

**City Council Testimony  
Public Hearings on City Budget  
Helen Gym, Parents United for Public Education  
April 16, 2008**

Members of Council:

I am here to talk about education funding for the Philadelphia public schools as a mother of three children, all of whom will be in public and charter schools this September and as a member of Parents United for Public Education, an organization focused on accountability and achievement in the School District's budget process.

I want to first note how far we've come in a year's time regarding school funding. Last year the public was reeling from the news that the District faced a \$180 million deficit. Today we're at a fraction of that thanks in part to your unanimous support for the Public Education Reinvestment Act – a gift that keeps on giving – and the additional \$10 million from Councilwoman Reynolds Brown and Councilman Kenney's bill last June. In a difficult time, this City and Council rallied behind our public schools like no other time before.

I know that no one here wants to see last year's financial fiasco happen again -- which is why the absence of school funding in the City's Five Year Plan was troubling and inspired me to come here today. The current plan, though supportive of education, makes no mention of any revenue-generating strategy for the schools in the coming years.

That's a problem.

A legislative costing out study places the underfunding of the Philadelphia public schools at a billion dollars *a year*. Whether or not we consider that number realistic, we have to know the consequences of not addressing that gap. This year alone, we have a hundred classrooms above the class size maximum, which is already the highest in the state. We have school closings throughout West Philadelphia. We can bemoan the fact that 48% of our third graders are not on reading level. But do we consider that the District's literacy intern program was shuttered three years ago, class sizes have increased, and we lack librarians in three-quarters of our schools, the majority of them elementary – and all of this is due to funding? And then we scratch our heads and wonder why our children can't read?

All of us I know are crossing our fingers for the passage of a historic education budget proposal from Governor Rendell. But none of us should be naïve enough to think that even that alone will solve the funding inequity in our schools. Moreover, if we have not laid out a plan for funding, and, worse still, if the Governor's budget does not go through in its entirety (which is not out of the realm of possibility) we face the specter of a spiraling deficit that could well match last year's nightmare.

While no one in council likes to talk about any new taxes, why can't we talk about options to maximize the current revenue streams already in place such as:

1. **Real estate tax:** The City is discussing a massive overhaul in its property tax structure. Property taxes are the primary vehicle for local funding of schools, generating about 60% of the total city revenue. We ask the City to ensure that any commission, board, committee or oversight body about property tax reform includes a portion of representatives who have public school revenue interests in mind. Do not make the same mistake that the state has which is to separate property tax reform and school funding.
2. **Use and Occupancy Tax:** This is the second largest income stream for the schools at over \$100 million. Has there ever been discussion about how well this tax is thought out particularly in regard to non-profit use. As we know there are non-profits and there are non-profits like University of Pennsylvania or Independence Blue Cross. A number of major non-profits are property owners. Is it possible to explore whether a non-profit that rents to a for-profit entity might have that address taxed?
3. **Liquor by the Drink:** This tax brings in some \$40 million to the schools. When was the last time there was a headcount of the number of paying institutions? A number of neighborhoods - East Falls, Northern Liberties, Center City and parts of South Philadelphia have seen an incredible business revival in the ten years since the tax was enacted. Is that a potential pool of income untapped?
4. **School income tax** - When was the last time an aggressive measure was taken to enforce this tax?
5. And finally the **Philadelphia Parking Authority**. Last fall, public school parents went to the PPA to demand money for our city and our schools. For the first time since 2004 we have reached our city goal of \$25 million/year and the Parking Authority is paying \$1.2 million to the public schools (you're welcome, by the way). But let's not forget the number settled on was only a political compromise; it was never based on any solid study of the agency. If you were to tell me that any agency that generates \$200 million in revenues

only gave a million dollars in profit to the schools, I would have to laugh. But this is not a comical situation. The Parking Authority has the money, resources and power to divert not a million dollars into the public schools but potentially tens of millions of dollars. And every year you let the agency get away with outrageous salaries, perks, free parking, pensions, and out of sight management layers, that's every dollar our parents are going to give you grief for. Make no mistake that the burden will fall on the city to make up for the Parking Authority's waste. So we ask you to look to them, don't turn a blind eye. You can't afford that kind of tolerance.

Look I am certainly no tax expert or number cruncher. I don't purport to think that the ideas above collected from a number of sources are any kind of magic bullet. But what I am asking is that we at least talk about some options for funding. As a mother and someone deeply worried about the future of my children, our schools and our city, I just want to know that someone in charge has a plan. We need a plan to boost local revenue. It shouldn't take a financial disaster to make that clear. Don't hold off for the next bailout. Plan now for reforms that matter.

\* \* \* \* \*

I want to add one last point briefly in support of the Cohen tax credit. Of the 300,000 working poor in Philadelphia, an overwhelming number are families in our public schools. If Ms. Sherrie Cohen's testimony that 35% of Philadelphia's children live in poverty doesn't humble you enough, consider that the majority of schools in Philadelphia have poverty rates in the 90<sup>th</sup> percentiles.

We know firsthand the consequences of poverty in our schools. We know the ways that our children suffer from poverty at home: when the utilities are shut off, is homework really a possibility? When a single mother is working two jobs and affordable daycare is out of reach, who's coming to the parent teacher conference? When immigrant children are packed two or three families to a household, do we really expect someone to complete a science project on time? Last Christmas, my daughter's own classmate was suddenly rendered homeless, and it made me realize how little a priority school can be. The Cohen tax credit has its ledger costs, yes, of course, but your elimination of it will have costs that we pay for many times over. Let's look at this tax credit again and find a way to make it work.

Thank you for your time.