

**The Duquesne City School District
300 Kennedy Avenue
Duquesne, PA 15110**

**Recovery Plan
Quarterly Progress Report**

July 15, 2018

Purpose

This report updates progress on the Duquesne City School District Recovery Plan, which was issued on February 11, 2013 and implemented on April 2, 2013. Section 672-A(b)(2) of the Public School Code of Pennsylvania requires this report. The period covered is the fourth quarter of fiscal year 2017-2018, i.e. April 1, 2018 through June 30, 2018. The previous quarterly progress report in the series is dated April 15, 2018.

Executive Summary

Several highlights from the fourth quarter of fiscal year 2017-2018 follow.

- Recovery Plan implementation continued.
- The Duquesne City School District (DCSD) continues to operate pre-kindergarten through sixth grade at the Duquesne Elementary School (DES).
- Operation of DES is planned for the foreseeable future.
- Student enrollment at DES, unchanged since the previous report, is 373, up from 331 at the beginning of the current school year and 335 a year ago. This is seen as a favorable trend, perhaps indicative of increased confidence of parents and guardians in DES.
- Efforts continue to improve curriculum and instruction at DES. See details in the section of this report marked *Education*, which begins on page 2.
- DCSD finances had been stable through the first two quarters of the fiscal year. As previously reported, a year-end deficit of \$645,089 was projected, due primarily to unbudgeted increases in tuition expense and human resources related expenses. An updated, unaudited, projection of year-end position is a deficit of \$1,169,786. See the fund balance analysis in the section marked *Finance*, beginning on page 4.
- Annual tuition to be paid by Duquesne for students attending school elsewhere in 2017-2018 is projected to be \$8,215,894, up from \$8,007,015 reported on April 15. This change is due primarily to probable increases, still uncertain, in charter school tuition rates for the 2017-2018 school year and previously noted increases in the West Mifflin and East Allegheny tuition amounts.
- There were no unpaid or contested invoices or debt service obligations during the quarter, and all payroll, benefit expenditures and tuition payments were made in a timely manner.
- Work continues on the Third Amendment to the Recovery Plan, which was implemented five years ago.

Supplemental Information

Please see the DCSD website, dukecitysd.org, for an historical summary of the School District's severe financial recovery status, its receivership and criteria for exiting recovery status. Quarterly Recovery Plan Progress Reports are also available there.

Implementation Narrative

Information on Recovery Plan implementation is set forth in the following three sections of this report:

1. Education (page 2)
2. Finance (page 4)
3. Governance and Administration (page 8)

Education

Historic and current DES enrollments are displayed on the following table. Minor changes in grade enrollments occurred since previously reported figures for March 2018, but total enrollment remained the same.

Duquesne Elementary School									
Student Enrollment									
June 30, 2018									
Grade >	Pre-K	K	1	2	3	4	5	6	Total
Sep 2015	24	56	48	50	59	39	36	40	352
Dec 2015	24	59	45	45	62	38	36	40	349
Mar 2016	27	60	46	45	58	39	36	37	348
Jun 2016	26	57	48	43	59	41	37	39	350
Sep 2016	23	50	45	42	35	52	39	34	320
Dec 2016	26	51	43	41	33	54	42	34	324
Mar 2017	29	54	44	40	33	58	42	35	335
Jun 2017	26	53	47	40	34	57	43	36	336
Sep 2017	29	39	47	46	42	35	52	41	331
Dec 2017	29	46	51	49	39	40	56	45	355
Mar 2018	30	48	54	52	42	41	60	46	373
Jun 2018	30	48	56	53	40	42	58	46	373

The enrollment at the end of June, 2018 is the highest in recent years. This is encouraging as we continue efforts to bring charter and private school students back to Duquesne Elementary. As indicated in the following chart, enrollment can increase somewhat with only modest marginal costs.

The following tabulation reflects current regular education sections and average class size at each grade.

Duquesne Elementary School									
Regular Education Sections and Class Size									
June 30, 2018									
Grade >	Pre-K	K	1	2	3	4	5	6	Total
Sections	2	3	3	3	2	2	3	2	20
Average	15.0	16.0	18.7	17.7	20.0	21.0	19.3	23.0	18.7

Superintendent Sue Moyer has assumed leadership of the Curriculum Steering Committee (CSC). She has been working with the CSC to become familiar with existing curriculum and instructional practice and to plan, implement and monitor new initiatives.

The CSC has been working to implement a Positive School Wide Behavior Support model. A PBIS Leadership Team was developed to review the model and include more classroom teacher input. Meetings with teachers and support staff have been held to see which parts of the program need to be supported and how to best support them. Students from Duquesne University are assisting with implementation and data collection. Also, staff from Allegheny Intermediate Unit #3 have assisted in revising and refreshing our current behavior matrix, lesson plans, and acknowledgement system.

