

STATEMENT BY MICHAEL CHURCHILL
TO THE MAYOR'S EDUCATION TASKFORCE
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We all understand that success of Philadelphia's students is vital for the continuing prosperity of our city. Businesses tell us decisions to relocate to an area, and even decisions to remain, are based more on the quality of the workforce available than issues like taxes. Good schools are essential to stabilizing our neighborhoods and ending the flight of parents of school age children to the suburbs. If we want to reduce violence on our streets we must reduce drop-outs from schools and increase our students' hopes that they have the training to succeed. For our students, the difference between the income of a high school graduate and a person who does not graduate is in the range of \$7,000 per year, and just attending a college increases that amount significantly. It is clear, upgrading the quality of our schools is a high priority investment in the city's future, and it is vital if our students are to have a chance to compete for jobs better than serving big macs and cleaning hotel rooms.

You have heard from Dr. Thornton the recipe of the Administration to bring quality education. **I am here to tell you that no matter how good is your recipe, you can not serve the meal unless you can purchase the ingredients.**

The school district's need to cut \$70 million from the budget it approved five months ago is proving difficult to do without touching services which will actually affect student achievement. On Friday they enacted about 22 million in cuts.

The SRC may be right in calling their deficit a small bump, if what it means is that the budget can be balanced. But more importantly, the deficit--and the difficulty in finding cuts which don't adversely affect learning-- raises again the issue of whether the District has adequate resources to do the job. There are many signs that it does not.

Despite an official policy calling for class size reduction, the budget approved last spring was based on ending class size reductions by allocating teachers to schools on the basis of 30 per classroom in elementary grades, and actual class sizes are at that level in many schools. The Inquirer survey of grade 1-4 class size shows that most schools in surrounding districts have class sizes of 22 or less, and many are below 20 in those critical grades. The Starr research in Tennessee which proved the importance of class size reduction was based on reductions from 22 to 17 in a classroom. Last spring Mr. Vallas estimated that significant reductions in class size would cost \$250 million each year.

Other signs of inadequacy: Many schools have no art or music teachers assigned to them.

The administration has had to postpone announcing its promotion policies because it could not provide sufficient support services to make it work. It has cut back on the crucial 9th grade support systems, to help students overcome deficits and to work with students so they will stay in school. Pre-school expansion is being limited.

The student-counselor ratio is so high it guarantees insufficient assistance to trouble youths to stay in school.

I could go on, but the root cause is too few dollars. To understand why, some basics of school finance are necessary.

The school district basically gets its money from two sources— state and local. Federal dollars, which account for about 12% of its budget are directed for specific or categorical uses and can not be substituted for other purposes.

If you use the standard of adequacy of financial resources adopted by the New Jersey courts, you would compare what Philadelphia has available for each student with the average of what the top 20percent of Pennsylvania's districts have. By that standard, in 2004-05

Philadelphia, which spent \$10,834 (including federal assistance), had \$2,704 less to spend than that benchmark for adequacy. At 211,000 students that is \$571 million dollars a year shortfall—\$500 million more than the current school district shortfall. I have distributed a list of each Philadelphia school and the additional funds it would receive based on current enrollment if the district were funded on the New Jersey adequacy standard.

A second measure would be to compare Philadelphia's spending with the 60 surrounding school districts, for our students will be seeking the same jobs and competing in the same labor market with those students. Those districts are spending \$2,125 per student more than Philadelphia, or \$450 million district wide. Six districts are spending more than \$5,000 extra per student, which is \$150,000 per Philadelphia classroom of 30. **The underfunding of the Philadelphia school district is stark, particularly when you consider that Philadelphia has many unique expenses such as high security costs, high numbers of students at risk because of limited English language and the high levels of concentrated poverty. Clearly it is being asked to do more than other districts, with less financial resources.**

Is this shortfall due to insufficient state or local contribution? If we look at the local tax effort for schools, the state rates the Philadelphia contribution as equivalent to 18.5 mills. The state median tax effort is 20 mills. **The difference, 1.5 mills, is equivalent to an additional \$55 million.** It is questionable whether Philadelphia, which has the highest tax rate in the state, should increase its taxes in order to provide additional funding to the district. **But with its substantial surplus, the City could transfer some amount of its tax collection without the need for reducing any of its current services.**

Nevertheless, even if the City were able to transfer as much as \$55 million to come up to

the state median effort, there would remain a shortfall between \$400 and \$500 million in state funding.

