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Another way PPS can save money

By Colin McNickle

Pittsburgh Public Schools, facing a multimillion-dollar deficit that will force it to draw down precious emergency money from its reserve fund, could find partial relief by overhauling its contracting processes, concludes an analysis by the Allegheny Institute for Public Policy.

“Given the district’s ongoing financial woes, compounded by the board failing to pass a much-needed school consolidation plan in November, any and all avenues to find cost savings must be seriously explored,” says Alex Sodini, a research associate, at the Pittsburgh think tank (in *Policy Brief Vol. 26, No. 6*).

It was on Jan. 12 that PPS Controller Rachael Heisler (who also serves as city controller) detailed for the school board an October special report on deficiencies in the district’s request-for-proposals (RFP) competitive bidding procedures in awarding contracts, potentially costing PPS millions of dollars.

While PPS’ procurement policies are largely guided by state law, RFP rules for personal service contracts “are relatively vague,” the controller found.

The Heisler report recommended several moves that could help to improve financial discipline, participation and transparency in the district’s procurement process. Two ideas are borrowed from the School District of Philadelphia (SDP).

“The first is to set a monetary threshold for which construction and professional services contracts require an RFP (and to solicit competitive bids),” Sodini says. “For SDP, professional services and capital contracts over \$100,000 require an RFP and one is recommended for contracts over \$20,000.

“Adopting similar rules would help clarify and bring consistency to PPS’ vague and discretionary policies,” the think tank researcher says, citing the controller’s report.

The other recommendation is to increase the length that an RFP is open. To wit: Since the start of 2024, the district completed 25 total RFPs which were open, on average, for 27 days. RFPs for SDP were open for an average of 43 days while the controller recommended a length of 50 days.

“Adopting both measures would allow for more potential bids, ideally increasing competition and quality, while diversifying the vendor pool,” Sodini says, again referring to Heisler’s conclusion.

Sodini notes that the report also highlights the shortcomings of data and resources available on the district’s website. A centralized data source which provides detailed information regarding contracts, RFPs and vendor participation would allow for greater public scrutiny and accountability compared to the scattered and/or scant information currently available, the Heisler analysis notes. PPS could use the City of Pittsburgh’s [dedicated procurement website](#) as a model to make such a change, she says.

Lastly, the controller’s office recommends PPS build relationships with local service providers in an effort to both reduce costs and increase the quality of services provided to students.

Sodini says that Controller Heisler estimates that implementation of these policies could generate \$10-15 million in savings annually. “However, the actual cost savings will be difficult to predict *ex ante*. That is, based on estimates versus actual costs,” he reminds.

But, regardless, the think tank researcher says finding cost savings is imperative as PPS remains in a precarious financial situation.

“Assessment appeals have chipped away at the property tax base, while federal pandemic relief funds are almost fully spent,” he notes.

Indeed, PPS’ 2026 approved budget received a boost of \$12.1 million thanks to cyber charter reforms in the state budget. And district taxpayers were spared roughly \$3.4 million as a 4 percent property tax increase was reduced to 2 percent owing to a state provision regarding an excess property tax relief allocation.

“Despite these savings, PPS still expects a \$5.7 million deficit, which will further draw down the district’s dwindling reserves,” Sodini cautions.

The Allegheny Institute has repeatedly highlighted the district’s extraordinarily high spending per student – \$33,524, 10th highest in the state as per the most recent data (2023-2024) from the Pennsylvania Department of Education.

Yet, Sodini reminds that PPS [ranked](#) just 466 out of 610 Pennsylvania school districts and charter schools for the 2023-2024 academic achievement exams (see *Policy Brief Vol. 25, No. 28*).

“Taxpayers, parents and students deserve better,” he says.

But Sodini stresses that if significant savings are achieved through procurement reforms, the board and administration must not use it as an excuse to abandon the school consolidation plan, dubbed the “Future-Ready Facilities Plan” (see *Policy Brief Vol. 25, No. 41*).

“Rightsizing PPS’ footprint, combined with meaningful contracting reform, are actionable steps to help move the district away from fiscal profligacy and toward focusing on providing a better education for students,” he concludes.

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