

Investing in Philadelphia's Future:
The Case for Comprehensive Education Reform



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Philadelphia City Council
May 2010



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May 2010

To my fellow Philadelphians:

Philadelphia is at a tipping point — a crucial moment when the decisions we make today will determine if our city will prosper in future generations or slip further into economic decline. Fixing our education system remains our most daunting and critical challenge. Currently, 35% of our children live in poverty. Unless we make major course corrections, Philadelphia’s poverty rate will continue to increase, topping 50% in 30 to 40 years. No matter how much we change our tax code or incentivize businesses to locate in the city, we will not truly be able to turn around Philadelphia unless we provide our most vulnerable citizens with the skills required to earn a decent living and provide our middle-class families with a reason not to move to the suburbs.

In the following pages, I outline the challenges currently facing Philadelphia’s students along with some of the School District of Philadelphia’s proposals for addressing them. I also outline a series of specific policy recommendations that I think must be acted on *today* to bring fundamental, comprehensive reform to our chronically challenged education system.

Elected officials and policymakers have ignored education for far too long. It is a frustrating issue with no quick and easy solutions, but we can no longer afford to sit back and do nothing. We must do a better job involving parents in their children’s education, and we must ensure that every child enters school with the skills and support he or she needs to be ready to learn. Government alone cannot solve all of the problems plaguing urban education, but we can — and must — take steps to change the status quo and ensure that our public education system is effective, accessible, and accountable to the children and families who rely on it.

Thank you for reading this policy paper, and for your interest in improving the future of our children and our great city.

Sincerely,

Bill Green
Councilman At-Large

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Introduction

“Our progress as a nation can be no swifter than our progress in education.

The human mind is our fundamental resource.”

-John F. Kennedy

Philadelphia is facing many challenges: our taxes are high, our economy weak, our population is not growing, and the proportion of our citizens living in poverty is increasing. The city is struggling to revitalize itself and transform its economy from one based primarily on manufacturing to one based on knowledge and service industry jobs that require a highly skilled and educated workforce. Simultaneously, the city is confronting worrisome demographic trends – 25% of Philadelphia’s overall population and 35% of its children live in poverty. Unless we tackle the underlying problems, the poverty rate will continue to increase – topping 35% in a generation and growing from there. The only way to reverse course is radical and transformative change to our way of doing business, our taxes, and, most importantly, our school system.

For Philadelphia to be competitive in an economy increasingly defined by high-tech and skilled professional services, we cannot wait to make the fundamental changes required to fix our schools.

The necessity of fixing our broken public education system is not a new idea. In 1983, the authors of a groundbreaking U.S. Department of Education report, *A Nation at Risk*, framed education as the biggest national security issue facing the nation, observing that “if an unfriendly foreign power had attempted to impose on America the mediocre educational performance that exists today, we might well have viewed it as an act of war.”¹ More recently, the Reverend Al Sharpton has contended that providing every American with a quality education is *the* civil rights issue of the 21st century.² Rev. Sharpton has partnered with former Speaker of the House Newt Gingrich to bring publicity and attention to the issue, bridging partisan divides in the process.

Despite the consensus around the need for better schools, we are not making enough progress toward reaching this goal. Education is a frustrating issue for many, as it takes years to address with no easy “silver bullet” solutions to every problem. Yet education itself can be the solution to countless socioeconomic ills. Despite the challenging nature of the issue, we can make tremendous progress toward improving our education system if we have the will to bring many of the best practices throughout the country to the entire city of Philadelphia. It is time to

¹ “A Nation at Risk: The Imperative for Educational Reform.” A Report to the Nation and the Secretary of Education by the National Commission on Excellence in Education, April 1983.

² Graham, Kristen. “U.S. Education Secretary Supports Longer School Days.” *Philadelphia Inquirer*, September 28, 2009.

stop lamenting the problems and start taking action to fix them, including by pursuing the action items highlighted in this paper.

In the following pages, I present: (1) an analysis of the current state of Philadelphia's workforce and public education system; (2) the specific steps I think are needed to make Philadelphia's public school system a model for urban school districts nationwide; and (3) four compelling reasons why we need to take a comprehensive – even experimental – approach to education reform in Philadelphia *now*.

Among other reforms, we need to ensure that more educational choices are available to Philadelphia families. While there are many more options available now than there were a decade ago, many students are still unable to attend their school of choice. According to a study by Research for Action, approximately 58% of Philadelphia School District high school students are enrolled in schools they did not choose.³ In part because current choices are so limited, those with the means to do so often choose schools with their feet by moving to the suburbs. We need to ensure that all students and parents have quality educational choices.

We also need to encourage more parental involvement. Too many parents in our city are not engaged in the education of their children. Meaningful parental involvement is most critical among our at-risk, low income families. Findings of a U.S. Department of Education study indicate that a child's socioeconomic characteristics have a greater influence on educational performance than what type of school he or she attends.⁴ In other words, what happens when a child is not in class profoundly affects educational outcomes – a critical fact we need to take into account when charting a course forward. Following best practices across the county, we must create adequate supports for families where they do not currently exist.

Furthermore, we must strengthen and expand quality early childhood education offerings, ensuring that a child's education is not on hold until he or she enters kindergarten. In addition to starting earlier, we must stay later – for our students to catch up, education cannot be limited to just seven hours per day in the classroom only 180 days per year.

Education reform is not just about teaching children better. It is about strengthening the economy and ensuring a bright future for the entire region. It is about giving our youngest citizens the skills they need to do well in life and become productive members of society. It is about reversing the flight of middle class residents from Philadelphia. It is about investing taxpayer dollars wisely for greater return in the future. And it is about fulfilling our moral obligation to do better for the future generations than we have for ourselves.

³ Evans, Shani Adia and Dale Mezzacappa. "Selecting a high school: Not a level playing field." *Philadelphia Public School Notebook*, Vol. 17 No. 1, 2009.

⁴ "Comparing Private Schools and Public Schools Using Hierarchical Linear Modeling." U.S. Department of Education, July 2006.

Current Conditions: Philadelphia's Workforce

In the summer of 2009, the Philadelphia Workforce Investment Board (PWIB) released a report on the condition of the city's workforce. Appropriately titled "Help Wanted," the report painted a stark picture of what today's economy demands of workers and how ill-equipped Philadelphia residents currently are to meet those demands.

The report's conclusion is simple to grasp – there is a growing gap between the economy's demand for skilled workers and Philadelphia's supply of the same – but challenging to address. Only 48% of Philadelphia adults have intermediate or advanced literacy skills (compared to 62% statewide), and a striking 52% of the city's adults – more than 500,000 people – have basic or below basic literacy (compared to 38% statewide). In other words, slightly more than half of the city's adults struggle to follow written instructions or complete routine paperwork and would benefit greatly from enhanced reading, writing, and math skills.⁵

In addition to lackluster adult literacy rates, Philadelphians have a low rate of educational attainment. More than 202,000 Philadelphia adults – one-quarter of the total – lack a high school diploma, further limiting economic opportunity for a significant portion of our residents.⁶ Furthermore, Philadelphia trails most large cities in its percentage of residents with college degrees, ranking a dismal 92nd out of the 100 largest U.S. cities with just 20% of our adults having completed college.⁷

The unemployment rate in Philadelphia is 11%, higher than both the state and national levels, and even higher among African-American males.⁸ Forty-five percent of working-age Philadelphia adults are neither working nor looking for work.⁹ One-fifth of the city's 16-to-24-year olds are not going to school and not working.¹⁰ These grim statistics indicate that a large segment of the city's population is unemployed or under-employed and struggling to be productive citizens.

This bleak situation is not sustainable. Investing in workforce development will help, but to ensure that past is not prologue, we must fix our public education system to ensure that future generations are better equipped to succeed in the modern economy. If we fail at this task, and do not equip our workforce with the skills and educational attainment necessary to meet the demands of employers, Philadelphia will only slip further into economic decline. Businesses will only grow or move to areas where qualified workers are in plentiful supply, causing ever more of our population to fall into or remain stuck in poverty.

⁵ "Help Wanted." Philadelphia Workforce Investment Board, p.5

⁶ "Help Wanted." PWIB report, p. 4-5.; "A Tale of Two Cities." PWIB Report, p. 10.

⁷ "A Tale of Two Cities." PWIB report, p. 10.

⁸ "Unemployment in the Philadelphia Area by County-September 2009." U.S. Department of Labor, Bureau of Labor Statistics. www.bls.gov/ro3/urphl.htm.

⁹ "A Tale of Two Cities." PWIB report, p. 4.

¹⁰ Id.

Current Conditions: Philadelphia's Education System

The School District of Philadelphia is by far the largest of Pennsylvania's 501 school districts. With a student population of over 195,000 and an annual budget of nearly \$3.1 billion, the District dwarfs the Commonwealth's next-largest district, Pittsburgh, which serves only 28,000 students and has a budget of \$526 million.¹¹

The District's student population includes a large and increasing number and proportion of students with special needs. More than 75% of students are low income; 15% receive special education services; and 7% are English language learners. Compared with the rest of the state, Philadelphia educates 23% of Pennsylvania's low-income students and 25% of its English language learners.¹²

Academic Challenges

While the School District of Philadelphia surpasses all others in the Commonwealth in size, it compares poorly with respect to student achievement levels. Although some gains were made during the tenure of Paul Vallas that continue to bear fruit during the current administration – the number of students reading and doing math at grade level increased from one in five in 2002 to over one in three in 2008¹³ – only 118 of the District's 265 schools – just 44% – are making adequate yearly progress. At the current rate of improvement, it will take until 2123 for every child in the District to score at grade level for reading and math. Similarly, although the four-year graduation rate has improved slightly, it remains an unacceptably low 57%.¹⁴

Students

- **195,411** (including charter schools)
- **76%** Low income
- **7%** English language learners
- **15%** Special Education
- **17%** Increase in students needing English for Speakers of Other Languages services since 2001 (includes charter schools)
- **7%** Increase in students needing special education since 2005 (includes charter schools)

Source: Imagine 2014 and the Proposed Budget FY09-10 Slideshow, School District of Philadelphia.

¹¹ School District of Philadelphia: www.phila.k12.pa.us/about/; Pittsburgh Public Schools: www.pghboe.net.

¹² "Questions and Answers about the School District of Philadelphia and the Pennsylvania 2009-10 Budget." School District of Philadelphia, October 1, 2009.

¹³ Id.

¹⁴ Graham, Kristen. "Phila. School Test Scores Up, But Not Enough Ackerman Says." *Philadelphia Inquirer*, August 13, 2009.

Progress in Student Achievement, School District of Philadelphia¹⁵

	2002	2007
Increased High School Choice	➤ 38 high schools, average student population of 1,700	➤ 62 high schools and 20 charter high schools, average student population of 800 (half have fewer than 500)
More Students in AP Courses	➤ 18 high schools offered Advanced Placement courses	➤ 48 high schools offered Advanced Placement courses
	2002	2009
Improved PSSA Scores	<ul style="list-style-type: none"> ➤ 23.9% of students advanced or proficient in reading ➤ 19.6% of students advanced or proficient in math 	<ul style="list-style-type: none"> ➤ 47.7% of students advanced or proficient in reading ➤ 52.2% of students advanced or proficient in math
More schools making Adequate Yearly Progress (AYP)	➤ 26 schools (22 traditional, 4 charter) met federal standards for AYP	➤ 162 schools (118 traditional, 44 charter) met federal standards for AYP

Funding Challenges

Even with these gains in test scores and the improving performance of some schools, an enormous achievement gap remains between Philadelphia and other Pennsylvania school districts. Some of the disparity is due to the chronic and long-standing underfunding of Philadelphia’s schools. The “Costing-Out Study” commissioned by the Commonwealth in 2007 identified a funding shortfall of \$4,184 per pupil in Philadelphia, for a District-wide shortfall of nearly \$879 million. The gap constituted the difference between current funding levels and spending levels identified in the Costing-Out Study as necessary for every student to meet state academic achievement standards. Philadelphia’s \$879 million gap included: (1) \$338 million to account for regional cost differences; (2) \$251.5 million for special education; (3) \$502.4 million

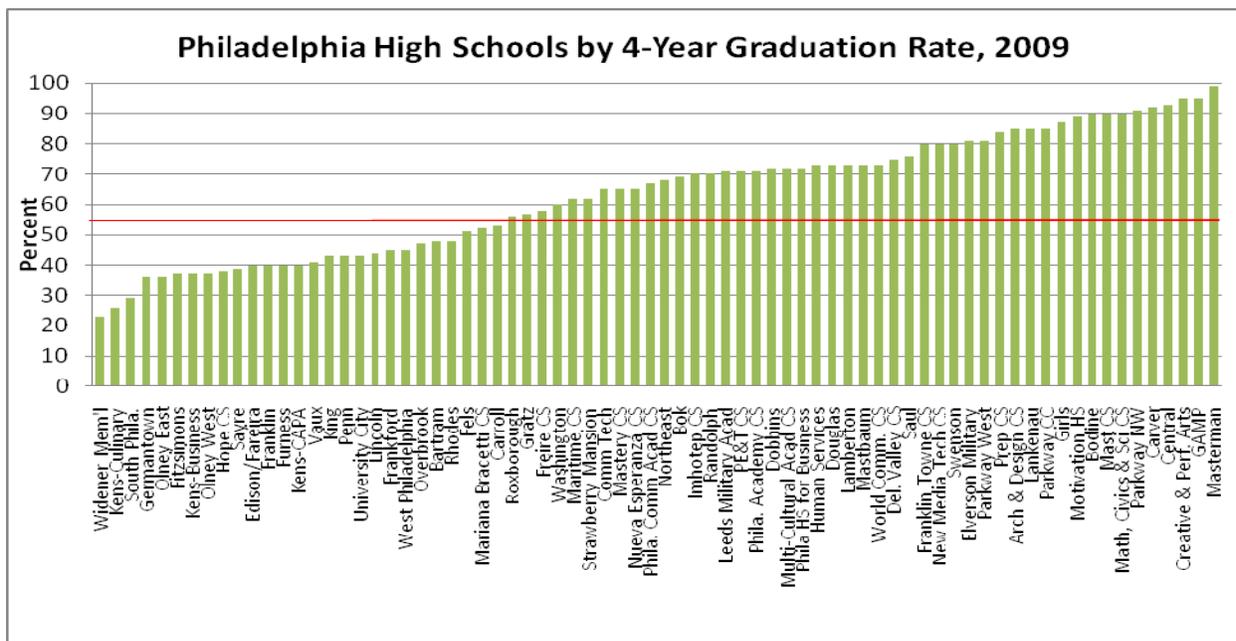
¹⁵ “Multi-Year Financial Plan FY2009-2013, Preliminary Submission.” School District of Philadelphia, April 22, 2008; “FY 2009-10 Revised Budget in Brief.” School District of Philadelphia, November 18, 2009.

for poverty; (4) \$154.9 million for English language learners; and (5) \$12.2 million for gifted students.¹⁶

To their great credit, Governor Rendell and the General Assembly have developed a formula to increase gradually the Commonwealth’s share of basic education funding to the levels recommended by the Costing-Out Study and have made progress toward this goal over the past several years. But to eliminate completely the ongoing funding gap, future governors and legislators must commit to building upon this recent momentum – even in tight budget cycles – until the Commonwealth achieves and consistently maintains the recommend funding levels.

Achievement Gap

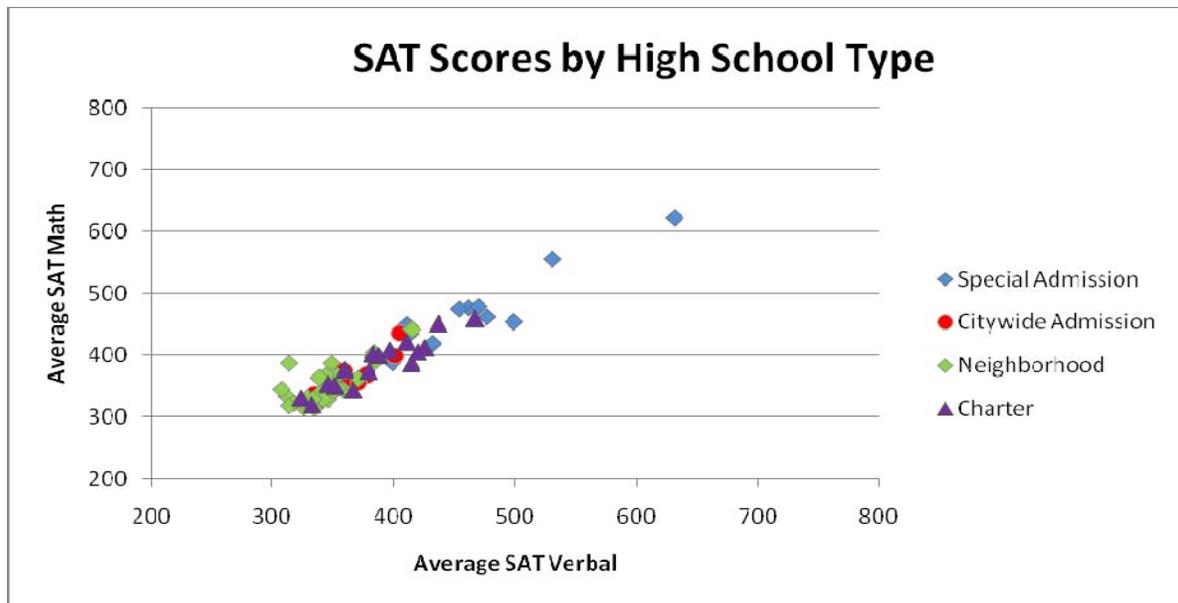
In addition to the funding gap, an achievement gap persists across different schools and across different groups of students. For example, student results on the SAT and the percentage of students who graduate on time varies dramatically from high school to high school in the District. While it is evident that some public and charter high schools are graduating many high-achieving students every year, it is also clear that many students remain in schools that are failing to do so. An enormous inequality exists and a student’s chances to succeed and attend college depends overwhelmingly on whether he or she gets into one of the top performing special admission schools.



