COUNCIL OF THE CITY OF PHILADELPHIA

PUBLIC HEARING COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Wednesday, March 7, 2001
10:20 a.m.

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BILL NOS. 010011, 010012, 010013 - Re School District of Philadelphia FY '02 Budget

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PRESENT:

COUNCILWOMAN ANNA C. VERNA, Chair
COUNCILWOMAN JANNIE BLACKWELL, Vice-Chair
COUNCILWOMAN BLONDELL REYNOLDS BROWN
COUNCILMAN W. WILSON GOODE, JR.
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COUNCILMAN FRANK DiCICCO
COUNCILMAN MICHAEL A. NUTTER
COUNCILMAN DARRELL L. CLARKE
COUNCILWOMAN DONNA REED MILLER

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PRESIDENT VERNA: Good morning, everyone. This is the continued Public Hearing of the Committee of the Whole regarding Bill Nos. 010011, 010012, and 010013.

I just have a couple of questions that I would like to ask. Last year this time we heard about the shortage of approximately 200 teachers.

What is the shortage today, and can you tell us how you are trying to recruit teachers?

MS. ADLER: Good morning. My name is Marjorie Adler. I am Executive Director of Human Resources for the School District.

We have right now officially 133 vacancies. I would add to that probably upwards of 200 long-term substitutes. Some of those substitutes have been with us for many years and have most of their certification, if not all of it, but perhaps have not passed the state exams and choose to remain as long-term subs.

So it is between, say, 250 positions that we are not comfortable in saying are filled the way we would like to have them filled.

PRESIDENT VERNA: How many vacancies do we have, is it 133 or is it --

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MS. ADLER: Yes, it is 133.

PRESIDENT VERNA: You don't have to elaborate on that.

MS. ADLER: Yes, it is 133.

PRESIDENT VERNA: How are we trying to recruit?

MS. ADLER: Obviously we have stepped up our recruiting in the last several years, looking forward to be able to support our graduation requirements.

We have stepped up our recruitment of teachers in general, but particularly teachers of math, science, special education, and world languages, most especially Spanish.

In these areas, we are embarking on some innovative things, both for us and for some other urban districts.

Last year we partnered with the government of Spain to bring over some teachers of Spanish. We are going to do that again this year.

We are, in fact, leaving in a week or so with a group of other districts to India to recruit math and science teachers.

A number of districts in the country

have done that for the last year or two and have found it satisfactory. We have visited one of those districts and are going to try that ourselves.

We have recently come back from a very successful trip, recruiting trip, to Miami to recruit bilingual teachers. And have commitments at least, at this point, from 16 for our bilingual programs.

We continue to step up the visits to area colleges and universities, as well as those in other places.

We have sent recruitment teams on site to places like Baltimore, Pittsburgh, Atlantic City to recruit teachers from there, as well.

Recruitment is not a seasonal event in the district. We are recruiting and hiring day in and day out.

PRESIDENT VERNA: Thank you.

Mr. Goldsmith, in your testimony yesterday you indicated that CEP is now filled to capacity. And you further indicated that you look forward to a new, larger facility in the fall.

My question is, how many students do we presently have at CEP?

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MR. GOLDSMITH: About 300. Their capacity is 300.

PRESIDENT VERNA: I'm sorry?

MR. GOLDSMITH: 300 is what their existing capacity is. And that's the number of students that are there, give or take one or two on either side of that.

PRESIDENT VERNA: All right. And were most of them in the system.

MR. GOLDSMITH: Yes.

PRESIDENT VERNA: And you say you are looking for a new, larger facility to be opened in the fall.

Do you have a specific location? And have you been in touch with the District Councilperson?

MR. RAMOS: President Verna, Pedro Ramos, President of the School Board.

Based on what I know from conversations in our Board's facilities committee, as well as reports to me by representatives of CEP, CEP has been in contact with the District Councilperson, as well as the District State Representative and others.

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They, I believe, are proceeding with a site with some community approval. I don't know whether it is Councilman Mariano or Councilwoman Tasco's district. But whichever one of those it is, is aware of and has been kept up to date by CEP.

PRESIDENT VERNA: And how many students do you anticipate will be accommodated at the new location?

MR. GOLDSMITH: I think initially 800, and I think the capacity will be 1500. But I think in September they are looking at 800.

PRESIDENT VERNA: Do we still have academies.

MR. GOLDSMITH: No, we do not. There were six; they were eliminated, abandoned last year.

PRESIDENT VERNA: So that had to be quite a saving, I would think.

MR. GOLDSMITH: Yes.

PRESIDENT VERNA: They were paying rent?

MR. GOLDSMITH: 2.2 million dollars is the total.

PRESIDENT VERNA: Thank you.

The Chair recognizes Councilwoman Miller.

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COUNCILWOMAN MILLER: Good morning. Just as a followup to Council President Verna's questions about teacher vacancies.

Of those vacancies, of the 133 vacancies, can you break down, basically, how many are needed in math and science? Can you break down what the vacancies actually are?

MS. ADLER: Of the 133, 2 are math vacancies.

But I have to say, that's an understatement. There are probably long-term subs in some of those positions, which is not what we want.

And in many instances principals would have changed their allotment. Believing they can't get a math teacher, they would rather have some other elective to offer their students for credit.

COUNCILWOMAN MILLER: Can you repeat that?

MS. ADLER: Let me just get my stuff in front of me.

At this time of year, vacancies in hard-to-fill areas are understated because some may be filled in whole or in part by long-term subs who

may or may not be teaching the subject at the level that we would want.

And, in addition, some principals would have by now changed their allotment to call for some other elective course for which they could find a certified teacher in order to provide their students with a credit course of some kind.

COUNCILWOMAN MILLER: So what do we do with students who need certain math skills to take the SAT, to take whatever it is they need to take, and they don't have someone there teaching that particular class?

MS. ADLER: Councilwoman, that's our extreme problem, in terms of trying to find, whether we have to go to India or not, to try to find certified teachers in these areas so that our students can take the courses they need in order to take the kinds of entrance exams they need to go to college.

COUNCILWOMAN MILLER: Could you maybe use the computer-based training or something to help these young people gain some of the knowledge and skills that they need?

MS. ADLER: I believe our instructional

people do explore that.

MS. FARMBRY: Deidre Farmbry, Academic Officer.

Yesterday in response to the technology question, that is one of our uses of technology, trying to fill in for those teacher vacancy areas.

In addition, many principals, when they do have -- particularly in the area of seniors, if they have seniors who need a critical math course, will do creative rostering, offer an early morning period, and will do other creative rostering to enable students to get the courses.

But it is a continuing challenge of how do we make sure that we can provide the resources, even if we have a teacher shortage in that area.

MR. GOLDSMITH: Councilwoman Miller, if I may, I do want to --

PRESIDENT VERNA: Mr. Goldsmith, please identify yourself.

MR. GOLDSMITH: Philip Goldsmith, Interim Chief Executive Officer of the Philadelphia School District.

I really do believe the whole issue around recruiting of teachers is a serious issue.

Just not here in Philadelphia, but elsewhere.

And if there is one issue that troubles me the most, with all the issues that we talked about over yesterday and I am sure we will talk about today, I don't think there is a more critical issue facing the district or other school districts, particularly urban school districts, than having an adequate core, teacher core.

And that's one of the reasons I mentioned in my testimony yesterday why I think retention is so key. Because it is so hard to find good, experienced teachers. And we are doing a lot of different things.

But, you know, we are up against it for a whole bunch of different reasons.

There's two pieces of legislation that were recently introduced in the general assembly, representative Evans and Representative Robuck.

Which we talked about loan forgiveness and some other things like that, those are issues that we think would be helpful to our efforts, and we hope we will, you know, try to pursue those.

In addition, I think legislatively, I think substitutes are only allowed to work 95 days a

year.

And I think, given the issue we have, I would love to see some expansion -- retired teachers, I'm sorry. Retired teachers have a little bit more of expansion.

Here are some experienced teachers, they want to get back in the classroom, and yet we have this artificial restriction based on them. I think that's another important avenue that we could be exploring.

MS. ADLER: May I add that the trip to India to recruit teachers in math and science reflects one of the new aspects of the contract with the PFT that enables us to contract with outside groups for teachers in shortage areas.

COUNCILWOMAN MILLER: You know, sometimes we get calls, or my office has received calls, from constituents whose children don't have a math teachers. And that really troubles us and worries us. And I know it troubles you, too.

I just want to be sure that someone in the district is monitoring what's going on in these classrooms and ensuring that technology is being used to supplement, and that these young people are

just not left for months and months and months without math teachers.

And we have had those kind of calls into my office. And I am sure other Councilpeople have had those calls. And it is so critical.

The other question I have would be, how are subs evaluated? I mean, what's the accountability as it relates to substitute teachers, if any.

MS. FARMBRY: Substitute teachers, like all other professionals working in a building, are evaluated by the principal.

And principals are very quick to let us know which substitutes they do not want to have back in their buildings, and they are also very quick to let us know which ones they do want to retain for a long-term basis.

But the principals do have the evaluation process over the substitutes.

COUNCILWOMAN MILLER: And I was away, and I read a paper, traveling through Virginia, that stated that Virginia -- and I do know that there is a national teachers shortage; I am very well aware of that.

And the article talked about how Virginia is targeting Pennsylvania for heavy teacher recruitment because we have so many learning institutions here.

So I am sure that the Philadelphia School District is targeting Pennsylvania for heavy teacher recruitment.

MR. GOLDSMITH: I think this is not much different than the free agency that exists in the sports world in some cases.

And we know that there are school districts that are poaching in our area. And we have got to, one, protect our own area and, secondly, start to poach in their areas where we know there is an adequate supply. And those are some of the strategies that we have in place.

But this is an issue about we as a city and we as a district and we as a profession doing a better job of marketing ourselves and trying to present ourselves as the employer of choice when it comes to school districts.

And I think that's a lot of what we are trying to do in both, you know, the safe climate issues, in terms of having a better partnership with

both our principals and our teachers, with City Council, and so forth.

If potential recruits see us just fighting with each other and arguing with each other and debating each other, it is going to be pretty hard to reach out there and say, this is a place you want to work.

Particularly when we are at a disadvantage when it comes to what our compensation schemes are, you know, versus other marketplaces.

And it is, I think, very fulfilling to work in this district because you are working on a noble cause, but it is also difficult.

And we have got to sort of eliminate the extracurricular interference that we sort of put in there. And I think that's a large part of the strategy of trying to partner more in doing the other things.

But it is a major issue.

COUNCILWOMAN MILLER: That's all for now, Council President.

PRESIDENT VERNA: Thank you. The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam

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Chair.

Good morning to everyone at the table. I think most of you know that, unfortunately, I couldn't be here yesterday, and I did see many of the proceedings on the cable broadcast.

If I, unfortunately, go over material that you covered yesterday, you can certainly let me know that and I will read the transcript or get some additional information.

But I did want to go back to an area that I know there was some discussion yesterday. I didn't either fully understand it or I wanted to explore it some more.

In Ms. Chatskill's testimony, which naturally talked a lot about the finances, let me make sure that I understand what our current situation is.

We anticipate at the end of this Fiscal Year to have a $44 million deficit; is that correct?

MS. CHATZKEL: That's correct.

COUNCILMAN NUTTER: And at the end of '02, the budget before us, you are estimating $191 million.

MS. CHATZKEL: Rhonda Chatzkel, CFO of

the School District.

Anticipating $191.1 million operating deficit, but a cumulative deficit of $235 million.

COUNCILMAN NUTTER: Right. That's the 191 plus the 44.

MS. CHATZKEL: Right.

COUNCILMAN NUTTER: And further in your testimony, on Page 3, you talk about the three-year financial plan, but that the plan does not yet address how the significant gap that is forecast will be closed.

