

Penn Hills School District

Recovery Plan

Exit Petition



Prepared by the

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Exit Petition

I. Introduction

In June of 2017, the Pennsylvania Department of Education (PDE) placed the Penn Hills School District (PHSD) on the Financial Watch List, as identified in the “Early Warning System” of Act 141 of 2012. PHSD was experiencing financial difficulties after constructing two “state-of-the-art” educational facilities for elementary and high school students. At that time, PDE provided technical assistance from the accounting offices of Wessel & Company. Approximately 18 months later, PDE declared PHSD to be in “moderate financial distress;” in February of 2019, Dr. Daniel J. Matsook was appointed as the Chief Recovery Officer (CRO).

To further exacerbate the situation, in May of 2016, the PA Auditor General conducted an investigation into the PHSD operations and delivered a scathing report citing “a shocking level of mismanagement of funds, lack of oversight, and egregious overspending” as large contributing factors to the PHSD financial demise. One month later, the Allegheny County District Attorney followed up the Auditor General report confirming the same storyline. These reports were released publicly in February of 2019.

With assistance from the administration, Board of Education and the Advisory Committee, a Financial Recovery Plan (FRP) was created by the CRO and approved by the PHSD Board of Education in June of 2019, followed by PDE approval in July of 2019. The FRP addressed the financial, operational, and academic inefficiencies identified by the CRO over a five-month investigation/analysis period. Subsequently, over the next four years, two amendments were added to the FRP. The First Amendment approved by PHSD Board of Education on June 29, 2020, addressed the shortfall of recurring revenue caused by the Board of Education’s resistance to raising taxes as directed in the FRP; the Second Amendment approved by PHSD Board of Education in May of 2021, addressed the additional challenges brought forth to PHSD due to the COVID-19 pandemic. It reset PHSD’s efforts towards recovery after the pandemic, and it intentionally focused on the effective implementation of the academic initiatives started prior to the pandemic. The Second Amendment also addressed potential financial challenges after all the Elementary and Secondary School Emergency Relief (ESSER I, II, III) funds are depleted.

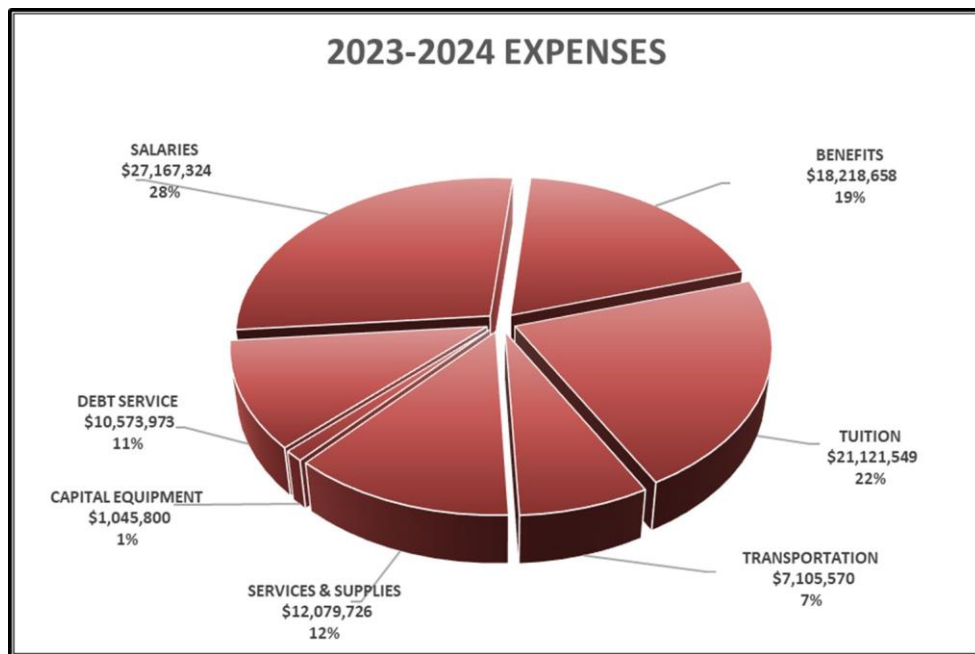
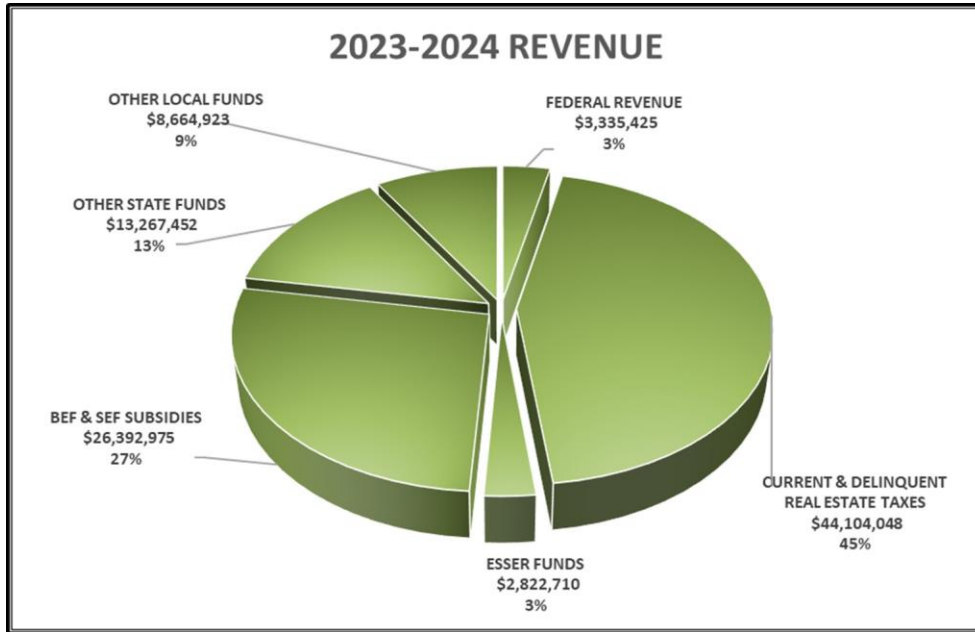
Over the four-year implementation period, quarterly progress reports on the ninety-seven initiatives identified in the Financial Recovery Plan and the two Amendments were shared with the Board of Education, Advisory Committee, and the public. These updates are posted on the PHSD website.

This is a report of PHSD’s financial and academic recovery progress. This report will include a financial condition analysis, a Chapter 18/Act 141 exit criteria checklist, an academic condition analysis, and a progress report on the recovery plan initiatives. The purpose of this report is twofold: 1) to demonstrate that PHSD has made significant progress with its recovery efforts; and subsequently, 2) PHSD can and will build on that progress both financially and academically.

As the CRO, I am recommending that the Secretary of Education terminate the status of “moderate financial distress” for the PHSD. In addition, I strongly suggest that the PHSD continue to follow the directives of the Recovery Plan through the five-year monitoring period to ensure academic growth and financial sustainability for the school district.

II. Exit Criteria: Current Financial Condition

The PHSD’s Recovery Plan has cited two critical components necessary to return to solvency, 1) develop an underlying financial structure that supports a balanced annual operating budget without relying on one-time funds, and 2) establish and maintain a fund balance reflecting at least 5% of the school district’s annual expenditures. Both of these priorities have been addressed by the Board of Education. The pie charts below represent the final 2023-24 budget approved by the Penn Hills Board of Education on June 28, 2023, with the exception of the State’s final approval of PHSD’s Basic Education Funding and Special Education Funding allocations, which occurred in August 2023.



Real Estate Taxes

As shown in the chart above, current and delinquent real estate taxes contribute 45% of the available revenues in the 2023-24 budget. As described in the Recovery Plan, the PHSD did not raise real estate taxes during the construction of two state-of-the-art educational facilities just over ten years ago. This decision created a lag in revenue that still impacts the school district today. However, as shown in the chart below, since 2019-20, PHSD has raised real estate taxes 1.9 mills to narrow the revenue gap. To facilitate the challenging decisions to raise local taxes, the PHSD Board of Education developed Fund Balance Policy 620 to guide its decisions regarding real estate tax increases. The Board of Education has followed Policy 620 since it was approved in 2020. In May of 2023, the Board of Education approved a tax relief program for senior citizens with specific qualifications as a means of mitigating the local tax burden for this segment of the population, which represents approximately 20% of the Penn Hills community.

Real Estate Tax Increases (mills)

2019-20	2020-21	2021-22	2022-23	2023-24
0	1.03	0.4	0.5	0

The projections provided later in this report assume that PHSD will raise real estate taxes in two of the next five years up to the Act 1 Index as needed to approve a balanced budget without the inappropriate use of one-time funds. These moderate real estate tax increases represent reasonable commitments from the PHSD and its taxpayers to support its financial stability.

The stress test analysis noted later in this report will reflect a scenario that holds real estate tax revenue flat. This assumption is projected to result in a widening deficit over five years. In this projection, the existing fund balance will be depleted and a reduction in expenditures will become necessary.

State Funding

Basic Education Funding (BEF) and Special Education Funding (SEF) are the two largest sources of financial support for school districts in Pennsylvania. In PHSD, these sources provide 27% of revenue in the 2023-24 budget. Future trends in State funding are a critical component of the school district's revenue budget.

From fiscal years 2019-2020 to 2022-2023, the BEF increases were 1.44% (2019-20), 0% (2020-21), 3.55% (2021-22), and 9.48% (2022-23). The SEF increases were 4.78% (2019-20), 0% (2020-21), 10.62% (2021-22), and 9.27% (2022-23). The most recent two-year upward revenue trend is expected to hold true in future years. However, PHSD will need to monitor and adjust its budget planning accordingly if State subsidies fluctuate over the next five years.

Again, the stress test analysis noted later in this report will reflect a scenario that holds State subsidies flat. This assumption is projected to result in a widening deficit over five years. In this projection, the existing fund balance will be depleted and a reduction in expenditures will become necessary.

Inflation

Due to the current inflationary spike, the PHSD must consider both the short- and long-term effects of rising inflationary levels. These higher inflation rates have a profound effect on the PHSD's expenditures. Using the Consumer Price Index, as reported by the federal Department of Labor for the Pittsburgh area, over the past 10 years and most recently the past 12 months, the rate of was 2.3%. PHSD projects the five-year average inflation rate to remain near 2.3%.

Labor Contracts and Workforce Retention

Salaries and benefits comprise 47% of the PHSD's total expenditures in the 2023-24 budget. Baseline projections include annual salary increases as outlined in the current Collective Bargaining Agreements (CBA). The school district's labor contracts expire as follows: Maintenance/Custodial (June 2023), Teachers' (June 2024), Food Service (June 2024), Support Group (June 2025), Act 93 Agreement (June 2026).

After the expiration of these contracts, salaries are expected to grow on average by 2.5%. To remain competitive with other school districts in Allegheny County, the PHSD must offer fair, yet affordable, salaries and benefits to a shrinking employment pool of potential candidates in the educational sector.

Healthcare benefits have increased substantially over the past three years due to the COVID-19 pandemic. PHSD is a member of the Allegheny County Schools Health Insurance Consortium (ACSHIC). The 2023-24 budget reflects an increase of 14% for healthcare and 9% for dental. PHSD must be mindful of these uncontrollable increases moving forward.

The PHSD will need to proceed cautiously by evaluating the affordability of future employment contract proposals. To maintain its financial stability, PHSD must base these decisions upon recurring available revenue, not one-time funds and grants that have been historically used to balance the annual budgets. Moderating salary increases and seeking healthcare concessions are potential levers to mitigating tax increases, state subsidy fluctuations, staff furloughs, and sustaining PHSD's exit from "moderate financial distress."

Transportation

As indicated on the chart on page 4, transportation costs account for 7% of budgeted expenditures in fiscal year 2023-24. PHSD ranks near the top in Allegheny County for transportation costs, similarly across the state. PHSD plans to address this financial challenge when the current contract expires in June 2024. The RFP being released in July 2023 intentionally factors in potential for savings in 2024-25 and beyond. The transportation feasibility study and FRP directs the District to incorporate "fare-based" routes, reduce the fleet, and increase the transportation reimbursement. This language can potentially produce \$300,000 in savings. These potential savings are not reflected in the enclosed financial projections. Unless PHSD realizes significant savings in future transportation contracts, the school district could require either a reduction in expenditures and/or an increase in real estate taxes.

Maintaining Program Investments

The PHSD has invested profoundly in several major programs over the past four years. These programs are, in part, supported with ESSER funds, State/Federal grants, and/or the school district’s general fund. Listed on the chart below, the “Bee Ready Reading Program” in the elementary building is mandated by the Recovery Plan to address learning loss. The New Directions model (Alternatives to Suspension Program) and Youth Engagement School Specialist team (YESS) models are mandated by the Recovery Plan as a remedy to documented system inequities and disproportionate student outcomes. PHSD has been approved for Allegheny County Health Department Project SEEKS (\$585,000) funding to enhance the New Directions rooms and YESS team via additional staff support (therapeutic counselors and SAP services) in school year 2023-24. SAFE Spaces is a school/community after-school program in place at the high school that is fully funded by the Allegheny County Health Department (DHS) to improve student outcomes and to reduce school and community violence. Minimally, this program is expected to be fully funded through 2027-2028 as determined by DHS with yearly criteria to measure effectiveness. The PHSD security model also includes layers of private security officers and local police department officers. The cost of these new programs averages approximately \$3.7 million over two years and are reflected below.

Program	2022-2023	2023-2024
Bee Ready Reading Program *ESSER Funds	\$1,260,000	\$1,220,000
YESS Model *SEEKS Funds	\$855,000	\$883,000
New Directions *SEEKS Funds	\$163,000	\$177,000
Safe Spaces *DHS Contract	\$135,000	\$200,000
Private Security	\$260,000	\$906,000
PHPD	\$400,000	\$420,000
TOTAL	3,073,000	4,391,000

PHSD has prioritized spending for instruction, support, and safety; therefore, these programs/models are monitored for effectiveness. The school district values these programs, so it has strategically planned for reducing the ongoing costs of staffing them – to include, but not limited to, seeking more grant funding, reducing costs associated with staffing these programs via contracted service provider agreements, creating an in-house security staff, or funding them with recurring revenue (tax increases) in the operating budget. Potentially, the District can realize \$800,000 in savings.

