

PHILADELPHIA NEEDS CITY/SCHOOL CONSOLIDATION

Dealing with the Problems of the
School District of Philadelphia

Pennsylvania Economy League (Eastern Division)
Philadelphia, Pa. 19107

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107

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The public schools of Philadelphia are in serious trouble. They have chronic problems that have gone unsolved for many years, severely handicapping public education in Philadelphia.

The Pennsylvania Economy League (Eastern Division) believes that a change in the governance of the Philadelphia public schools is imperative if they are to successfully prepare children for the future.

BACKGROUND

The Commonwealth of Pennsylvania established the first public schools in Pennsylvania for the County of Philadelphia in 1818. In 1911, state law made the school district an independent unit of government. In 1965, an Educational Home Rule Charter Supplement created a Philadelphia home rule school district under local governance and enabled city council to authorize local tax revenues for public schools.

The 1965 supplement established a nine-member Board of Education appointed by the mayor from candidates recommended by a panel. Board members serve for six years. The mayor appoints three new members every two years, so the terms overlap. Thus, a new mayor "inherits" a school board and its problems.

The board sets general school district policy, selects the superintendent and negotiates his contract, and appoints school personnel on the recommendation of the superintendent.

FINANCING THE SCHOOLS

As an appointed body, the Philadelphia Board of Education does not have authority to levy taxes without authorization from city council or the state legislature. If the board cannot meet its budget requirements, it must ask the city or the state or both for additional funds to balance the budget.

For the 1980-81 school year, there are about 280 schools, 225,000 students and 30,000 employees, making Philadelphia the fourth largest public school district in the country.

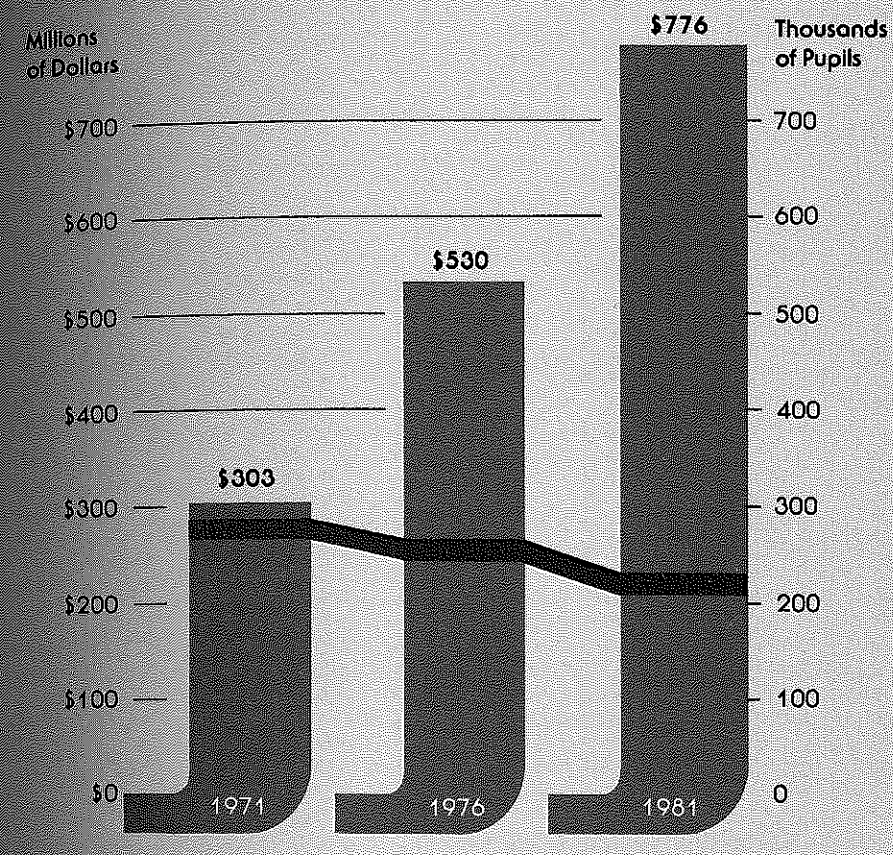
In fiscal year 1980, the state provided about 63 percent of support for Philadelphia schools, local sources about 36 percent, and the federal government less than one percent.

