

The Case for PILOTs at Penn Podcast episode

[opening news clip montage]

Over the last few years, the Philadelphia inquirer has broken several stories about the environmental hazards in Philly's public schools leading to national coverage and widespread uproar about the state of the buildings where philly students are supposed to learn. Disturbing images from Philadelphia schools circulated widely, showing asbestos-covered insulation, chipping lead paint, crumbling and decaying pipes and walls, and caved in and leaking ceilings, among other environmental hazards.

While students, teachers, and community members have long been active and raising concerns about the crumbling infrastructure of Philadelphia's schools, the media coverage of these dangerous conditions has led to renewed public scrutiny about how the state of our public schools has gotten this bad. Of course, there are many, many contributing factors, and there are far more problems facing schools in addition to the conditions of the school buildings, but this episode of *Gender Jawn* is going to focus on one important source of funding that could make a structural and material impact on improving the conditions of Philadelphia's Schools: PILOTs or Payments in Lieu of Taxes.

[*Gender Jawn* theme song]

Welcome to Gender Jawn where Gender's what you do and Jawn is everything else, sponsored by the Alice Paul Center for Research on Gender, Sexuality and women at the University of Pennsylvania.

I'm your host Maria Murphy, interim associate director at APC and on this ep I'm going to be making the case for Penn to make PILOTs to address the chronic underfunding of Philadelphia's public schools.

**This year at the Alice Paul Center and GSWS at Penn, we've been focusing on the theme of environmental feminisms, and one of the most pressing environmental issues facing our city is the state of Philadelphia's school system, from the buildings in disrepair to the understaffing of teachers, counselors, administrators, nurses, custodial staff, and others—there is a general environment of scarcity and systematic underfunding of public goods in our city of brotherly, sisterly, queerly, and gender-expansively love and affection. In this ep, I'm going to cover some of the important arguments that have been made for Penn to make Payments in Lieu of Taxes to the city of Philadelphia with interviews from 3 members of the faculty and staff group Penn for PILOTs.

This episode focuses on the campaign for Penn to participate in a PILOT program with the city of Philadelphia. Much of the material I draw from for this pod comes from Penn for PILOTs, a more recent organizing effort at Penn that has built on over a decade of campaigning, agitation, advocacy, and activism by students and community

organizations like Jobs with Justice, Our City Our Schools, among other community organizers. As is often the case with political organizing on campus, student groups led the way before faculty and staff began organizing around PILOTs.

Insert Amy Offner intro

A growing chorus of stakeholders are recognizing that this state of crisis means that PILOTs cannot wait and that the arguments historically made against pilot programs do not apply or don't truly reflect the position that wealthy institutions like Penn are in to make these contributions. The state of public education in our city should be an immediate priority for everyone, including, or especially, for wealthy nonprofits such as Penn, Drexel, and Jefferson. This is a racial and economic equity issue. As Amy mentioned, teachers, staff, and students, and community organizations have been on record for a long time about the environmental risks in Philly schools causing asthma, cognitive impairments, and lead poisoning, and while a recent campaign in the city did lead to addressing the presence of lead in Philly schools, many other environmental risks remain.

And while public education staff fear that students will develop more severe health issues later in life, the hazardous conditions of schools have already manifested in health issues for many staff members. Perhaps most well known is the case of Leah de Russo, mentioned in the opening news montage clip from good morning America. Leah de Russo was diagnosed with mesothelioma -a rare and aggressive form of cancer that targets the lungs and abdomen that is caused by long-term exposure to asbestos. More recently, Angela Chan, another public school teacher here in Philly, testified in a public hearing this month that she is not sure if the asthma she developed mid-teaching career was brought on by the state of her work environment—perhaps, though, since she also said that while she has been teaching virtually her asthma has not been aggravated at all.

