



HOW PHILLY WORKS

DR. HITE COMES TO PHILLY

*Finally, Dr. William Hite, current schools chief of the Prince George's County school system, was hired this past Friday to be the next superintendent of the School District of Philadelphia. Though representing an apparent bright spot in an otherwise difficult year including the controversial departure of Dr. Arlene Ackerman, the magnifying glass is trained closely on District leadership. This edition of **HOW PHILLY WORKS** provides an update on the latest in the distressed school system and what to look out for in the transition.*

As always, Seventy will keep you posted.

- July 3, 2012

First of all, what's going on with the District's finances? I've been reading about this non-stop.

As you should be. The intense attention is warranted because the situation is pretty dismal. The reduction of state and federal funding (on which the District depends heavily), combined with structural deficits in the District's operation, will require the borrowing of \$218 million and then closing what is apparently another a \$54 million budget gap to make ends meet.

I read up on this in Seventy's last HOW PHILLY WORKS. What happened?

Despite the efforts of Mayor Nutter and School District officials to push for \$94 million from the city (the sum they say is necessary to open schools in September without further cuts in personnel and resources), City Council passed a budget that gives the schools \$20 million by raising property taxes 3.6% and another \$20 million by increasing the Business Use and Occupancy Tax.

94 - 20 - 20 = ... Got it. I see where the budget gap is coming from. What will the consequences be?

Right now, it's hard to say. The School Reform Commission seems unlikely to go to the state for more funds; and Tom Knudsen, who has overseen the District as Chief Recovery Officer for most of the past school year, hasn't commented yet on how the District will respond.

What about the new reorganization plan I've heard about? I thought that was supposed to save the District money.

Yes, that was part of its purpose. For example, closing some city schools with too many empty seats would relieve the District of the cost of maintaining so many buildings. According to District officials, operating at 85% capacity is the generally accepted best practice for schools. However, with the hiring of a new superintendent, we can't be certain about the status of the reorganization plan. Those answers will have to be addressed by Dr. Hite, Knudsen and the SRC.



News surrounding Hite has seemed positive from what I've read. How optimistic can we be?

Well, the situation he's stepping into is a tough one; we've established that. However, Dr. Hite has received high praise from many people who have worked with him. School district officials – even union leadership – in Prince George's County lauded his leadership in improving student achievement despite a difficult budget pinch. Hopefully, he can accomplish the same here.

"Tough" might be an understatement. Besides needing to find \$54 million, the new guy is shouldering the burden of restoring some confidence in the District. What's the draw for Hite?

If you're asking what his contract states, the answer is that we don't know yet. District officials have said the contract will be made public as soon as it's finalized.

The devil is in the details, right?

Indeed, they are. And in Ackerman's case, the details of her contract helped drive the controversy surrounding her departure.

Right, what was that deal all about?

Which deal? The first was the widespread discontent over her lavish compensation package, and the second was the actual deal that was struck to get her out.

I recall seeing "Secret Buyout" in headlines last September.

There was, in fact, some secrecy involved. Anonymous donors volunteered \$405,000 on top of \$500,000 in District funds to buy out Dr. Ackerman's contract; the names of the contributors were never revealed. However, criticism by the Committee of Seventy and others led to this secret deal being scrapped and the School District (meaning the taxpayers) eventually footing the bill to remove Ackerman. Needless to say, plenty of people were upset about her leaving town with \$905,000.

And that was in addition to what kind of compensation?

Dr. Ackerman's base salary in her last year here was \$348,000 – one of the highest in the country among public school superintendents. In addition, Ackerman was eligible to receive up to 20% of her base pay as a performance bonus determined by the SRC (her bonus for 2009-2010 was \$65,000). A retention bonus of \$100,000 after three years of work was available in June of last year; however, Ackerman deferred this payment because of the difficult financial position of the District. Add to this 34 vacation days, a car, and a \$1 million life insurance policy...all the perks and benefits brought her potential yearly compensation to nearly \$500,000 a year.

That definitely seems like a lot. Is this issue particular to Philadelphia?

Unfortunately, no. Public school administrators with relatively large salaries have drawn attention across the country, though how much attention they receive depends on the financial and academic condition of the district. According to the Council of Great City Schools, districts with 100,000-



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200,000 students pay their chiefs a base salary of \$275,000 on average. Total public school enrollment in Philadelphia including charters this past year was approximately 190,000.

Has there been any effort to moderate the pay for these positions?

In New Jersey, Governor Christie and the state's education commissioner put regulations in place last year providing a schedule of salary caps for superintendents based on district size. The state had also enacted a law in 2007 that capped the value of unused sick time at \$15,000 – a result of public outcry over administrators cashing in sick days worth more than six-figures. The New Jersey Supreme Court upheld this law last month.

What about in Pennsylvania?

Good question. Just this past April, the Pennsylvania Senate unanimously passed a bill with a variety of provisions for superintendent contracts. Among these are:

- Making contract details subject to the state's Right-to-Know-Law
- Limiting the length of contracts for new superintendents and assistants to three years
- Limiting the amount of money a departing superintendent can recoup as compensation for unused sick days

The House is expected to consider this bill when its members return to Harrisburg in the fall.

There's nothing in there about salary caps. I was thinking \$348,000 is too much to pay a school superintendent when the mayor and governor both make less.

Perhaps it is. However, there's an argument for school districts getting the very best person for the job. And sometimes that can only happen by ensuring that these positions are well compensated. After all, it's a vitally important and difficult job.

So how giant a carrot can we expect for Dr. Hite?

Again, no contract has been signed from what we know. It's not uncommon for contract details to be worked out after a superintendent candidate is hired and a round of negotiations proceeds.

Brave...stepping into this position without inking a contract.

With the financial troubles and intense public scrutiny merely taking the job in Philly is a bold move.

*Thanks for reading the non-partisan Committee of Seventy's **HOW PHILLY WORKS** series. If you have other issues you want us to take up, or want us to send these pieces to your friends and family members, please e-mail us at futureofthecity@seventy.org.*