

Carey Harris, A+ Schools
Testimony on PPS Budget
Tuesday, November 29th

Good afternoon, my name is Carey Harris and I am testifying on behalf of A+ Schools about our work related to the District's budget.

First I'd like to thank this board along with Superintendent Dr. Linda Lane and her team for their cooperation in this work.

As you know we've been working with PPS since May on this issue. We've directly engaged over 1,600 individuals in 4 city-wide and 8 neighborhood-based community meetings, in partnership with Pittsburgh Interfaith Impact Network annual action, and countless more in individual conversations. The messages we've heard have been clear: budget cuts should be done fairly and equitably so that our most vulnerable schools and students do not disproportionately bear the brunt of the cuts and so that all students have access to courses and programs that prepare them for college and career.

Dr. Lane and her team heard the message and have presented changes to the educational delivery model that while spending fewer dollars overall, will insure that our most vulnerable schools have a basic level of programming that they don't currently enjoy. We are encouraged by these changes and by the District's attention to the needs of its most vulnerable students.

As part of this work, A+ Schools engaged Mr. Bill Johns, retired Senior Vice President from PNC Bank and former interim Chief Financial Officer for Pittsburgh Public Schools, to conduct an independent review of the district's financial situation and provide analysis of the challenges and the district's efforts to address them.

We've learned the following from Mr. Johns' work:

Pittsburgh Public Schools financial strain is real resulting from reduced State and Federal support as well as increasing costs which are predominantly staff related.

Thankfully, PPS is in a much better position to deal with the financial strain than many districts. PPS has maintained a healthy fund balance which has provided the opportunity to address the financial issues in a careful and measured way.

In addition, our analysis shows that:

- PPS spends more per pupil than our benchmark* districts in every major function.
 1. Even with the cuts proposed in the 2012 budget and 2013 projection we will still be spending more per pupil than the State average and more than our benchmark districts.
 2. To bring PPS cost per pupil down to the median for the benchmark group would require a reduction of more than \$200 million of expenses annually.

- PPS' has higher staff to student ratios than benchmark districts in every category except guidance counselors.
 1. The district has 6 pupils for every staff person; the average of our benchmark districts is 7.5 students per staff.
 2. Getting PPS closer to the average would mean eliminating over 800 full time positions.

Superintendent Dr. Linda Lane and her team have taken important and measured steps to cut and control costs so that the district is closer to sustainability. We know these steps are painful for all involved. But we are confident that Pittsburgh Public Schools can still serve students and serve them well with fewer resources given what I just described.

There is still much more work to be done to tackle the additional \$21 million projected deficit for 2012 and beyond. Any deficit incurred will reduce the fund balance. Only by maintaining a healthy fund balance will PPS retain the flexibility to deal with future unforeseen changes. We recommend following:

1. All programs, schools and services must be examined in even greater detail to determine which are essential, which are delivering results and which are most cost effective.
2. Given that the largest piece of the budget will always be salaries and benefits we recommend a thorough evaluation of all staff compensation be conducted to determine what changes can be made that are both fair to staff and competitive in the marketplace.
3. School based budgets must include every expense incurred at the school level so that there is transparency about the equitable distribution of resources across schools. Currently nearly 60% of school level expenses are not directly attributed by school.

We urge this board and administration to continue pressing forward to eliminate the projected deficits with urgency. Financial stability will only be attained when expenditures match available revenues and a healthy fund balance is maintained.

You can count on A+ Schools to continue to monitor progress and to continue to engage the community to insure that student outcomes are our collective priority.

*Benchmark districts are: Philadelphia, Harrisburg, Erie, Scranton, Wilkes-Barre, and Altoona