MS. CHATZKEL: That's correct.

COUNCILMAN NUTTER: With that in mind, what are some of the scenarios that you have looked at to resolve this particular issue?

Or I guess asked another way, how do we really go forward, not knowing how the gap is going to be closed?

MS. CHATZKEL: I would let my colleagues pick up some of this answer.

But one of the things that we talked about yesterday is that the gap between our expenses and our revenues is fully 12 percent.

And we are already spending less than

other districts in the Commonwealth and other districts nationwide. So I don't believe that we could expect to be able to cut 12 percent from our expenses.

We commented that when the city had its physical crisis a decade ago, its inbalance was only 4 percent.

So what we have looked at, what we will continue to look at, over the next several months is, it is a mountain of different things, including our own internal expenses, to cut wherever we can responsibly do so.

And it is additional revenues from the state and any local sources from which we receive funding.

It may also be -- we talked about grants. And we continued to try to increase our grant money. But grant money tends to come in geared for a specific purse, so it cannot be used to fix an operating deficit.

COUNCILMAN NUTTER: You mean you can't run the place on grants.

MS. CHATZKEL: No.

COUNCILMAN NUTTER: And the local

sources, I mean, I assume that's a nice way of saying the City of Philadelphia; right?

MS. CHATZKEL: Certainly, yes.

COUNCILMAN NUTTER: And so what would you be looking for from the city?

PRESIDENT VERNA: Identify yourself.

MS. KAHN: Deborah Kahn, Secretary of Education, City of Philadelphia.

Looking at a variety of scenarios, starting from the premise that because the School District's financial problems have been a long time in the making, they are not going to be resolved in one budget year.

So looking at a variety of, first of all, timing scenarios, in which case how long could it take, through a combination of actions that the School District can take on its own, savings, and generation of nontax revenue, and then looking at the various partners.

And the only way that this situation can in fact be resolved is to sit down with our partners and leaders in both the state and in the city to put together a package which will, in the end, have to rely on more recurring revenues from both state and

local sources, and potentially and probably some borrowing, deficit financing.

COUNCILMAN NUTTER: Let me go back to one of the terms that you used, the nontax revenues.

Again, is that in the grant realm, or what does that term mean?

MS. KAHN: Perhaps generation -- and, again, none of this is committed, but maybe different marketing proposals, for example.

And, again, not committing to any of these, but some school districts, for example, have raised revenue through different types of contracts; you know, beverage contracts, for example, advertising. You know, those are things we need to look at.

As we look at our space needs and reconfiguring, the Mayor in his challenge last year talked about selling potentially the headquarters, you know, on the Parkway. That would generate revenue.

Looking at some things which the CFO can talk about regarding the John F. Kennedy Center, which is another administrative building the School District has.

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COUNCILMAN NUTTER: These are all in the realm of potential one-time asset sales and just an infusion of dollars for the one-time event?

MS. KAHN: Marketing would be recurring. But some of the assets --

COUNCILMAN NUTTER: Didn't you have a proposal, I thought, some time last year which as actually rejected? I never officially weighed in in that particular matter. I did have some more private discussions.

This was around soda, and rights in school. As if kids don't drink enough soda.

But in your best case scenario, what does that generate?

MR. RAMOS: Well, you will understand that you put out a number, and then it becomes a cap.

COUNCILMAN NUTTER: I understand. What was the one that was in front of you?

MR. RAMOS: We had looked, the previous Board had looked, at the possibility of some type of exclusive beverage arrangement.

And when the proposal came back to the Board, the Board ended up not being supportive of

the proposal. And it ended up, frankly, falling into three, you know, schools of thought, if you will.

Some people -- and I would have put myself in this category -- didn't have anything against and would have liked an exclusive beverage arrangement, but didn't think that the deal was financially good enough.

Some people --

COUNCILMAN NUTTER: What was the deal?

MR. RAMOS: I mean, these things are figured out through calculus. This one was a dollar amount, and then you get a commission and then you get percentage of other stuff.

COUNCILMAN NUTTER: I am sure it is much too complicated for me to understand.

MR. RAMOS: And the other school of thought was, a couple of people or more that just had a, you know, philosophical concern about doing a beverage contract.

And you know, and I probably considered the third camp as somewhat ambivalent about it.

In the end, it was not for soda, per se. I mean, these arrangements are also wider ranging.

And you can pretty much decide what your product mix is going to be, it just affects your revenues.

You decide all you want is pure orange juice, you can do that, but it is going to affect how much revenue you get.

The other product usually involved is fruit drinks, you know, waters and iced teas and then sodas.

COUNCILMAN NUTTER: But in the larger scheme of things, we don't have to have a kind of an M.B.A. course on royalty rights and marketing and the like.

But, again, that's mostly kind of marginal, peripheral stuff? It doesn't go to the heart and soul of how you financially run a School District?

MR. RAMOS: The nice thing about something like that, though, is that it is recurring revenue, as opposed to the grant, one-time shot that you were talking about; that it offers a potential for recurring revenue.

And, you know, as we are continuing to emphasize around the district, this is one that would have lots of zeros after it.

But we are trying to focus on every opportunity, because we need to.

COUNCILMAN NUTTER: Let's go back to the local sources discussion.

What would anyone be looking at as it relates to the City of Philadelphia.

MS. KAHN: I think that it is really too soon to give that number. You know, we have looked, and the plan has really taken a good look at the history of state revenues and local revenues, and really trying to tell the fair story.

One of the things that happens within the state is Philadelphia -- and we hear this from legislators outside the district, but it is also an issue for our own delegation -- saying that the local government doesn't support education to the extent that other jurisdictions do.

And we have tried to show, partly in this historical perspective, that because of the problem of the heavy reliance on the property tax, and having that had been relatively stable over time, that in fact what the city has gone is try to make efforts as it has diversified its local sources, whether it is through the liquor tax, grant

process right now, that it has tried to compensate in some ways.

COUNCILMAN NUTTER: This is the whole local funding effort argument?

MS. KAHN: Right; right.

And that, you know, the city has in fact tried to compensate for the fact that the property tax revenues have essentially been, you know, pretty flat. But, nevertheless, we come up against that argument.

One of the stories that we have been trying to tell, again, as we have conversations with legislators, is taking into account the fact that the city, or this School District, is the only School District co-terminus with the county, you know, in the Commonwealth.

And so the problem is, and it has been an ongoing problem for everybody in this city government, is that Philadelphia needs to pick up its share of county costs, specifically for courts, prisons.

COUNCILMAN NUTTER: You mean Pennsylvania?

MS. KAHN: That Philadelphia has to.

COUNCILMAN NUTTER: Philadelphia is paying those.

MS. KAHN: Is the only --

COUNCILMAN NUTTER: There is no county.

MS. KAHN: We can't share that with another county; unlike, for example, in Pittsburgh.

Several years ago the study that had been conducted under the auspices of the Greater Philadelphia First Corporation had specifically taken a look at the comparisons between Philadelphia and Pittsburgh, and their relative contributions to their school system.

And it looked at expenses in three categories: Municipal services, county services, and school services.

And essentially what they found was that the spending for municipal services was essentially similar, on a per capita basis was essentially similar. I mean, within several dollars of each other.

But then when it looked at what the school expenditures were, there was a wide gap. But if you then looked at the county expenses, which Pittsburgh has the ability to share with other

jurisdictions within Allegheny County, in effect it was almost a direct swap. That because they had the ability to show the county expenses, they could devote those revenues to schools; whereas, Philadelphia was not in that situation.

COUNCILMAN NUTTER: But I think, I mean, would he would all agree, notwithstanding the importance of the education issue, that more than likely in the very, very near term, there will not be any resolution to this city/county issue, and the costs that the city picks up that the state should pay for. You've got Supreme Court rulings and orders and the like.

And, I mean, you have a School District to open in September '01. So I guess what I am trying to understand here at the ground, as opposed to slightly loftier areas and loftier arguments is, how do we open schools in September with a $191 million deficit?

If we open in September, do we then stay open until June of '02? And how do we in fact go forward based on what we have and, for the moment at least, no particularly extraordinary new information that is shedding any particular light on this

situation?

So, again, I am left to ask either, one, what is the plan; and, two, if there was going to be a request to the city for dollars, either what would be the nature of the request?

If you don't want to put a dollar figure to it, that's fine. But, I mean, there are a limited amount of known areas that you could make any request on.

Now, is anyone talking about either shifting the percentage of the real estate tax that goes to the city and to the School District even more so in the district's favor? And then where is the city Budget Office in that process?

I mean, it is March.

MS. KAHN: That's true.

I can't tell you what the number is now. The Mayor did say in his budget message back at the end of January that, you know, right now his proposed budget contained just what it had been, you know, in previous years.

And, in fact, the city's five-year plan is a continuation of the $15 million city grant.

But he said in his budget message that

we have to do more. Everyone knows we have to do more. And we will be back, you know, at the right time.

Last year it was March also, and we didn't know then how we were going to keep schools open. And come May 31 we managed to be able to do that for this year.

We want to do it in a different way this year, so that it is part of a long-term plan. So it becomes the first step not just a patching together -- which was very helpful, because it enabled us to have school.

But, you know, we are just not there yet. We are just having conversations with, you know, again, legislative leaders and the Governor's people.

And we need to do that with City Council, but we are just not there yet.

COUNCILMAN NUTTER: Well, I guess lastly -- and I think I heard the buzzer go a while ago -- I mean, obviously it is good that you are having these discussions.

I guess I would like to try to get a sense of what is either your one expectation or a

series of expectations that would result from these discussions?

I mean, what does anybody believe either may or could happen as a result of any of this?

MS. KAHN: Is that we can get agreement among all of the leaders that we have a three-, five-year plan, whatever it is, where the School District, as the city did, is in fact working itself towards financial stability, which would mean a match between the projected obligations and revenues going forward, over some period of time.

Which would, again, be a combination of what the School District can do on its own, what we can do locally here in terms of additional revenue, and what we can do in Harrisburg, and what we may have to do -- and in all likelihood will have to do -- in terms of deficit financing.

COUNCILMAN NUTTER: Okay. When we return, I would like to talk about the deficit financing part of this.

But taking great advantage of the President being tied up with my colleagues...

PRESIDENT VERNA: Thank you. The Chair recognizes Councilman Goode.

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COUNCILMAN DiCICCO: I was trying to distract her so you could get more time.

COUNCILMAN GOODE: Thank you, Madam President. Good morning.

I want to revisit the student transportation issue very briefly. And first I thank the district for providing us some new information.

According to the information you provided me, it states that for each additional 5 cents of subsidy by the School District on subsidized tokens, the increase in that cost after state reimbursement would be approximately $150,000.

Let me say for the record that I understand that in terms of SEPTA's operating revenue, that it either comes from fare revenue or from subsidy. And any situation in this case is just who is going to provide that additional subsidy.

So in the end, it is the Administration and Council who have to make a financial decision if we want to reduce the cost of tokens, in terms of how we are going to further subsidize.

But I also wanted to ask two things for

the record in terms of requests. One, that the Board in not only looking at how they are managing what's called the second-largest transportation system in the state, but look at the issue of student transportation costs.

We know that there is action that was taken in the past that has reduced that cost and provides the current subsidy that exists.

But I think it is the responsibility of the Board to look at what its student population can afford in terms of costs, and to make that recommendation.

Not necessarily to come up with the money, but to make a recommendation in terms of what the student population can afford and how that may or may not impact truancy and other issues, but moreso what is the needs-based situation here.

The second request is that the district participate in the April 3 hearing that is already scheduled in chambers here by the transportation committee at 10 o'clock. Thank you.

Thank you, Madam President.

PRESIDENT VERNA: Thank you. The Chair recognizes Councilwoman Brown.