If the stress test’s worst-case scenarios would come to fruition – flat state subsidy and/or flat real estate tax revenue, or if PHSD cannot control labor agreements, transportation costs or charter enrollment, or if the school district cannot balance its budget with recurring revenue, then PHSD would need to consider curtailing these programs which could result in furloughing staff.

Fund Balance

In 2018-19, the PHSD's fund balance was negative \$12 million. In the 2021-22 audit, the fund balance was a positive \$14 million. The audited fund balance for 2022-23 was a positive \$19 million. Several factors have impacted this dramatic turnaround. Strategically managing the ESSER funding associated with the COVID-19 pandemic, timely bond refinancing transactions, moderate real estate tax increases, significant state subsidy adjustments (with support of local legislators), developing/implementing a new Fund Balance Policy, and the rightsizing of the workforce to bring into alignment with current student enrollment have each significantly and positively impacted the fund balance.

The Fund Balance Policy and Procedures approved by the Board of Education was a pivotal decision for the PHSD to determine potential real estate tax increases. The Chief Recovery Officer (CRO) assumes that the school district will responsibly manage the fund balance surplus in compliance with the District's Fund Balance Policy. In 2023-24, PHSD has transferred \$9M in fund balance from the general fund to the capital fund for future capital projects and technology. The Board of Education will need to monitor the fund balance levels to guard against a steady depletion of these reserves, particularly if regularly used to balance the annual budget.

Debt

In 2018-19, PHSD's total debt was \$288 million; in 2021-22, the debt was reduced to \$267 million. The school district has strategically capitalized on market conditions and refinanced debt to reduce overall debt, resulting in savings in annual debt service obligations. Two bond refinances were successful in 2020-21, netting savings of nearly \$14 million. In addition to these net savings, the bond refinancing also accomplished the elimination of a three-year spike in debt service that reduced annual debt service payment by \$3 million from 2019-20 to 2024-25. Another accomplishment included smoothing the annual debt payments over the next sixteen years which will stabilize PHSD's cash flow and yield an additional \$10 million in long-term debt service savings from 2025-26 to 2039-40. This total debt is significantly higher than its total expenditures, but PHSD has effectively managed its payments over the past four years. It has never defaulted on any of its loans/payments. The school district has no short- or long-term intentions of incurring additional debt.

PHSD's credit rating in 2019-20 was Caa2, one of the lowest in the state. It has improved to B3; however, it remains six levels below investment grade. Due to its low credit rating, PHSD needed assistance in obtaining bank approval for its debt refinancing by having PDE agree to the creation of a state Intercept agreement, which guarantees that PDE will make PHSD's required bond payments directly to the paying agent. This allowed PHSD to realize significant savings in each of its recent refinancing campaigns. Without a state Intercept agreement, PHSD would not have realized as much, if any, savings with these transactions and likely would not have been able to acquire a bank loan.

The CRO anticipates an improved credit rating from Moody's Investor Services, based upon a balanced budget, a healthy fund balance, and strong cash flow. The CRO expects the next bond refinancing to occur without a state Intercept agreement.

Capital Projects

In 2019-20, the PHSD had \$600,000 in its Capital Project Fund. The school district was addressing serious mechanical issues with HVAC systems in its two newly renovated school buildings. In 2022-23, PHSD rectified all its boiler issues, as well as the associated HVAC and chiller problems. The school district has identified a list of capital projects, sorted by building. Based upon factors, such as safety, educational impact, physical condition, and economical impact, each project was prioritized along a five-year timeline. During 2022-23, PHSD expended \$3.3 million on capital projects: high school and elementary school boilers and HVAC systems, Phase I of middle school renovations, and roofs. In 2023-24, the school district estimates \$7 million to be expended on capital projects: district-wide ESCO projects, and Phase II of middle school renovations (specifically electrical system upgrades). In 2024-25, PHSD estimates \$12-\$15 million to be expended on capital projects: Phase III of middle school renovations (specifically air conditioning) and potentially moving the fifth grade from the elementary school into the middle school. The school district currently has \$6M in a capital fund to address the priorities on its capital project list. These projects, costs, and timeline are fluid; they will be impacted by an ESCO project, grant funding, and possibly a bank loan to cover a \$6M ESCO project. To clarify, the District will only move forward in phases for these projects based upon funds on hand. As funds become available, via state budget, grant awards, or a bank loan, the District will expand its capital project scope.

The PHSD, with PDE approval, has strategically applied Ready to Learn Block Grant funds to support renovations to the Linton Middle School auditorium. This particular project will not only have a positive curricular impact but also a significant community impact. The Linton Middle School serves as a hub for community events, especially those most appealing to local school children and citizens.

Charter School Enrollment

As shown on page 4, charter school tuition accounts for 22% of PHSD’s 2023-24 budgeted expenditures. Charter school tuition is the second largest expenditure driver behind salaries. It is expected to remain a large cost driver in future years. The charter school enrollment numbers are reflected in the chart below:

	2018-19	2019-20	2020-21	2021-22	2022-23*
Brick & Mortar CSs	670	752	728	716	814
Cyber CSs	163	144	218	193	228
Total	833	896	946	909	1,042

*as of June 2023 (March 2024 – 1042)

PHSD competes with twenty-four brick and mortar charter schools and ten cyber charter schools for student enrollment. The largest competitors are Penn Hills CS of Entrepreneurship and multiple Propel charter schools. The District has recently been notified of another charter school opening in neighboring district located on the PHSD border. The charter is an expansion of grades 9-12 at the Penn Hills CS of Entrepreneurship. An alarming development over the past four years is that the charter school enrollment has grown from 833 to 1,042, an increase of 209 students. Since the pandemic, the charter school enrollment has spiked. Longitudinal studies suggest that charter school enrollment has been exacerbated by local and national reports of school and community shootings which have made families uneasy about large school environments. The Penn Hills Elementary School houses nearly 1,300 students in grades K-5;

hence, a reason for PHSD’s plan to explore returning Grade 5 students at Linton Middle School as early as 2024-25. For 2023-24, charter school tuition costs per student were \$11,681 for nonspecial education students and \$35,476 for special education students.

PHSD has committed resources to addressing this issue, as it has a major impact on the school district’s ability to sustain its financial stability. The increasing enrollments have neutralized financial gains from other initiatives in the Recovery Plan. PHSD has contracted with an outside entity to handle public relations with a focus on strategies to recapture charter school students. The summer of 2023 recruiting initiative resulted in ninety-nine families returning to the District. However, this number was off-set by families who opted to attend charter schools from private schools or who have moved into the District through the summer months. The District plans to conduct another summer recruiting event.

One out of four school-age children in Penn Hills attends schools other than Penn Hills School District. PHSD must reverse this trend over the next five years.

To further exacerbate this trend of losing students, PHSD enrollment continues to decline. The chart below reflects the enrollment trends since 2018-19. The PHSD has lost the equivalent of one grade-level class over each of the past four years, nearly a 10% enrollment decline. Birth rates mirror this downward trend.

	2018-19	2019-20	2020-21	2021-22	2022-23*
Enrollment	3,325	3,300	3,235	3,080	3,029*
Decrease		(25)	(65)	(155)	(51)

*as of March 2024 this number has decreased to 2997

Without effective strategies to control these tuition costs, the PHSD may need to consider increasing real estate taxes regularly and/or cut expenditures associated with programs and staffing.

Five-Year Projections

The first table (Chart A) reflects the past five years of annual operating budgets from 2018-19 through 2022-23. The financial turnaround is clearly evident. The operating budget fluctuated due to the pandemic shutdown and ESSER funding; however, the fund balance increased by nearly \$29 million.

CHART A

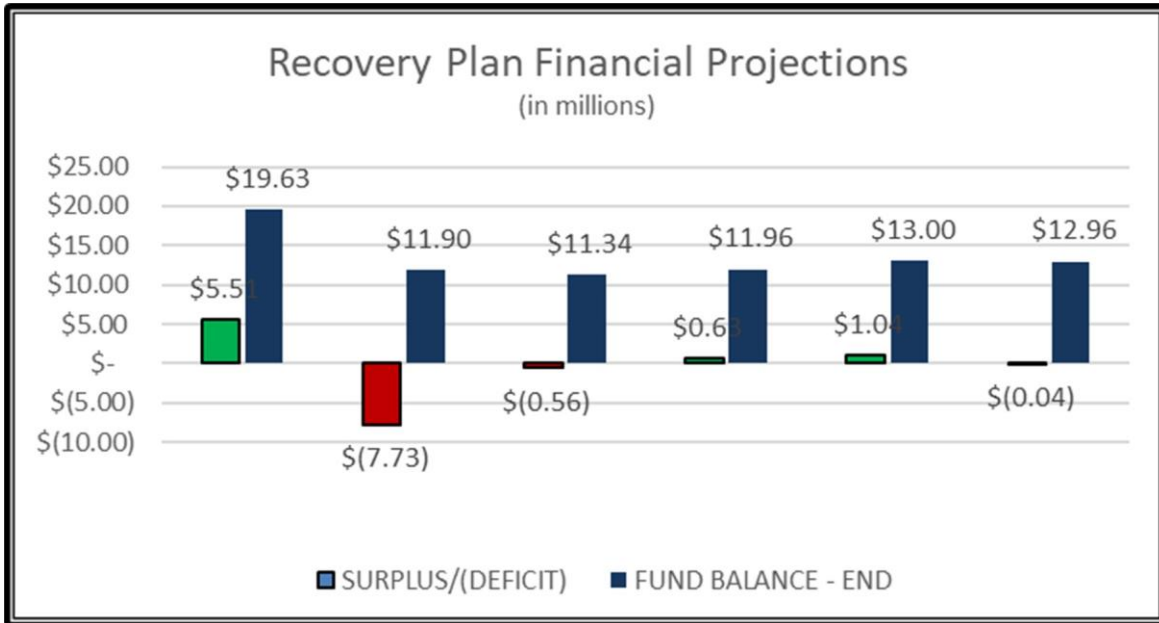
PENN HILLS SCHOOL DISTRICT FINANCIAL PROJECTION GENERAL FUND EXECUTIVE SUMMARY					
	Actual	Actual	Actual	Actual	Actual
	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
REVENUES	\$ 93,746,860	\$ 90,972,984	\$ 89,804,910	\$ 98,442,516	\$103,200,096
EXPENDITURES	90,614,942	82,258,157	82,101,338	91,903,175	94,885,359
SURPLUS/(DEFICIT)	3,131,918	8,714,827	7,703,572	6,539,341	8,314,737
INTERFUND TRANSFER OUT (EXH 12)	-	-	-	-	(2,800,000)
FUND BALANCE - BEG	(12,092,493)	(8,960,585)	(245,748)	7,457,824	14,111,805 *
FUND BALANCE - END	(8,960,575)	\$ (245,758)	\$ 7,457,824	\$ 13,997,165	\$ 19,626,542
* There was a prior period adjustment made by the District.					
Fund Balance as a % of Expenditures	-9.89%	-0.30%	9.08%	15.23%	20.68%

The second table (Chart B) reflects the next five years of annual operating budgets from 2022-23 through 2027-28. Over these five years, PHSD's revenue is expected to grow by 1.2% and the expenditures to grow by 10.1%. ESSER funds expire after 2023-24, and recurring revenues will cover the gap moving forward. Projections include real estate tax increases up to the index in 2024-25 and 2026-27 to support school district academic priorities.

CHART B

PENN HILLS SCHOOL DISTRICT FINANCIAL PROJECTION GENERAL FUND EXECUTIVE SUMMARY						
	Actual	Budgeted	Projected	Projected	Projected	Projected
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
REVENUES	\$103,200,096	\$ 98,587,533	\$ 99,344,108	\$101,113,862	\$103,530,517	\$104,405,607
EXPENDITURES	94,885,359	97,314,050	99,908,992	100,487,737	102,494,275	104,444,690
SURPLUS/(DEFICIT)	8,314,737	1,273,483	(564,884)	626,125	1,036,242	(39,083)
INTERFUND TRANSFER OUT (EXH 12)	(2,800,000)	(9,000,000)	-	-	-	-
FUND BALANCE - BEG	14,111,805	19,626,542	11,900,025	11,335,141	11,961,266	12,997,508
FUND BALANCE - END	\$ 19,626,542	\$ 11,900,025	\$ 11,335,141	\$ 11,961,266	\$ 12,997,508	\$ 12,958,424
Fund Balance as a % of Expenditures	20.68%	12.23%	11.35%	11.90%	12.68%	12.41%

The chart below reflects the surplus/deficit impact (including fund balance transfers to the capital fund in 2022-23 and 2023-24) on the fund balance for each of the five years shown on Chart B above.



Stress Test Analysis

The tables below show PHSD’s five-year financial projections using flat rate assumptions for a scenario that makes two assumptions for 2024-25 through 2027-28: 1) no change in real estate taxes and 2) no change in state subsidies.

CHART C

PENN HILLS SCHOOL DISTRICT FINANCIAL PROJECTION GENERAL FUND STRESS TEST #3 - NO CHANGE IN REAL ESTATE TAXES & NO CHANGE IN STATE SUBSIDIES						
	Actual	Budgeted	Projected	Projected	Projected	Projected
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
REVENUES	\$103,200,096	\$ 98,587,533	\$ 94,681,830	\$ 96,375,167	\$ 96,594,736	\$ 96,814,215
EXPENDITURES	94,885,359	97,312,600	99,907,529	100,486,259	102,492,782	104,443,182
SURPLUS/(DEFICIT)	8,314,737	1,274,933	(5,225,699)	(4,111,092)	(5,898,046)	(7,628,967)
INTERFUND TRANSFER OUT (EXH 12)	(2,800,000)	(9,000,000)	-	-	-	-
FUND BALANCE - BEG	14,111,805	19,626,542	11,901,475	6,675,776	2,564,684	(3,333,361)
FUND BALANCE - END	\$ 19,626,542	\$ 11,901,475	\$ 6,675,776	\$ 2,564,684	\$ (3,333,361)	\$ (10,962,329)
Fund Balance as a % of Expenditures	20.68%	12.23%	6.68%	2.55%	-3.25%	-10.50%

In this worst case scenario, the school district would not be able to balance its budget. PHSD would need to consider other options, such as offering wage freezes, seeking healthcare concessions, reducing the workforce, eliminating programming, or raising real estate taxes to cover the deficit.

