

News for Immediate Release

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Auditor General DePasquale Completes Review of Wilkes-Barre Area School District's Consolidation Plan

HARRISBURG – Auditor General Eugene DePasquale today said his review of Wilkes-Barre Area School District's high school consolidation plan reveals tough decisions have been made to generate cost savings with the intent to set a solid fiscal foundation for the future.

"Based on the limited scope of review, my team found the Wilkes-Barre Area School District is working to create a safe learning environment for students, faculty and staff," DePasquale said.

"I do not envy the elected school board leaders who made some very tough decisions — despite opposition from a group of residents — to do what they believe is in the best interests of the district and its students with a plan that is building some financial stability," he said.

"I also applaud the citizens who brought their concerns to our attention," DePasquale said. "Any time a school building closes, in this case three high school buildings, there is an emotional impact and public concerns should be evaluated."

After receiving nearly 100 complaints from 33 residents, DePasquale directed his team to review scores of community concerns related to the Luzerne County district's plan to consolidate students from three deteriorating high schools into a single, new building.

The Department of the Auditor General's next regularly scheduled audit of the district is expected to begin in late 2021.

Meanwhile, the following observations are based on the interim review begun in August 2019:

- District officials worked with the Pennsylvania Department of Education and, since 2002, conducted three feasibility studies which pointed to the increasingly dire condition of the district's aging buildings.
- Before the consolidation and construction project started, the district worked with financial adviser PFM to conduct a financial assessment which concluded it would cost \$230 million to upgrade all existing buildings. The district's construction and consolidation plan for the high school is estimated to cost \$123 million.
- PFM also projected in 2014 that without drastic cuts, the district would be facing a \$36 million deficit in the 2018-19 school year. However, the district reduced

spending by eliminating dozens of employees and curtailing some programs, resulting in the district ending the 2018-19 school year with a positive fund balance of more than \$5 million.

- Savings from district actions also helped establish a \$7 million capital reserve fund in 2018-19 for ongoing building repairs and renovations. The district also created a 20-year facility maintenance master plan.
- An initial plan that was projected to save money by consolidating students from two high schools into one building at the site of the Coughlin High School was denied approval by the zoning board. Preparing to present a plan to the zoning board required the district to invest approximately \$2.5 million in design and construction plans which were adapted for use in the new high school currently under construction. Another \$2.5 million was spent on asbestos remediation of the Coughlin High School that was necessary regardless of the district's future plans.
- Following the zoning board's rejection, the district purchased a 77-acre former mining site, including mineral rights, for \$4.25 million based on district-obtained comparable sale prices in the region.
- A \$123 million, 40-year bond was obtained for the land purchase and construction of the new high school.
- The district's long-term financial plan includes projected savings of more than \$3 million from the high school consolidation.
- The district worked with the state Department of Environmental Protection to complete land reclamation and site work required to build on a former mining site.

"It is good to see that Wilkes-Barre Area School District officials have developed a long-term financial plan," DePasquale said. "Future boards will need to maintain the same level of fiscal discipline."

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