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MR. GOLDSMITH: Could I just say one thing? I did call Mr. O'Leary today, because I know this is of concern. And he and I do plan to get together within the next ten years, our secretaries are working it out, and let's understand what each other's issues are and what can be done.

I think the important thing here is that we both share a common funder, about 90 miles west or whatever.

And this is something that perhaps can be part of our joint legislative approach to Harrisburg. Since, obviously, we have educational needs, they have transportation needs, and the two intersect.

And so he and I plan to sit down and start that dialogue.

COUNCILMAN GOODE: Thank you. I have a full appreciation for those comments.

PRESIDENT VERNA: Thank you.

Councilwoman Brown.

COUNCILWOMAN BROWN: Thank you, Madam President.

I want to revisit the technology activities at the School District.

And on the issue of accountability, in the testimony, or in one of the answers yesterday, and I quote, the response was, there is an integration of the curriculum with technology initiatives.

Elaborate on what that means. Speak to the accountability on who oversees the achievement of whatever those core standards are.

Meaning, is that the responsibility of the cluster leaders, or of the individual principals, or is there a point person downtown that is keeping a pulse on technology improvement with students in the School District?

MS. FARMBRY: Okay. The whole area of technology, instructional technology, is under my guidance and leadership. It is one of the areas that reports directly to the director of curriculum.

And what we are doing is really trying to make sure that technology is used to make sure that students -- the standards that we have set for the district, that technology is another way through which students can reach our standards.

That when technology is used, it is purposeful use, that the software that we use is

software that is in alignment with our standards.

So a lot of the work around technology is not only about getting students to use, but also getting vendors to be responsive to our curriculum expectations, our own standards.

So a lot of it is working with vendors in terms of making sure there is a match between what their software is purported to do and what our needs really are.

So it is both outreach to vendors, to make sure that we are not just getting sold any old thing, and making sure that the use in the classroom does support our standards.

COUNCILWOMAN BROWN: How many buildings, schools are there again in the system, school buildings? Where there are classrooms, let me be specific.

MS. FARMBRY: We have 264 buildings. And they are, sequentially over the past two years, they have been wired so that all of the schools do have access to the Internet.

COUNCILWOMAN BROWN: And all of those leaders at those various buildings report directly to you? I am trying to get a handle on the

organizational structure.

MS. FARMBRY: Each cluster has a cadre of people known as teacher technology leaders. They report to the cluster leader, but they also very much are in touch with central office, that works through the cluster leaders, in terms of making sure the technology standards are adhered to.

But there are technology teacher leaders at each cluster.

COUNCILWOMAN BROWN: And what is your level of satisfaction with regards to where students currently are and where you want them to be?

MS. FARMBRY: I would say we have a lot to do in the name of growth.

A lot of that is tied to the reality that we are doing a lot of work in terms of getting our teachers really trained in best use of technology. And I would say their level of receptivity probably spans the general adult population.

Some people are very, very eager to learn; some people who are very, very traditional are not as eager to learn.

COUNCILWOMAN BROWN: So the lag is not

at all related to the lack of money?

MS. FARMBRY: I would say that to the extent that technology training does have an impact on the professional development budget, there are concerns around how to continue to fund professional development activities.

MS. KAHN: Councilwoman, I would just add -- and certainly I defer to Dr. Farmbry on all the details of what's happening.

But I also wanted to point out that as part of the Education Empowerment Plan, one of the requirements is the development of a comprehensive plan for -- you know, first of all, to assess where we are with the use of instructional technology and developing a comprehensive plan for how it can be used to assist teachers in their many duties, not the least of which is obviously teaching and learning.

And as a parent I will say that I think that is a very important thing. I think that there are all of these very good activities and solid activities, as Dr. Farmbry has described, going on.

But I also just had a personal experience which I won't relate here, but in terms

of schools and how the computer classes are being introduced.

And so I think that there are some good, important questions. Because I think we all want to see our children be up to date and be able to use technology as a tool.

But depending upon the level of school your child is in, and, you know, the type of curriculum he or she is pursuing, it is important for a parent to know what the expectations are.

So I hope that that's one of the things that will come out of the Empowerment Plan provision.

MR. GOLDSMITH: Let me just say, if I can, I think what's gone on in the past several years is really building the infrastructure and sort of laying the infrastructure that allows us to now do what we are all really interested in. And that's sort of the content and the practical learning.

And we have gone through and the end of December have wired every school. I think we have got about 40,000 computers now out in the classrooms.

We have some extraordinarily innovative

programs going on; such as, Reinventing Education, which is a project with IBM which is of national acclaim.

I think our challenge going forward, and every School District's challenge, is getting consistency out there; that we don't get, you know, 3,000 different programs out there, but that we try to determine which is the best one, or the best ones.

COUNCILWOMAN BROWN: That's incredibly important.

And we don't want to diminish the good that's happening currently with technology within the schools.

But we have SAT scores in our face that say, if we were to, as quickly as we can, and knowing there are huge challenges in front of you, but we cannot ignore SAT scores as they currently exist.

And if we are going to use technology as a too many, somehow bump that up on the priority to expedite that so that we are not looking at the same level SAT achievement a year from now or 24 months from now.

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MS. FARMBRY: If I may also add, we have an excellent learning technology support group which does offer professional education courses at the Kennedy Center in technology. They also go out to the cluster offices. In addition to our community C-tech labs.

So we do try to make sure that there is the availability of resources to assist not only our teaching staff, but also parents who want to go through the C-tech labs to enable them to brush up on their skills in technology.

COUNCILWOMAN BROWN: Before I get to my final question on procurement, I believe I asked this question last year, again Deborah Kahn stated in her testimony, there are enormous challenges.

And the world is such where you cannot do everything at one time. The dollars simply are not there.

So if you had to ID three top priorities on the curriculum side that you want to focus on over the next 24 months, be they tied to money or not, what would they be?

MS. FARMBRY: I would say the continuation of our reduced class size, early

balance literacy initiative, making sure that we have full-day kindergarten, and also increasing our services to the middle schools.

COUNCILWOMAN BROWN: How far are we from full-day kindergarten implemented throughout a 100 percent level? How far are we?

MS. FARMBRY: We currently have full-day kindergarten. So when I say, "full-day kindergarten," I mean continuation of full-day kindergarten.

And if I could also say, our other two key curricular areas that are mentioned in the Empowerment Plan, in addition to, as I just spoke about, literacy, would be math and science.

COUNCILWOMAN BROWN: Math and science.

So next year, 12 months from now, when I ask the question do you believe that there has been adequate progress -- and of course you did have to determine what level of progress you want it make in these areas -- one can reasonably expect that there will have been improvement in these areas?

MS. FARMBRY: I would expect so.

I will say that what I am really doing is looking at how we can streamline all of our

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resources to mainly support literacy, math, and science. Those are our tested areas.

As Mr. Goldsmith has said, one of our key drivers in terms of all of our conversations has been, how can we really better focus the district. And the three curricular areas of focus are literacy, math, and science.

COUNCILWOMAN BROWN: Thank you very much.

On procurement, I know that discussions continue with regards to looking at how the School District can spend its limited dollars smarter when it comes to procurement.

Where are you in discussions with the city? What one or two areas have you reached some level of agreement on where you can spend dollars smarter? Or are you that far along?

And what is the district's standing with regards to participation of MBEs and WBEs? What's the percentage as it currently exists?

MR. McGLINCHEY: My name is Tom McGlinchey, I am the Chief Operating Officer for the district.

I believe your first question is where

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are we in cooperative efforts with the city?

COUNCILWOMAN BROWN: Yes.

MR. McGLINCHEY: Yesterday afternoon, perhaps it was after you had left, I was called forward to explain that we are working with the Managing Director's Office --

COUNCILWOMAN BROWN: That, I am aware of.

MR. McGLINCHEY: -- and a task force that was commissioned by the Mayor to look at all aspects of joint cooperation with the city and the School District.

We have identified four areas to look at initially: Fleet management, information technology, risk management, and procurement.

Our first area is fleet management. We have had several meetings with the managing director and with the city's fleet manager, Riley Harrison. So we are actively engaged in the process of looking at fleet management.

COUNCILWOMAN BROWN: I don't want to ask you to repeat anything of what you said yesterday. Just give me the goals in terms of completion of any one of these areas.

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Do you see yourself 12 months from now or 6 months from now having come to an agreement of sorts or what?

MR. McGLINCHEY: I would say more in the short term, than the long term. Within six months we should have some closure on the transportation issue.

COUNCILWOMAN BROWN: That's helpful. You don't have to provide me with details, particularly if you did it yesterday already.

MR. RAMOS: I would ask Mr. McGlinchey to confirm also, because I am not 100 percent sure, but pretty sure, that the district also routinely purchases off of city and state contracts.

And in its purchasing process at the Board, we ask -- when contracts come to the Board, we regularly ask, you know, how does this compare with the city's contract? Because we have the ability to buy off your contracts or buy off the state's contracts.

COUNCILWOMAN BROWN: Okay. And then the second question, I mean, I may answer the question when I ask it.

Where are you with regard to the

participation of MBE, WBE? What is the bottom-line budget, and what percentage of that budget gets awarded to MBE, WBE?

MR. McGLINCHEY: I don't have those statistics with me now, but I can certainly get them to you later today or tomorrow.

We do maintain those statistics. And the Board has repeatedly stated that one of their goals is to increase the level of participation of minority and small business in School District contracts.

COUNCILWOMAN BROWN: I would ask that you forward that information to the Chair.

I would put on the record that in 1995, it was less than 2 percent going towards the MBE, WBE community. So I would expect that five or six years later there's been some substantial improvement.

MR. McGLINCHEY: We will forward that information to you as soon as possible.

COUNCILWOMAN BROWN: Thank you very much.

Thank you, Madam Chair.

MR. GOLDSMITH: Councilwoman, if I may,

Mr. McGlinchey said he expected fleet management in six months.

I would be disappointed if we didn't have risk management also within that time frame, working with the city in combining our expertise and resources. I would be very disappointed.

COUNCILWOMAN BROWN: Thank you very, very much.

Thank you, Madam President.

PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Rizzo.

COUNCILMAN RIZZO: Thank you, Madam Chair.

I would like to go back to some of the conversations that we had yesterday.

Mr. Goldsmith, this reform effort of yours, I would like to know, within the Administration, what kind of cooperation are you getting?

MR. GOLDSMITH: I think good cooperation. I think we are all getting to know each other a little bit. And people are getting to know my style and how I operate, and I am trying to learn the School District. But I think I have a

good staff people who have enormous expertise. And I don't think anyone is not cooperating.

And if I found that to be the case, that would not make me particularly happy.

What we are doing, in my judgment, is trying to run a school system that we -- that's a viable school system, one with limited means that has enormous needs to increase student achievement. And I couldn't imagine why anyone wouldn't cooperate in those efforts.

We can disagree about tactics and strategies from time to time, but we have a significant problem. We have a financial deficit, we have an educational deficit.

And I think we all want to work in a school system where we can hold our head up high.

People have done enormous work in this school system. And they are resilient, they care, there is passion about it. And all I am here for is trying to be an enabler so they can really accomplish what they want to do.

So I would be surprised, I would be disappointed, but frankly surprised, if people didn't cooperate.

But I also understand, Councilman, change is difficult. It is difficult for each and every one of us. And we can get comfortable, and stuck in our ways, and that goes for me as well as for anyone else. So I understand change is a difficult thing.

And hopefully we can go down the path and make the progress we all want.

COUNCILMAN RIZZO: You said you would be disappointed if that was occurring.

And I don't want to disappoint you, but there are people in the Administration that think that there is quite a bit of resistance to joint fleet management with the city to possibly join procurement or risk management.

