majority Leader John Perzel stated: "Every dollar we can squeeze from the Parking Authority should be dedicated to educating Philadelphia's children"; and

WHEREAS, Since then, the PPA has fallen short of this promise. Over the last twenty years, the agency's payments to the School District of Philadelphia have been modest and unpredictable, with yearly revenue transfers ranging from \$15 million to \$0 in 2021; and

WHEREAS, The PPA's revenue projections have repeatedly proved inaccurate, raising concerns about the Authority's ability to manage its finances. In 2014, PPA leadership testified in Philadelphia City Council that if meter rates were increased, the School District of Philadelphia would receive an extra \$7.5 million the following year. While City Council agreed to raise meter fees that year with the understanding that the PPA would deliver at least \$18 million total to the School District, PPA funding to Philadelphia schools actually dropped in the years following; and

WHEREAS, In April 2018, Philadelphia City Council called for hearings to address the PPA's responsibility to adequately fund the Philadelphia schools, but the PPA was unwilling to attend and engage in this much-needed public conversation; and

WHEREAS, Children and school communities suffer when entities fail to deliver on their promises of school funding. The School District cannot raise its own revenues, and thus has a permanent structural deficit rooted in inadequate and inequitable funding by the Commonwealth of Pennsylvania-the current subject of a state funding lawsuit. Every dollar in the School District's budget matters as it seeks to remediate toxic conditions in aging school buildings; to attract and retain staff to fill nearly 2,000 current vacancies, which include school nurses, counselors, teachers, lunch aides, and other essential support staff; and to ensure our students have access to the curriculum, materials, and opportunities they deserve; and

WHEREAS, The City of Philadelphia has had to increase annual grant contributions to the School District to account for funding gaps, from \$69 million in the 2012-13 school year to a contribution of \$256 million projected for the 2021-22 school year; and

WHEREAS, In November 2021, the PPA alerted the School District of Philadelphia of an alleged financial error by the PPA and claimed that it had "overpaid" the School District in 2020. The agency requested a repayment of \$10.9 million, yet have failed to produce documentation or evidence in support of this request; and

WHEREAS, In January 2022, as it considered the PPA's request for repayment, the School District solicited additional information regarding the PPA's financial practices, including the use of long-term pension and other post-employment benefit expenses as it annually calculates what is owed to Philadelphia schools. The School District also requested further information on dramatically high pension payments for the On-Street division, which is the source of the revenue that the PPA sends to the School District, as well as the PPA's decision to add back depreciation expenses and reduce the revenue distribution by capital assets, which consequently reduces annual net revenue and thus the amount of money sent to Philadelphia schools; and

WHEREAS, The School District further questioned the PPA's accumulation of a \$34 million "trust" that it has used to offset post-employment benefit costs rather than to provide funding to Philadelphia schools. These concerns have led the School District to question whether the PPA has been underpaying the School District since as far back as 2004; and

WHEREAS, The PPA response to this good faith request for further information has been troubling. Executive Director Scott Petri insisted that the District's inquiries were "premised on [the School District's] inaccurate understanding of the law" and refused to engage with any of the School District's concerns; and

WHEREAS, Over the course of PPA Executive Director Scott Petri's tenure, the agency has made promising increases to its annual financial contribution to schools, with agency contributions peaking in 2019. However, requesting that the School District repay much of this historic contribution-which has already been built into the shoestring budgets of schools across the City-undoubtedly reverses this positive trend and is a step in the wrong direction; and

WHEREAS, Returning \$10.9 million to the PPA would have substantial ramifications for Philadelphia public school students and their families. For example, this sum of money accounts for the salaries of over 100 teachers; and

WHEREAS, No entity has formal oversight of the PPA or signs off on its budget. Recent audits by the Auditor General and the City Controller showed evidence of concerning practices but have not been conducted consistently. Persistent allegations of financial mismanagement within the PPA, and the direct impact that has for the City and School District, calls for significantly more extensive oversight; and

WHEREAS, Public officials and public school advocates have been fighting for a more open and accountable PPA for two decades. Clear communication and transparency is necessary to build much-needed trust between the PPA, the City, the School District, and Philadelphians; and

WHEREAS, Currently, the City of Philadelphia's Finance Director holds meetings attended by both the School District of Philadelphia and the PPA to discuss the financial status of the On-Street Parking Program. Yet, the PPA's recent unorthodox request for repayment-which would deprive Philadelphia public school students of essential resources that they were promised-calls for a discussion in a public forum so that the School District, the City, the PPA, and the public each have a consistent understanding of the PPA's legal and financial obligations; and

WHEREAS, The PPA should be contributing to our schools, not taking from them; now, therefore, be it

RESOLVED, That the Council of the City of Philadelphia authorizes the City Council Committees on Children and Youth and on Finance to hold hearings regarding the Philadelphia Parking Authority's unorthodox and

contested request for the School District to repay the Parking Authority nearly \$11 million.