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¹⁶ “Executive Summary: Multi-Year Financial Plan FY2009-2013, Preliminary Submission.” School District of Philadelphia, April 22, 2008.

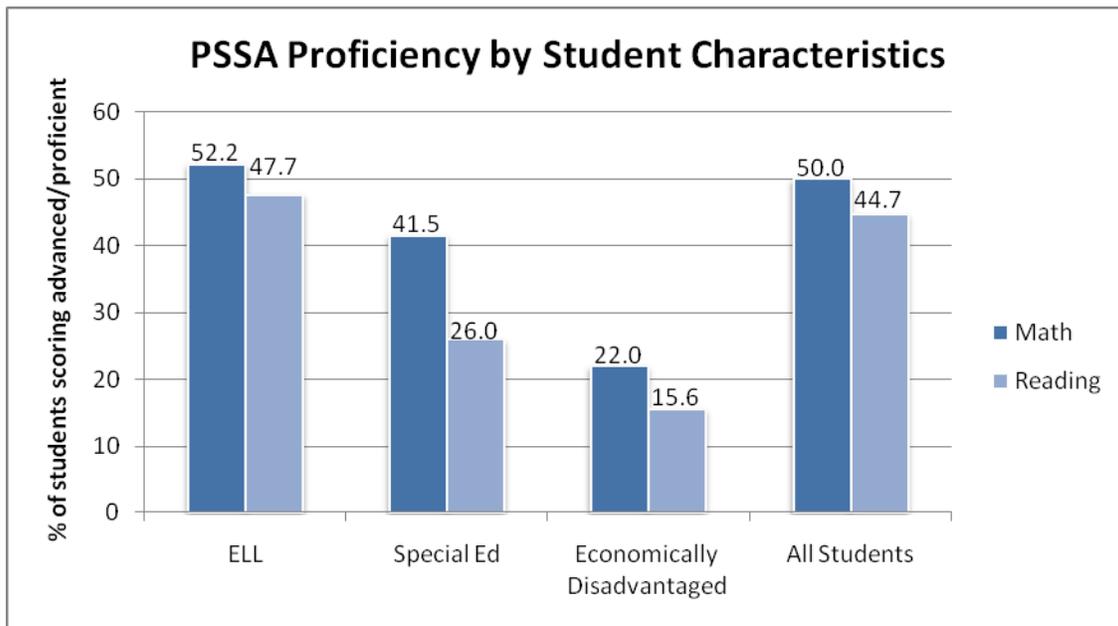
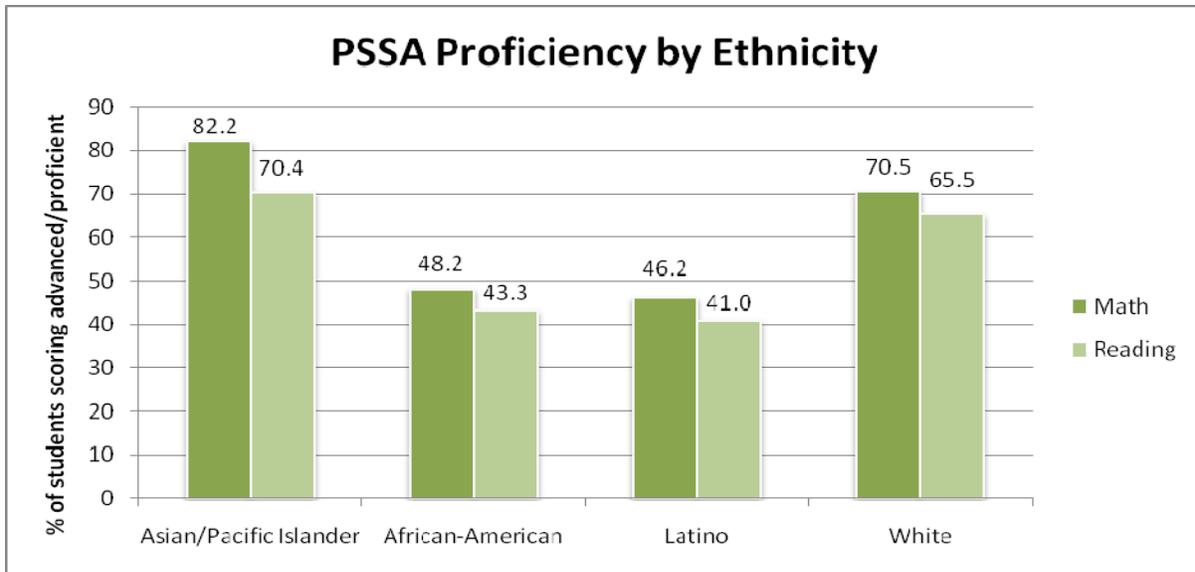
¹⁷ Data from the School District of Philadelphia Legislative Briefing, January 2010.



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Not only is there a significant achievement gap across public schools in Philadelphia, there also is a sizable gap among different student groups. Average Pennsylvania System of School Assessment (PSSA) test scores vary considerably across different ethnic groups, with Asian and white students significantly outperforming African-American and Latino students, on average. While scores for all four groups have improved in recent years, the gap between ethnic groups remains considerable. Students with special needs, particularly those from economically disadvantaged backgrounds, also score lower, on average, than the student body as a whole. Although English language learners score higher on the PSSA, on average, than the student body as a whole, a gap of nearly 30 points exists between economically disadvantaged students and the student body as a whole. Given the large proportion of Philadelphia children who are minority or low income, we must pay special attention to reducing these inequalities if we have any hope of improving student achievement significantly.

¹⁸ Data compiled in *The Notebook Fall Guide*, Vol. 17, No. 1, 2009. Data originally collected by the School District of Philadelphia and the Pennsylvania Department of Education.



Source: Data from the School District of Philadelphia Legislative Briefing, January 2010

These existing inequalities across ethnic groups and high schools are particularly troublesome because all students do not have an equal opportunity to attend one of the better high schools. Analyzing 2007-08 District data, Research for Action found that white and Asian students were more likely to apply to special admission schools than African-American and Latino students. Additionally, although fewer than 50% of applicants gained admission to even one of these schools, Asian and white students were the most likely to be admitted to the school

of their choice.¹⁹ Therefore, the ethnic groups that are farthest behind, on average — African-Americans and Latinos — are also among the least likely in Philadelphia to attend the schools with the highest SAT scores and graduation rates.

To remedy this inequality, we must do a better job of preparing *all* students for success in high school. We must implement special initiatives to target students from under-represented groups to ensure that more students have the skills they need to attend one of Philadelphia’s outstanding special admissions high schools, and we must create more of these schools to accommodate the demand. New York City has a program specifically targeting low-income students who show strong academic potential to help them master the skills they need to do well in high school. This program, the Specialized High Schools Institute, provides students with 16 months of sessions held during summers and weekends, which are open to low-income middle school students with strong attendance records and test scores.²⁰ Philadelphia should put into place a similar initiative to make sure more students have access to the best educational opportunities available.

Accountability Challenges

The School District of Philadelphia, unlike virtually every other school district in Pennsylvania, is administered by a state-appointed board rather than by locally elected officials. In 2001, the Commonwealth of Pennsylvania enacted legislation to “take over” the District by replacing the existing Board of Education with a five-member School Reform Commission appointed by the Governor, Mayor, and legislative leaders in Harrisburg. As a result of this administrative structure, the District is not directly accountable to the voters of Philadelphia, nor to the children and families it is charged with serving.

The City of Philadelphia provides more direct support to the District than any other Pennsylvania municipality provides to its school district. The City assesses and collects more than \$600 million in property taxes on the District’s behalf, and collects and administers District-dedicated taxes on retail liquor sales, use and occupancy, and unearned income. In addition to this tax revenue, the City provides the District annually with a direct grant of \$39 million. In total, the City of Philadelphia administers and remits to the District approximately \$815 million per year – nearly 30% of the District’s total revenue.²¹

This significant level of local support should be matched by a commitment on the part of the District to do a better job sharing information and communicating with City Hall and taxpayers. The District should make *all* of its budgetary data available on the internet and present a thorough, detailed description of its spending to City Council. Detailed spending data

¹⁹ Evans, Shani Adia and Dale Mezzacappa. “Selecting a high school: Not a level playing field.” *Philadelphia Public School Notebook*, Vol. 17 No. 1, 2009.

²⁰ <http://schools.nyc.gov/ChoicesEnrollment/Middle/SHSI/default.htm>

²¹ “Revised Budget Presentation, FY2009-10.” School District of Philadelphia, November 18, 2009.

should be presented for each individual school, rather than aggregated across the District as is currently done in the publicly-released budget documents. Classroom-related expenditures should be clearly separated from administrative expenses so taxpayers know where their dollars are going. Additionally, the District should regularly post online information about contracts it enters into, with a thorough explanation of the services being purchased and a copy of the contract language.

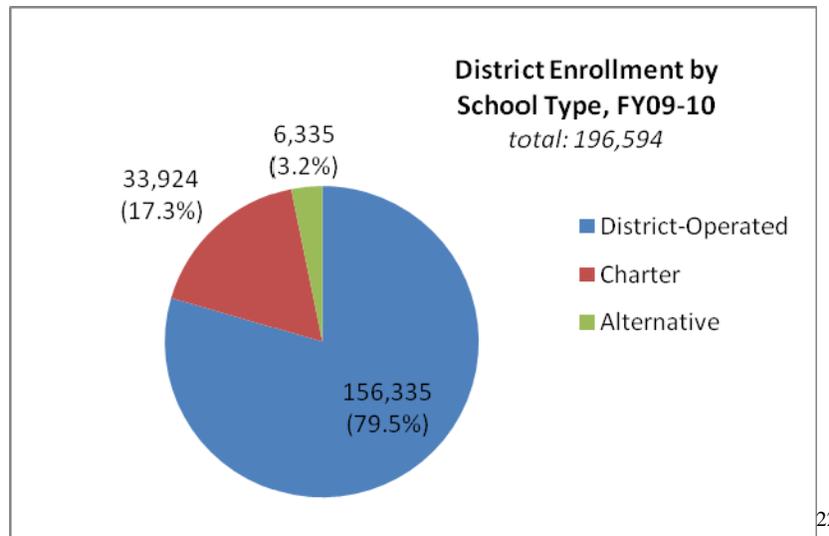
Given the enormous infusion of local public funding the District receives every year, it is appropriate that spending and performance information be easily accessible. The public is entitled to understand how its money is being spent and what it is receiving in return. Students, parents, and taxpayers deserve nothing less.

Bright Spots

Although the District still has struggling schools that could best be described as “dropout factories,” it is important also to note those District-operated schools that produce outstanding results. Currently, Philadelphia has 16 “special admissions” high schools with stringent admissions criteria and high academic standards. The academic reputations of some of these schools – such as Masterman and Central – exceed those of their suburban counterparts. There are also 13 “citywide admission” high schools, many of which focus on educating students in specialized areas of interest, that choose qualified students through a lottery system. Students in these schools, as in the special admission schools, consistently outperform their peers in neighborhood high schools. (See Appendix for additional detail.)

The District has made significant progress in expanding school choice options, although significant room for improvement remains. In recent years, the District has divided several large, chronically challenged neighborhood high schools into smaller, autonomous schools. Furthermore, charter school options have increased, resulting in a greater number of public high schools for students to choose from.

Additionally, the District has continued its highly successful partnership with the University of Pennsylvania to operate a neighborhood K-8 school in West Philadelphia, the Penn Alexander School. The presence of Penn Alexander, open for close to a decade, has spurred neighborhood revitalization efforts within its catchment zone, thereby demonstrating the economic value – and continued viability – of quality public education in urban areas.



While Philadelphia offers some outstanding examples of quality public education, these well-performing schools serve only a small subset of Philadelphia schoolchildren. The vast majority of high school students continue to attend struggling neighborhood high schools that are plagued by violence and low student achievement, where dropping out is the norm and attending college is the exception. Fixing these schools, and boosting the achievement of the students who attend them, must be a continued priority for us to meaningfully improve the state of public education in Philadelphia.

Imagine 2014

In 2009, Dr. Arlene Ackerman, the Superintendent and CEO of the School District of Philadelphia, unveiled a five-year strategic plan to make many needed improvements in the District and increase student achievement levels. This plan, named “Imagine 2014,” is a multi-faceted approach designed to address some systemic problems in the District and implement greater accountability for producing results.

Imagine 2014 included a proposal to designate some of the District’s most challenged and underperforming school as “Renaissance schools.” Under the proposal, some of the District’s chronically underperforming schools would be designated Renaissance Schools based on criteria including graduation and attendance rates, test scores, parent and teacher survey results, and visits to schools. These schools would be overhauled by being converted to charter schools, run by outside managers, or administered by the superintendent’s staff or other District employees with greater autonomy. Teachers at designated Renaissance Schools would be

²² School District of Philadelphia FY09-10 Revised Budget in Brief, November 18, 2009.

required to reapply for their jobs or transfer to other schools, with the Renaissance School permitted to rehire up to 50% of the original faculty. Teachers in Renaissance Schools would be expected to work for 22 days during July, up to two Saturdays per month, and an extended instruction day. At the other end of the spectrum, well-performing schools would be rewarded with more autonomy, provided that they continue to meet academic performance targets.²³

Imagine 2014 also emphasized measuring the performance of individual schools, and placing more counselors and quality teachers where they are needed the most. Many of the broad goals incorporated in the plan, as well as some of the specific proposals such as weighted student funding, certainly move the District in the right direction and are things we should have been doing all along. However, we need to do more and go beyond what is proposed in Imagine 2014 if we are to truly turn around our city’s struggling school system once and for all.