So, again, I don't want to disappoint you, but there is that perception.

And I want to talk about some of the things. We always point to Harrisburg, and I believe Harrisburg pointed back and said, you really need to do some things before we really get in there and help you to the extent that you want us to help.

My point about what we have control over. During labor negotiations, and I think since

I have lived in Philadelphia, I have seen the finger pointed at 20th and the Parkway, making acquisitions that 20th and the Parkway and the administrative support to the School District is fat, that it is top heavy, that it is all these things that we have heard, especially during labor negotiations.

I want to be specific. But I'd like to get your reaction as an outsider, coming in here -- when I said, "outsider," outsider to the School District; you indicated that you are learning your way around -- how would you view the structure?

Because after you answer that question or comment on it, overnight I have had some calls from people that run fleets in very large organizations and run businesses that you run at the School District, and I want to tell you what some of the comments were.

But I would like to get your opinion of those comments that I just made.

MR. GOLDSMITH: My belief is that -- I don't want to get overly technical or dodge a question.

But I have been in a series of large organizations. And I have yet to be in an

organization where there is not a tension between what I will call the field and central headquarters. It is natural. What I think is important to figure out is when it gets too much.

And, as I said, I think there is too much focus on 21st Street, I think there is too much focus on clusters.

I really think the focus has got to be on classrooms and schools. And what I want to do is for us to step back and say, what are their needs and how do we support those needs.

And I think that we have an opportunity, a small window, to step back, ask those questions, and find out, you know, the right equilibrium between how much you want out there in the field, how much you want at 21st Street, how much you want in cluster offices.

So I think that there are some improvements we can make and some changes that we can make. But I think, as I said, I think there's always that tension. What we have to figure out is how great that tension should be.

But more importantly what we have to understand is that we have limited resources. One

could argue we have no resources right now. And it is how we use those resources to focus on what our core mission is.

And our core mission is -- I have yet to see a program that isn't good. But I think we have to step back and focus on our core mission, and that's education. And it is really even, to narrow the focus, things that Dr. Farmbry talked about, and make sure the resources are geared toward there.

But I would be interested in comments from other businesspeople, and I certainly would love their help.

COUNCILMAN RIZZO: I am going to tell you one right now.

So the accusation or the suggestion that some of our operations within the district are fat, let me give you one specific conversation that I had.

How many people are employed in the School District of Philadelphia, in the transportation division, that administer the transportation division?

According to the summary here -- why don't you tell me, to the best, in case I'm not on

the money here, how many people work in just the Administration? Not mechanics, the Administration of the transportation division.

MR. GOLDSMITH: We will get that information for you.

COUNCILMAN RIZZO: I would like to hear it now. There are obviously people here that can do that.

I mean, that's something that I think would be at the tip of our tongue here.

MR. GOLDSMITH: Well --

COUNCILMAN RIZZO: Not necessarily you, but someone here.

MR. GOLDSMITH: 43.

COUNCILMAN RIZZO: 43 people.

How many vehicles in the transportation division? Less than a thousand? More than a thousand buses and trucks?

My point, Mr. Goldsmith, I got a call from a professional transportation manager that told me that having 43 people in a transportation division, just to administer it, is part of the problem that the School District has.

That's not me; that's a person that has

been 40 years in the transportation division that was watching this yesterday, called me, verified his credentials, and told me he just can't manage how we would employ 43 people to administer a transportation division.

MR. GOLDSMITH: We can have this discussion off line, but...

COUNCILMAN RIZZO: No, we don't need to. We are talking about public money here. We are talking about 43 people.

If they are needed, then fine. When constituents call members of Council and wonder why -- and this person has worked in five or six different transportation operations throughout Pennsylvania.

And when he saw, and apparently had access to this information, that there were 43 people administering that operation, he just shook his head in sorrow, he said.

MR. GOLDSMITH: Well, what I meant to say was sort of, obviously, have this conversation public.

But if you would let me know who that person is, or have that person contact me, that's

the type of assistance that I need. And I would like to know that information and get his viewpoint on it.

COUNCILMAN RIZZO: We have how many vehicles? Mr. Lombardi, how many vehicles do we have in the transportation division?

MR. LOMBARDI: We are responsible for the operation of over 1200 school buses, taking public and private school students to school.

COUNCILMAN RIZZO: That wasn't the number yesterday.

MR. LOMBARDI: Yesterday I gave you the number of how many vehicles we operate in-house. There are additional vehicles that we contract out for service.

With district operating contracted vehicles, we have over 1200 school buses and taxi cabs that we provide service for.

In addition, there are 450 nonbus vehicles that we're responsible for, also. So there is over 1600, almost 1700 vehicles that we are responsible for, either maintaining or contracting out for services for students.

COUNCILMAN RIZZO: And 43 people don't

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include mechanics; correct?

MR. LOMBARDI: No, 43 people do not include mechanics.

COUNCILMAN RIZZO: They are pretty much white-collar jobs?

MR. LOMBARDI: No, they are not necessarily. Some of them are street supervisors who ride along with the buses to make sure they are following their scheduled routes.

COUNCILMAN RIZZO: Then why do you think the reaction, the best of your ability, why would a professional transportation manager react the way he reacted, tracked me down, said he couldn't believe that there were 43 people to run, administer, this size of an operation?

Just administer it, not fix the trucks; not wash them, not drive them, administer this operation?

MR. LOMBARDI: I guess you would have to answer that.

COUNCILMAN RIZZO: I mean, you are being criticized.

MR. LOMBARDI: We have over 1200 vehicles on the streets.

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COUNCILMAN RIZZO: And, in your opinion, 43 people are needed to administer 1200 vehicles?

MR. LOMBARDI: Yes. There are routes that are scheduled, there are street supervisors who follow the buses, there are people who handle complaints.

MR. GOLDSMITH: We are also -- and I don't know who this individual is and so forth. And I am not quarreling with what he says.

But I think it is also important to understand the nature of the business we are in. We are in the business of transporting children. And that may be a little bit different than other transportation systems he is familiar with. I don't know.

I mean, but not everything is an apples-to-apples comparison. And those are the types of things, when you are talking to people, whether they be consultants or anyone else, that you have got to get under the hood and understand what the apples-to-apples comparison.

That's not to say we need 43 or we need 53 or 23. That's just to say that sometimes things can be more complicated than what appears on the

outside, and sometimes we can make things more complicated then they should be. Part of my job is to figure out what's what.

COUNCILMAN RIZZO: My point is that we are constantly asking for help from outside. And then there are certain areas you do have control over, you do have control over. You have control over, do we need 43 people to administer transportation division.

I just learned, and I would love to hear about taxi cabs. I didn't know about taxi cabs. We have taxi cabs?

MR. LOMBARDO: Special ed students.

COUNCILMAN RIZZO: And that requires some management, obviously, supervision.

MR. LOMBARDO: We have to manage the contract.

COUNCILMAN RIZZO: And yesterday I learned we have now a fleet of Nextel phones. And I would be interested, if you would provide the Chair, the cost of that contract associated with Nextel phones, when I verified this morning that we do have radios that can serve as portables and fixed units within our vehicles.

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So maybe just the gut reaction to go out and get Nextel phones wasn't a prudent or a good decision.

MR. GOLDSMITH: I believe the Nextel phones was actually done with the city, in conjunction with the city.

COUNCILMAN RIZZO: My point, it costs money. And we are looking at, again, to save money for this School District and control costs.

And I was told yesterday that the reason we went out and signed a contract with Nextel was because the communications equipment that we have can't be utilized the way we would want it to be utilized.

Well, I talked to the managing director this morning. And the managing director was -- and I am not going to quote him, but I will paraphrase -- was a little disappointed with the call suggesting that he would like to have Mr. McGlinchey reach out to him or you to put this communication effort back on track, because there is absolutely a cost savings long term to the School District to involve themselves in this project.

But, again, I just want to make sure

that the things that we have control over here -- because I think Harrisburg sent you a real clear message. Until you do what you need to do, we are not going to help you.

And if you are asking for more help, again, being in the minority here, Republican, and working with a Republican Administration in Harrisburg, I certainly can't be as supportive as I would want to be with the Governor and the state reps in Harrisburg, if I am not convinced that you are doing the job that really needs to get done here.

And when I hear these -- and forgive me -- these excuses that we need Nextel phones, that we need 43 people to administer a transportation division, well, when are we going to start looking at these operations?

How many people do you have in the building services operation? How many do you need?

Major corporations, when they get into trouble, start to downsize, start to do things differently. I don't see any of that happening in the School District. I hear about it, but I never see it.

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I look at the transportation division, I see in '99 41 people. I see 43 in the next Fiscal Year. I see 43 going forward. I don't see any new numbers, reducing here.

MR. RAMOS: Councilman, part of what we have been trying to do and say over this last year is a recognition that the Board, that the School District, is at a time where we thought that to move further with the type of operational reforms and the type of leveraging of every dollar towards the classroom, that we needed to go into the private sector or someplace to find managerial capacity at the top.

And that's what we have done in the few months that we have had Phil on Board, that's what we are doing as we do the CEO search.

Most of the issues we are talking about today are issues that you have talked about before, but you will note that they are issues we have flagged when we have presented on what we want to do with some of them.

You have heard from Mr. McGlinchey, Mr. Goldsmith. We have laid out some timetables.

Frankly, Councilman, unless enormous

amounts of revenue -- unless there is a new, big revenue source out there in the out years, this School District is going to have to look differently in several years.

And part of what needs to happen is, the school system needs to become an enterprise that is all about teaching, and all these other businesses need to be done in some other way.

Many of them are duplicating other public services. And in some cases perhaps we are doing them because other agencies were kind of masking the fact that we are underfunding other agencies.

Why are we doing social services? Why are we doing health? Why are we doing police? Why are we doing transportation?

If all we had to do was pay for teachers and pay for an education, our problems would be a lot less.

COUNCILMAN RIZZO: I would agree with that totally.

And, again, my turn, I think, is about over, but I would appreciate some information to the Chair about Nextel phones.

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A little piece of the pie. But, let me tell you, you start throwing all these little pieces into a box, that box gets full with a lot of money.

And I would like to know also the cost of this communications system that we had. I heard that it doesn't cost anything. I have done some research overnight, and I found that it costs a little bit more than nothing.

So I would like to know a little bit about how we communicate within the School District, the technology that we have there, and I would appreciate you following up on the managing director's offer as of this morning to put that back on track.

MR. RAMOS: We will ask that staff do that, Councilman.

I also want to point out that what we don't want to do is cover our ears or put our head in the sand as suggestions are made or proposals come up. We want to be able to explore them all.

What we do have to do, as we get information, as we get suggestions, is figure out how to, you know -- as we try to manage a school system while managing is crisis is, we also have

only so much capacity, so many courses.

And we need to prioritize as we go along. Which means that some good ideas don't get acted on as quickly as you would like because you are trying to take care of other ones. But that should be the result of some prioritizing process.

COUNCILMAN RIZZO: Mr. President, in the private sector -- and Mr. Goldsmith knows as well as I do -- big corporations have experienced similar situations.

And the first thing they did is start to analyze the structure of their organization to look at their transportation division, to look at their procurement division, to look at their building services division to see what they can spin off and what they can do better.

Has any of that occurred at the School District? I mean, I am curious to see a report other than Philadelphia First -- which I am not even convinced how much of that was even adopted.

The Philadelphia First study was, in my opinion, a very, very good start. And I would be curious to know how many of those recommendations have ever been brought to closure or implemented?

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MR. RAMOS: On the Greater Philadelphia First? I don't know off the top of my head.

I know what you know from last year, which was that the testimony at that time indicating the cumulative savings.

And we can get that information for you, the update on fulfilling the Greater Philadelphia First report.