But it's not *just* or not *only* the hazardous building conditions that are hurting students and staff in Philly's public schools—it's an entire environment of scarcity—of austerity, that neglects the basic, adequate resources for schools to function, where students, overtasked staff, and overstretched communities are expected to contribute and provide even the most basic necessities to run the school: toilet paper, hand soap, and classroom supplies. I asked Penn for PILOTs and faculty Akira Drake Rodriguez about how her research informs her understanding of the need for Penn to pay PILOTs.

INSERT CLIP OF AKIRA introducing herself

I asked Akira about her perspective on the current funding crisis of the Philadelphia school district, and in her observations, she talked about the conditions of the schools themselves, but also how they've been managed and how relationships have been damaged between the public, the city, the district, students, staff, and communities in this environment of scarcity and austerity.

Insert Clip of Akira talking about the status of Philly schools. ...”difficult”

With the threat of municipal financial crisis constantly looming, public school staff are consistently being asked to improvise the materials and resources needed to provide a decent education. So where does the money come from and why isn't the school district getting it?

Property Taxes

play Gerald Campano clip

That's Gerald Campano, Professor and Chair of the Literacy, Culture, and International Education Division, at the Penn Graduate School of Education speaking at a recent Penn for PILOTs Update session in March, explaining that even as the 7th wealthiest university in the country does not pay property taxes. As a nonprofit, Penn is *NOT* legally required to pay property taxes, and it's important to consider how mega nonprofits factor into funding public education.

A substantial portion of the city's revenue for schools comes from real estate tax, which is more commonly referred to as property tax.

According to the City of Philadelphia website, The City of Philadelphia and the School District of Philadelphia both impose a tax on all real estate in the City. For the 2021 tax year, the rates are:

0.6317% (for the City) + 0.7681% (for the School District) = in total that amounts to a **1.3998% tax (Total)**

So, the amount of Real Estate Tax you owe as a property owner is determined by the value of your property, as assessed by the [Office of Property Assessment \(OPA\)](#). So **basically the property tax is just under 1.4% of the assessed property value, with a portion of those funds going to the school district, and a portion going to the city's budget.**

There are of course, and there is where Penn comes in-- a number of exemptions to paying this real estate tax, such as exemptions for low-income homeowners, property owners with tax abatements, which refer to properties that are exempt from taxes for a set number of years—and really a quick side note here property tax abatements are a whole other problem, which were ostensibly created to “help revitalize communities and retain residents, attract business owners to Philly and reduce development costs for commercial and residential projects” but they have been another source of tax exemption that has gutted desperately needed resources to public programs in the city of Philadelphia. The tax abatement exemption is also a huge problem that requires fixing, but for this episode I want to focus on the type of tax exemption that concerns us at the University of Pennsylvania—nonprofit real estate tax exemptions:

So, how does a university with a \$14.9 billion dollar endowment get an exemption from paying property taxes? An endowment that, according to the Daily Pennsylvania, increased by \$200 million during the Covid-19 pandemic? While the university reports that the *rate of return* did diminish this past year, as in the percentage of the return they expected to make ended up being less, the university continued to *make money* on their investments during this global pandemic. PILOT programs, in this context, create an ongoing commitment for meganonprofits to contribute a portion of what they would owe in property taxes to their local municipality, without putting their nonprofit tax exemption in jeopardy. And while Penn does pay a wage tax, that is not a significant source of funding for Philadelphia schools—not to mention the fact that wage taxes are paid by employees, not the university.

Here's Ann Farnsworth Alvear, Associate Professor of History, and Penn for PILOTs member explaining what the impact is for Penn not to pay property taxes.

Insert audio of Ann

Ann's testimony, from the committee on children and youth public hearing in March, puts a lot of this argument into perspective... other property owners, often low-income and poor, are effectively subsidizing Penn. Penn and other mega nonprofits are non-profits in name only! So what would be an appropriate amount for Penn to contribute, given that Penn is technically a non-profit institution?