Renaissance Schools: Characteristics of the first 14 eligible schools

School	Free/Reduced Lunch (%)	Special Ed (%)	PSSA Adv./Prof. Math (%)	PSSA Adv./Prof. Reading (%)
Ethel Allen (K-6)	86.2	12.3	27.2	20.4
Guion Bluford (K-6)	88.9	13.4	28.6	17.4
Roberto Clemente (5-8)	86.2	24.5	35.9	24.4
Samuel Daroff (K-8)	86.6	12.8	24.9	19.1
Frederick Douglass (K-8)	88.7	15.3	31.7	22.4
Paul Dunbar (K-8)	85.2	22.9	17.2	17.1
William Harrity (K-8)	86.3	10.4	27.6	22.4
William Mann (K-5)	84.0	10.4	45.0	35.0
Potter-Thomas (K-8)	90.2	13.2	31.8	24.7
Franklin Smedley (K-5)	88.8	16.3	28.7	17.5
John Stetson (5-8)	88.9	21.1	20.1	18.8
University City (9-12)	84.3	25.2	9.1	11.4
Robert Vaux (9-12)	86.9	26.8	7.6	12.9
West Philadelphia (9-12)	84.0	26.6	8.7	11.7

Source: Data from the School District of Philadelphia Legislative Briefing, January 2010

Federal Stimulus Funding

The American Recovery and Reinvestment Act (ARRA), more commonly known as the stimulus bill, provided several forms of direct financial support to public education. The federal support ranges from competitive grants, such as the highly publicized “Race to the Top” funds for education innovation, to allocations to school districts and states based on formula. Below is

²³ Tales, Dafney. “Panel outlines plan to assist failing schools.” *Philadelphia Daily News*, October 22, 2009; Imagine 2014 Strategic Plan, School District of Philadelphia; “2010-11 Renaissance Schools Implementation Plan.” School District of Philadelphia, January 2010; Tales, Dafney. “Under new management: Struggling schools?” *Philadelphia Daily News*, January 28, 2010.

a brief summary of some of the education assistance programs available through the ARRA, along with the District's current plans for the funds it has already received for FY09-10:

- **Race to the Top:** \$4.35 billion competition for federal dollars aimed at encouraging innovative reforms that will accelerate student achievement.²⁴ Of the total, up to \$350 million will help states create assessments aligned to common sets of standards, with the remaining \$4 billion awarded in a national competition. To qualify for funds, states may neither have legal barriers prohibiting the evaluation of teachers and principals based on student growth and achievement data, nor systematically bar charter schools from growing.
- **Qualified School Construction Bonds:** The ARRA authorizes states and large school districts to issue tax-exempt bonds at minimal cost, with the federal government subsidizing interest payments to lenders via tax credits. These bonds are dedicated to fund construction, rehabilitation, or repair of public school facilities. Of the \$11 billion cap for each of 2009 and 2010, Pennsylvania is allocated \$315,737,000 and the School District of Philadelphia is allocated \$146,897,000 in each of the two years.²⁵

The District has already identified the following spending priorities for the funds made available to it through the ARRA:

- **Direct Federal Allocation of \$107 million:**²⁶ The District is using the direct Federal allocation to fund its 5-year Strategic Plan (Imagine 2014). In FY09-10, the direct Federal allocation was used for the following purposes:
 - Reduce class sizes in K-3 Classrooms to the following levels:
 - Empowerment Schools: K at 20:1; Grades 1-3 remain at 22:1
 - Other non-AYP Schools: K at 23:1; Grades 1-3 at 24:1
 - All schools making AYP: K at 23:1; Grade 1 at 25:1; Grades 2-3 at 26:1
 - Standardized curriculum for corrective reading and math
 - Staffing enhancements and other supports for 95 Empowerment Schools:
 - Parent Ombudsman dedicated to reaching out and promoting parental involvement
 - Student Advisors focused on providing support to struggling students
 - School Based Instructional Specialists: teacher leaders who support instructional programming
 - Rigorous school improvement plans

²⁴ "U.S. Department of Education Opens Race to the Top Competition." U.S. Department of Education, November 12, 2009.

²⁵ "Qualified School Construction Bond Allocations for 2009." Internal Revenue Service. www.irs.gov/pub/irs-drop/n-09-35.pdf.

²⁶ "City Council Update: Use of ARRA Funds." School District of Philadelphia, October 28, 2009.

- Increased number of counselors: ratio of students to counselors decreased from 500:1 to 250:1 in middle grades and 300:1 in high schools.

The federal stimulus funding not only provides an enormous amount of much-needed funding for public education, it also provides school districts with a rare opportunity to enact much-needed reforms. The Obama Administration is using stimulus dollars to incentivize states and districts to enact reforms such as developing tougher academic standards and better ways to recruit and retain effective teachers, tracking data on student performance, and implementing workable plans to reform failing schools. The “Race to the Top” competitive grant, for example, favors applications from states and districts that have shown strong commitments to enacting this type of reform, in addition to reducing barriers to charter school growth and performance pay for teachers.²⁷

The leverage to enact these reforms is already producing long-overdue changes in Philadelphia and many other districts and states across the nation.²⁸ In January 2009, the Philadelphia Federation of Teachers (PFT) entered into an agreement with the District that allowed Philadelphia to apply for a share of the “Race to the Top” funds. In the agreement, the PFT agreed to changes in teacher salary structure, evaluations that factor in student performance, and the District’s plans for turning around failing schools. The highly competitive “Race to the Top” program may grant Pennsylvania up to \$400 million, from which Philadelphia could receive tens of millions of dollars.²⁹

Although the Obama Administration and Congress should be commended for increasing funding for education in a manner that encourages reform, federal investment in education remains far too low. The U.S. Department of Education’s discretionary budget in FY 2010 is just \$63.7 billion (not including ARRA funds).³⁰ While this is a substantial amount of money, it is dwarfed by the \$130 billion allocated to the wars in Iraq and Afghanistan this year.³¹ We must treat education like the national security issue it is, and it must be a higher priority in the federal budget. If we can find \$130 billion to fight wars abroad, surely we can find more funding to protect our economic strength at home by investing in our most valued resource — our citizens.

²⁷ “Strings attached to stimulus dollars for schools.” *Associated Press*, November 9, 2009.

²⁸ Dillon, Sam. “States mold school policies to win new federal money.” *The New York Times*, November 11, 2009.

²⁹ Graham, Kristen. “Union: Schools can apply for Race to the Top grants.” *Philadelphia Inquirer*, January 12, 2010.

³⁰ U.S. Department of Education: <http://www2.ed.gov/about/overview/budget/index.html?src=ct>

³¹ White House Office of Management and Budget: http://www.whitehouse.gov/omb/fy2010_department_defense/

What We Need to Do

There is widespread agreement that education is important for our future, the current system is broken and has been dysfunctional for decades, and, although some improvements have been made in recent years, Philadelphia schools still have a long way to go before they provide quality education for *all* of our children.

This policy paper features five recommended courses of action I believe are necessary to repairing Philadelphia's education system: (1) holistically invest in children from birth through college; (2) repair, replace, and consolidate our schools; (3) improve the quality of teaching and instruction; (4) improve and expand public school choice; and (5) expand scholarship opportunities. Some of these recommendations are more narrowly targeted than others, and some of them call for bringing existing programs to scale sooner rather than later.

For too long, policy makers have taken a somewhat cautious approach toward public education reform — smaller classes, higher salaries for teachers, and more textbooks — out of fear of offending entrenched interests. While these more traditional approaches have produced some gains and have some inherent merit, we will not succeed in truly turning around our chronically dysfunctional school system unless we change our approach to education, instead of just nibbling around the edges of the problem. The cautious approaches of the past have not succeeded in fundamentally fixing the system. We must employ new approaches and devise strategies that will improve education for as many young people as possible.

When looking at ways to improve our school system, we cannot ignore the important role parents play in the education of their children. Educators only have access to children for seven hours a day, 180 days a year. What occurs when kids are not in school has an enormous impact on their academic progress. We must make sure children receive all of the necessary supports in the communities where they live for them to grow, thrive, and prosper as young adults. We must equip them with the encouragement and non-academic skills they need from the earliest possible age to enable them to be successful students, and instill in them an appreciation for academic achievement. This can only be accomplished by engaging parents and keeping them involved in their children's education.

The poor state of Philadelphia's education system is not only an ongoing challenge hindering the prosperity of our citizens, it also is a tremendous opportunity for innovation. Philadelphia can be a true test lab for education reform. We can attract federal dollars to implement the best practices emerging around the country and put academic concepts into practice in the classroom. We cannot let this opportunity to innovate and lead the nation pass us by. The future of both our children and our great city depends on us doing something to shake up the system. The status quo has failed us and our children for too long.

What We Need To Do:

1. Invest in Children From Birth Through College

Perhaps the most essential investment we can make to achieve comprehensive education reform is in early childhood education. One of the strongest predictors of graduation and educational achievement is the level of reading proficiency by third grade.³² Thus, we cannot wait until at-risk children are 5 or 6 years old to start educating them. We must start earlier, and should not contain our efforts to the traditional classroom. It is both more difficult and more expensive to educate later in life, and the skills learned early are the foundation for future growth. Only by investing heavily in the earliest, most formative years will we ensure that as many students as possible reach the third grade benchmark and go on to future success.

This investment is particularly critical in Philadelphia, where so many of our children face the challenge of poverty. Of the over 113,000 children age five and under in the city, nearly three-quarters are eligible for subsidized child care.³³ While 19% of children nationwide live in poverty, in Philadelphia, 35% of children age 18 and under are impoverished — a percentage that has grown over time.³⁴ If we do nothing to change this trend and lift our young people out of poverty, our city will only become poorer and we will continue to struggle in future generations.

Early childhood education extends beyond teaching the three R's to developing the non-cognitive skills necessary for future success. The unfortunate reality is that many students go through school without fully developing the social skills essential to function successfully in the workforce, such as patience, persistence, self-confidence, and the ability to follow instructions. These skills need to be instilled early in life and constantly reinforced as students progress through the education system. While many students may be able to master academic studies on their own initiative, many of these crucial, non-cognitive skills can only be taught through positive interactions with those around them — in the family, in the community, and in the classroom.³⁵

The need for early childhood education is matched by data showing its worth. Providing access to quality early childhood education produces one of the highest returns of any public investment: according to a Federal Reserve Bank study, every \$1 invested in early childhood education produces \$4 to \$7 in benefits.³⁶

³² Mezzacappa, Dale. "More, better care." *The Notebook*, Fall 2009.

³³ Id.

³⁴ 2005-07 American Community Survey. United States Census Bureau, www.census.gov.

³⁵ Heckman, James J. and Yona Rubinstein. "The Importance of Noncognitive Skills: Lessons from the GED Testing Program." *The American Economic Review*, Vol. 91, No. 2, May 2001.

³⁶ As cited in "Department of Education." Commonwealth of Pennsylvania, Governor's Executive Budget 2009-10. www.budget.state.pa.us.

State officials in Pennsylvania recognize the importance of quality early childhood education and should be commended for their efforts to expand access to it. The Pennsylvania “Pre-K Counts” program was established to provide high quality pre-kindergarten education to at-risk 3- and 4-year olds to ensure their future success in kindergarten and beyond. The program, which started as a pilot in 2004, has been a stunning success. To evaluate the effectiveness of Pre-K Counts, The Heinz Endowments commissioned the University of Pittsburgh to study 10,000 students with various risk statuses from 2005 to 2008. The study, released in 2009, showed that at-risk students enrolled in Pre-K Counts programs showed remarkable achievement gains, and children with learning delays and challenging behavior also improved through the course of the program.³⁷

Other reports show that 94% of children in the program finished the school year with age-appropriate or emerging age-appropriate skills and behavior.³⁸ This initial success is expected to save taxpayers \$100 million in future special education costs alone, with additional downstream savings likely to follow as well-educated adults are less likely to rely on public assistance and more likely to be productive, healthy taxpaying members of society.³⁹

Governor Rendell and the General Assembly deserve credit and thanks for implementing and funding this quality early childhood education program, but more needs to be done to serve every child in need of these vital services. In 2008-09, Pre-K Counts only had enough funding to serve 11,800 children across the state — a small percentage of the eligible population — and charter schools with early childhood education programs are excluded by law from receiving program funds. Similarly, although federal and state spending for child care subsidies has increased, less than half of eligible, low-income families receive them, and thousands of families are on waiting lists.

The Philadelphia School District also deserves praise for increasing the number of children receiving early childhood education services but, again, room for improvement remains. Enrollment in District early childhood programs has increased from 8,231 children in 2004-05 to 11,459 children in 2008-09.⁴⁰ Most of that growth occurred in preschool enrollment, which increased from 6,831 to 9,810 children served during that period.⁴¹ This incremental growth in enrollment is projected to continue, but we cannot accept the current pace of change. We must increase resources in the next 5-10 years to eliminate waiting lists for quality early childhood education and enable *every* student to receive these services, and also must permit any type of school to provide them.

³⁷ “Pre-K Counts in Pennsylvania for Youngsters’ Early School Success.” Early Childhood Partnerships, <http://www.heinz.org/UserFiles/Library/ExecSum-FINAL.pdf>

³⁸ “Early Childhood Education.” 2009-2010 Education Budget Facts, Commonwealth of Pennsylvania Department of Education.

³⁹ “Pennsylvania Pre-K Counts at a Glance.” Commonwealth of Pennsylvania Department of Education, www.pde.state.pa.us.

⁴⁰ “Proposed Budget Fiscal Year 2009-10 Slideshow.” School District of Philadelphia, May 20, 2009.

⁴¹ Id.

Coordination of efforts between the City and District, as well as between particular programs, must be dramatically improved to reduce administrative redundancy and make sure every child is receiving all available support. For example, the federal Early Intervention program, which targets children who have significant developmental delays, is underutilized. As a result, children in Philadelphia who could have been brought up to grade level through the program are lagging behind their peers when they enter school.⁴²

In addition to being a wise investment of public dollars and an effective tool for improving educational outcomes, early childhood education can also provide a critical opportunity to involve parents in their children's education. In Philadelphia, a Head Start program operating at the McKinley School, located in one of the most economically depressed areas of the city, focuses on promoting parent involvement and enthusiasm. Program staff communicate with parents through letters, a weekly newsletter, a parent bulletin board, and frequent conversations. Parents are given phone numbers where they can reach teachers both at school and at home. Parents are even encouraged to linger in the classroom and talk to teachers when they drop their children off, or use the time to read to their children.⁴³ The response to these outreach efforts from parents has been strong and positive, which is particularly notable considering that many of the now-engaged parents report not having had positive experiences when they were in school.⁴⁴ This is the kind of initiative we need to encourage and replicate across the city.

Case Study: The Harlem Children's Zone

Geoffrey Canada, the founder of the Harlem Children's Zone (HCZ), knew from his own life experiences that at-risk, low-income children could succeed if given the right education and opportunity.⁴⁵ Canada sought to develop a system in Harlem that would break the generational cycle of poverty by enabling at-risk children to graduate high school and go to college at the same rate as children elsewhere. Understanding that poverty cannot be addressed solely in the classroom, he gave HCZ a community-based approach to help combat some of the issues children face when they are not in school. His system was designed to be a "conveyor belt" of services that intervened with neighborhood children from the earliest possible stage — before birth — and kept them moving on track until college. But appreciating that providing wraparound social services is not enough to improve outcomes if there are not quality schools available, HCZ created its own charter schools, which work seamlessly with its community-based services to ensure that children receive all the resources needed to succeed on the path from early childhood through elementary and secondary education.

⁴² Mezzacappa, Dale. "More, better care." *The Notebook*, Fall 2009.

⁴³ LaBletta, Janine. "McKinley Head Start taps parents' eagerness for involvement." *The Notebook*, Spring 2006.

⁴⁴ Id.

⁴⁵ For a thorough and comprehensive look at the history and evolution of the Harlem Children's Zone, see Tough, Paul. Whatever It Takes. New York: Houghton Mifflin, 2008.

Harlem Children's Zone has four major components, each designed to offer services to children at a different stage of development. The first component, Baby College, offers free 9-week parenting workshops to neighborhood residents expecting children or with children up to 3-years old. The workshops address issues including infant health and appropriate discipline techniques, and incentives such as free breakfast, lunch, daycare, and prizes are provided to encourage parent attendance.⁴⁶ Much of HCZ's success is rooted in its outstanding outreach efforts. HCZ employees actively seek out prospective participants for Baby College by canvassing apartments, laundromats, supermarkets, and interviewing past participants.⁴⁷

The second component, Three-Year-Old Journey, is an intensive course held on Saturdays over several months to teach parents about their children's development and help them focus on building language and parenting skills.⁴⁸ It is only open to parents whose children have gained admission to HCZ's charter schools, Promise Academy.

The third component, Harlem Gems, is a language-intensive pre-kindergarten program with an emphasis on encouraging parental involvement and developing socialization skills. The Harlem Gems program features a child-to-adult ratio of 4 to 1 and offers classes in French, Spanish, and English. The program runs from 8 a.m. to 6 p.m., serving 200 children at three sites in Harlem. In preparation for attending the Gems program, incoming students go through a six-week summer program to acclimate them to the new schedule and prepare them to start the program in the fall.⁴⁹

The fourth component, Promise Academy, is a system of three charter schools serving grades K-10 (soon expanding up to 12th grade) that admits students through a lottery system with a priority on recruiting children from the Harlem area.⁵⁰ Promise Academy features more instruction time than traditional public schools — an 8 hour day and 210-day school year. It also focuses on intensive instruction in English and mathematics, and offers free medical, dental, and mental health services for students. Children enrolled in Promise Academy who are behind grade level are in school for twice as many hours as a typical public school student in New York City; those who are at or above grade level still attend the equivalent of 50% more school per year.⁵¹ Promise Academy uses value-added assessment to evaluate and incentivize teachers, and a culture emphasizing achievement and hard work is prevalent throughout.

HCZ has been remarkably successful at improving the achievement of the poorest children it has served. Students who enter HCZ schools in the sixth grade gain more than a full

⁴⁶ Id.; www.hcz.org/the-hcz-project-pipeline/early-childhood.

⁴⁷ Dobbie, Will and Roland G. Fryer, Jr. "Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem." Harvard University, April 2009, p. 5

⁴⁸ www.hcz.org/the-hcz-project-pipeline/early-childhood

⁴⁹ Id.