But I think that what we are talking about now goes beyond that. What that report did was pointed out some ways -- I mean, in the facilities area, for example, one of the things that happened two summers ago was, we got a landmark labor contract with the union that represents drivers and engineers, where the number of trades, for example, went down from 24, 22, to 8, where in that area they have adopted -- and I know because just from visiting schools, you could see some of the change in just the cleaning technology, from the equipment that people used to clean, to the premeasured packets, to the methods they used. So those types of things were done.

What it didn't look at was some of the things that we're tracking, that we are dealing now.

It didn't look at how we could be more cost effective on the instructional side of the house, and emphasis on effective.

And it didn't contemplate the types of things we are talking about here. Which are really, you know, in some cases, doing some things radically different.

And that's what we are trying to do now, with the benefit of somebody whose background they are bringing to the district is that of a manager.

And I think we now have at least a perspective that's going to enable us to do more things.

MR. GOLDSMITH: Councilman, if I can, just in terms of comparing it to the private sector, if this were a private-sector company, the first thing I would do is fortify our balance sheet, identify our core service, and get rid of that which isn't core.

And if we couldn't meet the bottom line, I would sell it. And if I couldn't sell it, I would close-up shop.

COUNCILMAN RIZZO: Don't try selling it. We can't even sell the gas company.

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MR. GOLDSMITH: That's the way I am approaching it, not to sell it. But first and foremost, we have to fortify our balance sheet.

And that's not to dismiss the issues that you are talking about. They are very critical. Because unless we can demonstrate we can do some of that, we are not going to be able to fortify our balance sheet.

But we have a cash issue on hand, we have a longer term issue -- people have to understand that -- and at the same time do the very things that you are suggesting.

They are important things. And I don't mean to minimize them. But it would be fortify the balance sheet, identify our core services which Mr. Ramos just talked about.

And the other stuff, if someone can run or transportation, you know, I don't have a chauffeur hat on. I don't want a chauffeur hat. I want to run a good educational system.

COUNCILMAN RIZZO: I am not suggesting, Mr. Goldsmith, that someone else should run our transportation division. I am not suggesting anyone else should do anything that the School District

does.

All I want to see is it run as efficiently and as lean as possible.

MR. GOLDSMITH: I think we are on the same page.

COUNCILMAN RIZZO: I would like to hear -- not that this is different in any other organization -- but could you describe, a school bus driver's employed by the School District of Philadelphia, benefits, the whole deal.

Would you describe the work day of a school bus driver? What happens once the kids get to school in the morning? Go from there.

MR. LOMBARDI: 80 percent comes in in the morning, signs in, does an inspection of his vehicle, goes out, picks up his kids, takes them to school, signs out, goes home.

COUNCILMAN RIZZO: Give me some times.

MR. LOMBARDI: Two hours. Most drivers work two and a half hours in the morning and two and a half hours in the afternoon.

They are primarily part-time employees. They are off in the middle of the day.

COUNCILMAN RIZZO: They are part time

with benefits?

MR. LOMBARDI: Correct.

COUNCILMAN RIZZO: What kind of salary?

MR. LOMBARDI: Part time, maybe $15,000, $16,000 a year.

COUNCILMAN RIZZO: So the salary structure is based on the number of hours. And it is a flexion day, they go home in the morning and come back --

MR. LOMBARDI: They have a split shift, sir.

COUNCILMAN RIZZO: -- is that how it works?

MR. LOMBARDI: Primarily. 80 percent of our drivers are part time, 20 percent are full time. The full-time employees, they run activities in the middle of the day.

COUNCILMAN RIZZO: What do they do?

MR. LOMBARDI: They transport special-education kids from schools to schools, in the event that one school doesn't have a program.

They take special-education children for life schools to different locations. They are all the full-time people.

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We run trips in the middle of the day with our part-time people, we bring them on. It is an extended time situation. Primarily those are funded trips.

But primarily they are part-time employees, sir.

MR. GOLDSMITH: And some of those drivers the other day were with kids until 11 o'clock at night, when they were stuck in snow. And, again, these are some of the stories that don't get told.

We got, you know, that unfortunate snow storm that everyone got hit with. And we have those types of things, as well. And I would just like the record to show that.

COUNCILMAN RIZZO: I would suggest going forward. If there are stories that should be told, tell them. Thank you.

Thank you, Madam Chair.

PRESIDENT VERNA: Thank you.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair.

Just to get some clarification for

myself in terms of the earlier discussion, I thought I had read somewhere in either previous budget testimony or possibly either a state report or some of the information out of the many, you know, lawsuits and discoveries, that the Philadelphia School District had one of the highest percentages of its dollars being used for instructional costs as compared to other school districts either around us or in the Commonwealth. Is that accurate?

MS. CHATZKEL: Let me verify that.

COUNCILMAN NUTTER: I can't hear you. I thought I heard this a couple of years ago.

MS. CHATZKEL: Actually, what we compare on Table 513 of the Plan, we compare ourselves with other urban districts in the Commonwealth.

And I don't have percentage here, but it looks at if we are at least tracking with other urban districts in what we spend on what the state defines as instructional expenses.

COUNCILMAN NUTTER: 513?

MS. CHATZKEL: Page 101.

We actually, Councilman Nutter, next year will be able to have a much better way of benchmarking what we spend on each individual cost

relative to other districts in the Commonwealth.

There is a program called SAMS, which is aiming to have consistent reporting across school districts.

Right now it is not exactly consistent, which is why we didn't delve further into that particular question.

COUNCILMAN NUTTER: But, as I said, I thought that I had in some previous years, through testimony or other information, was left with the impression that the district's percentage of the entire budget spent on instructional costs, excuse me, was one of the highest in the Commonwealth.

And doesn't the state also make some evaluation of your use of dollars based on either instructional costs or operational costs?

MS. CHATZKEL: What the state has done, has been to implement, or begin to implement, this system. Because what they found is that, when they look at different school districts, different school districts might count principals differently.

Some will count them as administrative costs, some will count them as direct instructional costs.

So they found -- and they may have embarked on that study -- that they couldn't do it until they have better data. And that should be available after next year's reporting.

COUNCILMAN NUTTER: I guess, lastly, any information that you can share with us that might shed some additional light on this entire topic.

I thought that, again, quite honestly, a few years ago we had crossed a little bit of a threshold with regard to some components of this debate about size, how many, you know, lean, nonlean, all of that discussion.

MR. RAMOS: I think what the Board and Council have heard has been that the district, when compared to other school districts in the state, spent more on instruction than the state average. And there were different ways of that being said.

I think that that is a claim that's been made over the years, which I think is consistent with what Rhonda is saying.

But I do know that a lot of us have been much more hands-on involved in digging into the numbers behind the multi-year plan.

COUNCILMAN NUTTER: Maybe you can

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provide to us, through the Chair, some analysis over the past, let's say, five to ten years of the instructional and operating costs of the district from a year-to-year comparison, as well as any reductions in the number of employees that administer or help to operate the district.

It might shed some additional light on this. And maybe you can kind of move the debate forward, or at least get more into -- even if you took draconian steps -- which for the moment I am not necessarily suggesting, because I know that there have been some cuts -- but at the end of the day, I mean, you do some people to run many of these entities. They will not run by themselves, and they are in some pretty critical areas.

Are regard to the --

MS. CHATZKEL: Councilman Nutter, if I may just interject for one second. On Page 36 of the multi-year plan, there is a chart which indicates that our administrative positions, funded from all sources, from our grants and from our operating funds, have continued to decline over this ten-year period.

What we have been really careful not to

do in this multi-year plan is to put any sort of comparison in that can't be absolutely verified from a source other than our own information.

And we did look very carefully at what the Pennsylvania Department of Education provided. I don't think it would quite answer the question that you have addressed. But we will go back and try.

COUNCILMAN NUTTER: Great.

With regard to the phone discussion, I happen to like Nokias personally. Nokia is a great phone. I don't know anything about the Nextels. But, you know, you will have your folks check that out.

Ms. Kahn, let's talk about deficit financing, and what that means as a component of all the other items that we discussed earlier; local sources, nontax revenues, grants.

What do you mean in the area of deficit financing, and what are your thoughts about this?

MS. KAHN: Well, I am actually going to ask our CFO to describe what some of the examples of that could be.

But, I mean, the point being that if we

are going to maintain the School District and run it, then we just need to have the dollars to do that.

So it is a way to get the infusion up front, and to be able to work on a plan that people have all bought into, so that we can do that over a number of years. And that's certainly a mechanism to do that.

But I believe, as Rhonda will point out, that that would not be positive possible. I mean, we would not be able to do that without being able to show that there was in fact a plan in place that we could adhere to in order to, in effect, repay that.

MS. CHATZKEL: Councilman Nutter, deficit financing, I think, is only a viable option for us to the extent that we show that over a three-year period, ideally, or perhaps over a five-year period, because we may need to look five years, to achieve an end where our revenues and our expenses are in line.

That's the way that deficit financing would be granted for us. So we need to look at all other ways to close that gap.

COUNCILMAN NUTTER: Who would have to grant that?

MS. CHATZKEL: Who would have to grant?

COUNCILMAN NUTTER: You used the term, that's how it would be granted to you.

Do you need state authorization for that?

MS. CHATZKEL: It would depend on the authority that we used for borrowing.

There is history for the state legislature to have approved deficit financing. There may be some other vehicles available to us, as well.

And we are looking at all of that, in fact, this week.

COUNCILMAN NUTTER: I guess, as you said earlier, I mean, until the financial picture is clearer or more aligned, it wouldn't make sense necessarily to do deficit financing, because you wouldn't be able to demonstrate the capacity to pay it back.

MS. CHATZKEL: It is the last component that we would put in, and that's absolutely right. Because we would need to show an ability to amortize

the debt to pay it back over time.

COUNCILMAN NUTTER: In the first round of this discussion we talked about potential additional local revenues, and what the city might do, the whole larger argument about local tax effort and the like.

If you look at the city's five-year plan, I believe we have accounted for the $15 million every year going forward.

I think the fund balance five years from now is rather on the slim side. And between now and then, we will have reworked all of our municipal contracts.

Because I think the police and fire signed for two each, 33 and 47 for four, and so they will all come back up in '04.

What is it about our five-year plan that gives you comfort that, even if we wanted to, we would be able to do more? And, again, what would we do?

MS. CHATZKEL: I don't think we can speak, I think certainly I can't speak, for the city in terms of what can be done. And we have looked at the five-year --

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COUNCILMAN NUTTER: I am not necessarily asking you to speak for the city. I am asking you to speak for the School District, in terms of what you have been able to see.

I mean, I think other than a few places that our illustrious budget director likes to hide a few dollars, our plan is already out, we have had full public hearings about it. I mean, it is what it is.

So I am asking you to speak, from the School District's perspective, based on a document that is out in the public forum, and tell me what you think is in there that you might identify that could help you?

MS. CHATZKEL: I would have to take the five-year plan at face value. I have read it from cover to cover. The numbers that are in there tell the story that you have just told.

If we were to look for ways for local sources to help us, without having a dollar-for-dollar impact on the city, one of those avenues is to consolidate certain services, which is obviously, then, a priority for us as we look at additional resources from the city.

But beyond that, I think at this point we are relying on the city to go through their budget with more knowledge than we could.

COUNCILMAN NUTTER: Are you anticipating that something will happen in the course of the current ongoing budget process?

We have had all of our departments in. Good, bad, or indifferent, the way the schedule lays out, the School District is the last piece of this.

Somewhere in the next few weeks, more than likely, we will vote on note only the budget, but also the five-year plan.

Do you anticipate something happening between now and then involving additional support for the School District?

MS. KAHN: I mean, I would certainly anticipate ongoing discussions to occur between now and then.

Whether there would actually be a request for any formal action between now and then, I just don't know yet.

