Legislation Text

File #: 260440, **Version:** 0

..Title
Authorizing the Committee of the Whole to hold public hearings to assess the potential establishment of an independent fiscal oversight agency to perform independent fiscal audits of The School District of Philadelphia's annual budget.

..Body
WHERAS, The Philadelphia School District is the largest school district in the Commonwealth of Pennsylvania, serving over 100,000 students and manages a budget of approximately 4.6 billion for Fiscal Year 2026; and

WHEREAS, The School District of Philadelphia's budget is funded through a combination of local, state, and federal sources, including significant contributions derived from taxes levied within the City of Philadelphia; and

WHEREAS, Local tax revenues dedicated in whole or in part to the School District of Philadelphia include, but are not limited to Real Estate Tax, Use and Occupancy Tax, Liquor-by-the-Drink Tax, School Income Tax, Sales and Use Tax, Cigarette Tax, and the Reality Transfer Tax. Additional contributions from non-direct tax revenue amounted to over $61 Million in Fiscal Year 2025; and

WHEREAS, In May of 2016, the Pennsylvania Auditor General, Eugene DePasquale, released a performance audit identifying critical structural challenges within the School District of Philadelphia, including an unsustainable funding model characterized by near-total reliance on federal, state, and City revenues, resulting in a persistent structural deficit that threatened the District's ability to fulfill its core educational mission; and

WHEREAS, In May 2024, the Pennsylvania Auditor General, Timothy DeFoor, released a subsequent performance audit of the School District of Philadelphia's Charter Schools Office, which found the District to be largely compliant with applicable laws and to have addressed prior findings, but which was limited in scope to programmatic and administrative review and did not include a comprehensive evaluation of the District's overall budget and spending practices; and

WHEREAS, While the School District of Philadelphia conducts internal audits and is subject to periodic reviews by its Office of Inspector General and external accounting firms, such audits are inherently limited in scope and do not provide the same level of public transparency and objective fiscal oversight as an independent body; and

WHEREAS, Independent audits conducted by a dedicated oversight entity can provide unbiased evaluation of revenue assumptions, expenditure practices, internal controls, and long-term financial planning, thereby strengthening public confidence, identifying inefficiencies, and ensuring that taxpayer-funded resources are managed with the highest degree of accountability and integrity; and

WHERAS, The City of Philadelphia itself operates on a $6.7 Billion budget and is subject to oversight by the Pennsylvania Intergovernmental Cooperation Authority (PICA), which provides independent review of the City's five-year financial plans, revenue projections, and fiscal stability; and

WHEREAS, No equivalent independent fiscal oversight body currently exists to provide regular and external analysis of the School District of Philadelphia's budget, spending practices, and long-term financial outlook; and

WHEREAS, Given the magnitude of public investment in the School District and its reliance on locally generated tax revenues, there is a compelling public interest in establishing a similar framework of independent fiscal review; and

WHEREAS, The establishment of an independent fiscal oversight agency could mirror key elements of the PICA model by providing independent audits, reviewing multi-year financial plans, issuing public reports, and making recommendations to improve efficiency and fiscal sustainability; and

WHEREAS, Such an agency could serve as an advisory body to City Council, the Mayor, the Board of Education, and the public, helping to ensure that funds are used effectively to support student outcomes while maintaining long-term fiscal health; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby authorizes the Committee of the Whole to hold hearings to assess the potential establishment of an independent fiscal oversight agency to perform independent fiscal audits of The School District of Philadelphia's annual budget.
..End