⁵⁰ www.hcz.org/programs/promise-academy-charter-schools; www.hczpromiseacademy.org

⁵¹ Dobbie, Will and Roland G. Fryer, Jr. "Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem." Harvard University, April 2009, p. 6.

standard deviation in math and between one-third and one-half of a standard deviation in English by eighth grade. Students in HCZ elementary school gain approximately one-and-three-quarters of a standard deviation in both math and English, **effectively closing the racial achievement gap in both subjects.**⁵²

HCZ does not cease its efforts once children make it through high school, however. After finding that many students who went through the programs had difficulty once they entered college, HCZ established a College Success Office to provide support to students on a range of issues they might face, such as securing financial aid, finding internships, and time management.⁵³

President Obama was so impressed by HCZ that he used it as a template for his Promise Neighborhoods campaign proposal, which seeks to replicate HCZ's community-based "conveyor belt" service model in low-income neighborhoods throughout the country.⁵⁴ Geoffrey Canada has already demonstrated the potential to bring HCZ to scale: the program started in a 24-block area of central Harlem in 1997 and expanded to a 97-block area in 2007. The organization now serves nearly 10,000 students with an annual budget of \$48 million — a cost of just \$5,000 per child.⁵⁵

* * *

Governor Rendell, the General Assembly, and the School District should be commended for their efforts to expand access to full-day kindergarten and pre-kindergarten programs throughout Pennsylvania, but we need to do more for our most at-risk children, and we need to start at an earlier age. Philadelphia needs Children's Zones of its own.

The District has recently taken positive steps to engage parents through its Parent University program, which aims to improve parents' engagement and educational skills through courses on subjects ranging from math to social etiquette to attendance and truancy.⁵⁶ We should supplement this program with an initiative that incorporates extensive outreach and incentive efforts to further promote good parenting to first-time parents and engage them in the education of their children.

This initiative would be an integral part of a Philadelphia Children's Zone. Such a program can be created within geographic regions with a high incidence of poverty and low educational attainment. A nonprofit organization would be created to launch programs to target

⁵² Dobbie, Will and Roland G. Fryer, Jr. "Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem." Harvard University, April 2009, p. 3.

⁵³ Harlem Children's Zone: www.hcz.org/the-hcz-project-pipeline/college

⁵⁴ "The Promise of Promise Neighborhoods: Beyond Good Intentions." Remarks by Arne Duncan, U.S. Secretary of Education, November 10, 2009. <http://www2.ed.gov/news/speeches/2009/11/11102009.html>

⁵⁵ Dobbie, Will and Roland G. Fryer, Jr. "Are High-Quality Schools Enough to Close the Achievement Gap? Evidence from a Bold Social Experiment in Harlem." Harvard University, April 2009, p. 5.

⁵⁶ Cruz, Gilbert. "Parenting Classes Teach Families How to Stay Engaged." *Time Magazine*, November 8, 2009.

new mothers and parents of young children and provide a seamless array of services from early childhood through college. Affiliated charter schools could be established to serve the children in the area, utilizing the best practices throughout the country to provide a high quality education addressing the special needs of the students. Such an organization can attract philanthropic dollars, federal money from the Obama Administration's Promise Neighborhoods initiative, and scholarship donations incentivized by tax credits (a topic discussed in greater detail later in this paper).

Bringing a model similar to Harlem Children's Zone to Philadelphia will not be easy or inexpensive, but it will pay off in the long run. Nationwide, investments in quality early childhood development consistently generate benefit-cost ratios exceeding 3-to-1. If the United States developed a comprehensive, nationwide, publicly-financed early childhood development program for all low-income children, billions would be spent annually but the net effects on budgets of all levels of government would turn positive within two decades. In 45 years, the net budget savings would reach more than \$60 billion, gross domestic product would increase by more than \$100 billion, and costs associated with crime would drop by more than \$150 billion.⁵⁷ Based on these estimates, it is clear that spending the money today to educate at-risk children at an earlier age will yield significant economic returns in the near future.

RECOMMENDATIONS:

NOW:

- The City should encourage the formation of a nonprofit organization to bring a comprehensive, community-based system of early childhood supports similar to Harlem Children's Zone to Philadelphia.

WITHIN 3 YEARS:

- Increase state funding for Pre-K Counts and child care subsidies; make funds available to charter schools for early childhood education.

⁵⁷ Lynch, Robert G. "Exceptional Returns: Economic, Fiscal, and Social Benefits of Investment in Early Childhood Development." Economic Policy Institute, October 19, 2004.

What We Need To Do:

2. Repair, Replace, and Consolidate Our Schools

The bad news: many of the buildings operated by the School District of Philadelphia are in deplorable condition. The good news: compared to many other challenges inherent in urban education, that of infrastructure repair and preventive maintenance is simple and straightforward. The scope of the problem is relatively easy to determine, and the source of the problem easy to pinpoint: we have underinvested in physical plant upkeep.

Due to chronic funding shortages, the District historically has not spent enough money to maintain its facilities adequately. And when funds were plentiful for capital improvements, most recently between 1950 and 1980, the District focused primarily on constructing new facilities, building more than 100 new schools during this 30-year period. Following this construction boom, however, the District spent scant money on capital investment for nearly a decade. As a result, even newer schools did not receive adequate maintenance to remain in good working order. For most of the past 20 years, the District has not sufficiently invested in the capital improvements needed to maintain its 27 million square feet of space in aging buildings.⁵⁸

The District today operates 347 schools with an average age of 63 years. Twenty-five buildings are more than 100 years old.⁵⁹ The oldest school in the District's portfolio is Point Breeze's Childs Elementary, built in 1894.⁶⁰ Despite its age, Childs is not the most inadequate facility currently in use — that distinction goes to Willard Elementary in Kensington.

347	Number of school buildings
63	Average building age
25	Number of buildings more than 100 years old

Constructed in 1907, Willard Elementary lacks an auditorium, lunch room, and adequate classroom space. The multi-story building has a single bathroom located in the basement, requiring students to waste classroom instruction time traveling up and down multiple flights of stairs to use overcrowded facilities. Two nearby buildings are used for overflow, as the main building does not have enough space for the school's 750 K-4 students. Due to the lack of a cafeteria, students are forced to eat at their desks in classrooms, leading to significant vermin problems throughout the building.

The appalling conditions at Willard have been recognized for more than a decade. When then-Mayor Ed Rendell called for increased federal money for school construction in 1998, he

⁵⁸ "Greater Philadelphia Regional Review." Economy League of Greater Philadelphia, Fall 2003. <http://economyleague.org/files/File/Box%20School%20Infra.pdf>

⁵⁹ Imagine 2014, p. 10

⁶⁰ Jones, Richard and Laura Bruch. "City Students Learning in Close Quarters." *Philadelphia Inquirer*, December 9, 1996.

used Willard as the backdrop for his announcement. The District has promised Kensington a new facility to replace Willard for more than a decade, but due to bureaucratic delays it took years for the \$40 million needed for the new building to become available. As of 2010, the decrepit Willard facility remains in use while a replacement is finally under construction nearby, more than six years after the District announced its plans to fund the new school.⁶¹

It is clear to virtually every student, parent, teacher, and administrator that we need to invest more in our school facilities. These investments not only protect our public assets and save money in the long run, they also improve the quality of education provided. The condition of a school sets the expectations for teachers and students alike; quality facilities send the message that the children and teachers are valued and expected to reach high levels of achievement. What message does it send if our children face even worse physical conditions at school than at home?

In 2003, then-District CEO Paul Vallas announced an ambitious \$1.5 billion capital program to rehabilitate the District's school infrastructure.⁶² His plan was developed in accordance with four objectives: improve high school options, phase out middle schools, alleviate elementary school overcrowding, and ensure a state of good repair in all District facilities. While the investment was much-needed and long-overdue, it addressed barely half of the \$2.7 billion worth of capital project needs identified in the District's FY2008-13 Capital Improvement Plan.⁶³

As part of the federal American Recovery and Reinvestment Act (ARRA), a total of \$22 billion will be available in tax-exempt Qualified School Construction Bonds, with \$11 billion available each year in 2009 and 2010. These tax credit bonds can finance the construction, rehabilitation, and repair of public school facilities, or the acquisition of land on which to construct new facilities. The state or local school district is responsible for repaying the principal of the bond, with the federal government reimbursing lenders for much of the interest in the form of tax credits. Forty percent of the \$22 billion in available bonds will be allocated specifically to the nation's largest school districts, with the remaining amount allocated to the states. Under the ARRA, Philadelphia may borrow up to \$146,897,000 in bond proceeds in each of the next two years. Pennsylvania's allocation is capped at \$315,737,000 for each of those years, some portion of which may flow to Philadelphia.⁶⁴

⁶¹ Graham, Kristen. "New High School for Kensington Under Way." *Philadelphia Inquirer*, January 10, 2009; Jones, Richard. "As School Reopens, A Dream Deferred." *Philadelphia Inquirer*, September 9, 1998; Snyder, Susan. "\$1.7 Billion School-Building Project Lags." *Philadelphia Inquirer*, February 5, 2006.

⁶² "Greater Philadelphia Regional Review." Economy League of Greater Philadelphia, Fall 2003. <http://economyleague.org/files/File/Box%20School%20Infra.pdf>

⁶³ "Five-Year Financial Plan, FY 2008-09 through 2012-13." School District of Philadelphia, April 22, 2008, p. 119.

⁶⁴ Qualified School Construction Bond Allocations for 2009. Internal Revenue Service. http://www.irs.gov/irb/2009-17_IRB/ar08.html

The School District must take advantage of this opportunity for affordable financing of necessary repairs and improvements to our city's schools. In essence, the federal government is enabling the District and the Commonwealth to borrow at low cost a total of nearly \$1 billion to fund much-needed school improvements that will benefit future generations. We cannot pass up this opportunity to fix our schools: the city and state should do everything possible to ensure that the District has the financial resources to take full advantage of this program.

Improve the Capital Investment Process and Consolidate Space

In addition to maximizing investment in capital facilities, the District must improve its capital investment process. The District should formally assess the condition of each facility annually and compile a publicly accessible master list of outstanding issues to remedy. A detailed set of criteria should be established to evaluate this master list of needs, with projects that save operating dollars, including regular maintenance costs, receiving high priority for completion. Because it always costs less to maintain a system than fix it once it fails, building systems requiring periodic replacement should be scheduled for regular replacement or upgrades to keep them in good working order while minimizing operating maintenance costs and expensive breakdowns.

The District also should determine minimum adequacy standards for every school — what each classroom and facility needs at the most basic level to be a functional place for children to learn. These criteria should extend beyond the physical structure of the building to include consideration of technology, supplies, and classroom and support facility capacity, and should be developed with input from the teachers and administrators working within each building. The District should then place a high priority on making sure *every* facility in use is renovated to meet or exceed these minimum criteria within the shortest time frame possible.

In crafting its capital investment plan, the District must pay close attention to local demographic trends. As of 2009, the District had 43,500 more seats than students, but this excess capacity is not distributed uniformly across the city.⁶⁵ Some neighborhoods have seen enrollment grow significantly in recent years, while in others it has plummeted as families have relocated or sent their children to charter schools. The District should carefully and continuously project where there will be excess capacity and where there will be excess demand for seats and plan accordingly. Whenever feasible, capacity should be allocated in the most cost-effective manner and neighborhood zones modified to ensure an efficient allocation of students. It makes no sense to operate schools that are only partially filled — any excess capacity should be configured to benefit the most students possible, or the capacity should be eliminated altogether and the resources allocated to areas with greater need.

⁶⁵ Imagine 2014, p. 10.

Additionally, charter schools should have the right of first offer on surplus school facilities. Many charter schools currently lease space from commercial property owners — space that was not originally designed for use as a school. As charter schools are growing while the District student body is contracting, it makes sense to re-use surplus space for charter schools as often as possible. Charter schools, in turn, would pay leasing fees to the District sufficient to cover maintenance costs rather than leasing and reconfiguring expensive commercial space far from the neighborhoods where most of their students live, as many do now. Many cities, including Washington, New York, Baltimore, and Boston, have successfully leased dozens of surplus public facilities to charter schools. Philadelphia should do the same until the surplus capacity on the District's balance sheet is eliminated.

The facilities master plan under development by the District should implement these objectives. By performing a comprehensive capacity study and improving the capital investment process, the District will save operating and capital dollars, provide charter schools with additional space in which to operate, and offer the opportunity for architecture and design students at area universities to contribute their skills by reconfiguring space at minimal cost to the District.

Use TIFs to Fund New School Construction

The quality of education opportunities has long been acknowledged to be a primary factor influencing property values. Simply put, homes located in areas with poor public schools sell for less than equivalent homes located in excellent school districts or catchment zones. Quality education is an essential element for maintaining neighborhood stability and high property values and can be leveraged as an economic development tool.

Case Study: The Penn Alexander School⁶⁶

A nationally-renowned example of the impact of quality education on property values exists in West Philadelphia. In the late 1990s, the University of Pennsylvania partnered with the School District of Philadelphia to create a K-8 public school — the Penn Alexander School — just west of the university's campus. The idea for the school grew from Penn's desire to stabilize and revitalize the surrounding neighborhood in the wake of a crime spike in the 1980s and 1990s, a desire intensified by the high-profile, fatal stabbing of a Penn graduate student in the neighborhood in 1996.

Officials at Penn and members of the community understood the economic and social value of having quality, affordable elementary education readily available in the neighborhood. The university, under the direction of then-president Judith Rodin, sought to make the neighborhood more stable and safe by encouraging more middle-class families and Penn

⁶⁶ Much of the background on this topic is drawn from Kromer, John. *Fixing Broken Cities*. New York: Routledge, 2009.

employees to settle there. The theory was that these residents would strengthen the neighborhood by revitalizing its historic housing stock, making lighting improvements, reducing vacancy, and fueling commercial activity. Penn offered special mortgages with favorable terms, such as partial loan forgiveness, and upfront grants to fund building improvements to employees committing to live in the area for a minimum of seven years. These efforts resulted in local homes being purchased and/or rehabilitated.

Penn appreciated, however, that incentivizing new residents to move in would not be a long-term solution unless it did something about the educational options available in the area. The existing Philadelphia public schools serving the neighborhood had lackluster student achievement and reputations for violence and disorder. The risk was that new residents would move out of the area once they had school-age kids, perpetuating a historic pattern. Accordingly, Penn decided to partner with the District to open a new K-8 school, which the university would support with both direct and in-kind contributions.

When Penn Alexander opened in 2001, it had a curriculum designed by professors at Penn's Graduate School of Education, which also trained teachers and subsidized the school's operating costs by more than \$1,000 per student.⁶⁷

A decade after Penn Alexander opened, property values within the school's catchment zone have increased significantly — the presence of the school has become a major selling point for those looking to move to the neighborhood. Homes within the zone sell for \$60,000 to \$100,000 more than similar homes located across the street but outside of the zone.⁶⁸ One area realtor, Steve Drabkowski, attributed much of the property value increase in the neighborhood to the presence of the new school:⁶⁹ “Once the school boundary was established, it really caused the value in that catchment area to go up. Families didn't have to worry about sending their kids to private schools or to inadequate public schools.” Real estate prices within the catchment zone nearly tripled and home ownership rose 6% in the first several years after the school opened.⁷⁰

Penn Alexander not only contributed to an increase in property values, it also added stability to a neighborhood in transition. “I think from a social standpoint, what building a school has done is begun to stabilize the neighborhood . . . because now people feel comfortable staying and raising their children in the area,” said Nancy Roth, president of the Spruce Hill Community Association.⁷¹ As Penn Alexander demonstrates, access to quality public education is a major factor impacting a neighborhood's desirability and property values.

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⁶⁷ Jan, Tracy. “Ivy's growth transforms a city.” *Boston Globe*, May 3, 2009.

⁶⁸ Dubilet, Alex. “Alexander School adds stability to neighborhood.” *Daily Pennsylvanian*, April 6, 2004.

⁶⁹ Lapinski, Alex. “School causes real estate boom.” *Daily Pennsylvanian*, September 7, 2001.

⁷⁰ Dubilet, Alex. “Alexander School adds stability to neighborhood.” *Daily Pennsylvanian*, April 6, 2004.

⁷¹ Ibid.

The effect of the Penn Alexander School on its neighborhood is clear evidence that investing in education is an economic development tool, particularly in transitioning neighborhoods with quality housing stock. Philadelphia should replicate the Penn Alexander model elsewhere in the city to bring quality education opportunities to neighborhoods with solid housing stock and middle class families, but poor or limited existing education options.

A form of tax-increment financing (TIF) could be used to construct and finance these new schools. Funds could be borrowed to build the school, with the debt service paid by the additional property taxes generated within a defined adjacent catchment area as property values rise.⁷² Many cities, including Philadelphia, already use similar funding mechanisms to support economic development projects that are expected to generate additional future tax revenue. Given the clear impact of education on property values, it makes sense to use this tool to fund the construction of new, innovative public schools, as well.