COUNCILMAN NUTTER: The formal request for any action would come as a result or out of these other discussions?

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MS. KAHN: Yes. I mean, other than -- you know, this hearing is based on the current tax bills, of course.

But other than action on those, I am saying that any supplemental or additional action, you know, I can't tell you exactly when that might come.

COUNCILMAN NUTTER: Okay. Let's talk about one consolidation issue. I know this issue was raised yesterday. It was not crystal clear to me as to what the issues were.

I know that there was discussion yesterday, and that's also reported in the morning paper, on the school safety, police issue.

The police department, one of their spokespersons, is quoted as saying, "However, there are labor and contractual issues that must be addressed by the School Board that remain impediments to the city police takeover of school security."

Could you detail for me what they are and what is the Board's position with regard to possible turnover in direct jurisdictional responsibility from the School District for the

police, where your police force is, versus complete oversight and merging with the city police department?

MR. GOLDSMITH: I won't speak to what the School Board's position is. I will let the President speak to that.

I do know that there are some labor issues. And the issue we have, the labor contract we have, with our police officers, I think, goes to 2004. But there is, I think, some issues there with deployment and so forth.

And we would have to sit down and work with the city and identify what those issues are, and obviously work with the union if we were going to go down this path.

I don't think -- it is not something -- it is not going to be an easy thing, otherwise it would have already been done. It is something we have to work towards, if that's where we want to go.

But there are some issues in terms of how officers get selected by schools, and I think what they call a bidding process, and some issues like that. And the President may be a little bit more familiar with those.

Those are issues that we would have to sort out with the city, identify which ones are the real impediments, and work towards that solution.

COUNCILMAN NUTTER: Mr. President, before you start. Mr. Goldsmith, let me make sure that I understand.

Did you just say that with regard to school security officers, these are, I believe it is called, Act 235? These officers carry weapons; is that correct?

MR. GOLDSMITH: No, they do not.

COUNCILMAN NUTTER: They are trained at the Philadelphia Police Academy?

MR. RAMOS: They have some training from the Philadelphia Police Department.

They have police powers, they have power to make arrests. They do not carry weapons.

COUNCILMAN NUTTER: Did you say they bid for where they are going to work?

MR. GOLDSMITH: When there is a vacancy, as I understand it, in a school, that the officers -- and I presume it is by seniority -- can choose which school or who wants to fill that vacancy.

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MR. RAMOS: Historically, Councilman -- and I may get some of this wrong -- but my understanding from asking similar questions is that, once upon a time, I mean, there were folks, this was much less, much less formal police-type functions, more like an NTA. And they were school-based, schools would buy the position.

And when we went to having deputized police, that system stayed. And, as a result, we now have a system that has people that are school-based, as well as people that are kind of, you know, more roaming folks.

One of the recommendations that was made by the Harnett report, which makes a whole lot of common sense, is, if you are going to make most effective use of your police, you should deploy them according to need, according to some kind of management methodology.

And the growth in the school police out-paced the changes in management and changes in practice that would give you the type of flexibility that a police commander would probably normally want in best using that force.

On the general question of the

technicalities, I don't know what the technicalities are.

I imagine that anything like this is complicated, and anything like this is done over time. You don't get it all done at once; you probably need to phase it.

But, generally speaking, I think that whether you are talking about this or you are talking about broader issues, where there is a will, there is a way.

And it is just, you know, if it were determined that this were a direction that we would want to go in, I am sure a reasonable implementation plan could be done that takes into account all parties, including labor issues.

COUNCILMAN NUTTER: Let me ask this question with regard to safety and security.

There is a chart associated with today's story. It is not necessarily attributed to any chart or graph that you may have handed out yesterday. And I think an Inquirer staff artist constructed this.

But they showed that safety and security and in fiscal '95 costs $12.9 million, and in fiscal

'01 it is 24.8. Obviously there is about a $12 million increase.

Has there been any discussion, for instance, while you are working through the legalities of who does what and where they work and all of that system or process, for instance, when we talk about consolidation or how the city can try to be helpful, has there been any discussion about the city trying to pick up some of those additional costs associated with your security, more than likely either through the police department or whatever other arrangements that we have?

And then I want to talk about that chart.

MR. GOLDSMITH: Obviously, I mean, we would have to work out what the financial arrangements would be. I don't think we can simply say, hey --

COUNCILMAN NUTTER: Just to be clear, I am not suggesting for a moment that based on whatever Commissioner Timoney's current budget is, which is over $300 million for city police forces, I am not suggesting that the incremental cost over the past six years would be currently picked up by the

police department budget.

There would obviously have to be an increase in the police department budget to make this kind of expenditure or take on this kind of a responsibility.

But the suggestion also then, it takes it off of your books, because it is now on ours.

And whether we are absorbing it internally or the department gets the additional funds and then contracts directly with you to cover the cost, all of this is in the realm of, how do we get things off of your books and in this sharing enterprise or discussion that we are having?

So I want to be very clear about that.

MR. GOLDSMITH: We have not gotten into those discussions; obviously we would have to.

COUNCILMAN NUTTER: I think then what I would ask is, through the Chair, if you could have your best legal minds over at the School District touch base with comparable folks over on our side.

If you could just maybe give us a memo explaining and detailing what all of these factors, or in the folks person's term, the labor and contractual issues, that must be addressed.

So that, one, we can at least understand them, so that we know what the story is. And then, two, give us a little bit after road map as to how you get there. We would appreciate it.

If you saw the story in the paper this morning, the quick math on it seemed to indicate that this is a comparison of '95 fiscal costs versus 2001. It must have been either as a result of the testimony or a quick read of the budget.

English for speakers of other languages went from -- this is '95 to '01 -- 10 million to 23 million; kindergarten, 21 to 46; payments to other educational entities, 24 to 44; we talked about safety and security, 12 to 24; charter schools, zero to 79.

For a moment I would like to leave the charter schools out of this portion of the discussion.

Is it that you have not received additional funding to go with additional growth in the other four areas? Do you get funding based on these items on a per-student basis or some other formula?

And almost all of them, with the

exception of the charter schools, represents a 100 percent or so increase from '95 to '01. Why is that?

And did funding for these items get capped at a certain level, and you just had to pick up the increased costs?

MS. CHATZKEL: For each of these, for bilingual students, there is some grant funding that is received.

But our Operating Budget has to pick up these costs. There is not additional significant revenue.

In fact, I can't think of any specific revenue in our Operating Budget.

COUNCILMAN NUTTER: We don't get any direct budgeting for --

MS. CHATZKEL: Not in our Operating Budget that I can identify or recall. There is grant funding that is available; however, that only conversation so much.

COUNCILMAN NUTTER: From who?

MS. CHATZKEL: There is federal money.

COUNCILMAN NUTTER: But there is no, I guess, dedicated line item from the state, as there

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are a million items for a variety of services and activities, no one assists us in picking up the costs of ESOL?

MR. RAMOS: Someone just whispered in my ear --

COUNCILMAN NUTTER: I saw that.

MR. RAMOS: -- that the Commonwealth of Pennsylvania is one of the states that does not have dedicated funding for ESOL, bilingual education.

MS. CHATZKEL: Although the Pennsylvania Public School Code does require ESOL bilingual services be provided.

COUNCILMAN NUTTER: So it is a mandated service, with no commiserate funding?

MS. CHATZKEL: That's correct. I was going to proceed through the list.

COUNCILMAN NUTTER: Well, let me just --

MR. RAMOS: On that one, too, Councilman, because I know Council has had an interest in the issue of immigration to the city, just to tell you what's behind that number, too. It is on Page 13 of the summary of the financial update.

The number of students served has also,

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it looks like, more than doubled during that time.

COUNCILMAN NUTTER: That was my next question.

Is this also reflecting a significant increase in students served, or is there something else going on from a budgetary standpoint?

Where are all thee students coming from in a city that continues to significantly lose population? I mean, what is the story here?

MR. RAMOS: Well, I don't know that any of us are the experts on it.

As you know, the School District's population, for starters, has increased around 22,000 students, while the city's population has gone down.

So there is immigration to the city, and it is an issue City Council has paid some attention to in the last the year.

And, I mean, that's generally been it. I mean, when you get immigrants to the city, they come into the public schools.

To some extent you had some immigration into parochial schools, but there are also fewer of them.

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COUNCILMAN NUTTER: And to the extent that, one, we either want to encourage it, we obviously need to have these services.

But, two, if people figure out that this is not an option for them, or a service that, you know, either has a long-term future or is being funded at the appropriate level, I think, quite honestly, it could negatively impact our ability to draw immigrants and others to the city because they are not going to see the kinds of programs that they are looking for.

COUNCILMAN NUTTER: Ms. Chatzkel, you are going to go to kindergarten?

MS. CHATZKEL: For full-day kindergarten, that is mandated by desegregation order, by court order.

In 1996 we put in full-day kindergarten for racially isolated schools, and then were mandated to do it districtwide.

In 1997 we received a one-time payment from the Commonwealth, $17 million, in recognition of this demonstration project, and that funding ceased after one year.

COUNCILMAN NUTTER: So kindergarten is

not mandated by the Pennsylvania School Code, but it became a mandate as a result of a court order.

And I think this was the Judge Smith, Commonwealth Court case?

MS. CHATZKEL: Yes.

COUNCILMAN NUTTER: And between that time, notwithstanding the 17 million for the pilot program or the demonstration grant, this is obviously not a pilot anymore or a demonstration, other than a demonstration of not funding something that needs to happen.

Has there been any discussion with the Commonwealth about picking up kindergarten costs? And does the Commonwealth pay anybody's kindergarten costs in the 501 school districts?

MS. CHATZKEL: It does not cover any additional costs for full-day kindergarten that may be offered by any other districts in the commonwealth.

COUNCILMAN NUTTER: Do most other districts have kindergarten?

MS. CHATZKEL: I don't know that full-day kindergarten is universally -- in fact, I know that it is not universally offered.

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COUNCILMAN NUTTER: Are you talking about statewide?

MS. CHATZKEL: Statewide.

COUNCILMAN NUTTER: What about the people we primarily compete with and have to deal with on a day-to-day basis in the four counties around us?

MS. KAHN: I don't know exactly. I know there are a number of communities, even in wealthier communities, that don't have full-day kindergarten.

COUNCILMAN NUTTER: Why don't you give us a little chart or some analysis of what's going on with kindergarten around us.

Payments to the other --

MS. FARMBRY: Councilman Nutter, if I can say, since you were not here yesterday, that what we did notice, just in terms of results, is that this year's four graders who scored extremely well on our test, that's the first group of students that had full-day kindergarten.

So if there is some correlation, it is making a difference.

COUNCILMAN NUTTER: I think that was mentioned in your testimony? Okay.

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The payments to other educational entities, what is that?

MS. CHATZKEL: Payments to other educational entities have two components. One is special education placements, which are required under the terms of an IEP, or an Individualized Evaluation Plan, for each student, which we have to comply with, which we want to comply with.

Another component, about $20 million of the 45 currently, may be for children that are placed or students that are placed by a social service agency or through adjudication at some sort of a residential facility, at another School District, we bear the cost of that.

There is not incremental funding for these types of placements, with the exception of approved private schools. And for approved private schools the Commonwealth picks up 60 percent of the tuition.

Other than that, what the School District bears is the tuition cost, which we don't have control over, at many of these schools and districts.

COUNCILMAN NUTTER: Now, the

Commonwealth does pay some direct costs for special education programs in the district; is that my understanding?

Is there a different formula that the Commonwealth uses to account for special education programs?

MS. CHATZKEL: There is a special education subsidy, yes.

COUNCILMAN NUTTER: But that, again, is for students who are in Philadelphia, in the district, as compared to students who are placed outside? Or is it for all of them ?