As the following figures show, between 1971 and 1981, school expenditures more than doubled, from \$303 million to an estimated \$776 million; while the student population decreased by 20 percent, about 58,300 pupils. During the period, expenditures per pupil almost tripled.

Year ending	Expenditures	Enrollments
June 1971	\$303 million	283,000
1976	530 "	267,000
1981	776 "	225,000 (Est.)

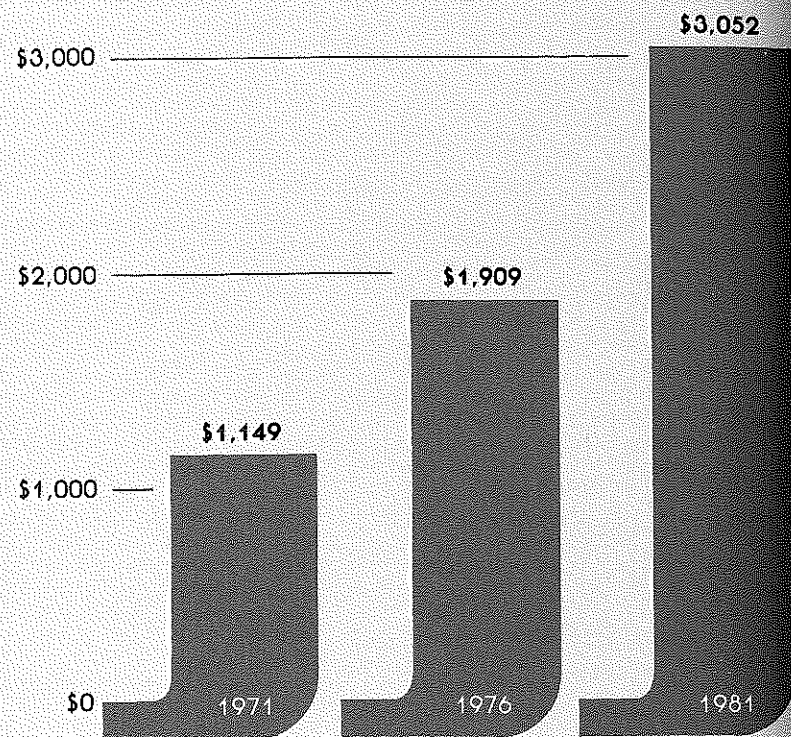
The school district has had a financial crisis in almost every one of the past 15 years. Often, last-minute state aid or city grants have helped close budget gaps. The Philadelphia district has had to borrow money twice for operating expenses—a \$28 million five-year loan in 1970 and a \$50 million five-year loan in 1978.

School District of Philadelphia, Reported Expenditures and Enrollments Compared: 1971-1981



Note: These are "general fund" expenditures, and exclude special programs financed mainly by federal grants, through the "categorical grants funds." The grants funds amounted to \$41 million in 1971, \$78 million in 1976, and \$105 million in 1981.

**School District of Philadelphia,
Expenditures per Pupil, 1971-1981**



These are adjusted expenditures per pupil so the school district figures can be compared from year to year. The Economy League has made changes in reported figures to compensate for changes in accounting that impair comparability from year to year. (See our Report No. 400)

In 1971, teachers were paid in "scrip" at the end of the school year because district funds were depleted. Banks honored the scrip; the next fiscal year the district had the money to redeem it.

From time to time the school system has announced "shortfalls" some months after adopting a "balanced" budget.

A CURRENT CRISIS

In May 1980, a budget of \$749 million—balanced on paper only—was adopted. The settlement of the teachers' strike in September called for the district to provide another \$20 million, which it didn't have. In November, the district announced that anticipated state funds of some \$50 million had not come in.