In matters of ELA, the CSC is monitoring the use of Daily 5 reading instruction and planning for teachers to attend an upcoming Daily 5 conference in Pittsburgh.

The CSC has also been evaluating curriculum materials for implementation in the upcoming school year. These materials include iLit, a technology-based reading intervention program that aligns with individual student need; Letters and Numbers Alive, a literacy-based program for our Pre-K classrooms; and Project Based Learning, a new initiative that the CSC will be focusing on throughout the year. Finally, the CSC has completed preparations to continue to incorporate Career Readiness Standards into our existing written curriculum. The goals of these efforts have been to ensure proper development of the standards, incorporation into everyday teaching, and acquisition of artifacts to support implementation.

On April 17 consultant Nancy Olenik conducted a federal programs assist visit. On May 14 a Title 1 Monitoring was completed by Cindy Patton. Finally, on June 7 Tyann Neal conducted a monitoring visit on behalf of the Bureau of Special Education at PDE.

The incidence of special needs students at DES remains high at 34%, more than twice the PDE target. As previously reported, this high incidence is attributed to legitimate special needs of students. Of course, as appropriate, enrolled students are evaluated for special education services. Also, many new enrollees arrive with previously identified disabilities. Furthermore, it is common to have several new kindergarten or first grade enrollees who have had early childhood (DART) services. For example, twelve of these students are expected to be screened for the 2018-2019 school year.

Results of benchmarking and diagnostic assessments for the 2017-2018 school year were reported in the April 15 report. Results of Pennsylvania System of School Assessments (PSSAs) administered in the spring of 2018 are not yet available. These results will be reported in a future report.

The Education Advisory Committee (EAC), led by PDE Deputy Secretary of Education for Administration Debbie Reeves, met three times during the quarter on April 13, May 18, and June 21. The purpose of the EAC is to monitor and report on the transition and education of Duquesne secondary students who attend West Mifflin Area and East Allegheny schools.

Finance

Execution of the 2017-2018 General Fund Budget continued routinely during the fourth quarter. As previously reported, over-budget expenditures will result in a year-end general fund deficit. There have been no unpaid or contested invoices or debt service obligations during the quarter. Furthermore, all payroll, benefit expenditures and tuition payments have been made on time.

The following fund balance analysis is based on audited year-end results for 2016-2017 and the DCSD General Fund Budget for 2017-2018, with estimates of expenditure changes due to increases in tuition expense and human resources related expenses, as well as potential revenue changes. A year-end general fund deficit of \$1,169,786 is projected.

This deficit may well be adjusted in the local audit which will result in the Annual Financial Statement. The charter school tuition numbers, which have been a point of uncertainty, will hopefully have been reconciled before the audit.

Duquesne City School District		
General Fund		
Fund Balance Analysis		
June 30, 2018		
Non-spendable		
Prepays	\$ 197,288	
Other	0	
Total non-spendable		\$ 197,288
Restricted		0
Committed		
Committed for extraordinary educational needs	\$ 1,000,000	
Committed for increases in PSERS contributions	284,666	
Committed for increases in health benefit expense	934,442	
Committed for capital improvements	250,000	
Committed to refund Series 2013 Bonds when callable	2,800,000	
Total committed		5,269,108
Assigned		0
Unassigned		403,390
Total fund balance as of June 30, 2017 (audited)		5,869,786
Fund balance appropriation for the 2017-2018 budget		0
Projected surplus (deficit) for the 2017-2018 budget		(1,169,786)
Total projected fund balance as of June 30, 2018		\$4,700,000

A key component of the DCSD’s financial recovery is reduction long term liabilities, most importantly interest bearing debt. A summary of bonds and notes payable is shown on the following table.

Duquesne City School District			
Bonds and Notes Payable			
June 30, 2018			
Fiscal Year Ending	Bonds Payable	Notes Payable	Total Bonds and Notes Payable
June 30			
2012*	\$14,124,167	0	\$14,124,167
2013*	13,173,333	0	13,173,333
2014*	9,272,501	\$1,000,000	10,272,501
2015*	6,616,667	2,335,000	8,951,667
2016*	6,110,833	1,500,000	7,610,833
2017*	5,590,000	1,000,000	6,590,000
2018**	5,054,167	1,000,000	6,054,167
2019**	\$4,503,333	\$ 850,000	\$5,353,333

* Audited financial statements

** Projected

As in almost all school districts, the paramount aspect of finance at Duquesne is management of salary and benefit expenses. The following chart presents a summary of staffing at the DCSD as of June 30. There were two changes in the number of staff members in each category in comparison to the previous report. First, the number of administrators increased by one with the appointment of a permanent Superintendent of Schools. Second, the number of instructional support staff increased because of Individual Education Plan (IEP) requirements for special needs students.