Philadelphia Jobs with Justice has proposed that Penn and other large non-profits pay 40% of what they would owe in property taxes if those properties were subject to the office of property assessment. That works out to be about \$40 million per year. To put that figure in perspective, according to Penn for PILOTs, \$40 million is just over one-third of one percent (0.35%) of Penn's unrestricted annual revenues this past fiscal year. It is just over a quarter of one percent (0.26%) of the value of Penn's endowment—a figure that is well within Penn's capacity to cover.

Many PILOT programs exist in other cities among our so-called peer institutions, so there is a precedent for this type of program. And This information is important to consider alongside the history of PILOTs in Philly. In the 90s, Penn **did** make PILOTs, in a deal brokered by then-Mayor Rendell, who ostensibly used the possibility of losing their non profit status to urge Penn and other institutions to participate in a PILOT program, but when Rendell left office and the pressure campaign slowed down, this program stopped at the end of the decade. It had not been made a permanent part of the municipal budget going forward.

Here's Amy again, talking about what the campaign for PILOTs at Penn is asking for specifically and why this proposal is better than other PILOT programs in the country.

****insert Amy clip here****

So it seems clear that PILOTs could make a huge, positive impact in the city of Philadelphia, so what are the arguments against PILOTs?

One reason that Penn has given in the past about why the institution shouldn't pay pilots is the other economic contributions they make by being in the city and different outreach and service learning programs at Penn that often involve students volunteering for different programs in the city, including in schools. I had a conversation with Mary Summers, a longtime advocate for PILOTs at Penn who helped me understand how this argument has taken shape and shifted since Penn last participated in a pilot program.

audio of mary introducing herself

narration of me explaining her courses:

Mary has taught 2 main service learning courses for almost 20 years, one on the politics of food and agriculture and the other a course called Healthy Schools, where students examine schools as a site where inequalities can either be addressed or reproduced.

In my conversation with Mary, I learned about some of the great experiences and worthwhile work students can have and do in some service-learning classes, but that these classes are not appropriate substitutes for actual financial contributions from Penn AND that in some cases, these service learning courses, where students are working within the community, create the conditions for student volunteers to actually add to the chaos of some of these difficult situations in Philly's schools, rather than helping, even with the best of intentions. Importantly, she noted, that student volunteers cannot replace much needed staff.

***audio of mary explaining issues with service learning* "... Already chaotic"**

When Mary did learn about PILOTs, around 2013 when the school district was facing a huge financial crisis when state funding was pulled under Governor Corbett, and the city was closing schools and laying off staff and in severe financial crisis, Mary integrated a service placement that was research-based in her "Healthy Schools" course for students to research and learn about PILOTs. She even had Donna Cooper, Executive Director of Public Citizens for Children and Youth (PCCY), come to class and talk about the benefits of PILOTs in addition to Jeffrey Cooper, Penn's vice president in government and community affairs who offered counter arguments. Mary continued offering this placement as part of the service learning course and worked with many students, including Devan Spear who is now the ED of Jobs with Justice, to understand Penn's arguments against PILOTs.

Mary explained to me that in the past, although much less so recently, Penn has cited service learning as one of the reasons that Penn should not be required to make PILOTs and that the institution was bringing in millions of dollars that was benefitting the city and was bringing in so much more than PILOTs could. Penn played a role in funding a report issued from a non-profit called Econsult solutions which studied what

they referred to as the Philadelphia model of university-city relationships to determine that Penn should not make PILOTs. It was a long report, claiming that Philly wasn't like other cities that needed PILOT programs because they were fully dependent on property taxes because Philadelphia also has a wage tax as a source of funding in Philly. The report also made the case the Penn and other nonprofits make economic contributions in other ways and that a mutually beneficial model of this relationship could actually be jeopardized by PILOTs, that it would change a meaningful relationship to a transactional one.