For example, if an educational TIF zone was drawn to encompass 2,500 properties, at least \$3 million annually in new tax revenue could be generated through the tax increment following from increased property values attributable to the presence of a quality school.⁷³ This would be more than enough to fund debt service on a \$30 million bond issued for school construction — enough to fund the bulk of the cost of new school construction.⁷⁴

While this model may not be practical in parts of the city that are not expected to generate a significant tax increment solely through the presence of a new school, it could be effective in transitional or revitalizing neighborhoods that lack adequate access to quality public education. Neighborhoods with solid housing stock that are attracting new residents, such as Francisville, Fishtown, and Powelton Village, could be ideal places to use TIFs to build, revitalize, and self-finance better schools. These schools, in turn, would stabilize and increase property values and continue to attract new families to Philadelphia at minimal cost to the rest of the city.

⁷² For an overview of TIF financing, see Dye, Richard F. and David F. Merriman. “Tax Increment Financing: A Tool for Local Economic Development.” *Land Lines*. Lincoln Institute of Land Policy, January 2006. http://www.lincolnst.edu/pubs/1078_Tax-Increment-Financing

⁷³ If each property, on average, saw its assessed value increase by just \$25,000, it would generate more than \$1,200 in new annual tax revenue at the School District’s current rate of 49.59 mills — 2,500 properties at \$1,200 each would amount to \$3 million. This tax increase would still result in lower property taxes than in many surrounding suburbs with equivalent schools.

⁷⁴ For example, according to the District’s Capital Improvement Program, the District budgeted \$37,500,000 to construct the replacement for Willard Elementary.

RECOMMENDATIONS:

NOW:

- City Council should authorize TIF districts to fund school construction in neighborhoods with strong housing stock and potential for economic growth but lacking quality public school options.
- District should end the practice of deferring maintenance and routinely schedule the replacement or repair of critical building systems to minimize expensive and disruptive breakdowns, which will both ensure that students have adequate facilities in which to learn and save capital funds over the long term.
- District should establish a set of minimum facility standards necessary for a productive learning environment; assess every school based on these standards; and place a high priority on bringing every facility into full compliance as soon as possible.
- District should take full advantage of the Qualified School Construction Bonds authorized under the ARRA to finance needed school improvements affordably.

WITHIN 3 YEARS:

- District should formally assess the condition of every active facility on an annual basis and publish online the outstanding issues at each one.
- District should improve the capital needs assessment process by continuously identifying needed improvements and prioritizing needs according to a defined set of criteria that consider operating costs as well as impact on student learning.
- District should carefully study and project demographic trends to ensure that capacity is allocated in the most beneficial and economic manner possible.
- District should consolidate space whenever feasible and cost-effective and make excess space available to charter schools.

What We Need To Do:

3. Improve the Quality of Teaching and Instruction

The most important component of a successful school system is the teacher in the classroom: a skilled, qualified workforce is the most fundamental resource we have for educating students. Teachers are both trusted to care for our children and given the weighty charge of ensuring they are learning what they need for future success. In light of this enormous responsibility, teachers should be treated like the professionals they are. They should be well compensated, treated with respect, rewarded for performance, and held accountable to produce results.

Like many urban school districts, Philadelphia faces challenges recruiting and retaining qualified teachers. The School District employs approximately 11,000 teachers, but significant employee turnover is a longstanding problem. In September 2009, more than 200 District teachers failed to report to work just days before the start of the school year. (Alarming as this number seems, it was half the previous year's level.⁷⁵)

Teachers

- **10,709** total
- **44** Average age
- **13** Average years of experience in the District

We need to take aggressive steps to recruit and retain the best educators in Philadelphia. Only 52% of teachers stay in the District after three years of service, a turnover rate that results in the loss of potential talent and experience.⁷⁶ The District should provide incentives, such as loan forgiveness or mortgage assistance in specified neighborhoods, to recruit and retain teachers who may be considering teaching in suburban districts for higher pay and what is often viewed as more desirable work.

The structure of teacher compensation must be fundamentally reformed to emphasize performance over seniority. The amount a teacher is paid should not depend solely on how long he or she has worked or how many degrees he or she has. Effectiveness, not seniority, should be the major compensation criteria. As such, a system of merit pay should be implemented to reward teachers who help students increase their academic performance. As discussed previously, the Obama Administration plans to use \$4.35 billion in "Race to the Top" education funding to incentivize states and districts to adopt performance pay for teachers.⁷⁷ The District recently entered into a contract with the Philadelphia Federation of Teachers (PFT) that opens the door for merit pay, an agreement that strengthened Pennsylvania's application for up to \$400 million in these competitive federal funds.

⁷⁵ Tales, Dafney. "Ackerman: Teachers' No-Show 'Inconceivable.'" *Philadelphia Daily News*, September 4, 2009.

⁷⁶ See appendix.

⁷⁷ Shear, Michael and Nick Anderson. "A \$4 billion push for better schools." *Washington Post*, July 24, 2009.

Multiple districts have implemented performance pay systems with great success and the concept is gaining traction in districts throughout the nation. Teachers in New Haven, Connecticut recently adopted a contract that allows use of student achievement data in compensation.⁷⁸ In Washington, D.C., schools chancellor Michelle Rhee is pursuing a two-tiered compensation system for teachers based on a combination of student test scores, academic gains, and classroom observations by third-party evaluators. Rhee's proposal would let existing teachers to opt into this merit pay model, allowing them to earn up to \$130,000 per year in exchange for voluntarily giving up tenure and completing a one-year probation period.⁷⁹ Philadelphia should offer its teachers the opportunity to opt into a similar merit-based compensation model.

Any merit pay system must recognize that teachers cannot control the academic starting points and socioeconomic backgrounds of their students. Salaries should not be negatively impacted merely by teaching remedial classes or academically challenged students. To account for the varying performance of individual students, merit pay should be based on value-added assessment systems, not pure test scores. Such systems grade student achievement against their own past performance using previous test scores, not against student performance district-wide or state-wide. By measuring past performance, a statistical model can be created for each individual student to project what he or she would be expected to learn over discrete intervals. Measuring the student's performance on benchmark tests compared to the performance projected by the model can assess whether a student has truly received one year's worth of education. How well the student performs in relation to his or her statistically projected performance is a fair means of assessing the performance of educators while isolating external variables, such as socioeconomic status and the performance of students elsewhere in the district.⁸⁰

This quantitative assessment should be complemented by qualitative analysis in the form of classroom observations to evaluate how effectively teachers communicate the subject matter. These visits can also help identify teachers in need of additional professional development and peer support.

The American Federation of Teachers (AFT) recently announced its support for an overhaul of the way teachers are evaluated nationwide. AFT president Randi Weingarten hopes to develop a new model to better evaluate, promote, and remove teachers through year-round evaluations that take a wide array of factors into account. The model includes consideration of

⁷⁸ Benton, Elizabeth. "City teachers contract hailed as a model." *The New Haven Register*, October 27, 2009.

⁷⁹ Smith, Lauren. "D.C. Schools Chief Michelle Rhee Fights Union Over Teacher Pay." *US News and World Report*, December 21, 2009. <http://www.usnews.com/news/national/articles/2009/12/21/dc-schools-chief-michelle-rhee-fights-union-over-teacher-pay.html>

⁸⁰ Dr. Theodore Hershberg of the Center for Greater Philadelphia at the University of Pennsylvania has worked extensively on the value-added assessment model and performance pay for teachers using value-added systems. www.cgp.upenn.edu.

test scores — provided that the scores are used to assess whether a teacher’s students showed improvement during the school year.⁸¹

The PFT recently agreed to a new contract with the District that allows for bonus pay for staff at the most-improved and highest-performing schools, using value-added assessment to measure such performance. This positive development has been praised widely by education officials in Pennsylvania and Washington, and represents a true step forward in the way teachers are compensated in Philadelphia.⁸² The PFT and the District should be praised for adopting this groundbreaking measure.

Awarding performance bonuses to every teacher in a well-performing school encourages collegiality among teachers and incentivizes teachers to work to boost the achievement of every student in the school, not just the students in their own classes. These bonus pay systems also should incorporate a method of rewarding individual teachers who do an outstanding job boosting student achievement. Doing so would provide a significant incentive to reward the best teachers in *every* school — not just the schools that improved the most or had the greatest academic growth on a school-wide basis — thereby achieving a broader impact and providing a financial incentive for teachers to remain in Philadelphia and potentially earn more than they would in suburban schools.

Although we need to hold teachers accountable for results, we should not punish or abandon teachers who have more difficulty boosting student achievement. A system of aggressive and supportive peer intervention must be provided to further the professional development of *every* teacher, with the most experienced and high-performing teachers lending their suggestions and expertise to newer, less experienced teachers. All incoming teachers should go through a comprehensive peer training curriculum and be partnered with experienced teachers who can help them navigate the difficulties that often arise in the classroom. Successful strategies to boost student achievement should be brought to every classroom from peer teachers. This positive feedback loop will lead to improved student performance (with increased teacher salaries to follow) and improved teacher retention rates as newer teachers become more confident, comfortable, and successful in the classroom.⁸³

Schools should facilitate communication between teachers across subject areas by scheduling common planning time. This time would enable discussion and collaboration between peer teachers and school administrators, and would help integrate overarching curricular

⁸¹ Greenhouse, Steven. “Union chief seeks to overhaul teacher evaluation process.” *New York Times*, January 12, 2010.

⁸² Snyder, Susan. “Performance bonuses put Phila. teachers pact on cutting edge.” *Philadelphia Inquirer*, January 21, 2010; “Plaudits for Phila. teachers contract.” *Philadelphia Inquirer*, January 25, 2010.

⁸³ “Effective Teaching for All Children: What It Will Take.” The Education First Compact and The Philadelphia Cross City Campaign for School Reform, March 2009.

themes of the particular school into the daily lesson plans in every classroom.⁸⁴ Furthermore, teachers should be involved in the day-to-day administration of the schools in which they work. Their suggestions and input should be valued, as they are in the trenches and understand better than anyone what is needed in the classroom.

Increase Instruction Time Across the District

The traditional academic calendar in use at most public schools in the United States has barely changed since the 19th century, when family farm labor was in high demand and students spent their summers working the harvest. In a more industrialized economy less dependent on a large agricultural workforce, it makes little sense to continue educating most of our students based on crop cycles, particularly in cities like Philadelphia.

Talk of lengthening the school year beyond the current 180-day mandate is not new. For decades, academics and journalists have questioned the propriety of the current school calendar, particularly as the United States has fallen behind other industrialized countries in academic performance.⁸⁵ President Obama has declared his support for a longer school day and year, which may give this concept enough momentum, and federal funding, to be implemented broadly.⁸⁶

Some of Philadelphia's charter schools, such as Mastery and KIPP, already require a longer school day for their students. Both schools have an 8-9 hour school day and offer students Saturday programs for enrichment and additional help if students are behind in their work.⁸⁷ The results at Mastery's Shoemaker campus speak to the advantages of this increased instruction. Since Shoemaker was turned into a Mastery-run charter school in 2006, test scores have risen dramatically: the percentage of 8th graders scoring advanced or proficient on the PSSA reading exam increased by approximately 40%, and PSSA math scores rose 50%.⁸⁸

Massachusetts is conducting a three-year pilot program to lengthen instruction time in nearly two dozen schools by 300 hours. Early results of this initiative have been positive: students in schools with longer instruction days are doing better on state tests than those in traditional schools. There is an additional expense involved: the program costs an additional \$1,300 per student, or 12-15% more than regular per-pupil spending.⁸⁹ In Philadelphia, we should explore ways to reduce or eliminate the additional cost through schedule shifting, shared facilities, and other efficiencies.

⁸⁴ "Informing High School Choices: The Progress & Challenges of Small High Schools in Philadelphia." Research for Action, January 2008.

⁸⁵ Allis, Sam. "Why 180 Days Aren't Enough." *Time*, September 2, 1991.

⁸⁶ "More school: Obama would curtail summer vacation." Associated Press, September 28, 2009.

⁸⁷ Graham, Kristen. "US Education Secretary Supports Longer School Days." *Philadelphia Inquirer*, September 28, 2009.

⁸⁸ *Ibid.*

⁸⁹ "More school: Obama would curtail summer vacation." Associated Press, September 28, 2009.

Adding an hour or two of instruction time each day may not sound like a radical change, but in practice it would allow more time for core classes, some of which now meet for less than 45 minutes. Adding 10 or 20 minutes of instruction time each day in core subjects would yield a significant percentage increase in the time devoted to these topics over the course of the school year.

Every student, regardless of his or her academic performance, would benefit from additional time in the classroom, whether spent improving reading skills or studying elective academic topics. Accordingly, the lengthened school day and year should be applied to as many schools as possible, starting with the most underperforming schools, and the additional instruction time targeted to meet the needs of individual students.

Not only should the school day be lengthened, but additional days should be added to the school year. Many other nations have a longer school year than what is standard in the United States. While most states currently mandate 180 school days per year, Taiwan, Japan, and Hong Kong each have longer school years, up to 201 days.⁹⁰ We should look at adding days to the school year, as well as shifting the school year to shorten the length of summer break. Children in poverty, many of whom rely almost entirely on the classroom for their education, make little progress over summer break. By lengthening other breaks throughout the year, the current three-month summer break could be shortened to three weeks.

Many other states and cities are recognizing the value of adding instruction time, primarily targeted toward the lowest-achieving students.⁹¹ Philadelphia should take the concept and advance it one step further, implementing it across the School District.

RECOMMENDATIONS:

NOW:

- Principals should include teacher input in the day-to-day operations of their school.
- Principals should schedule common planning time in every school to facilitate discussion and collaboration between fellow teachers and school administration.
- District should encourage less experienced teachers to draw on the expertise of fellow teachers to improve their skills and techniques through expanded peer development programs.
- District should assess the performance of teachers based on observation and peer evaluation, in addition to student growth.

⁹⁰ “More school: Obama would curtail summer vacation.” Associated Press, September 28, 2009.

⁹¹ Schemo, Diana Jean. “Failing Schools See a Solution in Longer Day.” *The New York Times*, March 26, 2007.

WITHIN 3 YEARS:

- District should implement incentives to recruit the best teachers and encourage them to remain teaching in disadvantaged schools.
- District should compensate teachers based on student performance growth, rather than on seniority.
- District should allow teachers to opt into a compensation model that pays based on student performance in exchange for voluntarily waiving tenure.
- District should implement performance bonuses based on the performance of an individual teacher's students, as well as the performance of the school as a whole.
- District should change the academic calendar to shorten summer break, lengthen school days, and extend the school year.

What We Need To Do:

4. Improve and Expand Public School Choices

Philadelphia families want quality options for where their children go to school. Seventy percent of District 8th graders apply to attend a high school other than their neighborhood one, most of which have poor reputations and lackluster student achievement, but just 45% are enrolled in any District school to which he or she applied.⁹² Almost all existing charter schools are running waiting lists.⁹³ The demand for slots in better schools far exceeds the number of seats available.

To improve the quality of neighborhood schools, as well as satisfy the growing demand for quality choices, Philadelphia must take steps to expand and systematize the public school choice process. We need to offer more choices, while giving families the resources they need to make informed decisions. Though some jurisdictions have implemented voucher programs to expand publicly-funded school choice to private schools, such a concept has failed to achieve significant political support in Harrisburg. As the chances of the legislature approving and funding such a program are unlikely, this paper focuses on what we can do *now* to measurably expand school choice with existing tools.

Charter schools can be vital tools for educating our children and providing much-needed public school options. But we need to implement accountability measures to ensure that they are not just options, but *good* options. We also must take steps to ensure that charters that are good options are available to as many students as possible.

Implement Mandatory Choice

To support and systematize school choice initiatives, Philadelphia should implement a computerized system of mandatory high school selection. Under a system of mandatory choice, all incoming high school students would be required to rank their preferences on where they would like to go to high school, even if they prefer to attend their neighborhood school. A computer program would then place students in their preferred schools far more efficiently and fairly than under the current system.

New York City, the largest school district in the nation, has used a system of mandatory high school choice since 2004 with positive results on student achievement. Far more New York City public schoolchildren are attending schools they selected than were previously and the

⁹² “Context, Conditions, and Consequences: Freshman Year Transition in Philadelphia.” Research for Action, January 2010.

⁹³ Evans, Shani Adia and Dale Mezzacappa. “Selecting a high school: Not a level playing field.” *Philadelphia Public School Notebook*, Vol. 17 No. 1, 2009.

number of students not placed in one of their preferred schools has declined from 35,000 in 2003 to just 791 in 2009. Although the system asks students to list their top 12 choices, a mere 5% of students are placed in schools they ranked 6 through 12.⁹⁴ The system also eliminated waiting lists and added transparency to a process once wrought with favoritism and special treatment for well-connected families.