Past experience tells us how difficult it would be for the School District to convince Harrisburg to contribute to fixing its budget problem or to vote to fix the District's underfunding. But we don't have to do that, because Philadelphia is not the only district which can legitimately complain about the state's failures. If the same New Jersey benchmark comparison with the 20 percent highest spending districts were applied to all of the districts, 54% (270) –a majority– would have a gap of \$3,000 or more, and 75% (380) would have a gap of \$2,000 or more per student. I am giving you a copy of the list of every district and the size of its gap. Obviously, a majority of the state's districts are in the same boat as we are, or even worse off. They include Reading (\$5,363); Allentown (\$4,804); Erie (\$3,586); Lancaster (\$3,325); Wilkes-Barre (\$3,071), all will gaps greater than ours, and York (\$2,689) with a gap almost equal to ours. And many places which do not have a high gap are paying tax rates 50 percent higher than the state average.

The underlying reason is two fold: the state contribution to the cost of public education is the second lowest in the country, around 35 percent, and the state has an insufficient adjustment for the limited financial strength of many of its districts. Since 1991 the state has abandoned any adherence to a funding formula, merely approving the prior year's funding plus minor adjustments. As a consequence only 7 states have more unequal funding than Pennsylvania.

Unfortunately, the history of Philadelphia's attempts to increase its funding has been essentially a go-it-alone strategy in Harrisburg. The delegation is told what the district wants and it attempts to get some part of it. It is not coordinated at all with the needs of other delegations. It

is time to reverse that policy, and march together with other needy districts to Harrisburg, so that it is not Philadelphia against the rest of the state, but the rest of the state with Philadelphia.

Let me be candid, the reason why the General Assembly has not fixed this situation is because bringing so many school districts up in spending will require new taxes from Harrisburg, and no legislator wants to do that unless he sees strong public support. It is, I want to suggest, the job of the SRC and School District, and of the City, to provide leadership for convincing legislators that this must be done.

Two things need to be done. **First, the District must document what its unmet needs are and what they will cost.** This is the planning that Harry Levant called for and noted was lacking. You must link what you need to improve schools and actual budgeting. How much will it cost to reduce class size in elementary school to the 17-18 which the district had set as its goal, including the cost of new classrooms if needed. Over how many years will take to hire, train and find room to place the necessary teachers, so that the increased money can be phased in? How much will it cost to reduce the counselor level to what it is in successful schools like Lower Merion? Bring in corporate leaders to review and vouch for the numbers. This can be conceived of as the District's costing out study, equivalent to the study the legislature has ordered statewide to determine the cost of an adequate education.

Second, **The City should invite leaders from the school boards of all the low spending districts and mount a common campaign to reform the state's inadequate system.** It is time to end a system where the quality of a student's education depends upon what zip code he lives in. City and District should mobilize parents and teachers, unions whose children and grandchildren attend public schools. It is time for the City's legislative delegation to make overhauling the state system of education financing its top priority, because it will not solve

Philadelphia's problem until it solves everyone's problem. The good news is that we have a Governor who understands this and is willing to work with the City.

Over the last four years the number of Philadelphia students scoring in the proficient and above levels on the state tests has doubled in reading and math, in 5th and 8th grades, from roughly 20 % to 40%. That is a strong level of progress, greater than in the rest of the state. It should give the District credibility that it knows what to do to improve student achievement. But there is long way still to go to reach quality levels for the remaining 60 percent of our students. The prospect for continuing progress is dim if we stay at current budget levels, cutting programs to meet an artificially low state contribution. We must make getting the necessary resources so that the District can have sufficient teachers, tutors, counselors and other support persons to teach our children and give them the same quality education available in our neighboring districts our number one educational priority.