****Mary audio on anchor institutions**** “intellectual trends... Neoliberalism... Any official statements about pilots”

So while Penn has scaled back the blunt, public arguments against a PILOT program, the institution has ramped up other efforts with financial backing to address racial and economic injustices in Philly and beyond, like the new Projects for Progress, described as a new initiative that will award prizes to support proposals by teams of Penn students, faculty, and staff designed to promote equity and inclusion and make a direct impact in Philadelphia.

But this approach has received a lot of criticism, even as folks are excited that Penn is interested in redistributing its resources. Penn often opts for supporting faculty and students to create projects to address problems, rather than providing the necessary financial support for the city or particular communities to distribute as necessary. According to the Projects for Progress initiative, Project proposals must clearly and directly address one or more of three objectives: eradicating or reducing systemic racism, achieving educational equity, or reducing health disparities based on race, gender, sexual orientation, and/or social determinants of health. And while directing students and faculty to focus on these types of objectives in their work and learning is important, critics of these plans argue that funds would be much better suited if they were handed over directly to communities, an education equity fund, or in some capacity directly managed by the very people organizing around these issues directly in Philadelphia communities.

Here's Mary Summers again on this particular ethos of institutional-focused social justice work:

***Mary Audio* “Penn’s commitment to civic engagement...”**

Transition music down

audio from Amy about gift

Amy's explanation about the gift shows that these campaigns are working and that Penn is making a step in the right direction, but a gift is not the same as a permanent payment structure. A gift does not make up for structural inequities that Penn has contributed to (or in some cases created), esp in west philly. We need solidarity—not

charity. Here's Akira again, also making important commentary about what these time-limited and resource-limited influxes of cash can also do.

****Akira audio here****

****Amy Audio****

As Akira, Mary, and Amy have made clear, Penn needs to contribute payments in lieu of taxes to the city of Philadelphia for desperately needed resources for public schools! This is not a question of charity, it's a question of justice. To sum up: Penn has made PILOTs in the past and should again. Penn has enormous resources and can afford it. Public schools depend on funding from property taxes, which Penn doesn't pay as a mega nonprofit. "Service learning" does not make up for these much needed funds. In fact, it's Penn students and faculty who benefit from service learning, including students who do placements at Philly schools to meet their graduation requirements. Other groups around campus such as Penn Community for Justice and Police Free Penn are also working on campaigns to address Penn's role in the city and to propose ways for the university to redistribute funds and resources toward a pilot program, including away from policing—a necessary step in committing to economic and racial justice in this city.

Again, Charity is not the same as solidarity. Gifts are not the same as structural change.

We want flourishing not austerity and we want a PILOTs program now. If you are interested in learning more about PILOTs or getting involved with the Penn for PILOTs campaign please visit pennforpilots.org.

To close this episode, I want to share a particularly moving testimony for last month's hearing by Committee on Children and Youth with chaired by city council member Helen Gym. This is testimony from a student name Lin-Lin who brilliantly captured why wealthy nonprofits like Penn need to make payments in lieu of taxes NOW.

apple mini description:

Why should Penn make payments in lieu of taxes (PILOTs)? Members of Penn for PILOTs make the case.

Show notes:

This episode offers an overview of the campaign for Penn to participate in a PILOT

program with the city of Philadelphia. As a nonprofit, Penn is not required to pay property taxes, which provide a substantial part of the funding for the Philadelphia public school district. Members of Penn for PILOTs Mary Summers, Akira Drake Rodriguez, and Amy Offner make the case for why Penn should make payments in lieu of taxes to fund public education in Philly.

Original Music by David Chavannes

For more information about the Alice Paul Center visit www.gsws.sas.upenn.edu

For more information on the campaign for PILOTs at Penn, check out pennforpilots.org

Additional sonic material excerpted from 6abc Action News, WPVI-TV Philadelphia, and Good morning America. Testimonies from Penn History professor Ann Farnsworth

Alvear and Central High School student Lin Lin are from the Committee Hearing on

Children and Youth in March. Testimony from Education professor Gerald Campano

comes from a Penn for PILOTs Update Session.

who makes this decision? The board of trustees**