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PPS should restart its building closure plan this year

Summary: February 2 will mark two years since Pittsburgh Public Schools' (PPS) board of directors tabled a resolution to close six school buildings. Those closures were part of a plan to relocate, reconfigure, add and close school programs that was estimated to produce net capital savings of \$46.1 million and annual operations savings of \$2.6 million.

PPS' Annual Comprehensive Financial Report (ACFR) for 2021 listed 60 buildings (including three for administrative and financial service, operations and maintenance and food service) with a total of 6.0 million square feet in its inventory.

The state's Public School Code requires a public hearing at least three months prior to when a school board decides to close a school. At the time of the board's action, the school buildings had an average age of 87 years and an average functional age (number of years since last major renovation) of 40 years. The district's utilization percentage (enrollment divided by functional capacity, which is how building space is used and can change annually) was 55 percent with 20,370 students and capacity for 36,924.

Besides buildings getting two years older, PPS' enrollment has continued to fall. The enrollment count taken on Oct. 1, 2022, shows there were 18,652 K-12 students, a 2.6 percent decrease from Oct. 1, 2021. If the functional capacity of buildings did not change, the utilization percentage fell.

A decline in enrollment is a trend that will continue, according to the state Department of Education's projections. Through the 2031-32 school year, PPS will continue to shrink and be surpassed by school districts in eastern Pennsylvania, including Central Bucks, Reading and Allentown.

Having excess space compounds the problem of PPS' high costs, driven by buildings as well as personnel. The ACFR shows that from 2019 to 2021, school enrollment decreased 11 percent. The number of principals, supervisors and assistant principals, teachers and librarians decreased 5.1 percent. The remaining employee count rose 3.8 percent. Overall, total employee count fell from 4,002 to 3,955, or 1.2 percent. If

employee headcount fell at the same pace as enrollment, PPS would have had 3,562 employees in 2021. The cost per pupil was a stunning \$34,343.

Moving forward with closing buildings and selling them is imperative for PPS to reduce its expenses and benefit district and state taxpayers. A *Policy Brief* from three years ago (*Vol. 20, No. 5*) detailed PPS' effort to sell four buildings and a parcel of land. A review of those properties shows the PPS board agreed to sales on all five; however, the county's real estate website as of Jan. 23 shows two buildings sold in 2021 and are now taxable and no longer the responsibility of taxpayers. That's good. But things could be a lot better if the remaining properties are sold.

The Public School Code's language on selling "unused and unnecessary lands and buildings" permits sales by public auction, sealed bidding process or private sale, each with various conditions and involvement by other entities possibly coming into play. If a building is more than 25 years old, there can be a negotiated sale or an agreement with an urban redevelopment authority if a district falls into a specific classification, which PPS does.

PPS' policy manual section on selling buildings and land incorporates the code's language but was revised in October 2021 to add requirements for prospective buyers to describe what they plan to do with the property, to involve community groups, to contact the City Council member whose district includes the property and a period for public comment.

These additional requirements adopted by the district are major obstacles that are almost certain to reduce its ability to "maximize its use of buildings and land in a fiscally responsible manner." If a community group disagrees with a sale or the board or a City Council member does not feel a developer's plan for an unused building is the "highest and best use," then a prospective sale might fall through, leaving the property tax-exempt.

PPS should be asked whether or not it is really serious about selling buildings and land. Since the state Legislature provides a huge fraction of PPS revenue, perhaps it should question the dilatory actions of PPS in selling some of its enormous excess capacity.

Consider that at the end of 2021, PPS' property tax rate increased from 9.95 mills to 10.25 mills. That might have been avoided if there was more emphasis on reducing costs.

What would taxpayers choose for 2024—a district with a smaller footprint that has sold off buildings and realigned schools or another millage increase? It is likely the former, which should prompt the board and the administration to move in that direction and put additional properties on the tax rolls. It would be a win-win, as the expression goes.

The unwillingness of Pittsburgh Public Schools to act in an expeditious manner to close and sell unused buildings while enrollment falls and the already outrageous expenditures per student move ever higher is an affront to taxpayers.

Eric Montarti, Research Director

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Allegheny Institute for Public Policy
305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234
Phone (412) 440-0079
E-mail: aipp@alleghenyinstitute.org
Website: www.alleghenyinstitute.org
Twitter: [AlleghenyInsti1](https://twitter.com/AlleghenyInsti1)