Financial Status: Conclusion

Root causes for PHSD’s financial distress have been addressed: cost of constructing two educational buildings, a negative fund balance, cash flow issues, and using one-time funds to balance the operation budget.

Based upon the financial projections in this report, the school district is expected to sustain financial stability and to provide the funding to support the academic program and school climate reform efforts that have begun to show evidence of positive student impact. Business office operations have been reorganized to tighten controls. Moving forward, PHSD is expected to balance its budget without the inappropriate use of one-time funds, and the school district should be able to produce surpluses to protect its fund balance.

Based upon the CRO’s review of PHSD’s current budget and the assumptions used in the projections, the school district has sufficient budgetary capacity to address future needs if PHSD experiences financial challenges. The table below summarizes some of the factors that may positively or negatively impact the school district’s projections.

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 of 2.0% • Continued growth in charter school enrollment • Continued decline in District enrollment without staffing adjustments • Increased costs for capital projects • Continued increases in Transportation costs

III. Exit Criteria: Chapter 18 Regulations (Act 141 of 2012)

Pursuant to [Chapter 18 Regulations \(Act 141 of 2012\)](#) or [The Financial Recovery Act](#), the Secretary may consider the following criteria when determining whether to issue a declaration that a school district is in financial recovery status. The PHSD has addressed each criterion below:

1. The school district receives at least 85% of its per pupil funding from the Commonwealth and collects less than 50% of local taxes levied to fund the school district.
 - The PHSD does not receive 85% of its per pupil funding from the Commonwealth. (PHSD receives 41% from the state in 2022-23)
 - The PHSD does not collect less than 50% of local taxes to fund the school district. (PHSD collection rate is 90.81%)
2. The school district's unreserved fund balance has declined for 3 consecutive years and is less than 5% of the school district's annual expenditures. Note: As used in this paragraph, a school district's unreserved fund balance means the school district's *Unassigned* fund balance.
 - The PHSD's unreserved fund balance has not declined for 3 consecutive years.
 - The PHSD's unreserved fund balance is not less than 5% of the school district's annual expenditures. (PHSD FB is 16.02% of 2022-23 expenditures)
3. The school district's fixed costs are at least 30% of the school district's total annual expenditures.
 - The PHSD's fixed costs are at more than 30% of the school district's total annual expenditures. (PHSD fixed costs are 13.45%, reflecting debt service for 2022-23)
4. The school district's total outstanding debt is greater than the school district's total annual expenditures.
 - The PHSD's total outstanding debt is greater than its total expenditures; however, the school district has a plan to reduce debt via strategic refinancing opportunities and there is no intention of incurring more debt in the form of bonds. (PHSD total outstanding debt is \$247,615,327 as of 2022-23)
5. The salaries of teachers or other employees of the school district are unpaid at least 15 days after payment is due.
 - The PHSD pays all employee salaries and wages on time; cash flow is steady.

6. The school district is subject to withholding of its State appropriation under section 633 of the School Code (24 P.S. § 6-633).
 - The PHSD is not subject to withholding of its State appropriation under section 633 of the School Code (24 P.S. § 6-633).
7. The school district is subject to withholding of its State appropriation under section 785 of the School Code (24 P.S. § 7-785).
 - The PHSD is not subject to withholding of its State appropriation under section 785 of the School Code (24 P.S. § 7-785).
8. The school district is subject to withholding of its State appropriation under 53 Pa.C.S. § 8283© (relating to remedies).
 - The PHSD is not subject to withholding of its State appropriation under 53 Pa.C.S. § 8283(c) (relating to remedies).
9. The school district has defaulted on the payment of a debt due to a school district, intermediate unit, or charter school that remains unpaid on or after January 1 of the year following the school year it was due, and there is not a dispute regarding the validity or amount of the claim.
 - The PHSD has not defaulted on the payment of a debt due to any entity.
10. The school district's assigned and unassigned total fund balance is less than zero in the school district's general fund.
 - The PHSD's assigned and unassigned total fund balance is not less than zero in the school district's general fund. (PHSD total FB is \$19,626,542 2022-23)
11. The school district's assigned and unassigned total fund balance in the school district's general fund as a percentage of total expenditures is less than 3%.
 - The PHSD's assigned and unassigned total fund balance is not less than 3%. (PHSD total fund balance is \$19,626,542 2022-23)
12. The school district experiences a delinquent tax rate of more than 10%.
 - The PHSD's delinquent tax rate is not more than 10%. (PHSD delinquent tax rate is 9.19%)

13. The assessed valuation of taxable real estate in the school district, as certified by the State Tax Equalization Board, has not increased over the previous five years.
 - The PHSD’s valuation of taxable real estate has increased over the previous five years. (PHSD increase is 2.32% between 2019 and 2022 State Tax Equalization Board assessment)
14. An amount due a joint board of school directors under a joint board agreement remains unpaid beyond the due date specific in the joint board's articles of agreement.
 - The PHSD has paid all due related to joint board agreements on time.
15. The school district has contracted a loan not authorized by law.
 - The PHSD has not contracted a loan not authorized by law.
16. The school district has accumulated and operated with a deficit equal to at least 2% of the assessed valuation of the taxable real estate within the school district for two successive school years. Note: the phrase “assessed valuation of taxable real estate” means Market Value as certified by the State Tax Equalization Board.
 - The PHSD has not accumulated or operated with a deficit equal to at least 2% for two consecutive years.
17. The school district experiences a deficit of 3% or more for three consecutive school years resulting in a reduction of unassigned fund balance each year.
 - The PHSD has not experienced a deficit of 3% or more for three consecutive school years.
18. A new, merged, or union school district has been formed, and one or more of the former school districts which compose the merged or union school district was a distressed school district under section 691 of the School Code (24 P.S. § 6-691) or a financial recovery school district under Article VI-A of the School Code (24 P.S. § § 6-601-A-6-693-A) at the time of the formation of the new, merged, or union school district.
 - The PHSD is not a new, merged, or union school district.

IV. SECOND AMENDMENT - EXIT CRITERIA

The Financial Recovery Act, Section 641-A (9) provides guidance for terminating a district's financial recovery status. In the Second Amendment, the Chief Recovery Officer has identified the following criteria for the PHSD to satisfy in order to submit a request to the Pennsylvania Department of Education for termination from moderate recovery status:

Each criterion must be maintained for three consecutive years before petitioning the state to exit moderate recovery status.

1. The District does not request an advance of its Basic Education Subsidy.
 - The last subsidy request occurred in March of 2019.
2. The District does not need to secure a Tax Anticipation Note.
 - The last TAN occurred in the Spring of 2019.
3. The District maintains a fund balance of at least 5% of annual expenditures and sustains it with a stabilized revenue source.
 - In 20-21, the fund balance was \$7.5M (9%)
 - In 21-22, the fund balance was \$14.0M (15%)
 - In 22-23, the fund balance was \$19.6M (20%)
4. The District sustains a delinquent tax rate at 10% or less.
 - In 18-19, the tax collection rate was 91.39%
 - In 19-20, the tax collection rate was 90.32%
 - In 20-21, the tax collection rate was 86.29% (COVID-19 Impact)
 - In 21-22, the tax collection rate was 89.85%
 - In 22-23, the tax collection rate was 91%
5. The District approves a balanced budget with recurring revenue rather than rely on one-time funds.
 - In 20-21, the District approved a balanced budget \$87,219,863 Revenues/\$87,219,863 Expenditures
 - In 21-22, the District approved a balanced budget \$94,615,539 Revenues/\$94,615,539 Expenditures
 - In 22-23, the District approved a balanced budget \$97,542,582 Revenues/\$97,542,582 Expenditures

NOTE: The District used available one-time ESSERS funds for allowable expenses in each year. Expectations are that the 24-25 budget will reflect a balanced budget without ESSERS funds.

6. The District is compliant with all directives in the Financial Recovery Plan (FRP) as determined by the CRO.
 - Ninety-seven (97) initiatives have been completed or are on-going.

V. Exit Criteria: Current Academic Condition

Overview

When creating the Financial Recovery Plan, the challenge was how to address the financial deficit while protecting the integrity of the academic program. As per Section 641-A (9), the school district has complied with subsection (1) of Act 141 which states: The district shall provide for the delivery of effective educational services to all students enrolled in the financial recovery school district.

The PHSD has been diligent with its efforts to provide for the delivery of effective educational services to all students. The core business of schools is learning; hence, the Recovery Plan and its Amendments, address the school district's academic challenges via four major strategies: professional development, collegial collaboration, effective data driven decision-making (DDDM), and school climate improvement. Several academic initiatives were identified in the FRP and were re-emphasized in the Second Amendment. As expressed in the FRP, PHSD has pockets of exceptional programming and instruction, but it falls short across the board with consistency. The academic initiatives in the FRP/Amendment were selected because of the value they bring as simple basic tenets of effective schooling. They are intended to complement the school district's current efforts to improve student achievement.

The academic exit criteria requires that PHSD successfully implements the initiatives to steadily move the needle forward on student achievement, and these initiatives require ongoing evidence of effectiveness. Evidence is measured via improved student achievement data, improved disciplinary data, and improved climate survey results.

To begin, for several years while in financial straits, the school district's curriculum/textbook cycle was stagnant. In 2020-21, PHSD addressed this setback by updating its curriculum/textbook cycle. The curriculum is aligned to the PA Common Core Standard, and the school district plans to post it on its new website this school year. Two curriculum audits were conducted by the AIU: math and ELA. These audits guided the revision of the curriculum cycle, and PHSD intends to address gaps as identified along the process. During the 2023-24 school year, the school district aligned its science curriculum with the new Science, Technology & Engineering and Environmental Literacy and Sustainability (STEEEL) standards, to be implemented during school year 2024-25.

In 2019-20, the Board committed to right-sizing PHSD's professional staff and aligning it with current student enrollment numbers and needs. After this initial reduction of staffing and over the past three years, the school district hired twenty-one professional positions (classroom teachers, special education teachers, and counselors) to meet the needs of the students. PHSD is spending premium dollars to support effective educational opportunities; however, should enrollment trends continue to decline, the school district may need to consider another staffing adjustment.

Generally speaking, measures that reflect student achievement have been subpar as cited in the Recovery Plan; however, its brightest area is the PVAAS scores at the elementary level that show strong evidence of academic growth. More recently and partially due to PHSD's commitment to implement the "middle school concept" in Linton Middle School, the scores have exceeded the growth standard in the middle school. In the high school, Keystone scores are a mixed bag, but generally well below state averages. Keystone scores for Algebra continue to be low, but slightly improving; Literature scores are similar to

PSSA ELA trends; and Biology scores are the highest, continually meeting growth standards. Data are provided below. The school district has addressed the 2022-23 scores during the 2023-24 SY.

**State Assessments:
PVAAS/PSSA/Keystone Data**

Chart E reflects PHSD’s State assessment scores by grade level and subject area for the 2018-19, 2020-21 SY, and 2021-22 school years. State assessments were interrupted by COVID-19; hence, student growth was not measured in school year 2019-20.

PHSD’s PVAAS growth was on target for the 2018-19, 2020-21, and 2021-22 school years in a number of grades and subjects. In 2018-19, nine of the seventeen growth measures (53%) indicate either moderate or significant evidence of exceeding the growth standard; in 2020-21, only three of the fourteen growth measures (21%) indicate either moderate or significant evidence of exceeding the growth standard; and in 2021-22, PHSD notably improved with thirteen of seventeen growth measures (77%) indicating either moderate or significant evidence of exceeding the growth standard. Post-pandemic, in 2022, grades 4, 6, 7, and 8 meet or were well above the growth standard in ELA and Math. Over three assessment years, PHSD met twenty-five of forty-eight growth measures (52%). Based upon these scores, PHSD is moving in the right direction.

Keystone scores for Algebra are similar to the fifth grade PSSA math scores -well below the growth standard. Biology consistently meets the growth standard across three years; and Literature scores regressed through the COVID-19 year.

CHART E

Well Above (WA) Meets Below Well Below (WB)
NOTE: Scores Rated Against the Growth Standard

Subject	Year	Grade	Growth Indicator
ELA	2019	4	WA
ELA	2019	5	WB
ELA	2019	6	Below
ELA	2019	7	WA
ELA	2019	8	Below
ELA	2019	All Grades	Meets
ELA	2021	5	WB
ELA	2021	6	WB
ELA	2021	7	WB
ELA	2021	8	Below
ELA	2021	All Grades	WB
ELA	2022	4	Meets
ELA	2022	5	WB
ELA	2022	6	WA
ELA	2022	7	Meets
ELA	2022	8	WA
ELA	2022	All Grades	Meets
Math	2019	4	WA
Math	2019	5	WB
Math	2019	6	Meets
Math	2019	7	Below
Math	2019	8	Meets
Math	2019	All Grades	Below
Math	2021	5	WB
Math	2021	6	WB
Math	2021	7	Below
Math	2021	8	Above
Math	2021	All Grades	WB
Math	2022	4	WA
Math	2022	5	WB
Math	2022	6	Meets
Math	2022	7	Meets
Math	2022	8	WA
Math	2022	All Grades	WA
Science	2019	4	WA
Science	2019	8	Below
Science	2021	8	Above
Science	2022	4	WA
Science	2022	8	Above
Algebra	2019	N/A	WB
Algebra	2021	N/A	WB
Algebra	2022	N/A	WB
Biology	2019	N/A	Meets
Biology	2021	N/A	Meets
Biology	2022	N/A	Meets
Literature	2019	N/A	Meets
Literature	2021	N/A	WB
Literature	2022	N/A	WB

PHSD moved the fifth grade from the middle school into the elementary school in 2020-21. The fifth grade PSSA scores have been stagnant at low numbers for three years; however, the actual cohorts rebound and continue to grow through the eighth grade as measured by the PVAAS growth standard. The school district has addressed this fifth-grade anomaly by moving the fifth grade to the elementary school where PVAAS scores are consistently higher, and the fifth grade operates in departmentalized classrooms. The PHSD also partners with Duquesne University and the Allegheny Intermediate Unit (AIU) to implement new resources through the Science and Math collaborative (launched new math curriculum in 2022-23). The school district has added reading specialists in grades K-3, and PHSD has implemented the Evidenced-based Literacy Intervention (EBLI) program for grades 4-5. The school district incorporates the research-based “science of reading” principles into daily lesson plans and curricular structure which are delivered in ninety-minute ELA blocks. PHSD is committed to continued attention to the aftereffects of the pandemic.