Since New York implemented its improved mandatory choice system, its high school graduation rate has increased — rising from 41% in 2002 to 56% in 2008 — and achievement gaps between white and minority students have narrowed. With improvement occurring citywide, the school system was able to target its efforts and resources on bringing the remaining struggling schools up to standards.⁹⁵ New York also used data from its mandatory choice program to help inform resource allocation, including by expanding several high-demand high school programs and reorganizing failing schools into smaller, more innovative schools.

As the New York City program demonstrates, a system of mandatory high school choice via a customized computer program can vastly improve the efficiency of school choice programs and result in a greater percentage of students attending their chosen school. For such a system to be meaningful, however, students and parents must be well informed about the choice process and a range of viable choices must exist. The Philadelphia School District must ensure that high minimum standards are established for every school, with attention focused on bringing all schools up to those standards to prevent the emergence of a highly stratified and inequitable system of strong and weak schools.

Currently, approximately 20% of Philadelphia 8th graders are accepted into more than one high school.⁹⁶ As a result, multiple schools reserve slots for the same student as the student decides what school to attend. Implementing a system of mandatory ranked choice, in which students list their preferences in order, would significantly simplify the high school enrollment process, and make it more equitable by allowing schools to offer more slots to more applicants. The system could also accommodate charter schools, placing students in their preferred schools after applicant lotteries have been conducted.

Philadelphia should replicate the system of computerized, mandatory choice now used in New York — a reform that will be particularly important as the number of school options continues to grow. As noted elsewhere in this paper, the District has taken steps to expand significantly the number of high school options available, including charters, from 38 in 2002 to 82 in 2007. If the District encourages the growth of charter schools and continues to reform its larger neighborhood high schools — converting them into smaller, specialized schools — there

⁹⁴ Toch, Thomas and Chad Aldeman. “Matchmaking: Enabling Mandatory Public School Choice in New York and Boston.” Education Sector, September 2009. http://www.educationsector.org/usr_doc/ChoiceMatching.pdf

⁹⁵ Ibid.

⁹⁶ Evans, Shani Adia and Dale Mezzacappa. “Selecting a high school: Not a level playing field.” *Philadelphia Public School Notebook*, Vol. 17 No. 1, 2009.

will be more meaningful choices and more innovation and improvement in education. This reform should be met, in turn, with a fairer and more efficient means of matching students to the schools of their choice.

Improve School Choice Process

School choice can only be an effective tool for giving disadvantaged children more opportunities to receive a better education if families have sufficient information to make informed decisions. We need to create a centralized system to provide information about all of the various educational options available for high school — currently, no such central clearing-house of information exists.⁹⁷ The District publishes a guide for incoming high school students on what particular District high schools offer, but it provides very little information on charter high school options. Before the 2010-11 school year, the District should compile a comprehensive guide explaining *every* high school option available. This comprehensive guide should then be mailed directly to every parent in the District, with guidance counselors meeting with every student, and any parent who wishes, to discuss their educational options and future plans.

The District also should pursue a common application, as used by an increasing number of colleges. Currently, the high school application process varies widely in Philadelphia: students applying to a District high school have to complete just one application and list their top five choices, but each charter high school has its own unique application process. Charter high schools are supposed to select their students by lottery, rather than on the criteria used by some of the special admission District high schools such as test scores, grades, and student behavior.

To help students and families maximize options without unnecessary or confusing paperwork, all District-funded schools — whether citywide admission, special admission, or charter — should use the same standard application process in the first instance. Thereafter, each school could determine what criteria to weigh more heavily in its particular admissions process, without imposing additional hurdles to choice at the front end of the process. To implement this reform, the District, in cooperation with charter school operators, should create a common application form to be used by every student applying to a District-funded school. This type of system has been in widespread use by colleges and universities for decades with great success.

Encourage Expansion of Existing Charter Schools and Formation of New Charter Schools

Philadelphia is fortunate to have many charter schools in operation that produce remarkable student achievement. Some of these schools have the funding, capacity, and demand

⁹⁷ Evans, Shani Adia and Dale Mezzacappa. “Selecting a high school: Not a level playing field.” *Philadelphia Public School Notebook*, Vol. 17 No. 1, 2009.

to expand their authorized enrollment levels or grade configurations, but have run into administrative obstacles preventing them from doing so.

As the School Reform Commission (SRC) revised its existing charter school policy, it considered a new policy that would only allow charter schools to apply for enrollment or grade configuration changes when their charters are up for renewal (usually, every five years). This type of administrative barrier not only is of questionable legality, it also is unfair to the thousands of students on waiting lists who are eager to attend one of these successful schools. Although the policy ultimately was modified to allow applications in Year 3 and Year 5, the criteria for expansion remain problematic. The decision should rest on whether a school is meeting academic standards, has the financial and technical capacity to grow, has a safe school climate that encourages learning, and will satisfy student needs.

Charter schools — like all publicly-funded schools — should be held accountable and required to meet agreed-upon standards for performance. But, just as the SRC should not allow subpar charter schools to grow, charters with a track record of good academic performance should not have to wait an arbitrary period of time before they can expand. Charter school performance and eligibility to expand should be evaluated based on student achievement growth, as measured by value-added assessment models that use a transparent methodology. They also should be independently evaluated in a manner that accounts for parental attitudes, school climate, and factors that are more subjective than raw test scores. Recommendations from such evaluations should always be shared with the administration of the charter schools to encourage ongoing improvement.

In addition to encouraging the growth and expansion of existing successful charter schools, we should eliminate barriers to the creation of new charter schools, helping attract education entrepreneurs to Philadelphia to put their ideas and strategies into practice. The waiting lists for admission to most charter schools evidence the demand for additional educational options. The more quality charter schools in operation, the more options parents will have to receive a high quality public education tailored to the needs and interests of their children.⁹⁸

Ensure Accessibility for Students of All Socio-Economic Backgrounds

⁹⁸ As part of its Imagine 2014 plan, the School District proposes to convert some struggling traditional public schools to charter schools under new management. This strategy may be an effective tool for forcing improvement in chronically under-performing schools, provided that charter operators with proven track records are selected for the conversions. “Imagine 2014.” School District of Philadelphia; Tales, Dafney. “Panel outlines plan to assist failing schools.” *Philadelphia Daily News*, October 22, 2009.

Some charter schools have policies that may, in practice, restrict true public school choice by erecting barriers to access or continued enrollment. These policies include requiring admissions essays, encouraging the parents of struggling students to transfer their children elsewhere, or not offering the range of special education programs offered by the District.

As noted earlier in this section, common application guidelines should be developed to allow broad access to charter schools, with supportive services available to help students and parents compile any additional required information or materials. Special education services should be readily available and supplemented with District funds for every charter school. To the extent the District provides shared supportive services open to students across the District — homework assistance, for example — these services should be made available to charter school students as well.

Charter schools in all neighborhoods should be permitted to reserve up to half of their seats for children living in the neighborhood. Such an allocation would not be so high as to bar access to students elsewhere in the city and would ensure that students have the opportunity to attend a school other than their neighborhood District school without having to travel across town or first languish on a long waiting list.

Restructure the Office of Charter Schools

The District’s Office of Charter Schools should be realigned to report directly to the SRC. Currently, the Office of Charter, Partnership, and New Schools, which performs administrative and oversight functions for Philadelphia charter schools, reports to the District Superintendent. This chain of authority is anathema to the state law creating charter schools, Act 22 of 1997, which provides that charter schools shall “operate independently from the existing school district structure.” The SRC is the governing body that awards new charters in Philadelphia, is responsible for monitoring the performance of existing charter schools, and exercises oversight over *all* publicly-funded schools in Philadelphia.

Further discrediting the current structure is the fact that the District is, essentially, in competition with charter schools for both students and funding. The historic mistrust between District administration and charter school operators is only exacerbated by requiring charter schools to report to the Superintendent, rather than directly to the responsible, local governing body — the SRC.

Shifting reporting authority for the Office of Charter Schools from the District Superintendent to the SRC may help to relieve some of the tension between the District and charter school operators. More importantly, it will enable the restructured office to focus exclusively on providing logistical and operational support to charter schools — clarity of mission that is lacking presently — and on identifying successful models for the SRC to consider implementing in the District.

Reform the Charter School Funding Formula

Charter schools in Pennsylvania receive a per-pupil subsidy based primarily on the size of the school. The current funding system allows for an increased subsidy for special education students enrolled in charter schools, but other individual characteristics of students are not a factor when calculating the subsidy.⁹⁹

Calculating subsidies based primarily on District-wide cost averages puts charter schools with large populations of low-income students or English language learners at a particular disadvantage. These students require more resources than the average student to educate, yet charter schools do not receive an extra subsidy to cover these costs.

To bring more equity to the charter school funding system, the formula should be changed to reimburse charter schools on a weighted student basis. Such a system, which Dr. Ackerman hopes to adopt in District schools, allocates resources based on the individual characteristics of the students attending each school. Students with special needs, such as English language learning services, and lower-income students receive more funds, which travel with them to whichever school they are attending. Employing such a system for charter schools as well will more accurately reflect the true cost of educating students based on their individual needs (the costs of which can vary dramatically) and will ease the financial burden on charter schools with disproportionately disadvantaged student populations. It would also likely result in better student outcomes.

Incorporate Successful Charter School Practices into the District

While promoting the growth of successful charter schools should be a priority, their successes also can work to the advantage of District-run schools. The SRC should pay particular attention to what is working in charter schools and incorporate successful practices into other schools throughout the city. Some charters, for example, have found successful ways to promote parental involvement and interest in their children's education. The Independence Charter School designed its governing board to consist mainly of parents with children enrolled in the school, thereby linking policy decisions to one of the school's key stakeholder groups. Other schools, such as the Wissahickon Charter School, employ parent outreach coordinators to promote parental activities from reading aloud at home to chaperoning school trips.¹⁰⁰ Many parents wish to be more involved in their children's education, but may not be sure how they fit into the picture. While middle-income parents are more likely to be involved in their children's education and school activities, a better effort must be made to reach out to and involve low-income parents not just in the affairs of the school, but in the *education* of their children. The District should study the strategies used by charter schools for this and broadly replicate the successful practices.

⁹⁹ See 24 P.S. 17-1725-A: Funding for Charter Schools.

¹⁰⁰ Mezzacappa, Dale. "Four charters that try new tools for parent involvement." *The Notebook*, Winter 2006.

Other charter schools have developed successful strategies for improving student achievement — becoming, in effect, test labs for methods to boost achievement. We can benefit students throughout the city by replicating the best practices of these charter schools. To date, this vision for charter schools, which was stressed so heavily in the creation of the charter school legislation, has not been realized.

Case Study: The KIPP Philadelphia Schools

A charter school program that has received nationwide recognition for excellence — KIPP (an acronym for Knowledge Is Power Program) — now operates two schools in Philadelphia. KIPP is a network of more than 80 charter schools operating throughout the country under independent administration but adhering to common guiding principles. KIPP’s goal is to increase the academic performance of minority and low-income students and almost all KIPP schools are intentionally sited in disadvantaged communities. The KIPP approach is not defined by a set curriculum or program; rather, it is guided by a set of five principles — called pillars — that support the central theme of “work hard, be nice.” The five principles are:¹⁰¹

- (1) **High expectations** for student behavior and academic achievement that make no excuses for student backgrounds and use a system of rewards and consequences for enforcement.
- (2) **Choice and Commitment.** As students, parents, and teachers choose KIPP over other educational options, they are expected to put in the required effort to achieve success.
- (3) **More time.** KIPP has a longer instructional day and school year than most other schools to give students sufficient time to acquire the academic skills necessary for future success.
- (4) **Power to Lead.** Principals and administrators have full control over their school budget and personnel to maximize the school’s effectiveness.
- (5) **Focus on Results.** KIPP schools focus on achieving high student performance on standardized tests and other objective measures. Students are expected to be prepared to succeed at the best high schools and colleges.

The two KIPP schools now operate in Philadelphia — KIPP Philadelphia Charter School on North Broad Street and KIPP West Philadelphia Preparatory School on Baltimore Avenue — have an open enrollment process that accepts students from throughout the city. Like other charter schools in Pennsylvania, a lottery is held if applications exceed available seats.

The schools serve students in grades 5 through 8, and the instruction period is significantly longer than what is offered in traditional public schools. While most public schools in Philadelphia have 7 hours of instruction per day and over 180 days per year, the KIPP school day is 9 hours long with a 193-day school year. The KIPP model emphasizes that privileges and

¹⁰¹ “About KIPP: The Five Pillars.” www.kipp.org

rewards must be earned: KIPP students must earn everything, including their uniform shirts, with the understanding that there are no shortcuts.

KIPP has earned its reputation as a rigorous program offering high quality education to its students. Test scores for the KIPP Philadelphia Charter School in North Philadelphia greatly exceed scores for the District as a whole. Seventy-eight percent of KIPP 8th graders scored advanced or proficient in math on the PSSA, with 81% scoring advanced or proficient in reading. By comparison, the District averages were 47% and 54%, respectively, and the state average is 70% and 77%. Students who attend KIPP are performing at levels competitive with their peers in the Philadelphia suburbs, and far ahead of most students in Philadelphia.¹⁰²

KIPP plans to replicate its success through an ambitious expansion plan to grow to ten schools clustered in two regions of the city — North and West Philadelphia. Each cluster would have two elementary schools feeding two middle schools, which in turn would feed a high school. If these goals are met, 4,400 Philadelphia students would be enrolled in KIPP schools by 2019. Based on student achievement data from the existing KIPP schools, this expansion plan will result in a 36% growth in the number of low-income and minority children from North and West Philadelphia who go to college.¹⁰³

While some general criticism has been made about charter schools self-selecting high-achieving students, it is undeniable that the students enrolled in schools such as KIPP are outperforming students in traditional public schools. The KIPP education model is producing outstanding results and should be made available to as many students as possible — both in charter schools and in struggling traditional public schools.

* * *

Pursue Additional Partnerships with Universities

Philadelphia is home to one of the largest concentrations of colleges and universities of any metro area in the country, but has one of the lowest levels of higher educational attainment of any major city. Our local institutions of higher education can be an enormous resource for improving the city's elementary and secondary school system.

As previously mentioned, the University of Pennsylvania has partnered with the District to develop the Penn Alexander School, a public K-8 school in West Philadelphia. This school, which Penn supports in teacher training and per student subsidies, is one of the most successful public schools in Philadelphia. In a city where fewer than 50% of students typically score proficient or advanced on the PSSA, more than 80% of students at Penn Alexander routinely achieve these targets.

¹⁰² Data from KIPP: Philadelphia, www.kippphiladelphia.org/our-schools/our-results.html

¹⁰³ "Our Expansion Plans." www.kippphiladelphia.org/our-schools/our-expansion-plans.html

In addition to educating our children well, these partnerships can be a case study for what works in urban education. To that end, the District needs to take a careful look at what is driving the success of Penn Alexander. What is this school doing that other schools are not? Is it the emphasis on parental involvement, in addition to smaller class sizes? The lessons learned from the Penn Alexander “experiment” and similar partnerships are of little value unless the District replicates what is working there in schools throughout the city.

Penn and other colleges are interested in replicating the Penn Alexander model by setting up other partnership schools with the District. Since 2005, Penn has been exploring partnering with the District to jointly run a high school focused on international language and cultures, while Drexel would like to partner on an engineering and technology-focused school. Both proposals, however, have been stalled due to challenges finding adequate facilities in West Philadelphia to host the new schools.¹⁰⁴ This problem can be addressed by consolidating excess capacity within the District and making it available for the new schools.

During the last decade, universities across the nation have been pursuing similar partnerships with inner-city school districts. These partnerships offer opportunities for cash-strapped public schools to benefit from the resources and talent of large universities and provide venues for universities to put their education reform models into practice. Additionally, having a prominent university involved in public education can set high expectations for excellence among students, parents, teachers, and the community as a whole. Regarding the Baltimore Talent Development High School, a partnership with Johns Hopkins University, teacher Cheree Davis explained, “The kids understand there’s a certain expectation when a college is involved. They came in with huge expectations of us which we just have to keep up.”¹⁰⁵

Philadelphia should draw on the talent and resources available through our region’s colleges and universities to establish additional educational partnerships. Not only should we aggressively reach out to every college to interest them in partnerships with the District similar to Penn Alexander, we also should promote the creation of university-led charter schools and place education-oriented faculty and students inside classrooms throughout the city. St. Joseph’s University, for example, could partner with schools in the Overbrook or Wynnefield area, while Temple and LaSalle could partner with schools in the Germantown or Hunting Park neighborhoods. We should let no opportunity to partner meaningfully with our higher education institutions pass by.

