

Penn Hills School District

Penn Hills School District Exit Petition

April 24, 2024

**Dr. Dan Matsook,
Chief Recovery Officer**



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Flashback

A Few Lowlights:

- Negative \$18M Fund Balance
\$600,000 in Capital Reserve
 - Negative Cash Flow
TAN '17 & '18; Subsidy Advances '17, '18, '19
State-Assisted Debt Service Payments- 5 years
 - Debt Service Burdon
 - Two Scathing Investigations (AG & DA)
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The Phoenix Has Risen!*

* The Exit Petition has been submitted...not approved yet.

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Quick Overview

PDE Team and PHSD Team

- Several Meetings over Several Months
 - Submitted to Secretary of Education on April 18
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Two Purposes of the Exit Petition:

- ❑ To demonstrate that PHSD has made significant progress with its recovery efforts.
- ❑ To demonstrate that the District can and will build on that progress both financially and academically.

*Sustainability is Critical to Approval Process.

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Where Do We Start?

Board of Directors – Critical Decision-Making

Thousands of Conversations – but only One Decision Maker

Diligence, Determination, and Focus

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Financial Highlights:

Right-Sized District

- Enrollment Decline
- Facilities Reduced (From 8 to 3)

Debt

- Reduced Long-Term Debt
 - Eliminated Three-Year Bubble (\$3M)
 - Improved Credit Rating
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Financial Highlights:

Cash Flow

- Eliminated Tax Anticipation Notes
 - Eliminated Subsidy Advancements
 - Eliminated MRS – Tax Lien Sale
 - Improved Investment Strategies
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Financial Highlights:

COVID-19 Effect

Realized Operational Savings

Managed ESSER Funds

- Develop Fund Balance Policy
- 180 Degree FB Turnaround (-18M to + \$19M)

Balanced Budgets

- Without Using One-Time Funds
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Financial Highlights:

Capital Reserve

Increased from \$600,000 to \$8M

Developed Capital Project List

HS/ES Addressed

MS Top Priority

Financial Plan to Support Projects

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Financial Highlights:

Five-Year Projections

- Moderate tax increases in two of the five years
- Moderate subsidy increases*
- Moderate cost increases (wages, HC, expenditures)
- A stress test of worst-case scenario

* State budget uncertain – challenging to project

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Bottom Line:

Financially, PHSD has improved its financial condition and has operational processes in place to maintain stability moving forward.

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Disclaimer Statement:

There are factors that can impact projections either positively or negatively.

Improved Projections	Impaired Projections
<ul style="list-style-type: none">• State or local growth greater than projection assumptions• Real estate tax increases above projections• Tax collection rate increases above projections• Lower growth in wages and benefits• Lower growth in transportation costs• Reduction of programming and/or staffing• Slower growth in charter school enrollment• Optimized energy savings	<ul style="list-style-type: none">• State or local growth weaker than projection assumptions• Economic downturn/Inflation upturn• Wage agreement and healthcare cost greater than the projection assumptions• Continued growth in charter school enrollment• Continued decline in District enrollment without staffing adjustments• Increased costs for capital projects (Mismanage)• Continued increases in transportation costs

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Academic Highlights:

Focus on “Improving” Achievement

- Fidelity, Fidelity, Fidelity!
- Professional Development in Place
- Collaboration in Place
- Data Driven Decision-Making
- Intervention Strategies

*Interwoven in FRP, Amendments, District Plans

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Academic Highlights:

- Comprehensive Plan Complete
 - Special Education Practices Being Addressed(MTSS)
 - Restorative Justice Practices/School Culture in Place
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Bottom Line:

Academically, PHSD has improved academic conditions to support student growth moving forward.

*Systemic on-going practices will be monitored

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Improved Profile	Impaired Profile
<ul style="list-style-type: none">• Accelerated professional growth and collaboration• Long-term stabilization of staffing• Accelerated buy-in to change climate in all buildings• Practices and metrics have been effectively implemented with fidelity	<ul style="list-style-type: none">• Resistance to change• Continued staff turnover• Lack of accountability throughout the organization• Lack of fidelity throughout the system• Ineffective metrics not addressed via DDDM

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Other Highlights

- ❖ The District has submitted progress reports regularly over the past five years.
 - ❖ Ninety-seven initiatives have been completed, in progress or are on-going.
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Challenges – through five-year monitoring period

- Charter School Enrollment/Tuition
 - Mismanagement of Capital Projects
 - Rising Costs (operational, wages, HC, etc.)
 - Transportation Cost Increases
 - Recurring Costs vs One-Time Revenues (FB)
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Acknowledgements

- ✓ **PHSD Team – Dr. Mozzocio, John Zahorchak,**
- ✓ **Renel Williams, Dawn Golden**
- ✓ **Central Office Administrators (Past/Present)**
- ✓ **Building Principals**
- ✓ **Entire Organization – Teachers, Support Staff,**
- ✓ **Secretaries, Employees in All Departments**

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