At the middle school, the District has committed to the “middle school concept” to increase teacher collaboration time with common planning periods. Additionally, in 2022-23, the school district created an Academic Principal position at the high school to focus on improving instructional skills for the professional staff. This administrator is expected to visit classrooms daily to interface with the teachers regarding their strengths and weaknesses identified through walkthroughs and observations. The position had been vacant for the second semester of 2022-23; however, this position was filled in 2023-24.

District Plans

All of the PHSD’s strategic plans have been submitted and approved or are in progress to meet deadlines including the District’s comprehensive plan. Due to the transition with the superintendent’s position and the timing of submitting the exit petition, the CRO requested an extension on the October 31 deadline to March 31, 2024. This enabled the District to involve new leadership into the process and ensure the alignment of all plans with the financial recovery plan. The extension was approved by PDE, and the District approved the comprehensive plan on March 26, 2024. It was submitted to PDE prior to the deadline of March 31, 2024.

All of the District plans can be located in the Future Ready Comprehensive Planning Portal in the MyPDESuite. They provide viable strategies to remove these labels in the near future. It should be noted that the District works closely with PaTTAN, BSE, and the AIU for training and support to implement the goals identified in the special education plan.

Graduation Rates

	2018-19 (State Ave)	2019-20 (State Ave)	2020-21 (State Ave)	2021-22 (State Ave)
4-Year Cohort	87.5 (86.5)	87.6 (87.4)	81.4 (86.7)	81.9 (87.0)
5-Year Cohort	87.3 (88.9)	88.8 (89.5)	88.5 (89.8)	83.7 (89.7)

Graduation rates dropped significantly after the pandemic. PHSD added additional Home School Visitors to address this deficit. Strategies in the A-TSI plan include implementing the “Check and Connect” program. The AIU provides training for the staff participating in this program. The PHSD, through the

aforementioned Allegheny County Health Department Project SEEKS initiative, qualified for social worker intern support in 2023-24 to be provided by local college/university partnerships.

Professional Development

Professional development is the key condition necessary to improve student achievement throughout the District. Training is consistent and on-going; it is interwoven throughout the academic initiatives of the recovery plan and recognized in every District school improvement plan. PHSD created professional learning communities in all buildings to ensure that implementation is successful. PHSD is working with the Penn Hills Education Association (PHEA) to establish a culture of professional growth; it is one of the focal points of all bargaining sessions. In 2022-23, the school district added 1.5 additional in-service days to the professional calendar, and seventy-five minutes of additional professional learning occurs in eight of the ten months during the school year. Professional learning is critical for sustaining any changes in practices in teaching and learning, as research cites that the teacher is the most influential factor in a school setting impacting student achievement. Adult mindsets can either enhance or hinder academic performance; therefore, the major themes for professional learning have been planned around teacher agency, How People Learn principles, formative assessment, student engagement, culturally responsive pedagogy, and deeper learning. Each monthly professional learning theme is highlighted in weekly lesson plans which building administrators review regularly. Teachers are expected to maintain a professional journal to reflect on their professional growth. Each session ends with a feedback form for the staff to complete. At the end of the year, PHSD meets with a committee of teachers to review feedback from the year and develop plans to fine tune professional learning experiences for the next year. The goal is to increase the peer-to-peer collaboration time that will effectively impact student achievement. The school district assessment scores indicate a push towards improvement. Growth is the focus within the data, to see the needle move forward. Results showed movement, but not consistently. PHSD plans to look within the bands of proficiency to see if there was growth (i.e., low basic to high basic). As identified, effective professional development practices and metrics are in place and ongoing.

Additionally, new administrators are required to attend Act 13 and Beyond training, and to enroll in the PIL program to gain Act 45 credits and/or for induction requirements. All administrators are expected to participate in various PIL trainings yearly. PHSD risks stagnation should it veer from this path of continuous improvement via professional development.

School Improvement Structures

Formative Assessment: PHSD focuses on improvement levers that could impact every classroom, regardless of grade or subject area. For that reason, formative assessment practices are prioritized in the Recovery Plan. Research-based strategies are shared with the staff via articles and discussed during in-service trainings. All formative assessment strategies are connected to walkthroughs and observations, and they are highlighted in lesson plans. Effective formative assessment practices and metrics are in place and ongoing, as well as relevant professional development. Without continued improvement among the staff to implement effective formative assessment strategies, PHSD risks stagnation with its achievement data.

Walkthroughs: To support the teachers in the area of professional growth, walkthroughs are conducted by the administration, academic coaches, and peers. Walkthroughs are aligned with the professional development themes that PHSD has identified monthly. The school district worked through growing pains by building trust between the staff and administration during the first year of implementation. Expectations are spelled out through clearly defined “look-for” lists as the walkthroughs occur, and timely follow-up conferences are scheduled as accountability checks for all parties. Direct feedback is provided in the post-conference, and strengths and growth areas are discussed. The number of walkthroughs per building is shared at Curriculum Committee meetings as a matter of public record. Practices and metrics are in place and ongoing, as well as relevant professional development. Without continued walkthrough practices, PHSD will experience fidelity issues throughout its classrooms.

Collaboration/Data Review: The PHSD implements a rigorous testing schedule throughout the school district multiple times a year. At Penn Hills Elementary assessments are administered in the subject areas of ELA, Math, and Science. Data measures used include beginning middle and end of year testing in Star, CDT, Reading Horizons. Progress monitoring is also done with Star every 3rd week. PHSD implements a curriculum that is SAS aligned and not driven by a basal series. ELA is designed around the five core components of reading, Phonemic Awareness, Phonics, Fluency, Vocabulary, and Comprehension. The school district implements Hagerty, Reading Horizons, Raz Kids, and will pilot second semester of 2023-24 Wit and Wisdom, while incorporating cultural relevant resource materials that are aligned to the social justice standards. PHSD is entering into the 3rd year of implementation of the ELA curriculum. The Math curriculum was updated this in 2022-23 in response to the AIU audit findings. Illustrative Mathematics just completed its maiden year of implementation in grades K-8. Scores on preliminary PSSAs are showing growth from previous years across the grade levels. PHSD is also in its 3rd year of partnering with Duquesne University and the AIU Math Science Collaborative to support the active learning implementation of teaching and learning. Ed Reports was a driving force in the selection of these materials to meet the school district's needs. Currently, the school district is in the design phase of the new science standards K-12. Key teams have attended trainings at the AIU to plan the roll out of the STEELS standards and teachers will be introduced to these standards and what phenomenon-based teaching and learning looks like through ongoing professional development. Supporting materials are selected to reinforce the full roll-out in the 2024-25 school year. Data driven meetings, not only focus on student performance indicators, but they also include discussions regarding effective formative assessment practices and deeper questioning skills. Administrators are expected to identify their strongest instructional leaders and pair them with those teachers needing extra support and assist them with creating student performance measures. Local assessment data are reported at the beginning, middle, and end of the school year. As described, practices and metrics are in place and ongoing, as well as relevant professional development. PHSD monitors growth within the performance bands/categories and tracks longitudinal growth for each grade-level cohort. This practice enables the school district to monitor fidelity with the teaching and administrative staff and provide professional support for moving the needle of improvement in a positive direction.

Additionally, school counselors and social workers, as of January 2023, have been regularly monitoring attendance, behavior, and classroom grade data to identify and prioritize students most at risk of failing in each of the three schools. Root-cause analysis is used to develop intervention plans for these targeted students. Addressing low attendance is a priority cited in the comprehensive plan.

Intervention Strategies

The District has met annually with PDE data specialists to review PVAAS data. The principals are expected to develop improvement plans based upon the discussions with PDE. To further support conditions to support student achievement and align professional development/school improvement structures, the District incorporates an intensive intervention network.

At the elementary school level, grade-level teachers review the data and create small learning communities that are homogenous and flexible, as students move in and out based upon improved performance. Academic growth is evident in the PVAAS scores. All grade levels and classrooms K-5 have a daily intervention period as part of their master schedule. During this time students are provided direct interventions in ELA and Math based on need. Students identified with the highest need that are not identified as special education are seen by certified reading specialists, while the classroom teachers provide targeted instruction. Students are separated based on identified needs and each teacher addresses a specific skill set identified by the data.

Additionally, Grades 4 and 5 have the Title I reading specialist that is certified and trained to implement Evidence-Based Literacy Instruction (EBLI). The reading specialist pulls out struggling readers into small groups, and the specialist pushes into classes to teach one period a day for interventions. Curriculum and resources have been developed around the Science of Reading concepts. The District is in its third year partnering with the AIU Math Science Collaborative. In 2023-24, the AIU will assist with the implementation of the new STEEL standards.

In 2020-21, the fifth grade was moved from the middle school to the elementary school to gain academic support in the District's highest performing school. The elementary setting naturally cultivates more parent involvement with the student's academic performance. An administrator and counselor is assigned specifically to the fourth and fifth grade. The fifth grade operates within a departmentalized structure, enabling the administration to assign teachers based upon their content strengths as reflected in the assessment data. The elementary school received PDE's PBIS award for Tier 1 and 2 practices in 2021-22 and 2022-23.

At the middle school level, the building follows a six-day cycle, altering between math and ELA. During the 2022-23 school year, common planning time was used to review the data/growth in math and ELA. Academic growth was minimal; however, the administration is revisiting this process for the 2023-24 school year. Middle school implements a similar testing routine with STAR and CDTs being the primary assessments administered in preparation for the PSSA and keystone exams. Word Gen was implemented last year to build cross-curricular lessons and has made a powerful impact with all staff speaking the same language and focusing on the same vocabulary and skills. To support the community of learners the teachers have a common planning time (with grade level/subject specific teachers across teams), Team Time (grade-level teams), or an advisory period (review data on student's attendance academics and behavioral). Students that are most at risk are provided with an intervention period in lieu of one off the floor rotation.

To specifically address low performance on Keystone Algebra assessment, the District has assigned an instructional math coach whose primary focus is on grades 4-8. The District is exploring the idea of adding a second math coach or K-12 data coach to insure growth in the elementary school and middle school. The District has adjusted its process for identifying students to take Algebra in eighth grade. The District

developed a rubric which weighs PVAAS projections heavily. This new process has eliminated the District's practice of over-accelerating students into the Algebra math track. The AIU Math Audit conducted in 2019-20, identified an area of need for the teachers to fully understand the Standards of Mathematical Practice. The District moved from Cambridge Math curriculum to Illustrative Math as referenced in the Math audit. Professional development is provided to the staff to address these changes.

Additionally, the math teachers in grades 6-8, attend the AIU Algebra Institute. The District partners with Duquesne University who provides instructional coaching to the Algebra teachers. The District's math coach models lessons and attends common planning time meetings to assist with teachers aligning instruction based upon needs identified through the assessment data.

At the high school level, students identified as struggling in either math or ELA are assigned to an intervention period. Staff are assigned to this period for the entire school year. One of four days during the week, a period is assigned for intervention or enrichment activities. Academic growth has been minimal, but the administration is revisiting this intervention strategy for the 2023-24 school year. The High School has transitioned with new leadership (the previous principal retired after 12 years as PHHS principal). This past school year the school district implemented a rotating drop block schedule. This increased the instructional period from 39 minutes to 54 minutes. Teachers were provided the support of an academic principal position and professional development on how to implement teaching during a block schedule addressing fluency, acquisition, and generalization in their teaching methodology. The intervention period at the high school was not implemented as it was intended. Teachers were trained in Transmath and Rewards as intervention programs but unfortunately staff used it as an extended study hall period. This is being adjusted this year to be a structured period like elementary and middle school with the data accountability implementation meetings with administration. PHSD expanded College in high school opportunities with partnerships with La Roche, Pitt, and Seaton Hill as well as offering 13 Advanced Placement (AP) classes. Partnerships with the Carpenters Union, PNC, Consortium for Public Ed, and Job Corps are a few of the opportunities for the high school students and we plan on continuing to grow in adding to our local affiliations. Overall, practices and metrics are in place and ongoing to ensure academic growth continues.

Middle School Concept

PHSD fully committed to incorporating the middle school concept at Linton Middle School to improve the climate and achievement in the building. The middle school was struggling with subpar student achievement and building climate issues. Several initiatives in the FRP directly address the issues at the middle school, including a commitment to implementing the middle school concept in the building. With guidance from PDE, the PA Middle Level Education Association (PAMLE), and the book *This, We Believe*, the administration led the staff into a transformation of the building. The building has a set mission and vision and is podded in teams to help secure a sense of community. The building has become more responsive to students and families through this adolescent-centered approach. There has been appreciable change in the building climate, and scores are beginning to move in the right direction.

The middle school staff is scheduled for common planning time (by subject area) and team time (by grade level). Once a month, the building is scheduled for student advisory time. The decision to return the fifth grade back into the middle school has been delayed until April 2024 as part of the renovation planning for

Linton Middle School. PHSD will utilize the school year 2023-24 to plan for this reconfiguration, potentially investigating an upper and lower middle school model in the building. Mid-level practices and metrics are in place and ongoing, as well as relevant professional development.

Bee Ready Reading Program/Learning Loss

With ESSER Learning Loss funds, at the elementary school, additional reading specialists at the K-3 grade level were hired to get all students to their appropriate grade-level reading skill by third grade. The reading specialist replaced the ELA coach at the elementary school. Students are identified through local STAR assessments. The reading specialists are looped with the struggling readers from K-3, and students are exited and/or added based on data. The model requires reading specialists to not only pull-out students from classrooms for extra intervention time, but they also push into the classrooms to work with the teachers with consistent “science of reading” strategies. Practices and metrics are in place and ongoing. PHSD has planned for the funding to support this program when the ESSER funds are depleted.

Special Education Audit/Recommendations

In 2021-22, a special education audit was conducted by PaTTAN and the AIU. Recommendations in the audit prioritized four major areas. The first is the writing of IEPs. During the last monitoring session, it was discovered that IEPs written reflect a cookie-cutter format rather than individualized instructional plans. As a result, all special education teachers were required to complete an online training through PaTTAN on IEP writing. As new special education teachers are hired, they are also required to take the course. In addition, the special education coordinators conduct monthly file reviews to not only review the writing of the IEP but also to ensure all paperwork is complete in compliance with required timelines. PHSD must consistently provide appropriate supports and services in all buildings.

