



OFFICE OF THE CITY CONTROLLER CITY OF PHILADELPHIA

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PRESS RELEASE

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School District Audit Finds More Than 700 Former Employees Are Owed \$2.8 Million

City Controller reports that some former employees are still owed compensation more than five years after leaving their positions.

PHILADELPHIA – City Controller Christy Brady today released the latest audit of the School District of Philadelphia (SDP), finding that 729 former employees are owed \$2.8 million in termination payments. In some instances, former employees are still owed compensation more than five years after they left their positions.

Under the current labor agreements with many of SDP’s unionized employees, when employees separate from employment, they are entitled to receive termination pay for accrued but unused paid time off within 30-75 days of their separation. For employees under 55, the SDP is required to pay separated employees directly by check. Those who are 55 and older receive their compensation via a contribution to a tax-sheltered annuity plan.

“Every employee deserves to be paid accurately and on time for the work they performed,” said Brady. “When former employees are still waiting years after leaving the school district to receive compensation they earned, it raises concerns about accountability and compliance.”

A breakdown of employee termination pay outstanding for more than one year as of June 30, 2025 includes:

| Fiscal Year of Separation | Number of Employees Owed Termination Pay | Total Termination Pay Owed |
|---------------------------|--|----------------------------|
| 2024 | 569 | \$2,292,9000 |
| 2023 | 57 | \$320,500 |
| 2022 | 55 | \$72,600 |
| 2021 & Prior | 48 | \$114,800 |
| Total | 729 | \$2,800,800 |

Pennsylvania’s Disposition of Abandoned and Unclaimed Property Act (escheat law) indicates that wages or other compensation for personal services that have remained unclaimed by the owner for more than two years after it becomes payable or distributable are presumed unclaimed. The law further states that all abandoned and unclaimed property is subject to the custody of the Commonwealth.

“School District management should prioritize processing any outstanding termination payments owed to separated employees to ensure that the School District is in compliance with current labor agreements,” said Brady. “Management should also remit termination payments that remain unclaimed for more than two years in accordance with state law.”

The City Controller identified the same finding in last year’s audit of the PSD. At that time, PSD owed \$2.2 million to more than 400 former employees. The school district processed 272 of these cases for separations from 2023 and earlier. Despite the progress, the recent audit found that termination payments increased over the subsequent year.

Along with owed termination payments to former employees, the City Controller’s audit examined property records at select schools and found 96 of the 147, or 65%, of the sampled items could not be located. The sampled inventory, valued at almost \$300,000 included a variety of items such as computer and AV equipment, artwork, musical instruments, Smart Boards and athletic supplies.

In addition, auditors also selected another 122 items by physical observation at the same schools and found 74, or 61%, could not be found in the property records.

“The school district must ensure that all equipment, in-classroom support materials, and health and wellness assets are being used as intended,” said Brady. “Teachers and staff need access to all available resources to support student learning, especially in an environment with limited financial resources.”

Brady continued, “Now more than ever, resources must be managed responsibly and efficiently.”

The audit report can be viewed at <https://controller.phila.gov/>

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