MS. CHATZKEL: It is to cover all of our special education programs, that's what it is geared for.

And it is measured just on a assumed percent of our population being in the high incidence or, kind of, common types of special education, and 1 percent being in low incidents. So that's the funding.

And to the extent that we can provide those services within our School District, we have some ability to measure and contain those costs.

To the extent that the IEP, or in the

case of regular education where there is an adjudication order, where we have to send our students elsewhere, we can't really control those costs, and there is not additional reimbursement that comes to us.

COUNCILMAN NUTTER: I was up at the table a little while ago. I know my colleague, Councilman Clarke's, name was right under mine, flashing in, I think your color today is mauve. And so I will yield the floor for my colleague.

PRESIDENT VERNA: The Chair recognizes Councilman Clarke.

COUNCILMAN CLARKE: Thank you, Councilman Nutter. Thank you, Madam Chair.

Good afternoon. I wanted to ask you a question. Could you kind of get me up to snuff where you are with your capital programs as it relates to your facilities, improvements to existing facilities, any particular expansions or new facilities?

MS. CHATZKEL: I can speak financially, and I think our chief operating officer would speak about how those dollars are spent.

Under Mr. McGlinchey's direction, over

the past several years, the School District has maintained steady funding of a Capital Program on an as-needed basis, starting with environmental remediation and maintenance, kind of core things that have to be done.

During the 1980s, there were $250,000,000 of capital projects that were completed, and over the past decade there was a billion dollars.

Mr. McGlinchey.

MR. McGLINCHEY: Would you like me to give you a perspective on what we have done over the past several years and plan to do in the near future?

COUNCILMAN CLARKE: Not specifically; just a general overview.

And particularly given the severity of your financial situation, capital needs will obviously have some impact on that. And I would just like to get a sense how much of a role that will play.

MS. CHATZKEL: There are probably two issues to address.

One is that we benefit from Act 150,

which is a state intercept. What that does, for anybody who would buy our bonds, is, it gives them an assurance that state subsidies would go directly to a bondholder, if the School District for some reason did not make a sinking fund payment or a debt payment 15 days before it was due.

That gives us an A plus rating out in the market and enables us to get insurance.

The second issue that -- in fact, we should comment that in addition to being able to issue general bonds, because of that intercept protection, we were actually one of the largest qualified zone academy bond issuers this past year.

We were successful in placing over $22 million in bonds with PNC Bank. It was a private placement, for which we don't have to pay interest, which is a terrific boon for us.

The issue that we have with capital bonds is that, even though we are able to issue our bonds very effectively, we are able to get insurance, we have the state intercept and have a very low rate out in the market, we still have debt service that we have to pay.

And as we continue in the Capital

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Programs, the debt service in our multi-year continues to grow.

So that's an issue that we look at.

MR. RAMOS: Councilman, you are also aware of the history of the Capital Program, I know, and familiar with the fact that in our current inventory of buildings, our average school is over 60 years old, even with all the capital programs that have been done in recent years.

And that a large part of the reason the Capital Program in recent years has been focused on what our folks call securing the envelope of the building, the roof, the walls, the windows, the door, to stop further deterioration.

And that followed a period of time where there was very little Capital Program. And so some of what we see now is the effort of a whole lot of catch-up -- not enough catch-up, but a whole lot of catch-up -- that's happened just to secure the buildings that we have. You know, the average one being over 06 years old, and a few being over a hundred years old.

COUNCILMAN CLARKE: Given the age of some of our facilities -- and we actually had this

discussion earlier with the Department of Recreation, about at some point making the decision to stop putting a band-aid on some of these outdated, outmoded facilities, and looking at new construction, more efficient facilities -- are we at close to that point?

MR. RAMOS: We have been doing new construction. Frankly, I think it has largely been triage.

You know, by the time we have been putting -- I can't name a building that's been built that hasn't been way overdue.

And the type of Capital Program that it would take to really get us to where a district of our size should be would be one that would make this number that we are talking about a whole lot bigger.

Because it requires going out, borrowing money, then you have to pay, then you have to pay the mortgage, you have to pay the bondholders.

And so right now, even what we are doing is straining our capacity.

COUNCILMAN CLARKE: Can you give me a sense of where we are going? I guess, Mr. McGlinchey, you would have a better sense of the

need for additional schools.

I mean, I actually understand there is a potential of what has actually targeted one school for my Council district and the potential of maybe one other one.

Can you give me a sense of what we are looking for for the next five to ten years?

MR. McGLINCHEY: I can give you a little historical perspective, if I might, at first.

Since 1996, '97, we have built 6 schools, we have added 11 little school houses, and constructed 4 additions, and either built or purchased 7 annexes.

We have increased our student capacity to almost 14,000 additional children and added about 1.2 million square feet. That's in the last five years.

Going forward, through the year 2003-2004, we expect to add seven new schools, five elementaries and two new high schools, and for an increase in capacity for additional 6250 students and another million square feet of occupied space to our buildings.

COUNCILMAN CLARKE: Can you give me a

status report of two schools in particular? One, the new Franklin learning Center, and also Engineering and Science, the time line on the deprogramming of that school and if you have a sense on what the strategy would be associated with the maybe ultimate disposition of the school?

MR. McGLINCHEY: The Franklin learning Center is scheduled to begin operation in September of 2003. And the cost of that facility is 44 and a half million dollars.

The other school.

COUNCILMAN CLARKE: What's the construction start date on FLC?

MR. McGLINCHEY: The construction start date would be approximately September of this coming year.

COUNCILMAN CLARKE: All the acquisition issues resolved?

MR. McGLINCHEY: Almost all of the acquisition issues are resolved.

There are a couple of properties we are still seeking to acquire, but they are not in the footprint if that building, so that will not impede construction.

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COUNCILMAN CLARKE: Engineering and Science, I understand they are leaving North Philadelphia and going to West Philadelphia. And I was unhappy about that.

MR. RAMOS: You are talking about the flip side, not about the construction of the new building.

COUNCILMAN CLARKE: At some point we are going to deprogram.

MR. RAMOS: I mean, we have gotten to a point now in negotiations with the Science Center and talks with Penn over the new building, and only now really getting enough certainty on what that's going to look like and the time frame to start thinking about the old facility.

And there has not been any Board discussion on the disposition of that, no discussion at the Board on the disposition of that site.

COUNCILMAN CLARKE: Are you saying that the new facility is not a done deal yet?

MR. RAMOS: No. The timing of it was something we were trying to figure out, because it is a pretty innovative project.

We are going to be co-locating with

incubators, science incubators, in the Science Center there.

COUNCILMAN CLARKE: No chance of me getting it back; right?

MR. RAMOS: That part of the city has appealed for all types of programs because of proximity to transportation, all that.

We'd like to piggyback on the example we have set with one educational institution, and we would like to do some things.

But we think there is good potential for partners with partnerships. At this point it is just too premature to talk about.

COUNCILMAN CLARKE: The Mayor gave Council a briefing, this was some time last the year, on the Neighborhood Transformation Initiatives Program.

And in that discussion, there was some talk of potentially providing access to schools in hours beyond the traditional 3 o'clock, or whatever the closure time was, simply because there was an inability for people throughout neighborhoods to have places to meet, places to recreate in off hours.

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And I think he had actually asked a member of his staff to investigate the possibility of having a supplemental Capital Program that would essentially create entrances and locations so that you can secure the majority of the school, but still allowing access to a gym or allowing access to a computer facility.

Are you --

MS. KAHN: Yes, Councilman.

COUNCILMAN CLARKE: Tell me where we are with that.

MS. KAHN: The Mayor never fails to remind me that he is very interested in that.

The city Planning Commission has undertaken, in cooperation with Mr. McGlinchey's office, to look at a couple of school buildings to try to get an idea, first of all, on a sample basis of what that might entail, in terms of the kinds of capital improvements that might be needed in order to have access for the kinds of activities, but not to have a schoolwide access.

So, I mean, that's in, I guess, the beginning stages. To get a look at, you know, just so that we can start to get a handle on it before

the development of a full-fledged Capital Program, but to get an idea of what that would be.

I think we probably also need to, I mean, there are a lot of our schools that are used currently right now after school, and get a good census of what those are and what the scope of the usage is within those buildings right now.

But it is City Planning, I think, that is helping to take the lead on that, in cooperation with the district.

COUNCILMAN CLARKE: Are we also looking at the program side? Would it be the School District responsible for programs or would it be the City of Philadelphia Department of Recreations that would factor into --

MS. KAHN: All of that needs to be developed. But, no, I would not think it would be the School District. They would have primary operating responsibility. I mean, in some cases we are talking about some of the communities of faith coming in and having their programs.

But it just makes sense to have it be housed in a school building for, you know, geographic reasons, and so many of the students are

already there.

But I think that, for the most part, that this is a case of partners, people who run after-school programs, a whole variety of other community agencies more likely, and just zeroing in on the school building as being the right place for a whole bunch of reasons, but not necessarily being the School District that is the provider and operator.

COUNCILMAN CLARKE: Thank you, Madam Chair.

PRESIDENT VERNA: You are welcome.

The Chair recognizes Councilman Nutter.

COUNCILMAN NUTTER: Thank you, Madam Chair. Just one quick financial question. There is something I understand called an Educational Empowerment Plan. Is that correct?

MS. CHATZKEL: Yes.

COUNCILMAN NUTTER: That has a cost figure associated with it?

MS. CHATZKEL: It has cost estimates that have been done that are associated with it.

COUNCILMAN NUTTER: And they are, is that, $16 million? How much is that?

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MS. CHATZKEL: If you will look in the multi-year plan in Section 7, you will see the projections, or the cost estimates, that have been done for each of the out years, beginning with a cost estimate of $75 million for next year, Fiscal Year 2002, if the School District were to implement all that was proposed in the plan.

COUNCILMAN NUTTER: Now, that $75 million, is that incorporated into the anticipated $191 million deficit for next year, the $235 million cumulative deficit? Is that $75 million a part of that or is that additional?

MS. CHATZKEL: It has not been added to the deficit figure for a few reasons.

First of all, we know that, based on the Governor's proposed budget, that the School District would receive $17 million of direct empowerment funding to offset those costs.

The School District's current intention is to fund the Empowerment Plan, to the extent that it is possible to do so, either through getting additional grants, which may be quite possible because the Empowerment Plan speaks to some very basic, and as Dr. Farmbry talked about, very

important initiatives for the district, like literacy and math and science which are areas where grants may be available.

And the School District, Dr. Farmbry, and Mr. Goldsmith, are also reviewing whether it is possible to allocate dollars currently available within the School District towards the Empowerment Plan implementation.

COUNCILMAN NUTTER: Well, again, though, as we talked earlier, I mean, I just have not had the experience where you can long-term grant fund anything that you either think is educationally important or you are required to have for educational purpose.

I don't know whether we tried ever to grant fund, for instance, kindergarten, but we don't have an option on that. And there are many other examples, whether in the School District, the city, or other entities.

And I guess then even if you were able to do that -- and I don't know what the costs are associated with the more-likely-to-be-grant-funded activities -- but even if you did that, what does it mean when you say you are going to fund the

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Educational Empowerment Plan to the extent that you can in the context of the $235 million cumulative deficit?

Taking the 17 off of the 75, in a good-case scenario, leaves you with 58. Your grant fund, I don't know, what, 10, 15 at the most, probably?

MS. CHATZKEL: We don't know at this point what grants are available. And I guess we also don't know the extent to which we can reallocate current dollars.

We do know that the Empowerment Plan speaks to some very important initiatives within the district. It is not on top of what we do; it actually intersects very well with what we do. As Dr. Farmbry said, it is what we do.