Secondly, professional development is necessary for regular education teachers, special education teachers, support staff, and administrators. The AIU provided a professional development training to the regular education teachers during an in-service on their role in the education of students with IEPs. In addition to completing online training, the special education teachers participated in professional development with their regular education peers to ensure the same program is provided to all students. The support staff also received training from the AIU regarding ACCESS billing as well as being assigned training modules on Vector Solutions. The paraprofessionals are assigned required trainings that focus on managing student behavior, working with small groups as well as trainings of interest. The administrative team also participated in PULSE training and provide updates to their plans during quarterly meetings. PHSD must continue to provide ongoing training to all staff to ensure we are building their capacity to adequately and effectively educate and support students with IEPs.

The third recommendation was that the MTSS framework and process must be implemented effectively. PHSD is in the infancy stages of addressing this priority. The Assistant Superintendent overseeing special education has scheduled training for building leadership to gain an understanding and working knowledge of MTSS and the role of the classroom teacher in the process. Support has been provided from the AIU, BSE, and PaTTAN.

Finally, it was recommended that PHSD focus on ensuring students are placed in their least restrictive environment. The school district has put processes in place to ensure students are receiving appropriate

supports and interventions and that we are following a continuum of care for all students who may be struggling. This includes, but is not limited to, ensuring the re-opening IEPs, conducting FBAs, and reviewing and updating positive support plans.

Practices and metrics are in place and ongoing. The success of addressing these priority areas is essential for the PHSD to control its special education program. PDE's Bureau of Special Education (BSE), AIU, and PaTTAN host quarterly meetings and provide training to assist PHSD with these priorities. In addition, the BSE advisor meets monthly with the Assistant Superintendent overseeing special education to address these and other areas of concern as they arise.

When the new superintendent, who has an extensive background with special education services, began in January 2024, the District submitted applications for additional funding via the Special Education Contingency Funds.

Restorative Practices

As per the FRP, PHSD has recognized the importance of creating a student-centered environment in all buildings. The District was cited for over-suspension of special education Black students. The school district has initiated a transformation of its buildings with a commitment to a restorative justice model for student discipline, security, and safety. This new approach contributes to changing the climate/culture in the building to cultivate a more student-centered environment. The traditional in-school-suspension programs have been replaced with the "New Directions" program. The New Directions rooms are staffed with counselors who work with frequently-referred students to address the root cause of the persistent behaviors. New Directions is uniquely implemented in each building.

At the elementary school, counselors are rotated into the New Directions space daily. This space is called the BEE Hive and is aligned to the school's SWPB theme. Students are typically assigned to the BEE Hive 1-2 periods a day as needed. Therapeutic counseling is provided as a means to reduce repetitive inappropriate behaviors. At the middle school, a school-based counselor is assigned to the New Directions room daily. The counselor is supported by grade-level counselors and a grant-funded therapeutic counselor. Students are assigned either 1-2 periods per day or could be assigned there for an entire day depending on the referral by the administration. Activities include SAP referrals, group sessions, mediations, de-escalations, and home contacts. Data are tracked to measure recidivism. At the high school, counselors are rotated into the New Directions room, and a therapeutic counselor provides additional support to analyze the root cause of inappropriate behaviors. The high school program is under review by the new District leadership.

The school safety and security model is an innovative approach rarely seen in school districts. The model is multi-tiered, comprised of four layers of security precautions. Expectations are that classroom teachers are responsible for creating healthy relationships with students. The first layer of safety is provided through the Youth Engagement School Specialist team (YESS). They are the primary interface with the students in each of the buildings. The YESS team is trained in de-escalation and mediation skills. The YESS model was first implemented in the middle school in 2020-21 during the hybrid COVID-19 year. Because of its success in the middle school, the CRO directed that the model be replicated in the elementary and high schools.

At the middle school in grades 6-8, there are seven YESS staff. Two rotate in each grade level corridor, and they are supervised by a lead officer. At the elementary school in grades K-5, there are ten YESS staff. Three rotate within three zones in the building, and they are supervised by one lead officer. Duties for the YESS staff in these two buildings include, but not limited to, escorting students as needed, monitor the hallways and cafeteria, de-escalate acting-out students, and lead mediations. At the high school in grades 9-12, the YESS model has been a work in progress. Ten YESS staff are assigned to the high school; however, it is rarely fully staffed due to absenteeism, staff turnover, and unfilled vacancies. The high school program is under review for re-structuring. In all buildings, the YESS staff meets with the administration to debrief activity weekly. It should be noted that all administrators have reported that the culture and climate in their respective buildings have improved due to the impact of these two programs. As cited in the Financial Recovery Plan and the Amendments, there will not be academic improvement until the culture and climate are addressed in the buildings. The foundation is set.

The second layer of security is provided by a private security firm. They do provide back-up for the YESS staff when necessary; however, their primary focus is securing the building entrances, assisting with morning student check-in, and vet visitors when school is in session. They monitor surveillance cameras, patrol the parking lots/exterior grounds, and assist with student check-in and outside visitors during the school day. The third layer of security is unique to public schools. PHSD contracts with the Penn Hills Police Department to staff every building with active-duty officers. These officers must be open to building relationships with the students and families during the school day. The fourth layer of security took effect on May 31, 2023. Driveway booths have been installed at every building site. The primary purpose is to limit vehicle access on school campuses during school hours.

The administration reports data to measure the effectiveness of the YESS and New Direction programs, in particular, on a monthly basis. Data such as number of de-escalations, repeat offenders, out-of-school suspensions, expulsion hearings, fights, mediation sessions, administrative referrals are tracked daily. These data reports reveal significant effectiveness at the elementary and middle schools and are available for review upon request.

In 2022-23, PHSD participated in an action research project through the National Comprehensive Center (NCC), which is supported by PDE. The PHSD is the only Pennsylvania school district involved on the national team. The school district has committed to implementing restorative discipline programming, also supported by the FRP. These initiatives align with the NCC's research regarding equitable practices in diverse settings and the correlation with school improvement.

Professional development is provided to staff, administration, and the to the school board regarding the meaning and purpose of restorative practices which are co-facilitated at PH elementary school by University of Pittsburgh staff. For these programs to take root in every building, professional development and clear communication must be a constant commitment. PHSD plans to address this message in the new year.

Practices and metrics are in place and ongoing. Each layer of the safety and security model has a price tag. YESS cost: \$883,000; New Directions cost: \$177,000; Security cost: \$906,000; and local police cost: \$420,000. Some of these costs are off-set with grant funding with sunset dates. As stated earlier, PHSD has monitored the effectiveness of these programs to determine the level of funding they are willing to invest to ensure their success. The measure of effectiveness will be reflected via improved disciplinary results and improved climate surveys. The District plans to transition to a more cost-effective and efficient

model for 2024-25 to save potentially \$800,000. Otherwise, the PHSD will need to either increase taxes, cut expenditures, scale back costs to a viable level, or a combination of all these approaches.

Academic Status: Conclusion

PHSD has demonstrated a commitment to developing and maintaining a systematic foundation of essential practices across the District. PHSD has addressed its academic challenge by tightening accountability and increasing fidelity through more effective DDDM and professional collaboration practices. Based upon the data and practices in this report, the school district has a sound infrastructure in place for improving student achievement. The pandemic slowed or interrupted growth for a short period on the academic front; however, systems have been overhauled to ensure sustainability with continued discipline and commitment. The recent data show PHSD gaining some momentum and implementing practices to address the lingering effects of COVID-19. Conditions are in place to monitor the key initiatives for professional development, school improvement structures, middle school concept, reading, special education, and restorative practices. Evidence of these conditions is present throughout every District school improvement plan. Progress and growth should follow the District into the monitoring stage.

The table below summarizes some of the factors that may positively or negatively impact PHSD’s academic profile:

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

VI. Recovery Plan Progress Report

Over the past four years, the CRO has shared the progress of the Financial Recovery Plan (FRP) initiatives with the Advisory Committee, Board of Education, and public. Quarterly progress reports are posted on PHSD’s website. The most recent progress report (March 2024) below provides a brief description of each initiative and an anecdote of the progress. It identifies the person(s) responsible for taking the lead for the continuation of each initiative.

Moving forward into the five-year monitoring period, the Superintendent (with assistance from the Chief Financial Officer) shall oversee the sustainability of each initiative. The Board of Education shall hold all responsible parties accountable.

Note: The page numbers in column two align with the Financial Recovery Plan format.

1	HR 1 Page 42	Resume Assistance The District shall assist furloughed employees with resume writing.	Completed July 2019 The District HR Department provided support as needed.
			Responsible Parties Director of HR
2	ACA 1 Page 45	Teacher Furloughs The District shall right-size the staffing based upon enrollment levels.	Completed; Ongoing Furloughed/Attrition 31 (2019-20); Hired 21 (2020-2023) to support programming
			Responsible Parties Assistant Superintendent (Special Education), Director of Teaching-Learning-Assessment (TLA)
3	ACA 2 Page 48	Kindergarten Sections The District shall add kindergarten sections to maintain low class sizes.	Completed; Ongoing Added Two Sections since 2019-2020 (10) Average class sizes: 17-19
			Responsible Parties Assistant Superintendent (Special Education), Director of Teaching-Learning-Assessment (TLA) Elementary Principal
4	ACA 3 Page 49	Academic Coaches The District shall revise and expand instructional coaching responsibilities to support the instructional staff.	Completed; Ongoing Job descriptions have been revised, and administrative assistants are involved with coaching duties. Math coaching is provided in the EL and MS buildings. SEE PAGE 23
			Responsible Parties Director of TLA
5	ACA 4 Page 51	Paraprofessional Furloughs	Completed; Ongoing Added Two positions since 2019; Several vacancies remained unfilled.

		The District shall right-size the staffing based upon enrollment levels.	Responsible Parties Assistant Superintendent (Special Education)
6	ACA 5 Page 52	Improving Student Achievement The District shall enhance data meetings, walkthroughs, and professional development.	Completed; Ongoing The District has addressed these strategies as described in the previous narrative. SEE PAGES 21-23
			Responsible Parties Assistant Superintendent (Special Education), Director of Teaching-Learning-Assessment (TLA)
7	ACA 6 Page 54	Funding Student Testing (i.e., PSAT, AP, Dual Enrollment) The District shall pay assessment fees for students.	Completed; Ongoing The District pays for costs related to testing on a yearly basis.
			Responsible Parties Director of TLA
8	ACA 7 Page 54	Middle School Reform: Climate The District shall incorporate the “middle school concept” in Linton Middle School.	Completed; Ongoing The District has committed to incorporating the “Middle School Concept” in Linton Middle School. SEE PAGE 24
			Responsible Parties Director of TLA, Middle School Principal
9	ACA 8 Page 57	Staff Absenteeism The District shall develop strategies to address high employee absenteeism.	Completed; Ongoing The District has instituted incentive programs each year to reward high attendance for staff and buildings. Staff absenteeism remains a challenge due to post-pandemic impact.
			Responsible Parties Director of HR
10	ACA 9 Page 59	Forbes Road CTC The District shall manage CTC enrollment based upon career development planning.	Completed; Ongoing The District has scheduled only juniors and seniors to attend the CTC unless the program is a three-year program. Freshmen visit each year.
			Responsible Parties Director of TLA, High School Principal
11	ACA 10 Page 60	PDE mandated strategic plans alignment. The District shall align all strategic plans with the FRP.	Completed; Ongoing All plans have been aligned with the recovery plan and amendments (i.e. Comprehensive Plan, TSI Plans, Title I Plans, Special Education Plans.) SEE PAGE 20

			Responsible Parties Assistant Superintendent (Special Education) Director of TLA
12	ACA 11 Page 61	Administrative Furloughs The District shall effectively and efficiently staff administrative levels.	Completed; Ongoing The District added three positions since 2019: Two building-level principals and a Director of Technology and Innovation.
			Responsible Parties Superintendent
13	ACA 12 Page 62	Reduce Supplemental Expenditures (15%) The District shall reduce supplemental costs by at least 15%.	Completed; Ongoing The District has reduced supplemental expenditures by adjusting stipends and eliminating positions. Reviewed every year.
			Responsible Parties Chief Financial Officer, Director of TLA
14	ACA 13 Page 62	Reduce Athletics Budget (15-20%) The District shall reduce athletic costs by at least 15%.	Completed; Ongoing The District has reduced the athletic budget by adjusting stipends and eliminating positions. The District added two sports in 2021-22: Girls wrestling and rugby.
			Responsible Parties Chief Financial Officer, Athletic Director
15	PL 1 Page 63	Plant Furloughs The District shall right-size the custodial and plant department based upon facility needs.	Completed; Ongoing The District has added six positions since 2019. The District has restructured the department and added an assistant manager.
			Responsible Parties Chief Financial Officer, Director of B&G
16	SEC 1 Page 64	Secretarial Furloughs The District shall right-size the secretarial staff based upon needs.	Completed; Ongoing The District has added one position since 2019.
			Responsible Parties Chief Financial Officer, Director of HR
17	FS 1 Page 65	Food Service Furloughs The District shall right-size the food service staff based upon needs.	Completed; Ongoing The District has reduced this labor group since 2019.
			Responsible Parties Chief Financial Officer, Food Service Manager
18	OPE 1 Page 66	Reduce Supply Budget (15-20%) The District shall reduce supplies by at least 15%.	Completed; Ongoing The District has reduced all supply expenses by 15-20%.

			Responsible Parties Chief Financial Officer, Directors, Principals
19	OPE 2 Page 66	Conduct Cost Analysis to Close MS Pool The District shall conduct a cost analysis to determine savings if the pool is closed.	Completed The District analyzed costs associated with the MS pool and has decided at this time to invest capital funds (\$470,000) to keep the pool operational for school and community purposes in the short term. The Board must decide any long-term options which would be more costly.
			Responsible Parties Chief Financial Officer, Director of B&G, Board
20	OPE 3 Page 67	Administrative Manuals The District shall update all administrative procedures manuals.	Completed; Ongoing The District has updated administrative manuals for ACCESS; protocols associated with the business office have been updated. New Oracle protocols will be addressed after the complete turnover in June 2024.
			Responsible Parties Chief Financial Officer
21	OPE 4 Page 68	Consortia Options The District shall investigate potential consortium changes for savings.	Completed; Ongoing The District has consortium agreements with the AIU, but regularly investigates other options.
			Responsible Parties Chief Financial Officer
22	OPE 5 Page 69	Shared Services The District shall investigate potential shared services opportunities for savings.	Completed; Ongoing The District explores shared services to reduce costs. Currently working with the AIU on business office operations.
			Responsible Parties Chief Financial Officer
23	OPE 6 Page 70	School Board Training The school board shall regularly attend training to improve functionality as a team.	Completed; Ongoing The school board has participated in numerous trainings yearly.
			Responsible Parties Superintendent, Board President
24	OPE 7 Page 71	Feasibility Study to Close Linton MS The District shall conduct a feasibility study on the financial and educational impact of closing the middle school.	Completed; Ongoing The District has decided that the middle school is an essential component of its K-12 system. They have invested into improving programming - middle school concept, staffing, professional development, achievement, climate, and facilities.