RECOMMENDATIONS:

¹⁰⁴ Snyder, Susan. “Colleges’ bids to aid school district stymied.” *Philadelphia Inquirer*, February 16, 2009.

¹⁰⁵ “Universities team up with urban districts to run local schools; Partnerships seen as growing trend.” *Education Week*, January 19, 2005.

NOW:

- District should streamline the school choice process by providing additional information on academic options to families in one central guide.
- SRC should relax administrative restrictions on the growth of successful charter schools to allow them to apply to change grade configurations or enrollment levels at any time.
- District should incorporate the successful practices of our best charter schools into the curriculum and management of every public school.
- SRC should structure the District's Office of Charter Schools to report directly to the SRC, rather than to the Superintendent and CEO of the District.
- District should encourage the creation of university-sponsored partner and charter schools.
- City and District should reach out to every college and university in the region that has an academic program in education to encourage the creation of university-sponsored charter schools and partnership opportunities that further the mission of both the institutions and the School District.
- SRC and District should implement the best practices and lessons learned from the partner schools into every classroom in the city.

WITHIN 3 YEARS:

- District should continue to break up large high schools into smaller, specialized schools accessible to students citywide to offer more options to students.
- District should work with charter schools to standardize the application process for charter and citywide admission high schools.
- District should implement a system of computerized, mandatory choice that requires all incoming high school students to rank their preferences for high schools.
- State should change the law to allow charter schools in disadvantaged neighborhoods to reserve a percentage of seats for students who reside in the neighborhood.
- State should adopt a charter subsidy formula that allocates funds on a weighted student basis.

What We Need To Do:

5. Expand Scholarship Opportunities

Philadelphia is home to many bright, motivated students who aspire to go to college but cannot realize this goal because they simply cannot afford the high cost of tuition. With yearly tuition ranging from \$5,600 at Pennsylvania State System of Higher Education schools to more than \$36,000 at the University of Pennsylvania, many students consider college to be prohibitively expensive and out of their reach. To boost our educational attainment rate, we need to give more students the encouragement and the means to go to college. To make higher education an attainable goal, not just a dream, Philadelphia needs a merit scholarship program that would be available to any public school student who performs well in high school.

Create a Local Educational Improvement Tax Credit (EITC)

Business entities in Pennsylvania are eligible for the Educational Improvement Tax Credit (EITC) when they contribute funds for private school scholarships through nonprofit scholarship organizations. Businesses can receive a state tax credit equal to 75% of their contribution, up to a maximum of \$300,000 annually. If businesses pledge equal donations for two consecutive years, they can receive a 90% tax credit. For contributions to Pre-K scholarship organizations, businesses can receive a 100% tax credit for the first \$10,000 donated, and up to 90% of the remaining amount contributed, up to a maximum of \$150,000 annually.¹⁰⁶

Since it was enacted in 2001, Pennsylvania's EITC program has encouraged more than \$350 million in donations from more than 3,600 business entities. During the 2007-08 school year alone, 44,000 children across Pennsylvania benefited from scholarships funded through the program.¹⁰⁷ The General Assembly has periodically increased the EITC tax benefit; currently, \$75 million is appropriated annually for the program's tax breaks.

Philadelphia should implement a city-level counterpart to this program and offer reductions in Business Privilege Tax liability for businesses that contribute to nonprofit scholarship organizations within Philadelphia. Such a program could allow businesses to deduct the scholarship amount from their net income and gross receipts tax liability, resulting in the equivalent of a 6.6% tax credit in addition to the 75-100% credits offered by the state. The total amount of credits available annually can be capped and adjusted based on how much money is available in the City's budget. This tax credit would allow high-achieving, low-income students to attend private schools who otherwise would not have that option. It would also further involve and interest the business community in the city's school system, which could lead to further innovation and investment in Philadelphia's human capital.

REACH Scholarships

¹⁰⁶ Pennsylvania Department of Community and Economic Development. www.newpa.com.

¹⁰⁷ "REACH: Educational Tax Credits." REACH Foundation, www.paschoolchoice.org

State Representatives Tony Payton, Jr. and Brendan Boyle have proposed a similar scholarship program to assist well-performing high school students statewide. This program, the “REACH (Reliable Educational Assistance for College Hopefuls) Scholarships,” aims to provide full scholarships to any Pennsylvania-based college or university to all Pennsylvania high school students with at least a 3.0 GPA and 90% attendance record. The amount of the scholarship would be equal to a full academic scholarship at a state-owned university. Scholarship recipients must maintain a 3.0 GPA while in college, perform community service each year, and commit to staying in Pennsylvania for at least four years after graduation.¹⁰⁸

The State of Georgia implemented a similar scholarship program, the “HOPE Scholarships,” almost two decades ago. Since 1993, more than 1.2 million Georgians have received \$4.9 billion in scholarship awards through the program.¹⁰⁹ The state pays for the scholarships through lottery proceeds. Pennsylvania should generate the needed funds by levying a tax on coal, oil, and natural gas extraction — a promising potential revenue source given the state’s extensive Marcellus Shale deposits — and using a portion of it to fund the program. Pennsylvania is one of the few states that does not levy a tax on the extraction of fossil fuels; accordingly, enacting this tax would not make Pennsylvania uncompetitive compared to other states.

The REACH Scholarship bill has received wide praise throughout the education community and attracted more than 40 co-sponsors. Despite this support, the bill has yet to be approved by either chamber of the General Assembly. Philadelphia should partner with other local governments across Pennsylvania, as well as other key stakeholders, to lobby legislators in support of the bill.

Case Study: The Pittsburgh Promise

In 2007, Pittsburgh Public Schools partnered with the University of Pittsburgh Medical Center (UPMC) and The Pittsburgh Foundation to create a scholarship opportunity for its public school graduates to attend college. This program, “The Pittsburgh Promise,” aims to enhance the growth, stability, and economic development of the Pittsburgh region, an area striving to reinvent itself after decades of industrial decline, by encouraging the pursuit of higher education. The program launched with a \$100 million commitment from UPMC: an initial contribution of \$10 million, and a \$90 million challenge grant intended to spur a city-wide campaign to raise \$135 million more over nine years to endow the program and support future generations.¹¹⁰

To be eligible for a scholarship, students must have graduated from a Pittsburgh public school or charter school, been a student in the district and city resident continuously since at least

¹⁰⁸ House Bill 1722, Session of 2007-08. General Assembly of the Commonwealth of Pennsylvania, www.legis.state.pa.us.

¹⁰⁹ Georgia Student Finance Commission. www.gsfc.org.

¹¹⁰ “The Pittsburgh Promise,” www.pittsburghpromise.org

the 9th grade, earned a minimum 2.5 GPA, and maintained at least a 90% attendance record. Qualifying students are eligible for up to \$5,000 annually for up to four years to cover “last dollar” expenses. When Pennsylvania implements a system of high school graduation exams for the class of 2012, the maximum Promise award will increase to \$10,000 per year for students who pass the graduation exam and remain \$5,000 per year for students who meet all other criteria but fail to pass the exam. Once enrolled in college, students must maintain a 2.0 GPA to continue receiving funds.¹¹¹

Initially, Promise scholarships could only be applied to private and public institutions within Allegheny County or public institutions elsewhere in Pennsylvania. But beginning with the class of 2009, Promise scholarships could be applied to any institution in Pennsylvania, public or private.

* * *

Philadelphia should implement a merit scholarship program similar to these programs to help public school students afford college. At present, scholarships are available to students attending a select few neighborhood high schools through the Philadelphia Education Fund, but no citywide program is open to students at other schools.¹¹² By partnering with non-profits, foundations, and large charitable organizations, a program similar to The Pittsburgh Promise could be implemented to serve all Philadelphia public school students who maintain high academic standards. If the REACH Scholarship program is enacted, a Philadelphia scholarship program could provide supplemental tuition assistance to help bridge any remaining gaps between college costs and assistance provided through REACH Scholarships. By knowing that tuition assistance will be available if a certain academic criteria are met, students will believe that college is indeed attainable and will understand the path they must travel to reach that goal. Not only would such a program go a long way toward making college more affordable, it would also encourage strong academic habits in high school that will ensure future success in college.

¹¹¹ Id.

¹¹² “The Philadelphia Scholars Program.” Philadelphia Education Fund, www.philaedfund.org.

RECOMMENDATIONS:

NOW:

- City Council should enact a city level Educational Improvement Tax Credit based on existing state guidelines to fund scholarships for low-income children to attend private schools and to support educational improvement organizations.

WITHIN 3 YEARS:

- The General Assembly should enact the REACH Scholarship bill sponsored by Rep. Payton and Rep. Boyle and use a portion of a tax on fossil fuel extraction to fund the scholarships.
- Philadelphia officials should partner with the Philadelphia Education Fund and philanthropic organizations to implement a citywide system of merit scholarships available to every public and charter school student.

Why is Education Reform Needed *NOW*?

1. Improving Education Will Strengthen Philadelphia's Economy

To be economically competitive in the future, Philadelphia must improve the literacy and educational attainment level of its current population and attract and retain educated newcomers. The literacy and education level of a community's residents closely correlate with economic growth and living standards. Communities with a highly qualified and skilled workforce experience greater prosperity and wealth, and lower unemployment, than those with a poorly qualified workforce. Furthermore, the presence of a low-skilled workforce can act as a brake on economic growth.

Not surprisingly, then, the job growth and prosperity of the modern, knowledge-based economy is occurring in Boston and Ann Arbor, not in Detroit or Cleveland. For Philadelphia to be in the former group, not the latter, we must move aggressively to increase the literacy and education level of our population. Doing so is essential to attracting good jobs to Philadelphia and ensuring that our citizens have the ability and opportunity to fill them.

In 1950, fully 73% of jobs required unskilled labor; fewer than 25% do so today.¹¹³ In other words, three out of every four jobs in our current economy require highly skilled workers. Unfortunately, Philadelphians are less prepared than the population overall to meet these criteria.

While roughly one out of every five Americans is functionally illiterate and cannot perform basic math skills, approximately 50% of Philadelphians fall into this category. Furthermore, fully one-quarter of Philadelphia residents have less than a high school diploma and the city ranks 92nd out of the 100 largest U.S. cities in percentage of residents with college degrees — just 20% of our adults have completed college.¹¹⁴ These statistics are particularly alarming given the dense concentration of colleges and universities in our region, each of which provides thousands of students from across the country and around the world with educational opportunity just blocks from neighborhoods where dropping out of high school is the norm.

In sum, cities with high educational attainment rates do better than those with lower attainment rates. For Philadelphia to transition successfully from a primarily industrial economy to a primarily knowledge-based one, we must improve the educational attainment and job skills of our workforce. Making this investment on the front end will pay long-term dividends in the economic health of our citizens and city.

¹¹³ "Proposed Budget Fiscal Year 2009-10 Slideshow." School District of Philadelphia, May 20, 2009.

¹¹⁴ "A Tale of Two Cities." Philadelphia Workforce Investment Board, p. 10.

2. Improving Education Will Retain Young and Middle-Class Families in Philadelphia

One of the most important factors influencing where people choose to live is the quality of educational options available. In a recent national survey conducted by the U.S. Department of Education, 27% of public school parents reported moving to their current homes for the local schools.¹¹⁵ This finding helps explain the significant population decline Philadelphia has witnessed over the last half-century – a loss of more than 600,000 residents, or 30% of the city’s peak population. Although multiple factors likely influenced this exodus, there can be no question that the poor quality of public education in Philadelphia pushed many families who could afford to do so to move to the suburbs.

In recent years, Philadelphia has been successful in attracting younger, college-educated, more affluent residents to once-declining neighborhoods. In areas including Manayunk, Center City, Northern Liberties, Fishtown, and University City, a large share of the population is between the ages of 25 and 34 and has a high level of educational attainment relative to other parts of the region.¹¹⁶ Many of these individuals work in knowledge sector jobs, which constitute a growing segment of Philadelphia’s economy, pay above-average wages, and require advanced skills.

A persisting challenge, however, is ensuring that these well-educated young people stay in the city as they start families, launch businesses, and work in growing sectors of the economy. As it stands, many of these newcomers move to the suburbs after they start families and their children reach school age. When these families make locational decisions, Philadelphia’s many assets – museums and parks, walkable neighborhoods, diversity – are not enough to outweigh the dominant negative perception of our public school system, especially in comparison to nearby suburban school districts. Faced with the choice, then, of sending their children to schools they are not comfortable with, paying tuition for private school, or moving to the suburbs where their children can receive a high quality public education at minimal cost, the choice for far too many young families is clear – move out of the city.

Repairing our school system also is necessary for retaining our existing middle class population. The discussion of Philadelphia’s uncompetitive tax structure has focused on the wage and business privilege taxes, with scant attention paid to the “hidden tax” of private school tuition paid by many. Despite helping to fund Philadelphia public schools via property and other taxes, many families have so little faith in those schools that they scrape together the money to pay private school tuition. This “hidden tax” can range from \$4,860 a year at a Catholic school

¹¹⁵ National Center for Education Statistics and Michael Planty, et al. “The Condition of Education 2009.” U.S. Department of Education, 2009.

¹¹⁶ “Growing Smarter: The Role of Center City’s Public Schools in Enhancing the Competitiveness of Philadelphia.” Center City District, <http://www.centercityphila.org/docs/growingsmarterreport2004.pdf>.

to more than \$25,000 a year at Germantown Friends School.¹¹⁷ Particularly in our current economic climate, this cost can be too much to bear, even for families deeply committed to the city. In exchange for higher suburban property taxes, their children can receive a free, quality public education. Because the increased property tax burden is less than the “hidden tax” of private school tuition, the economically rational decision for these families is to move out of the city.

If Philadelphia public schools continue to underperform, our most-educated young people and our middle class will continue to move to the suburbs – leaving the city poorer and less stable than ever. To attract and retain families in the city for the long haul, it is essential that Philadelphia offer a range of quality affordable educational options.

3. Improving Education Will Improve the Quality of Life for Philadelphians by Reducing Crime and Saving Taxpayers Money

Strategic investments in education also will help address two major concerns of Philadelphia citizens – the city’s high crime rate and tax burden.

The strong correlation between educational attainment and crime reduction is well-established and makes intuitive sense: the higher level of education and more job skills people develop, the more able they are to make a decent living through legitimate means, rather than turning to illicit activity. Accordingly, increasing the educational attainment and job skills of Philadelphia’s population should be a necessary component of our crime fighting strategy.

As the data below indicates, those with higher levels of education are less likely to commit crimes:

- High school graduates are 20% less likely to commit violent crimes, 11% less likely to commit property crimes, and 12% less likely to commit drug-related crimes than high school dropouts.¹¹⁸
- Arrest record studies indicate that those who commit murder, assault, and vehicle theft are the least likely to have graduated from high school or received a GED.¹¹⁹
- High school dropouts have an institutionalization rate (5%) far exceeding both the state average (1.3% for 18-60 year olds) and the rate for high school (1.6%) and college graduates (0.2%).¹²⁰

¹¹⁷ Data for the 2008-09 school year from the Archdiocese of Philadelphia (www.archdiocese-phl.org) and Germantown Friends School (www.germantownfriends.org), respectively.

¹¹⁸ Belfield, Clive R. and Henry M. Levin. “The Economic Losses from High School Drop Outs in California.” California Dropout Research Project, UC Santa Barbara, 2007.

¹¹⁹ “The Social and Economic Impact of Quality Public Education.” Good Schools PA, http://www.goodschoolspa.org/pdf/learn_factsheets/Social%20&%20Economic%20Impact.pdf.

In addition to a positive impact on public safety, investment in education reaps fiscal rewards: raising a population's education level generates higher tax revenue and results in lower expenditures for social welfare programs.

With respect to tax revenue, for every \$1 paid in taxes by a Philadelphia high school dropout, high school graduates pay \$2.19 and those with college or advanced degrees pay \$4.04.¹²¹ With respect to social services, dropouts are 68% more likely than high school graduates to rely on government assistance.¹²² While nearly 49% of Philadelphia high school dropouts have received one or more cash transfer payments from the government (i.e., welfare), only 29% of high school graduates and 14% of college or advanced degree holders have done so.¹²³ Furthermore, 54% of Philadelphia high school dropouts have received non-cash transfer payments (e.g., Medicaid, Food Stamps, energy assistance, housing subsidies, etc.), compared to only 22% of high school graduates and 12.5% of college or advanced degree holders.¹²⁴

Over the course of their working lives, Philadelphia high school dropouts are projected to make a net fiscal contribution of -\$319,000 to all levels of government. By contrast, the estimated lifetime fiscal contribution is \$261,000 for high school graduates and \$623,000 for college graduates.¹²⁵ Given these projections, each potential high school dropout successfully guided to graduation represents a potential gain of \$580,000. As college graduates pay 4.6 times more in federal income taxes than high school dropouts, the federal government stands to gain the most by boosting graduation rates.¹²⁶ Consequently, the federal government should play a greater role in education funding, as boosting attainment will generate significant returns on investment.