COUNCILMAN NUTTER: So you are able to, as long as you isolate it, target it, and measure it, you are saying that you would, under these guidelines or parameters, be able to take some of the current funded programs and activities and say, well, this is how we are implementing this particular portion of the educational empowerment plan, and those dollars theoretically, and more than

theoretically, are already in place because they are in our budget; is that what you are saying?

MS. KAHN: I think, Councilman, we can certainly do a piece of that, and that is what we will do.

I think the point you are raising is a very good one. Because to the extent we want the initiatives in the Empowerment Plan to be in their entirety, in their entirety, what we do at the School District, it is very difficult to do that relying on, I believe, what me might call temporary, as opposed to guaranteed and recurring funding, that's right. And the class size is a very good example of that.

The district was able to start that through a federal grant as the initiative. And we are hopeful, even with the change in Administration, that that funding will continue.

What we have added to that is in fact operating money to further expand the initiative. But we want to be able to say that all of our classrooms have reduced class size, at least in K to 3. And we won't be able to do that without guaranteed, recurring, regular funding.

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COUNCILMAN NUTTER: Let me just make sure I understand this. Because many of us talk about the class size issue. And I guess maybe I have had to adjust some of my thinking to the current realities.

In some places, one of the ways they deal with class size reduction, as well as just an overall analysis of the facilities -- Councilman Clarke raised this issue about facilities -- is to either build on to the current facilities, school houses, annexes, or, based on population shifts and where you have need, presently where you maybe did not have need a number of years ago and vice versa, as population is either lost or shifted, they have built new schools. And then automatically as students move around, you reduce class size.

This literacy initiative, though, I guess is another form of that, where -- I mean, essentially, you just put more teachers or more instructors in the same classrooms, averaging 65, whatever, and you just try to make sure that the place that they are in is in relatively good to decent shape.

Are we pursuing, I guess, both of those

strategies, or one of them, or neither? I guess, what is the game plan around class size reduction and facilities review in the context of no dramatic increase in dollars to just build new facilities.

MS. FARMBRY: I think actually the response to one took care of the response to the other; in that, our ultimate goal is to reduce class size, particularly in grades K, 1, 2, and 3, to a ratio of 1 to 17.

Now, to the extent that that can happen in self-contained classrooms with one teacher, that's ideal. And we do have some models of that happening around the district. The only problem is that does mean more classrooms.

So to the extent there is not the physical space to accommodate that, we are using the other model of having a teacher and a literacy intern, two in one classroom, which still gives you the class size reduction, which has helped in our strategies of attracting teachers to the district.

But, in many cases, it is our lack of space that means that we have to do one over the other.

COUNCILMAN NUTTER: Now, the last

person, Dr. Farmbry, I am sure you want to be in dispute or debate with is someone out of the Governor's office, given the precarious situation with the School District.

But I was somewhat surprised in a story the other day to read that some spokesman on behalf of the Governor said that, in effect, either the jury was still out or there was conflicting data somewhere, wherever data is, about the efficacy of class size reduction, and what that does from an educational standpoint.

This was a spokesperson saying that, you know, either it was not one of the greater things since sliced bread or maybe it meant something, maybe it didn't, and that there was literature out there that seemed to indicate that, you know, you do it, not do it, it doesn't make any difference.

MS. FARMBRY: I would have to say that reducing class size alone is not enough. That's why in our plan we have a very strategic plan around the professional development that accompanies it.

Because, you know, a lot of people argue, well, if you go into some high school classrooms, you have reduced class size because of

an attendance issue.

So it is not just about reducing the class size, it is about the professional development that goes with it that will then lead to a different kind of classroom instructional practice.

COUNCILMAN NUTTER: Let me ask this one last question. And I know that generally whether you want to or not, you guys will be around for some time, and I think we are going to have the pleasure of spending some quality time together later on this afternoon. Because this afternoon will be a whole different story.

But I did want to change topics for one second. And the issue is regarding the nature of our contact with parents around the -- I guess either, if you want to transfer or as your first coming into the system, you fill out your EH-36 form, I think it is due in November for the upcoming September. I think last year's date was November 17.

And I called around. And very nicely people did, you know, take my calls, and eventually I was able to connect with the right person.

But I guess as a potential customer, and

parent of a school-aged child, you fill out the form whenever you do, but you get it in by November 17.

Now, from a technical standpoint, until I started making some calls around, I had not heard from one person in the district about that application; from, we got it and we will get in touch with you at some point in time, we got it but we lost it, or anything within that regard.

And, I mean, I have to tell you, I mean, I now know the answer, and some time this month I guess I am going to get a letter in the mail and we will all watch. And it sounds like match day for medical students, or something. Is your kid actually going to get in school.

But, I mean, I have to tell you, I mean from kind of a customer service standpoint, I don't know of anything that I ever applied for or asked for or expressed an interest in that the people I was asking about or applying to for it had no contact with me for four months.

I mean, you know, I can get turned out for a credit card application in a couple of days. I mean, I haven't been recently. But...

And I don't know how many EH-36s you

get, and I know this is not a small operation. And I don't know how many parents call.

Now, I am in a slightly fortunate position, and I recognize that. So if I call a certain office, someone will get back to me, they explain the whole thing to me. But that's only because I called.

And it is impossible, I am sure, for that office to call every parent that is probably wondering what's going on.

And so in that regard -- and I don't want to add to your costs -- but when those forms come in, is it possible to just send something out to the person to tell them within a few weeks or a month the same thing that somebody told me a couple of weeks ago, which is, you know, "The lottery, or whatever happens, happens around about a certain time. You are going to get a letter in the mail around another time. If you like what you got, fine. If you don't, this is what you should do," as opposed to just kind of sitting around?

I mean, I can't look at the mail every day or wait for the postal person to show up with this hot letter from the School District.

I mean, I was just astounded from just a pure customer service standpoint that there would be no contact with an entity that, I mean, I am going to entrust a pretty special and important person to.

MR. GOLDSMITH: Councilman, let me say obviously your point is well taken. And that's something that we should be doing and we will be doing.

And I think the important thing is really having a philosophical mind shift that we're not the only game in town, and we are competing for customers.

And so customer service orientation is not only important to what we direct toward our schools and our principals and teachers and so forth; it is also important for parents who are looking at, do they want to send their kids to our schools or to another school.

So I think your point is right on. And I think it is not so much a cost issue as much as maybe just a philosophical mind shift between our ears that we have got to adjust to.

COUNCILMAN NUTTER: Because, I mean, you know that, I mean, if they haven't already, I mean,

this really is around and about the time, pre-school, kindergarten, first grade.

And I made a note to myself earlier before I started this. I mean, some people do actually have options. They have a lot of options.

I mean, I am going to be here, I am not going anywhere. I made the decision as to where my daughter is going to go.

Other people are in totally different situations. They can either stay here and pay, they can move and not pay, they can move and pay, they could do whatever they want to do.

And if you haven't heard anything around February or March, you just start thinking about it. Because nobody is sitting around in August starting to make decisions about where their kid is going to school in September. They already made those decisions.

We had that fight, and I am sure we are going to have some discussion about it as a result of last year's little thing with the 4 year olds, about the timing and when people need to know certain information and what goes on.

So, I mean, I know a lot of forms, big

systems, and all of that. But some kind of contact, I think, helps to go a long way towards, "Hey, we are thinking about you. We have this enormous system we are trying to run. We actually got your thing. We have it. We are looking at it. Tell you what's going on. If we know earlier, we will let you know."

MR. RAMOS: It could even be a self-addressed, stamped envelope.

COUNCILMAN NUTTER: It could be whatever we want it to be.

MR. RAMOS: But it is a matter of thinking more in terms of customer service.

And, I mean, you are much more on top of things than I am. I just assumed I had missed it.

COUNCILMAN NUTTER: Well, just for the record, I got mine in the last day, that's why I remember what day it was. And it was hairy. Okay? So I'm not doing much better than you are.

Thank you very much. I will see you guys this afternoon.

PRESIDENT VERNA: Thank you.

I have just one question. What is the status of the proposed Kvaerner apprenticeship

program? Does anybody know?

It is my understanding Kvaerner wants the program in operation by September of this year?

MS. FARMBRY: Yes. We have been in discussions with the folks around that program.

It is an excellent opportunity for our students. And Tomas Hanna, who is from our Education for Employment Division has been the point person for that. So I would ask him to come up.

MR. HANNA: Good morning. Tomas Hanna, School District.

We are actually meeting tomorrow with Dave String at Kvaerner. We met, I want to say, three weeks ago with Ms. Hughes and Ms. Saunders from your office, along with Mr. String at Kvaerner.

And we are now in the process of outlining what an apprenticeship program is going to look like. So that is underway. It is in process.

We do understand that there was a communications issue that we have since resolved, and we are in contact with Ms. Saunders and with Ms. Hughes, and we are going to keep the folks up to speed on that.

But we are confident we are going to

work something out.

PRESIDENT VERNA: I am led to believe that they are talking about 300 jobs?

MR. HANNA: That's correct, 300 jobs. And what we are looking at is an apprenticeship situation.

What we are understanding is that Kvaerner is having an agent work for us, and they are having issues with bringing kids in to follow up.

And that the folks that they are receiving now out of high school just aren't meeting the standard.

So the conversation we are looking to have is actually beginning in looking at beginning in the high school. When the apprenticeship program takes place, kids are in the high school, they are also going on site to Kvaerner through an apprenticeship, maybe a work-based learning component. So that upon graduation, they can actually fill in.

And we are looking in the neighborhood of, my understanding is, we would like to look at September in the neighborhood of 90 to a 100 over

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the life of this. My understanding is, 300.

PRESIDENT VERNA: I thought it was 300 by 2001. But I don't think that we should lose out on this opportunity. Thank you very much.

The Chair recognizes Councilwoman Blackwell.

COUNCILWOMAN BLACKWELL: Thank you, Madam President.

This morning I understand World Communications Charter were to meet with the Board. Were other charter schools similarly ranked also supposed to meet with the Board, or am I wrong?

I just got a report that they were due to meet with you -- or is it tomorrow at 8:00 a.m.? Tomorrow at 8:00 a.m.?

MR. RAMOS: There is a hearing of the Board tomorrow at 8:00 a.m. relating to World Communication -- on the question of whether to renew or not review World Communication Charter's charter.

COUNCILWOMAN BLACKWELL: Other charter schools similarly ranked, will they have hearings or meetings?

MR. RAMOS: This is on the issue of renewal of charters. They were only there were only

four charter schools in that cohort in that first year.

And of the four original charter schools, World Communications Charter is the only one that at this time has not been approved for renewal.

COUNCILWOMAN BLACKWELL: Let me ask you, for other charter schools who put in new applications, what happens to them then? Do they reapply or --

MR. RAMOS: Somebody may have time frames more on the tip of their tongue.

But a charter school that was not approved by the Board has the opportunity to request a hearing, a rehearing, before the Board, reconsideration.

They can ask the Board for reconsideration. And if still not satisfied with the resolution from there, can go to the Appeal Board, state Appeal Board.

They, I believe, also have the option of going straight to the appeal Board and not asking for reconsideration.

And after the appeal Board, there is

always the opportunity for litigation, too.

COUNCILWOMAN BLACKWELL: Thank you.

PRESIDENT VERNA: Thank you.

Are there any other questions from members of the committee?

Thank you all very much. The committee will stand in recess until 4 o'clock today.

(Public Hearing adjourned at 12:40 p.m.)

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C E R T I F I C A T I O N

I HEREBY CERTIFY that the foregoing proceedings of the Council of the City of Philadelphia of Wednesday DAY, March 7 DATE, 2001, were reported fully and accurately by me, and that this is a correct transcript of same.

RE: COMMITTEE OF THE WHOLE

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DEBRA A. WHITEHEAD, RPR