			Responsible Parties Superintendent, Chief Financial Officer
25	OPE 8 Page 72	Direct Deposit for All Employees The District shall move all employees to direct deposit.	Completed in 2019 All employees are in direct deposit system.
			Responsible Parties Director of HR
26	OPE 9 Page 72	Time Management System The District shall implement a time management system for all employees.	Completed in 2019-20 All employees utilize the time management system to log in and log out.
			Responsible Parties Director of HR
27	OPE 10 Page 73	Satisfy Auditor General Audit Compliance Issues The District shall address all issues cited in AG audit.	Completed The District addressed all issues in the audit.
			Responsible Parties Superintendent
28	OPE 11 Page 73	Healthcare Rates The District shall investigate savings in healthcare costs regularly.	Completed and Ongoing The District consistently monitors changing rates for healthcare services.
			Responsible Parties Chief Financial Officer, Director of HR
29	OPE 12 Page 74	Revise Fund Balance Policy The District shall revise its fund balance policy to protect future fund balances and determine tax increases.	Completed The District has revised Policy 620 and has implemented the administrative procedures to balance its budget since school year 2020-21.
			Responsible Parties Chief Financial Officer
30	OPSY 1 Page 75	Facilities Audit/Review The District shall contract an outside agency to conduct a facilities review.	Completed; Ongoing PASBO conducted the audit/review; the findings and recommendations are being addressed.
			Responsible Parties Director of B&G
31	OPSY 2 Page 75	Transportation Audit/Review The District shall contract an outside agency to conduct a transportation review.	Completed; Ongoing PASBO conducted the audit/review; the findings and recommendations are being addressed.

			Responsible Parties Chief Financial Officer
32	OPSY 3 Page 75	Food Service Audit/Review The District shall contract an outside agency to conduct a food service review.	Completed; Ongoing All annual reports and state reviews are in order; the cafeteria operations continue to function successfully without the district subsidizing it. The new CFO will complete training in August.
			Responsible Parties Chief Financial Officer
33	OPSY 4 Page 76	Special Education Audit/Review The District shall contract an outside agency to conduct a special education review.	Completed and Ongoing PDE/PaTTan/AIU conducted a review of the District’s special education program and services. The District meets with this team quarterly to review progress. SEE PAGE 25
			Responsible Parties Assistant Superintendent (Special Education)
34	OPSY 5 Page 76	Security Audit/Review The District shall contract an outside agency to conduct a security review.	Completed and Ongoing The District regularly assesses its safety and security model in concert with the State police and local PH police. It is on cutting edge of school-community policing practices. SEE PAGE 25-26
			Responsible Parties Chief Financial Officer, Superintendent
35	OPSY 6 Page 76	Technology Audit/Review The District shall contract an outside agency to conduct a technology review.	Completed; Ongoing PASBO conducted the audit/review; the findings and recommendations are being addressed. Replenishment cycle in place; Assigned Fund Balance to be established.
			Responsible Parties Director of Technology and Innovation
36	OPSY 7 Page 76	Insurance Coverage Audit/Review The District shall contract an outside agency to conduct an insurance review.	Completed and Ongoing The District has addressed this area via its insurance broker service and made several adjustments with insurance coverage language.
			Responsible Parties Chief Financial Officer

37	CON 1 Page 77	RFP's/Negotiate for Garbage Services The District shall explore best rates and/or service.	Completed in 2019 and Ongoing The District re-visits this as needed.
			Responsible Parties Chief Financial Officer
38	CON 2 Page 77	RFP's/Negotiate for Insurance Services The District shall explore best rates and/or service.	Completed in 2019 and Ongoing The District re-visits this as needed.
			Responsible Parties Chief Financial Officer
39	CON 3 Page 78	RFP's/Negotiate for Security Services The District shall explore best rates and/or service.	Completed and Ongoing; The District re-visits this as needed.
			Responsible Parties Chief Financial Officer, Superintendent
40	CON 4 Page 78	RFP's/Negotiate for Legal Services The District shall explore best rates and/or service.	Completed and Ongoing The District re-visits this as needed.
			Responsible Parties Chief Financial Officer
41	CON 5 Page 78	RFP's/Negotiate for Food Service The District shall explore best rates and/or service.	Completed and Ongoing The District re-visits this as needed.
			Responsible Parties Chief Financial Officer
42	CON 6 Page 78	RFP's/Negotiate for Transportation Services The District shall explore best rates and/or service. Transportation costs are highest in county.	Completed and Ongoing The District is expected to approve a new contract April 2024. SEE PAGE 6
			Responsible Parties Chief Financial Officer
43	CON 7 Page 79	RFP's/Negotiate for Technology Services The District shall explore best rates and/or service.	Completed and Ongoing; The District re-visits this as needed.
			Responsible Parties Chief Financial Officer, Director of Technology and Innovation
44	CON 8 Page 79	RFP's/Negotiate for All Significant Vendors The District shall explore best rates and/or service.	Completed and Ongoing The District re-visits this as needed. A transparent analysis must precede any changes.
			Responsible Parties Chief Financial Officer
45	CBA 1 Page 81	Outsourcing The District shall pursue outsourcing opportunities to reduce costs.	Completed and Ongoing The District continues to explore outsourcing avenues to meet financial needs. Currently bargaining discussions.

			Responsible Parties Chief Financial Officer
46	CBA 2 Page 81	Meet & Discuss The District shall conduct meet and discuss sessions as needed through the recovery process.	Completed and Ongoing The District participates in meet and discuss sessions as needed.
			Responsible Parties Chief Financial Officer, Superintendent
47	CBA 3 Page 82	Negotiations PHEA The District shall prioritize recovery plan initiatives in bargaining sessions.	Completed and Ongoing The District settled the CBA in 2022 to expire June 2024. Negotiations started January 2024 SEE Details in CBA 3.1 & 3.2 in 2 nd Amendment
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR, Director of TLA, Assistant Supt, Director of Technology and Innovation
48	CBA 4 Page 82	Negotiations PHESP The District shall prioritize recovery plan initiatives in bargaining sessions.	Completed and Ongoing The District settled the CBA in 2022 to expire June 2025 SEE Details in CBA 4.1 in 2 nd Amendment
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR
49	CBA 5 Page 83	Negotiations AFSCME: Plant Dept. The District shall prioritize recovery plan initiatives in bargaining sessions.	Completed and Ongoing The District settled the CBA in 2020 to expire June 2023. District anticipates reaching a tentative agreement in the coming month(s).
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR
50	CBA 6 Page 83	Negotiations AFSCME: Food Service The District shall prioritize recovery plan initiatives in bargaining sessions.	Completed and Ongoing The District settled the CBA n 2020 to expire June 2024. District anticipates reaching a tentative agreement in the coming month(s).
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR

51	CBA 7 Page 84	Negotiations ACT 93 The District shall prioritize recovery plan initiatives in bargaining sessions.	Completed and Ongoing The District settled the agreement in 2023 to expire June 2026
			Responsible Parties Chief Financial Officer, Superintendent
52	CBA 8 Page 84	ERI's Past/Future The District shall consider ERI's that can benefit the District financially.	Completed and Ongoing The District has offered an ERI to Teachers – Deadline September 2023
			Responsible Parties Chief Financial Officer, Director of HR
53	FIN 1 Page 85	Refinancing/Managing Debt The District shall refinance bonds when financially beneficial to reduce debt service.	Completed and Ongoing The District has refinanced bonds successfully and continues to pursue additional opportunities to reduce debt and improve Moody's credit rating.
			Responsible Parties Chief Financial Officer
54	REV 1 Page 86	Tax Increase The District shall raise taxes to address the revenue shortfall in yearly budget.	Completed and Ongoing The District's underlying financial structure - costs and revenues - are not balanced. The District did not raise taxes in the first year of recovery to address the shortfall; however, the succeeding amendment addressed the resolution to this setback.
			Responsible Parties Chief Financial Officer, Board of Education
55	REV 2 Page 89	Real Estate Tax Collection Rate above 90% The District shall sustain collection rate above 90%.	Completed and Ongoing; The District's tax collection rate is at or above 90%.
			Responsible Parties Chief Financial Officer
56	REV 3 Page 90	All Local Tax Collection Rates are maximized The District shall maximize all local tax collection rates.	Completed and Ongoing The District has maximized all local tax collection rates.
			Responsible Parties Chief Financial Officer

57	REV 4 Page 90	Improve ACCESS Billing/Reimbursement The District shall maximize ACCESS billing to receive the entitled reimbursement yearly.	Completed and Ongoing An administrative manual was created and the District has significantly improved ACCESS revenue. These funds have been stabilized. ACCESS funds are used to offset costs of paraprofessionals and newly hired special education staff.
			Responsible Parties Chief Financial Officer, Assistant Superintendent (Special Education)
58	REV 5 Page 92	Improve Transportation Reimbursement The District shall maximize transportation reimbursement.	Completed and Ongoing The District has improved transportation reimbursement. The new contract has addressed language to maximize reimbursement.
			Responsible Parties Chief Financial Officer
59	REV 6 Page 93	Increase Revenue from Cafeteria Operations The District shall maximize revenue in food service department.	Completed and Ongoing The District has maximized revenue and will issue a de minimis charge as per PDE guidelines to the cafeteria fund to defer costs for custodial services and utilities.
			Responsible Parties Chief Financial Officer, Food Service Manager
60	REV 7 Page 93	Increase Rates for Leases, Event, Rentals The District shall increase rates for events and rentals.	Completed and Ongoing The District has increased rates for events and rentals.
			Responsible Parties Chief Financial Officer
61	REV 8 Page 94	Recruit Students from Cyber Charter Schools to Attend PH Cyber Academy The District shall develop a plan to recapture cyber charter school students.	Completed and Ongoing The District holds regular PR committee meetings to create strategies to recapture all charter students. The District contracts with the AIU to provide PR to draw back charter students. SEE PAGES 9-10
			Responsible Parties Chief Financial Officer, PR/Athletic Director
62	REV 9 Page 95	Arrange to bring back out-placed special education students to in-house programs The District shall explore opportunities to bring outplaced	Ongoing as appropriate The District regularly investigates opportunities to return students to in house. The District has submitted application for Contingency Funds to lessen costs. SEE PAGE 25

		special education students back in house.	Responsible Parties Assistant Superintendent (Special Education)
63	REV 10 Page 96	Pursue Grant writing Opportunities The District shall pursue grant writing opportunities to enhance programming and services.	Completed and Ongoing The District successfully receives grant funding for programming; however, the District has planned for when this revenue source is expended. SEE PAGE 7
			Responsible Parties Chief Financial Officer, Superintendent
64	REV 11 Page 97	Create PR Committee to organize Ideas to Impact Perception of PHSD The District shall address its negative PR perception/reality.	Completed and Ongoing The District holds regular PR committee meetings to create strategies to communicate the good news happening in Penn Hills. Contracts with AIU for PR services.
			Responsible Parties PR/Athletic Director
65	REV 12 Page 98	Transitional loan The District shall apply for \$3.1 million transitional loan funds to assist with recovery efforts.	Completed and Ongoing The District Received \$1.3 million; the District spent approximately \$1.2 million. The District made its second repayment in May 2023. Payment #3 will occur in May 2024.
			Responsible Parties Chief Financial Officer – Repayment to PDE
66	REV 13 Page 99	Pursue Support for Additional State Subsidy The District shall lobby for additional state subsidy.	Completed and Ongoing The District regularly communicates with local legislators regarding this need and has received funding.
			Responsible Parties Chief Financial Officer, Superintendent, Board of Education
67	REV 14 Page 100	Pursue Tuition Agreements with Charter Schools The District shall communicate with local charter school about tuition strategies.	Completed and Ongoing The District has had a number of conversations (enrollment caps/reduced tuition) with the local charter school about this potential agreement, but to no avail.
			Responsible Parties Chief Financial Officer, Superintendent

68	REV 15 Page 100	Work with Legislators of charter school tuition reform efforts The District shall lobby for charter school tuition reform.	Completed and Ongoing The District regularly communicates with local legislators regarding charter school funding formulas.
			Responsible Parties Chief Financial Officer, Superintendent, Board of Education
69	REV 16 Page 101	Investigate KOZ Agreements for Savings The District shall investigate savings from KOZ agreements.	Completed There are no KOZ agreements in place at this time.
			Responsible Parties Chief Financial Officer
70	REV 17 Page 101	Partner with PHEF with ideas to Support Students The District shall partner with the PHEF.	Completed and Ongoing PHEF actively supports students with scholarships and other resources
			Responsible Parties Chief Financial Officer, Superintendent
71	REV 18 Page 102	Partner with Nonprofits to Support Students or Programs The District shall partner with nonprofits for financial savings. There are a significant number of agencies that provide academic and mental health services to PHSD.	Completed There are no contracts in PH to pursue other than the existing grant- related partnerships between the District and Community entities. The existing list is available upon request.
			Responsible Parties Chief Financial Officer
72	REV 19 Page 102	Lease Available Space to Related Services The District shall lease available space as deemed appropriate.	Completed and Ongoing The District leases two PreK classes in high school
			Responsible Parties Chief Financial Officer
73	First Amendment	Tax Increase and FB Policy The District shall raise taxes as per the new fund balance policy.	Completed and Ongoing The District has followed the fund balance policy to determine tax raises. The Board has gone above and beyond the formula.
			Responsible Parties Chief Financial Officer, Board of Education
SECOND AMENDMENT APPROVED JUNE 2021			
1	OPSY 1.1 Page 6	PASBO Facilities Audit (Implement Priorities) The District shall implement the priorities identified in the audit.	Completed and Ongoing The District has addressed every priority identified in the audit. A capital list has been developed, and the Board actively prioritizes projects.