Workforce-related educational investment also pays significant dividends. A recent study by the Philadelphia Workforce Investment Board determined that strategically investing just \$12 million per year in work-specific literacy courses over the next seven years could yield \$370 million for the city between increased tax revenues and reduced social services spending.

¹²⁰ "The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs." Philadelphia Workforce Investment Board, 2009.

¹²¹ Id.

¹²² Belfield, Clive R. and Henry M. Levin. "The Economic Losses from High School Drop Outs in California." California Dropout Research Project, UC Santa Barbara, 2007.

¹²³ "The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs." Philadelphia Workforce Investment Board, 2009.

¹²⁴ Id.

¹²⁵ Id.

¹²⁶ Compared to high school dropouts, college graduates in Philadelphia paid 4.6 times more in social security payroll taxes, 4.5 times more in city wage tax, 2.7 times more in state income tax and local property taxes, and 2.1 times more in sales tax during 2004-2006. "The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs." Philadelphia Workforce Investment Board, 2009, pp. 29-30.

In other words, Philadelphia taxpayers would receive a nearly 450% rate of return while simultaneously enhancing the job-readiness skills of nearly 22,000 individuals.¹²⁷

In sum, increasing the number of high school and college graduates in Philadelphia not only will help reduce the city's crime rate but also will produce enormous, long-term fiscal savings.

4. Improving Education Will Brighten the Future of Our Most Vulnerable Citizens

In addition to the broad social benefits discussed above, receipt of a quality public education generates enormous personal rewards for individual students. Education is the single most important factor in determining future success and the most effective means of lifting a child out of poverty. The evidence overwhelmingly demonstrates that people with higher educational attainment have more opportunities for employment, more job security, and more earnings.

In 2006, only 39% of high school dropouts in Philadelphia were employed, compared to 58% of the city's high school graduates, 70% of those with some college education, and 82% of those with a college or advanced degree.¹²⁸ In 2006, statewide, residents with high school diplomas were nearly 30% more likely to be employed than high school dropouts, while those with degrees from four-year colleges were 45% more likely to be employed than high school dropouts.¹²⁹

Those with higher education not only are more likely than dropouts to be employed, they also earn more. In 2008, the average annual earnings for a high school dropout was \$9,663, compared to \$19,437 for a high school graduate.¹³⁰ To put it another way, a high school degree pays a dividend of \$10,000 per year.

Looking over a lifetime, the expected earnings for a Philadelphia high school dropout are \$457,100. Expected earnings for a high school graduate are \$870,600 – almost two times as much. Those with some college education can be expected to earn \$1.178 million – 2.6 times as much as high school dropouts. College graduates and advanced degree holders are expected to earn over \$2 million – more than 4.5 times as much as high school dropouts.¹³¹

¹²⁷ “Help Wanted: Knowledge Workers Needed.” Philadelphia Workforce Investment Board, p. 7.

¹²⁸ “The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs.” Philadelphia Workforce Investment Board, 2009.

¹²⁹ “Education-Investing in Our Children, Preparing for the Future.” Commonwealth of Pennsylvania, 2009-10 Governor's Executive Budget, www.budget.state.pa.us.

¹³⁰ Id.

¹³¹ “The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs.” Philadelphia Workforce Investment Board, 2009.

Moving past dollars and cents to look more broadly at civic engagement, data show that dropouts are less likely than high school graduates to vote and volunteer in their communities and more likely to be teen parents and raise children who themselves drop out of school.¹³²

Students do not enter school with such limited expectations. In a recent survey of high school-aged Latina girls, 98% reported wanting to graduate from high school and 80% indicated that they wanted to graduate from college.¹³³ Yet, data indicate that 41% of Latina public school students do not graduate on time with a standard diploma and, of the survey respondents noted above, 30% said they did not expect to achieve their educational goals.

This disconnect between aspiration and attainment indicates that we also need to teach students (and their parents) to *believe* in themselves, help them reach their goals effectively, and demonstrate that opportunities to graduate college and thrive in the workforce really do exist.

¹³² “The High Cost of High School Drop Outs: What the Nation Pays for Inadequate High Schools.” Alliance for Excellent Education, www.all4ed.org.

¹³³ “Listening to Latinas: Barriers to High School Graduation.” National Women’s Law Center and the Mexican American Legal Defense and Educational Fund, August 2009.

Appendix of Recommendations

WHAT WE SHOULD DO...

NOW:

- City Council and the SRC should require the District to make all of its budgetary and financial data available online, including detailed descriptions of classroom-related expenditures for every school (pp. 11-12).
- City Council and the SRC should require the District to post online detailed information about contracts it enters into (p. 12).
- The City should encourage the formation of a nonprofit to bring a comprehensive, community-based system of early childhood supports similar to Harlem Children's Zone to Philadelphia (p. 22).
- City Council should authorize TIF districts to fund school construction in neighborhoods with strong housing stock and potential for economic growth but lacking quality public school options (p. 27).
- District should end the practice of deferring maintenance and routinely schedule the replacement or repair of critical building systems to minimize expensive and disruptive breakdowns, which will both ensure that students have adequate facilities in which to learn and save capital funds over the long term (p. 26).
- District should establish a set of minimum facility standards necessary for a productive learning environment. Every school should be assessed based on these standards and the District should place a high priority on bringing every facility into full compliance with the standards as soon as possible (p. 26).
- District should take advantage of the Qualified School Construction Bonds authorized under the ARRA to finance needed school improvements affordably (pp. 25-26).
- Principals should involve the input of teachers in the day-to-day operations of their schools (p. 34).
- Principals should schedule common planning time in every school to facilitate discussion and collaboration between fellow teachers and school administrators (p. 34).
- District should encourage less experienced teachers to draw on the expertise of fellow teachers to improve their skills and techniques through expanded peer development programs (p. 33).
- District should assess the performance of teachers based on observation and peer evaluation, in addition to student performance growth (p. 32).

- District should streamline the school choice process by providing additional information on academic options to families in one central guide (p. 39).
- SRC should relax administrative restrictions on the growth of successful charter schools to allow them to apply to change grade configurations or enrollment levels at any time (pp. 39-40).
- District should incorporate the successful practices of our best charter schools into the curriculum and management of every public school (pp. 42-43).
- SRC should structure the District's Office of Charter Schools to report directly to the School Reform Commission, rather than to the Superintendent and CEO of the District (p. 41).
- District should encourage the creation of university-sponsored partner and charter schools (pp. 44-45).
- City and District should reach out to every college and university in the region that has an academic program in education to encourage the creation of university-sponsored charter schools and partnership opportunities that further the mission of both the institutions and the School District (pp. 44-45).
- SRC and District should implement the best practices and lessons learned from the partner schools into every classroom in the city (pp. 42-43).
- City Council should enact a city-level Educational Improvement Tax Credit based on existing state guidelines to fund scholarships for low-income children to attend private schools and to support educational improvement organizations (p. 48).

WITHIN 3 YEARS:

- The General Assembly should increase the state share of education funding as recommended by the "Costing Out Study" to eliminate Philadelphia's \$4,184 per pupil funding shortfall (pp. 7-8).
- Increase state and federal funding for Pre-K Counts and child care subsidies and make such funds available to charter schools (pp. 19-20).
- District should formally assess the condition of every active facility on an annual basis and publish online the outstanding issues at each one (p. 26).
- District should improve the capital needs assessment process by continuously identifying needed improvements and prioritizing needs according to a defined set of criteria that consider operating costs as well as effects on student learning (p. 26).
- District should carefully study and project demographic trends to ensure that capacity is allocated in the most beneficial and economic manner possible (p. 26).

- District should consolidate space whenever feasible and cost-effective and make excess space available to charter schools (p. 27).
- District should implement incentives to recruit the best teachers and encourage them to keep teaching in disadvantaged schools (p. 31).
- District should compensate teachers based on student performance growth, rather than on seniority (p. 31).
- District should allow teachers to opt into a compensation model that pays based on student performance in exchange for voluntarily waiving tenure (p. 32).
- District should implement performance bonuses based on the performance of an individual teacher's students, as well as the performance of the school as a whole (pp. 32-33).
- District should change the academic calendar to shorten summer break, lengthen school days, and extend the school year (pp. 34-35).
- District should continue to break up large high schools into smaller, specialized high schools accessible to students citywide to offer more options to students (p. 37).
- District should work with charter schools to standardize the application process for charter and citywide admission high schools (p. 39).
- District should implement a system of computerized, mandatory choice that requires all incoming high school students to rank their preferences for high schools (pp. 37-38).
- State should change the law to allow charter schools in disadvantaged neighborhoods to reserve a percentage of seats for students who reside in the neighborhood (p. 41).
- State should adopt a charter subsidy formula that allocates funds on a weighted student basis (p. 42).
- The General Assembly should enact the REACH Scholarship bill sponsored by Rep. Payton and Rep. Boyle and use a portion of a tax on fossil fuel extraction to fund the scholarships (pp. 48-49).
- Philadelphia officials should partner with the Philadelphia Education Fund and philanthropic organizations to implement and support a citywide system of merit scholarships available to every public and charter school student who meets attendance and grade requirements (pp. 47-49).

Appendix
Philadelphia High School Performance Data, Class of 2008¹³⁴

School	2008 Enrollment	% Special Ed Students	% Mentally Gifted Students	Avg Student Daily Attendance	Suspensions per 100 Students	Avg SAT Verbal	Avg SAT Math	4-Yr Graduation Rate (2008)	Dropout Rate (2008)
Special Admission									
Academy at Palumbo	351	5%	20%	95%	3	NA	NA	NA	NA
Arts Academy at Rush	118	17%	12%	94%	9	NA	NA	NA	NA
Bodine	561	6%	14%	94%	7	462	476	95%	5%
Creative & Performing Arts	662	7%	24%	93%	3	499	453	95%	3%
Carver HS of Engineering & Science	594	7%	22%	94%	6	454	474	94%	3%
Central	2,215	3%	42%	95%	1	531	555	93%	4%
Franklin Learning Center	659	8%	13%	90%	10	413	434	NA	NA
Girard Academic Music Program	489	8%	23%	96%	1	477	461	96%	2%
Lankenau	299	10%	8%	92%	9	383	396	86%	10%
Masterman	1,211	3%	71%	97%	1	632	622	98%	2%
Parkway Center City	331	10%	5%	91%	14	411	448	88%	7%
Parkway Northwest	290	11%	9%	92%	32	397	397	84%	11%
Parkway West	322	11%	6%	88%	25	399	387	81%	13%
Philadelphia HS for Girls	1,014	3%	21%	91%	1	470	478	89%	7%
Saul HS for Agricultural Sciences	560	11%	10%	93%	15	432	418	83%	13%
Science Leadership Academy	367	7%	24%	93%	2	NA	NA	NA	NA
Citywide Admission									
Bok Technical	1,014	19%	3%	85%	50	361	361	76%	15%
Communications Technology	467	15%	1%	84%	29	342	338	78%	13%
Constitution	294	11%	13%	91%	12	NA	NA	NA	NA
Dobbins Technical	836	14%	4%	87%	17	348	343	75%	13%
High School of the Future	388	15%	3%	84%	34	NA	NA	NA	NA
Mastbaum Technical	1,082	16%	3%	87%	29	359	374	73%	16%
Motivation	217	8%	5%	94%	5	405	435	88%	3%
Phila. HS for Business & Technology	159	12%	11%	92%	41	378	368	84%	13%
Phila. Military Academy at Elverson	276	13%	8%	93%	21	NA	NA	NA	NA
Phila. Military Academy at Leeds	311	12%	6%	91%	14	401	398	61%	23%
Randolph Career Academy	394	16%	2%	86%	26	332	329	74%	24%
Robeson HS for Human Services	293	15%	3%	90%	5	335	336	55%	30%
Swenson Technical	747	22%	5%	90%	13	371	357	84%	9%

¹³⁴ As reported in *The Notebook*, Fall 2009. <http://www.thenotebook.org/sites/default/files/editionpdfs/FallGuide2009web.pdf>

Philadelphia High School Performance Data, Class of 2008 (cont'd)

School	2008 Enrollment	% Special Ed Students	% Mentally Gifted Students	Avg Student Daily Attendance	Suspensions per 100 Students	Avg SAT Verbal	Avg SAT Math	4-Yr Graduation Rate (2008)	Dropout Rate (2008)
Neighborhood High Schools									
Audenried	155	30%	1%	79%	108	NA	NA	NA	NA
Bartram	1,354	21%	1%	81%	19	326	314	47%	33%
Carroll	405	22%	3%	83%	12	312	333	NA	NA
Douglas	267	50%	0%	83%	43	NA	NA	72%	24%
Edison	2,113	22%	2%	76%	53	343	343	40%	41%
Fels	1,498	21%	2%	77%	92	349	354	54%	30%
FitzSimons	401	34%	2%	77%	83	335	313	42%	41%
Frankford	1,921	25%	2%	77%	50	354	366	44%	37%
Franklin, Benjamin	617	26%	4%	82%	25	344	366	46%	23%
Furness	729	25%	2%	80%	33	349	386	35%	46%
Germantown	1,189	33%	2%	73%	87	359	343	33%	39%
Gratz	1,325	25%	1%	75%	27	325	324	45%	33%
Kensington Business	499	31%	2%	78%	43	339	363	39%	45%
Kensington Creative & Perf. Arts	509	28%	2%	80%	22	329	331	39%	45%
Kensington Culinary Arts	522	28%	2%	78%	41	308	344	39%	45%
King	1,215	28%	1%	77%	158	341	327	43%	35%
Lamberton	315	13%	1%	82%	48	371	361	72%	15%
Lincoln	1,765	25%	3%	78%	68	384	404	43%	36%
Northeast	3,074	16%	6%	86%	36	414	442	66%	20%
Olney East	874	29%	1%	78%	76	340	339	32%	45%
Olney West	964	27%	1%	79%	33	358	344	32%	45%
Overbrook	1,633	21%	2%	78%	26	354	346	52%	31%
Rhodes	435	24%	2%	80%	90	318	321	44%	25%
Roxborough	904	24%	2%	78%	137	385	389	68%	21%
Sayre	640	22%	1%	77%	75	346	327	42%	37%
South Philadelphia	1,175	25%	1%	76%	128	314	386	38%	42%
Strawberry Mansion	494	29%	1%	81%	11	314	317	56%	29%
University City	1,030	26%	1%	72%	82	342	327	50%	36%
Vaux	450	29%	3%	72%	86	334	328	35%	35%
Washington, George	2,071	21%	7%	86%	47	415	441	61%	23%
West Philadelphia	913	23%	1%	78%	51	352	342	45%	42%

Philadelphia Charter High School Performance Data, Class of 2008

School	2008 Enrollment	% Special Ed Students	% Mentally Gifted Students	Avg Student Daily Attendance	Suspensions per 100 Students	Avg SAT Verbal	Avg SAT Math
Charter High Schools							
Boys' Latin	144	14%	3%	94%	29	NA	NA
Charter HS for Architecture & Design	557	10%	5%	94%	12	411	421
Community Academy of Phila.	1,202	14%	1%	91%	4	NA	NA
Delaware Valley Charter	610	18%	2%	83%	69	346	353
Esperanza Academy	745	20%	3%	89%	25	360	376
Franklin Towne	929	20%	4%	94%	44	437	451
Freire	440	14%	3%	94%	125	397	408
Hope	440	29%	1%	60%	56	333	319
Imhotep Institute	525	23%	1%	92%	6	352	350
Mariana Bracetti Academy	1,155	21%	2%	92%	NA	NA	NA
Maritime Academy	730	17%	4%	92%	2	NA	NA
Mastery-Lenfest	416	21%	4%	93%	43	388	399
Mastery-Pickett	251	26%	2%	93%	55	NA	NA
Mastery-Shoemaker	314	17%	1%	93%	127	NA	NA
Mastery-Thomas	403	22%	2%	94%	62	NA	NA
Mathematics, Civics and Sciences	896	7%	1%	93%	NA	NA	NA
Mathematics, Sciences & Tech Community	1,211	17%	7%	96%	NA	467	459
Multi-Cultural Academy	155	12%	4%	94%	NA	415	386
New Media Technology	311	14%	2%	92%	4	367	344
Philadelphia Academy	1,181	35%	2%	96%	15	426	412
Philadelphia Electrical & Technology	629	18%	3%	91%	18	380	374
Prep Charter	588	5%	3%	94%	26	383	402
Truebright Science Academy	192	15%	3%	96%	42	NA	NA
World Communications	450	8%	3%	NA	NA	420	405
YouthBuild Philadelphia	214	20%	2%	8%	42	324	330