In January 1981, the district submitted a revised budget, balanced—again, on paper—by revenues it expected to receive. The budget was challenged as not legally balanced by the city controller.

In February, school maintenance employees went out on strike, and the mayor asked members of the school board to resign.

TIME FOR A CHANGE

While some believe that the problems of Philadelphia's schools can be solved under the current arrangement, many others are calling for a change.

One proposal is to elect the board rather than appoint it, giving it the same status as the other boards of education in the state, including the right to levy taxes.

The Pennsylvania Economy League (Eastern Division), however, recommends that the Educational Supplement to the Home Rule Charter be amended to provide that the school district become an integral part of the city government and subject to the Home Rule Charter.

We believe that all local public services in Philadelphia should be the responsibility of one governing body and that public education must thereby become accountable for its budget and performance in the same way that the city Police Department, Recreation Department, Free Library and other city agencies are accountable.

Under consolidation, the school district would be assured the financing of its approved budget, avoiding the financial crises that have plagued it through the years.

Under consolidation, duplicate functions could be eliminated to save money. Both the city and school district have offices for purchasing, accounting, financial management, property management, tax collection, auditing, personnel administration and other functions. One office for each function would improve efficiency and save tax money.

A NEW LOOK

Here are some examples of how school functions could be combined with city government:

The Board of Education could be attached to a new city Department of Education. Its mission would be to obtain the best possible educational product for the community and the students.

Curriculum and other educational policy decisions would be the responsibility of the board and superintendent, both appointed by the mayor. The school superintendent should be a member of the mayor's cabinet, along with the managing director, director of finance, city representative, and city solicitor, to help set policy for Philadelphia.

School administrative offices could be combined with city offices to offer a greater return on dollars invested. Informational services could merge with the city representative's office; legal counsel and legislative services, with the city solicitor and Law Department; fiscal functions, with the city director of finance. School personnel administration could be handled by the Civil Service Commission and the city's Personnel Department. School facilities planning could become a responsibility of the City Planning Commission.

THE TIME IS NOW

This plan is not novel. In Baltimore, for example, education is the responsibility of a city department. Considering the urgent financial problems of Philadelphia schools, we believe that city-school consolidation should be accomplished as soon as possible.

If action is not taken, Philadelphia schools—and the children they educate—face a crisis that may well be beyond solution.

FOR FURTHER READING

If this publication stirs your interest, here's what we have recently published on the subject.

See these issues of our newsletter, *Citizens' Business*, published during 1977-1980:

- 2,472 What about the future relationship between the city and the school district?
- 2,478 What happened to the proposed city-school charter amendment?
- 2,488 Philadelphia city and school budgeting for fiscal 1980. Needed: either a fiscal miracle or dual-purpose city cuts for next year.
- 2,493 There is still time for Council to consider city and school budgets together.
- 2,511 Highlights of Philadelphia city and school budgets for fiscal 1981.
- 2,512 Philadelphia teachers receive high pay and benefits compared to region and nation.
- 2,516 Philadelphia school district fiscal situation—trouble in 1981; bleak prospects for 1982.

Economy League reports included the following (report number, title, and date of publication):

- E-370 Selected provisions of Philadelphia's home rule charter compared with charters of 11 other cities with population over 700,000. July 1973.
- E-372 PEL comments on the proposals of the Philadelphia charter revision commission. February 1974.
- E-391 Philadelphia city and school expenditure needs related to revenues. March 1977.
- E-400 Philadelphia school district expenditures and staffing trends. December 1978.
- E-416 Pay, hours and employee benefits in the school district of Philadelphia and 21 other districts in southeastern Pennsylvania. June 1980.
- E-418 The school district of Philadelphia compared to other large city school districts as to pay, benefits and teacher hours. June 1980.
- E-421 Philadelphia government. Seventh edition. December 1980.

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Edwin Rothman
Director

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