			Responsible Parties Director of B&G
2	OPSY 2.1 Page 7	PASBO Transportation Audit (Implement Priorities) The District shall implement the priorities identified in the audit.	Completed and Ongoing The District has addressed every priority identified in the audit. SEE PAGE 7
			Responsible Parties Chief Financial Officer
3	OPSY 6.1 Page 8	PASBO Technology Audit (Implement Priorities) The District shall implement the priorities identified in the audit.	Completed and Ongoing The District has addressed every priority identified in the audit. Replenishment cycle in place.
			Responsible Parties Chief Financial Officer Director of Technology and innovation
4	FIN 1.1 Page 9	Refinancing Guidelines The District shall pursue refinancing opportunities that yield at least 3% net savings.	Completed and Ongoing The past two refinancing campaigns netted more than 3% savings.
			Responsible Parties Chief Financial Officer
5	OPE 13 Page 10	Procurement/Purchasing Policy The District shall update its purchasing policy and procedures.	Completed and Ongoing The district purchased new software program (FMX) and updated its policy/procedures.
			Responsible Parties Chief Financial Officer, Director of HR
6	OPE 14 Page 10	Tax Assessment Appeal Process/Policy The District shall regularly review its tax assessment appeal process and procedures.	Completed and Ongoing District continues to pursue appropriate appeals as per the guidelines used by solicitor. The District shall monitor the Common Level Ratio litigation.
			Responsible Parties Chief Financial Officer
7	OPE 15 Page 11	Sunshine Law Policy The District shall update its Sunshine Law policy to address cell phone usage.	Completed; The policy was refined to incorporate language relative to cell phone use.
			Responsible Parties Director of HR

8	OPE 6.1 Page 11	Board Training for New Members The Board shall regularly schedule trainings to function effectively as a team.	Completed and Ongoing Trainings have been provided through the AIU, PSBA, and Consultants
			Responsible Parties Superintendent, Board President
9	REV 11.1 Page 11	PR Committee Charter School Priority The District shall form a committee that directly addresses negative PR and recruiting charter students back into PHSD.	Completed and Ongoing A PR committee meets Regularly with the Board. The District has contracted with the AIU for PR/Communication services. SEE PAGES 9-10
			Responsible Parties Chief Financial Officer, PR/Athletic Director
10	OPE 3.1 Page 12	Accounting Manual The District shall update its accounting manual per the auditor's recommendation.	Completed and Ongoing The new Chief Financial Officer has conducted a needs assessment in the business office. The District transitioned to ORACLE financial platform in January 2024. The administrative guideline changes will be addressed after full conversion to Oracle in the summer of 2024.
			Responsible Parties Chief Financial Officer
11	CBA 3.1 Page 13	Bargaining Priorities: Fiscally Responsible, Leadership Stability, and Quality Education The District shall stabilize leadership positions and fiscally address academic deficiencies.	Completed and Ongoing The Board settled fair contracts that include language to improve student achievement, and they re-visited the organizational chart to ensure clarity and chain of command protocols.
			Responsible Parties Chief Financial Officer, Superintendent
12	REV 1.1 Page 14 R*	Fund Balance Policy and 0.40 mil increase (2021-22) The Board shall update its Fund Balance policy and raise taxes .40 mil.	Completed and Ongoing The Board approved a new FB Policy and raised taxes accordingly.
			Responsible Parties Chief Financial Officer, Board of Education

13	CBA 3.2 ACA 3.1 ACA 5.1 ACA 7.1 Page 17	Bargaining PHEA to Include Academic Strategies to Improve Achievement The District shall bargain for increased collaboration time and professional development.	Completed and Ongoing The District bargained for more teacher collaboration time and PD and succeeded. SEE PAGE 21.
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR
14	CBA 4.1 ACA 1.1 ACA 4.1 Page 18	Bargaining PHEA to Include Strategies to Improve Academic Programming The District shall bargain for revised transfer language.	Completed and Ongoing The District bargained for transfer language. In progress.
			Responsible Parties Chief Financial Officer, Superintendent, Director of HR
15	ACA 14 Page 19	Technology Financial Support The District shall develop a technology replenishment cycle.	Completed and Ongoing The District established a technology replenishment cycle and assigned fund balance to support it.
			Responsible Parties Chief Financial Officer, Director of Technology and Innovation
16	ACA 15 Page 19	Learning Loss The District shall provide additional learning opportunities and resources to address learning loss.	Completed and Ongoing The District utilized ESSER funds to address learning loss during/after the pandemic.
			Responsible Parties Director of TLA
17	ACA 16 Page 20	Curriculum Resources The District shall address curriculum gaps across all subject areas.	Completed and Ongoing The District has committed funding for curricular resources, established a curriculum review cycle, and re-established Curriculum Committee.
			Responsible Parties Director of TLA
18	ACA 3.2 ACA 5.2 Page 20	Metrics for Professional Growth The District shall measure effectiveness of PD practices.	Completed and Ongoing The District has established protocols, procedures and systems for analyzing data related to student achievement and professional growth. SEE PAGE 21
			Responsible Parties Director of TLA

19	OPSY 4.1 Page 22	Special Education Programming The District shall address the recommendations identified in the audit.	Completed and Ongoing The District has addressed programming via the special education audit and the recently submitted special education plan. SEE PAGE 25
			Responsible Parties Assistant Superintendent (Special Education)
20	ACA 7.2 Page 22	Middle School Concept The District shall implement the middle school concept in Linton MS	Completed and Ongoing; The District has implemented the middle school concept in Linton Middle School. SEE PAGE 24
			Responsible Parties Director of TLA, Middle School Principal
21	ACA 7.3 Page 23	YESS Program Expanded The District shall expand the YESS program into the ES and HS.	Completed and Ongoing The District has expanded the YESS model in the high school and elementary school SEE PAGES 25-27
			Responsible Parties Chief Financial Officer, Superintendent
22	ACA 3.3 ACA 5.3 ACA 7.4 Page 23	Restorative Practices The District shall implement restorative practices in all buildings.	Completed and Ongoing The District has implemented restorative practices in all buildings. SEE PAGE 26
			Responsible Parties Superintendent
23	ACA 8.1 Page 24	Staff Absenteeism The District shall address staff absenteeism	Completed and Ongoing The District has implemented attendance incentive programs each year.
			Responsible Parties Director of HR
24	ACA 17 Page 24	Diversity/Equity Policies The District shall address DEI in policy and practice.	Completed and Ongoing The District has implemented policies to ensure diversity practices throughout the organization, including the TEACH PLUS hiring program.
			Responsible Parties Director of HR

VII. **Chief Recovery Officer's Recommendation**

Based upon the findings of this report, the CRO recommends that the Secretary of Education terminate the "moderate financial distress" status from the Penn Hills School District. In addition, the CRO strongly recommends that PHSD continue to abide by the initiatives in the Financial Recovery Plan and make the necessary adjustments as conditions change in the future.

Furthermore, due to the essential need for effective leadership at the highest level of governance (Board of Education), I recommend that the PHSD Board of Education (current and those to be elected) continue with its commitment to participate in ongoing professional development (at least annually through the monitoring period) to bolster individual board member awareness to best practices in leadership and governance to enhance the overall group effectiveness.

VIII. FINANCIAL PROJECTIONS 2022-23 THROUGH 2027-28

PENN HILLS SCHOOL DISTRICT
 FINANCIAL PROJECTION
 GENERAL FUND
 EXECUTIVE SUMMARY

	<i>Actual</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
REVENUES	\$103,200,096	\$ 98,587,533	\$ 99,344,108	\$101,113,862	\$103,530,517	\$104,405,607
EXPENDITURES	94,885,359	97,314,050	99,908,992	100,487,737	102,494,275	104,444,690
SURPLUS/(DEFICIT)	8,314,737	1,273,483	(564,884)	626,125	1,036,242	(39,083)
INTERFUND TRANSFER OUT (EXH 12)	(2,800,000)	(9,000,000)	-	-	-	-
FUND BALANCE - BEG	14,111,805	19,626,542	11,900,025	11,335,141	11,961,266	12,997,508
FUND BALANCE - END	<u>\$ 19,626,542</u>	<u>\$ 11,900,025</u>	<u>\$ 11,335,141</u>	<u>\$ 11,961,266</u>	<u>\$ 12,997,508</u>	<u>\$ 12,958,424</u>
Fund Balance as a % of Expenditures	<u>20.68%</u>	<u>12.23%</u>	<u>11.35%</u>	<u>11.90%</u>	<u>12.68%</u>	<u>12.41%</u>

PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
GENERAL FUND
REVENUE

		<i>Actual</i>	<i>Budgeted</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
		2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Revenue from Local Sources							
6111	Current Real Estate Taxes	\$ 42,574,291	\$ 42,643,048	\$ 44,409,078	\$ 44,409,078	\$ 45,963,396	\$ 45,963,396
6113	Public Utility Reality Tax	48,808	48,000	46,000	46,000	46,000	46,000
6114	Payments in Lieu of Current Taxes/State & Local	10,918	12,000	12,000	12,000	12,000	12,000
6140	Current Act 511 Tax - Flat Rate Assessments	41,873	40,000	40,000	40,000	40,000	40,000
6150	Current Act 511 Tax - Proportional Assessments	6,531,135	6,308,307	6,540,733	6,640,152	6,741,082	6,843,547
6400	Deliq. on Taxes Levied/Assessed by the LEA	3,627,363	1,401,000	2,814,000	3,850,000	3,850,000	3,850,000
6500	Earnings on Investments	888,579	440,000	600,000	100,000	100,000	100,000
6700	Revenue from Student Activities	38,056	35,000	35,000	35,000	35,000	35,000
6810	Revenue from Local Government Units	75,935	-	-	-	-	-
6829	State Rev. Received from Other Intermediary Sources	64,335	-	-	-	-	-
6831	Federal Rev. Rcvd. From Other PA Public Schools	6,420	5,920	5,920	5,920	5,920	5,920
6832	Federal IDEA Pass Through Revenue	892,329	892,000	909,840	918,938	928,128	937,409
6910	Rentals	41,918	21,500	38,000	38,000	38,000	38,000
6920	Contributions & Donations from Private Sources	-	585,000	-	-	-	-
6941	Reg Day School Tuition	24,431	-	-	-	-	-
6944	Receipts from Other LEAS in PA-Education	2,061	-	-	-	-	-
6991	Refunds of Prior Years Expenditures	10,194	20,000	200,000	200,000	200,000	200,000
6999	All Other Local Revenues Not Specified	22,066	-	-	-	-	-
Total		54,900,712	52,451,775	55,650,571	56,295,089	57,959,526	58,071,272
Revenue from State Sources							
7110	Basic Education Funding (Gross+SS)	20,016,671	21,827,049	23,292,842	23,758,699	24,233,873	24,718,550
7160	Tuition - Orphans & Children Placed in Priv. Homes	35,707	-	-	-	-	-
7170	School Improvement Grants (Empowerment)	-	-	-	-	-	-
7271	Special Education Funding for School Aged Pupils	4,240,640	4,565,926	4,885,541	4,983,252	5,082,917	5,184,575
7299	PRRI	-	-	-	-	-	-
7311	Transportation (Regular & Additional)	2,297,871	3,079,999	3,120,294	3,182,700	3,246,354	3,311,281
7312	Nonpublic Pupil Transportation	458,150	-	-	-	-	-
7320	Rental & Sinking Fund Payments	762,755	763,105	752,494	1,138,154	1,141,265	1,140,521
7330	Health Services	60,700	60,000	60,000	60,000	60,000	60,000
7340	State Property Tax Reduction Allocation	2,974,271	2,974,047	2,974,047	2,974,047	2,974,047	2,974,047
7360	Safe Schools	19,800	323,556	-	-	-	-
7505	Ready to Learn Grant	2,100,686	850,686	850,686	850,686	850,686	850,686
7506	PA SMART Grant	-	-	-	-	-	-
7599	Other State Revenue	-	-	-	-	-	-
7820	Revenue for Retirement Payments	5,938,584	5,216,059	5,422,208	5,530,652	5,641,265	5,754,091
Total		38,905,835	39,660,427	41,358,112	42,478,190	43,230,407	43,993,751
Revenue from Federal Sources							
8514	NCLB Title I - Imprv. Acad. Ach. (Disadvantaged)	1,557,312	1,687,584	1,687,584	1,687,584	1,687,584	1,687,584
8515	NCLB Title II - Prep/Trng/Recruit. HQ Tchrs/Prin	225,546	189,441	189,441	202,000	202,000	202,000
8516	NCLB Title III	1,976	-	-	-	-	-
8517	NCLB Title IV - 21st Century Schools	121,700	122,400	122,400	115,000	115,000	115,000
8690	Restricted Fed. Grants-in-Aid Through the Comm.	-	-	-	-	-	-
8744-53	ESSER Funds	7,264,566	2,822,710	-	-	-	-
8810	Schl Based ACCESS Med Reimb Prog	-	1,300,000	300,000	300,000	300,000	300,000
8820	Medical Asst Reimb for Admin Claiming	41,197	36,000	36,000	36,000	36,000	36,000
8731	ARRA- Build America Bonds	-	-	-	-	-	-
Total		9,212,297	6,158,135	2,335,425	2,340,584	2,340,584	2,340,584
Other Financing Sources							
9350	Food Service Transfers	181,252	-	-	-	-	-
9400	Sale of/or Compensation for Loss	-	-	-	-	-	-
9200	Transitional Loan Funds	-	317,196	-	-	-	-
Total		181,252	317,196	-	-	-	-
Grand Total		\$ 103,200,096	\$ 98,587,533	\$ 99,344,108	\$ 101,113,862	\$ 103,530,517	\$ 104,405,607
Change YR to YR		\$ 4,757,580	\$ (4,612,563)	\$ 756,575	\$ 1,769,754	\$ 2,416,654	\$ 875,090
% Change YR to YR		4.83%	-4.47%	0.77%	1.78%	2.39%	0.85%

