



Public Education Funds Didn't Have to Wait

A Statement on Proposed FY26 Philadelphia Budget Updated: June 10, 2025

On Thursday, June 5, 2025, the Philadelphia City Council and Mayor Parker celebrated an agreement on a budget deal that by any measure is historic – and flawed. It unnecessarily pitted public education against business development and affordable housing. It really didn't need to.

City revenues are healthy enough to support a groundbreaking investment in housing development and provide the resources to boost wages for city employees. As the preliminary budget was passed, new projections found that the projected year-end surplus – also known as the fund balance – is at least \$881 million.

The budget agreement included a financially precarious 13-year schedule of business tax-cuts and five years of wage tax cuts that will reduce city resources by more than \$200 million over the first five years and hundreds of millions more thereafter.

These cuts were enacted while public services are bracing to absorb a massive reduction in federal funds. And, they were enacted without Council noting that many of the same businesses will soon benefit from a grotesque tax windfall advanced by President Trump.

The proposal to adopt multi-year reductions in business and wage taxes should have been dead from the get-go. First, because of the simple fact that no one can predict if the economy ten years from now will produce enough other local revenues to support core city services. Further, it belies common sense given the fact that city will need to weather three more years of the Trump presidency which has its sights on attacking America's cities and increasing tax breaks.

What really stings about the budget agreement is that the budget **does not provide one more dime** for the desperately underfunded Philadelphia School District when it could have.

Philadelphia's traditional public and charter schools are \$1.2 billion underfunded. Next year, the School District faces a \$306.4 million shortfall that it will need to fill by dipping into its reserves. That Philadelphia schools are historically underfunded alone

should have compelled Council to allocate a portion of the city's robust surplus to closing that gap.

The Mayor has been quick to point out that her budget proposal included a commitment to boost the share of local taxes for the school district – in 2030.

The Mayor and her team argue that making that increase sooner was simply not affordable. Not true! Given the size of the Fund Balance, the \$12 million that the mayor proposes be shifted to the school district in 2030 is less than 2% of today's city surplus. Imagine what the \$12 million would mean to Philadelphia students today.

That less than 2% would mean hiring more than 100 teachers, enough to reduce our large class sizes for thousands of students. With class sizes swollen to more than 30 students per teacher, our students need more teachers today.

The Mayor and Council didn't have to make this choice. They could have responded to the 19 organizations and hundreds of public school parents and students who have worked since March with Children First and Lift Every Voice to debunk the silly rationale that there isn't enough money to meet the needs of our students this year.

When the Mayor proposed her budget, she paraphrased a famous James Baldwin quote and urged Philadelphians, *"don't listen to what I say, watch what I do."* We watched and saw what members of Council and the Mayor did and, boy, are we disappointed.

"If we don't fund the schools, there won't be future businesses to cut taxes for because people are going to move," said parent, Susie Nuessle. She's right.

If you – as a Philadelphia taxpayer – wanted a budget that bolsters big business, landlords, developers and investors, this is the budget for you. If you wanted a budget that also nurtures and supports students, you didn't get it, which is unfortunate because the Mayor and Council could have done both.

This budget fails to recognize that the prosperity of every neighborhood, every family, and, in fact, every business in this city is directly connected to the quality of our schools. When our children graduate, ready and skilled to enter our economy, the virtuous cycle of prosperity is unleashed.

We echo the sentiments of Imani Badie, a long-time parent advocate on this budget, *"How sad that businesses are more valuable than the education of our children."*

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