



How Philly's most powerful ed reform group broke the law

By Daniel Denvir

05/23/2014

The Philadelphia Board of Ethics yesterday announced that the city's most powerful school reform group, campaigning against teacher seniority and for closing what they describe as low-performing public schools, broke the city lobbying law.

"In consultation with the Ethics Board, we came to better understand the requirements of the new law and worked with the Board to bring our filings into full compliance," according to a statement issued by the Philadelphia School Partnership (PSP). The group said that it aims "to be open and transparent about its work."

The Ethics Board found that PSP Executive Director Mark Gleason and Managing Director Mike Wang failed to register as lobbyists, and that PSP failed to register as a principal (an entity that hires a lobbyist), failed to file certain expense reports in 2012 and 2013, and made "material omissions" in their 2013 third quarter expense report.

PSP was the Ethics Board's first ever enforcement action under the city lobbying law, which took effect in 2012. The group was fined a total of \$1,500, and the Board waived a number of financial penalties and reduced others, citing PSP's cooperation. You can read the settlement agreement [here](#).

The Board launched its investigation in response to a December 2013 complaint filed by Parents United for Public Education, which has opposed PSP's effort to radically remake the School District. You can read their [complaint](#) and [lengthy exhibits](#), which include the internal minutes of PSP meetings.

"That's why we filed because we think the public deserves to know what's being said on matters of massive importance to our schools and our city," says Parents United co-founder Helen Gym. "What's being said and who's paying for it."

The heated battle over Philadelphia's crisis-racked school District has [drawn well-funded organizations](#) to the city that promote a brand of school reform hostile to the Philadelphia Federation of Teachers and backing measures like charter-school expansion and curbs on teacher seniority. PSP has spent at least \$28,036 on city lobbying since 2012, and far more in Harrisburg.

PSP, whose board members include conservative political heavyweights and numerous high-profile local figures, quickly became one of the most powerful forces in city and state education politics after receiving a \$15 million seed grant from the [William Penn Foundation](#) in 2012.

The William Penn Foundation [bars](#) the use of its funds "for lobbying at the Federal, state, or local level." But the foundation released a statement to *City Paper* stating that its \$15 million "grant specifically and narrowly focused on expanding and replicating successful schools in Philadelphia. All funds deployed to date have been utilized to that end and not for the purposes of lobbying."

In December, the Ethics Board [did not find violations](#) in response to a Parents United and Philadelphia NAACP [complaint](#) that the foundation was acting as a lobbyist in 2012 when it financed the Boston Consulting Group's work for the District on a controversial "[transformation blueprint](#)" calling for a major reorganization of city schools.

In that case, the board did hear from at least one witness who said that former William Penn president Jeremy "Nowak's role as a funding source gave him significant influence with and access to School District officials."

PSP has also taken on more direct control of city public education policy, [facilitating](#) a public-private entity called the [Great Schools Compact](#). The Gates Foundation-funded Compact holds its meetings behind closed doors and includes representatives from the Mayor's office, the state-run School Reform Commission (SRC), the Pennsylvania Secretary of Education, the Archdiocese-tied Faith in the Future Foundation and multiple charter schools.

PSP claims that it failed to file under the city's lobbying law because the group did not understand it.

"The lobbying law became effective at the beginning of 2012, and PSP believed it was compliant when it registered in July 2013," PSP said in a statement. "We later came to understand that the City's definition of lobbying is broader than those at the state or federal levels."

But there are very few differences between the state and city lobbying laws, according to the Ethics Board, and PSP would not say what sort of difference between the laws would have caused them confusion. The group is registered with the state, and has [spent at least](#) \$301,354 on state-level lobbying since 2013.

Its also not clear how the difference in the federal definition of lobbying would impact PSP's understanding of its local reporting requirements. Unlike Philadelphia's law, the federal definition of lobbying does not include pushing for an administrative action but it does include legislative actions — like bills under consideration at City Council.

The federal tax code also bars 501(c)3 groups like PSP from making lobbying "a substantial part of its activities." But PSP, in its 2012 [990 form](#) filed with the Internal Revenue Service, declared that it *does not* engage in any lobbying. The organization would not explain why.

Loyola Law School professor Ellen Aprill, an expert in federal tax law, says that the federal definition of "substantial" is vague but that PSP's self-reported spending is likely not high enough to run afoul of the rules. PSP, alongside its political activities, also makes large grants to charter, District and parochial schools.

Yesterday's settlement details PSP's lobbying, most of it not formally disclosed before yesterday. PSP lobbied the School Reform Commission, City Council, Superintendent William Hite, and the Mayor's office in support of school closings, the Renaissance program that puts District schools under private charter management, a universal enrollment program and curbs on teacher seniority.

Like the public education advocates with whom they often do battle, PSP also says that it lobbied for additional school funding — though it is unclear, beyond support for using the extension of sales tax hike to fund education, exactly what that means.

Gym says that further disclosure is necessary.

"We think that all communications between PSP and the Mayor's Office, the SRC and School District, and City Council members should be made public," she says. "This was lobbying, they're communicating with public officials. This is not internal communication, and it should be a matter of public record."

PSP had only previously reported its lobbying as it relates to seniority.

The filings reveal that PSP paid for Mayor Michael Nutter, Mayor's Office of Education head Lori Shorr and SRC members Wendell Pritchett and Pedro Ramos to travel to Denver. At the time, the trip was [reported](#) as being financed by the Gates Foundation.

PSP says that Denver Public Schools provided a model for how a decentralized administration could function, and of positive charter-district collaboration. They also reviewed the city's "universal enrollment" program. A [proposal](#) to create such a program in Philadelphia has generated controversy.

"The trip took place two days after the lobbying law became effective, and PSP was unaware at the time that the law's disclosure requirements applied to such a trip," PSP said in its statement.

The group also paid for members of the Mayor's Office of Education and the School District to travel to Nashville and Seattle. PSP tells *City Paper* that the trips were made to attend conferences organized by the Center on Reinventing Public Education.

The lobbying disclosures also list PSP's major funders, including the wealthy suburban couple Jeffrey and Janine Yass. Janine is a member of the PSP board, and was a funder of the Boston

Consulting Group's work. Her husband Jeffrey is Managing Director of the Bala Cynwyd-based investment firm Susquehanna International Group. He is also a major campaign donor who has spent heavily to support school vouchers, and sits on the board of the libertarian Cato Institute. PSP has also received money from the Michael & Susan Dell Foundation and The Walton Family Foundation — the latter funded by the Wal-Mart fortune.

This year, PSP continues to lobby.

In February, The *Philadelphia Public School Notebook* [reported](#) that PSP hired consultants from Wojdak & Associates to urge Harrisburg legislators to back Republican Gov. Tom Corbett's appointment of former City Councilman Bill Green's nomination to chair the SRC.

Last summer, PSP [lobbied](#) state legislators to make additional funding to Philly schools conditional upon teachers union concessions. It was also [revealed](#) that PennCAN, an allied group that was initially based in PSP's office, had quietly urged Corbett to use such a fight with the Philadelphia Federation of Teachers as a means to overcome widespread opposition to his education policies. Corbett, who faces a tough re-election fight this year and is considered one of the country's most vulnerable incumbent governors, orchestrated deep cuts to public schools.