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
GENERAL FUND
EXPENDITURE SUMMARY**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	5yr Change %
Salaries	\$ 26,567,657	\$ 27,167,324	\$ 27,846,507	\$ 28,542,670	\$ 29,256,237	\$ 29,987,642	10.4%
Benefits	17,079,627	18,218,658	18,854,704	19,541,975	20,223,399	20,885,532	14.6%
Purchased Services	3,919,728	5,196,724	4,470,623	4,604,742	4,742,884	4,885,170	-6.0%
Transportation	6,901,851	7,105,570	7,189,332	7,332,871	7,479,276	7,628,605	7.4%
Debt Service	10,577,130	10,573,973	10,577,098	10,947,366	11,010,962	11,011,270	4.1%
Outside Tuition	21,358,986	21,122,999	21,494,956	21,700,168	21,907,432	22,116,768	4.7%
Maintenance	3,461,333	3,530,930	3,543,202	3,555,598	3,568,117	3,580,761	1.4%
Supplies & Dues	838,407	970,375	970,375	970,375	970,375	970,375	0.0%
Central Office	558,907	708,419	2,190,719	481,470	486,315	491,258	-30.7%
Athletics	878,544	968,702	986,521	1,003,708	1,020,819	1,037,638	7.1%
Technology	2,743,189	1,750,376	1,784,955	1,806,796	1,828,460	1,849,670	5.7%
Total Expenditures	\$ 94,885,359	\$ 97,314,050	\$ 99,908,992	\$ 100,487,737	\$ 102,494,275	\$ 104,444,690	
Change YR to YR	2,982,184	2,428,691	2,594,942	578,746	2,006,538	1,950,415	
% Change YR to YR	3.24%	2.56%	2.67%	0.58%	2.00%	1.90%	

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
SALARIES**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Salaries						
Teachers	\$ 20,008,358	\$ 20,276,548	\$ 20,783,462	\$ 21,303,048	\$ 21,835,624	\$ 22,381,515
Administrators (Act 93)	1,986,410	2,099,014	2,151,489	2,205,277	2,260,408	2,316,919
Secretaries	729,538	759,088	778,065	797,517	817,455	837,891
Aides						
Instructional	1,373,901	1,533,040	1,571,366	1,610,650	1,650,916	1,692,189
Health Room	28,967	107,111	109,789	112,533	115,347	118,231
Maintenance	136,261	130,914	134,187	137,542	140,980	144,505
Custodians	2,133,182	2,261,609	2,318,149	2,376,103	2,435,506	2,496,393
Overtime	171,040	-	-	-	-	-
Total Expenditures	<u>\$ 26,567,657</u>	<u>\$ 27,167,324</u>	<u>\$ 27,846,507</u>	<u>\$ 28,542,670</u>	<u>\$ 29,256,237</u>	<u>\$ 29,987,642</u>

Assumptions:

2023-2024 - Based on the proposed final budget; final year of contract
 2024-2025 through 2027-2028 - 2.5% increases each year used as a placeholder with multiple contracts under negotiation.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
BENEFITS**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Benefits						
Health Care						
Medical, Dental & Life	\$ 4,714,203	\$ 5,438,719	\$ 5,601,881	\$ 5,769,937	\$ 5,943,035	\$ 6,121,326
Social Security	1,992,372	2,082,045	2,130,258	2,183,514	2,238,102	2,294,055
PSERS	9,101,447	9,253,535	9,671,092	10,129,794	10,576,130	10,996,468
Unemployment Compensation	30,363	83,571	85,242	86,947	88,686	90,460
Workers Compensation	256,343	272,163	277,606	283,158	288,822	294,598
Other Post Employment Benefits (OPEB)	981,810	1,088,625	1,088,625	1,088,625	1,088,625	1,088,625
Uniforms (Maintenance)	3,089	-	-	-	-	-
Total Expenditures	\$ 17,079,627	\$ 18,218,658	\$ 18,854,704	\$ 19,541,975	\$ 20,223,399	\$ 20,885,532

Assumptions:

Health Care insurance, unemployment and workers compensation includes 3.0% increase over prior year.

Social Security projected at 7.65% of wages for each year

PSERS Increases match the most recent projected employer rates published:

2024-2025 increased to 34.73%

2025-2026 increased to 35.49%

2026-2027 increased to 36.15%

2027-2028 increased to 36.67%

OPEB benefits to remain flat as no new retirees added to plan.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
PURCHASED SERVICES**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Purchased Services						
Safety and Security	\$ 1,593,196	\$ 2,199,072	\$ 2,018,331	\$ 2,058,698	\$ 2,099,872	\$ 2,141,869
Contracted Educational Services	1,435,408	1,924,992	1,378,492	1,406,062	1,434,183	1,462,867
Solicitor/Special Counsel	426,592	410,000	410,000	410,000	410,000	410,000
Copiers	154,602	133,800	133,800	133,800	133,800	133,800
Other Professional Education Services	89,301	120,000	120,000	120,000	120,000	120,000
Other Professional Services	220,629	408,860	410,000	410,000	410,000	410,000
Total Expenditures	\$ 3,919,728	\$ 5,196,724	\$ 4,470,623	\$ 4,604,742	\$ 4,742,884	\$ 4,885,170

Assumptions:

- 2023-2024 - Safety and Security increase reflectes addition of District police officers, YESS program and traditional security services
- 2024-2025 through 2027-2028 - Safety and Security will be brought in house. Agrees to District's preliminary estimates.
- 2024-2025 - Contracted Educational Services loses SEEKS grant of \$585,000.
- 2024-2025 through 2027-2028 - Contracted Educational Services increase 2% each year. 2024-2025 through 2027-2028 - All other line items held flat.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
TRANSPORTATION**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Transportation						
Salaries	\$ 46,626	\$ 48,958	\$ 49,692	\$ 50,438	\$ 51,194	\$ 51,962
Contracted Carriers	6,855,225	7,056,612	7,139,640	7,282,433	7,428,081	7,576,643
Total Expenditures	\$ 6,901,851	\$ 7,105,570	\$ 7,189,332	\$ 7,332,871	\$ 7,479,276	\$ 7,628,605

Assumptions:

Contracted Carriers

- 2023-2024 - Based on the proposed final budget; final year of contract
- 2024-2025 represents first year of new transportation contract. The District was successful in eliminating a fixed number of vehicles and does expect operational efficiencies to provide savings. The savings are unknown at this point in time.
- Used inflationary increase of 2.0% for 2025-2026 through 2027-2028.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
DEBT SERVICE**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Debt Service						
Principal	\$ 4,673,500	\$ 4,873,500	\$ 5,098,500	\$ 5,213,500	\$ 5,328,500	\$ 5,443,500
Interest	5,903,630	5,700,473	5,478,598	5,733,866	5,682,462	5,567,770
Total Expenditures	<u>\$ 10,577,130</u>	<u>\$ 10,573,973</u>	<u>\$ 10,577,098</u>	<u>\$ 10,947,366</u>	<u>\$ 11,010,962</u>	<u>\$ 11,011,270</u>

Assumptions:

- Principal and interest payments are based on debt amortization schedules.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
OUTSIDE TUITION**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Tuition						
Pennsylvania Charter Schools	\$ 18,196,169	\$ 18,378,131	\$ 18,561,912	\$ 18,747,531	\$ 18,935,006	\$ 19,124,356
Career and Technology Centers	718,781	680,000	718,781	718,781	718,781	718,781
Other instructional programs	2,444,036	1,776,405	1,922,915	1,939,595	1,956,441	1,973,455
	<hr/>					
Total Expenditures	\$ 21,358,986	\$ 20,834,536	\$ 21,203,608	\$ 21,405,907	\$ 21,610,228	\$ 21,816,592
	<hr/>					

Assumptions:

- 2023-2024 - Based on the proposed final budget
- Pennsylvania Charter Schools:
 - Used inflationary increase of 1.0% for 2024-2025 through 2027-2028
- Career & Technology Centers:
 - Held flat (2024-2025 through 2027-2028) from 2022-2023 Actuals
- Other instructional programs:
 - Used projected budget amount for 2024-2025
 - Used inflationary increase of 1.0% for 2025-2026 through 2027-2028

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
MAINTENANCE / UTILITIES**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Maintenance / Utilities						
Energy (Electric/Natural Gas)	\$ 1,238,830	\$ 1,056,000	\$ 1,066,560	\$ 1,077,226	\$ 1,087,998	\$ 1,098,878
Water / Sewage	133,722	171,240	172,952	174,682	176,429	178,193
Equipment	713,598	517,150	517,150	517,150	517,150	517,150
Gasoline (Transportation)	492,067	877,540	877,540	877,540	877,540	877,540
Repairs and Maintenance	585,424	524,000	524,000	524,000	524,000	524,000
Supplies	297,692	385,000	385,000	385,000	385,000	385,000
Total Expenditures	\$ 3,461,333	\$ 3,530,930	\$ 3,543,202	\$ 3,555,598	\$ 3,568,117	\$ 3,580,761

Assumptions:

- 2023-2024 - Based on the proposed final budget 2024-2025 through 2027-2028
- 1% increases for utility costs (energy and water/sewage) each year
- All other line items held flat.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
SUPPLIES & DUES**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Buildings (Principals)						
Supplies	\$ 734,917	\$ 925,675	\$ 925,675	\$ 925,675	\$ 925,675	\$ 925,675
Dues / Fees	103,490	44,700	44,700	44,700	44,700	44,700
Total Expenditures	<u>\$ 838,407</u>	<u>\$ 970,375</u>	<u>\$ 970,375</u>	<u>\$ 970,375</u>	<u>\$ 970,375</u>	<u>\$ 970,375</u>

Assumptions:
 2023-2024 - Based on the proposed final budget 2024-2025 through 2027-2028 - line items held flat.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
CENTRAL OFFICE**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
District Wide - Central Service Costs						
Insurance	\$ 223,377	\$ 237,528	\$ 237,528	\$ 242,279	\$ 247,124	\$ 252,067
Advertising	16,885	13,000	13,000	13,000	13,000	13,000
Telephones	89,186	85,391	85,391	85,391	85,391	85,391
Administrative Services	62,401	66,000	76,800	76,800	76,800	76,800
Professional Development	46,775	-	13,000	13,000	13,000	13,000
Travel	8,814	11,500	6,000	6,000	6,000	6,000
IU Payments withheld for Special Education	44,243	45,000	45,000	45,000	45,000	45,000
Claims and Judgements against LEA	24,890	-	-	-	-	-
Budgetary Reserve	-	250,000	1,714,000	-	-	-
Other	42,336	-	-	-	-	-
Total Expenditures	\$ 558,907	\$ 708,419	\$ 2,190,719	\$ 481,470	\$ 486,315	\$ 491,258

Assumptions:

- Budgetary reserve line item represents unbudgeted expenditures that may arise during the course of the year 2023-2024 - Based on the proposed final budget
- 2024-2025 through 2027-2028 - Insurance increases of 2% each year.
- 2024-2025 through 2027-2028 - all other line items held flat except for Budgetary reserve.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
ATHLETICS**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Athletics						
Athletic Director	\$ 88,428	\$ 90,992	\$ 92,357	\$ 93,742	\$ 95,148	\$ 96,576
Coaches, Clerical, Inst. Asst	368,482	366,954	374,293	381,779	389,415	397,203
Benefits	37,058	30,490	31,405	32,347	33,317	34,317
Social Security	34,859	35,033	35,699	36,377	37,069	37,774
PSERS	115,704	154,533	162,068	168,762	175,169	181,069
Officials	153,328	187,050	187,050	187,050	187,050	187,050
Insurance	10,975	15,000	15,000	15,000	15,000	15,000
Equipment & Supplies	69,710	88,650	88,650	88,650	88,650	88,650
Total Expenditures	<u>\$ 878,544</u>	<u>\$ 968,702</u>	<u>\$ 986,521</u>	<u>\$ 1,003,708</u>	<u>\$ 1,020,819</u>	<u>\$ 1,037,638</u>

Assumptions:

2023-2024 - Based on the proposed final budget 2024-2025 through 2027-2028:

- Athletic Director and Coaches increase 1.5% per year.
- Benefits increase 3% per year
- Social Security projected at 7.65% of wages for each year
- PSERS Increases match the most recent projected employer rates published:
 - 2024-2025 increased to 34.73%
 - 2025-2026 increased to 35.49%
 - 2026-2027 increased to 36.15%
 - 2027-2028 increased to 36.67%
- All other line items held flat.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
TECHNOLOGY**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Technology						
Salaries	\$ 609,923	\$ 607,231	\$ 616,339	\$ 625,585	\$ 634,968	\$ 644,493
Group Insurance	110,319	126,981	130,790	134,714	138,756	142,918
Social Security	45,988	46,453	47,150	47,857	48,575	49,304
PSERS	204,978	206,459	214,055	222,020	229,541	236,336
Repairs & Maintenance	70,281	46,620	46,620	46,620	46,620	46,620
Contracted Services	333,585	365,465	365,000	365,000	365,000	365,000
Technology Software	74,926	161,167	165,000	165,000	165,000	165,000
Capital Equipment Replacement	256,883	190,000	200,000	200,000	200,000	200,000
Capital - ESSER/Local	1,036,306	-	-	-	-	-
Total Expenditures	\$ 2,743,189	\$ 1,750,376	\$ 1,784,955	\$ 1,806,796	\$ 1,828,460	\$ 1,849,670

Assumptions:

- 2023-2024 - Based on the proposed final budget 2024-
- 2025 through 2027-2028:
 - Salaries increase 1.5% per year.
 - Benefits increase 3% per year
 - Social Security projected at 7.65% of wages for each year
 - PSERS Increases match the most recent projected employer rates published:
 - 2024-2025 increased to 34.73%
 - 2025-2026 increased to 35.49%
 - 2026-2027 increased to 36.15%
 - 2027-2028 increased to 36.67%
- All other line items, except transfers, held flat.

**PENN HILLS SCHOOL DISTRICT
FINANCIAL PROJECTION
INTERFUND TRANSFERS**

	<i>Actual</i>	<i>Budget</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>	<i>Projected</i>
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
Interfund Transfers						
Transfer to Capital Fund	\$ 2,800,000	\$ 9,000,000	\$ -	\$ -	\$ -	\$ -
Total Expenditures	\$ 2,800,000	\$ 9,000,000	\$ -	\$ -	\$ -	\$ -

Assumptions:

- Transfers to Capital Fund:
 - FY23 transfer agrees to the District's accounting system and AFR.
 - In June 2023, Board approved \$7M of GF fund balance to be transferred to capital fund.
 - In March 2024, Board approved an additional \$2M to be transferred to capital fund.

IX. Acknowledgements

Chief Recovery Officer: Daniel J. Matsook, Ed. D.

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