Duquesne City School District			
2017-2018 Staffing Summary			
June 30, 2018			
Professional staff	39	Administrators*	4
Instructional support staff	22	Coordinators and supervisors*	4
Other support staff	12	Confidential exempt staff	2

* In addition to DCSD staff, part time consultants have been utilized to assist in the following areas: special education administration (Debra Zimarowski), business administration (James Graham), federal programs administration (Nancy Olenik) and communications coordination (Sarah McCluan). Also, the full time Receiver, Paul J. Rach, Ed.D., who is compensated by PDE, participated in administration and governance of the DCSD.

A major aspect of financial management at Duquesne is tuition for students attending school elsewhere. Current tuition enrollments are tabulated below.

Duquesne City School District				
Tuition Enrollments				
June 30, 2018				
Receiving Schools	Grades	Students	Students	Projected 2017-2018 Tuition
		March 31	June 30	
West Mifflin Area School District	7-12	295	322	\$4,095,270
East Allegheny School District	7-12	36	37	470,575
Charter schools, regular education	K-6	137	131	1,846,473
Charter schools, special education	K-6	21	16	615,390
Charter schools, regular education	7-12	43	46	648,380
Charter schools, special education	7-12	11	5	192,309
Special education schools	K-12	22	16	275,168
Other schools	K-12	9	6	72,330
Totals		574	579	\$8,215,894

Changes in individual tuition enrollments in the categories of receiving schools during the fourth quarter can be seen by comparing enrollments from March 31 to June 30 on the above table.

The annual tuition rate for Duquesne students who attend school in WMA and East Allegheny is \$12,718.23.

Charter school tuition rates were formerly set and regularly adjusted by PDE. Currently, the School District calculates tuition rates using the PDE 363 form.

The budgeted annual tuition for each regular education charter school student is \$13,087.91. For each special education student who attends a charter school, the budgeted annual tuition is \$32,019.05. Updated rates, calculated locally, are \$14,095.21 for regular education students and \$38,461.86 for special education students. The above chart utilizes the greater rates. A revised PDE 363 will be completed and applied to these calculations, which may result in revised totals.

Enrollments of Duquesne students in charter schools at key months over the last several years are depicted below. It is noteworthy that the year-end charter school enrollment is 14 fewer than the beginning of the year and five less than a year ago.

Duquesne City School District				
Charter School Enrollments				
March 31, 2018				
Month	Year	Elementary	Secondary	Total Enrollment
September	2015	132	54	186
March	2016	129	60	189
June	2016	131	61	192
September	2016	172	58	230
March	2017	145	62	207
June	2017	145	58	203
September	2017	160	52	212
December	2017	162	62	224
March	2018	158	54	212
June	2018	147	51	198

Governance and Administration

The DCSD Superintendent of Schools is Sue A. Moyer. She is supervised by Receiver Paul J. Rach, Ed.D. Both Ms. Moyer and Dr. Rach took their respective offices on March 1, 2018. Dr. Rach reports to the Duquesne City Board of School Directors, the Pennsylvania Department of Education (PDE) and the Allegheny County Court of Common Pleas (ACCCP). At PDE, Dr. Rach reports to Secretary of Education Pedro A. Rivera via Executive Deputy Secretary of Education David W. Volkman, D.Ed. and Deputy Secretary of Education for Administration Debbie Reeves. At the ACCCP, Dr. Rach reports to Senior Judge Judith L.A. Friedman. The Duquesne City Board of School Directors consists of the following members.

1. Board President DeWayne Tucker
2. Board Vice President Calvin Harris
3. School Director Sonya Gooden
4. School Director Burton Comensky
5. School Director Laura Elmore
6. School Director Christine Matsko
7. School Director Rosia Reid
8. School Director Cedric Robertson
9. School Director Maxine Thomas

Members of the Duquesne City Board of School Directors participated in three receiver business meetings in the fourth quarter: April 24, May 15 and June 19. Attendance by school directors was respectively seven, two and five.

The Receiver Advisory Council met twice during the fourth quarter: May 1 and June 12. Attendance of members was respectively eight and five.

As previously reported, the Recovery Plan was implemented over five years ago, on April 2, 2013. Portions of it are out of date. Similarly, certain parts of the Second Amendment to the Recovery Plan, implemented on November 17, 2014, are no longer current. Furthermore, as addressed above, the School District's emerging financial instability needs to be addressed in the Recovery Plan. Therefore, work continues on a Third Amendment to the Recovery Plan.

Next Report

The next quarterly Recovery Plan Progress Report will cover the first quarter of fiscal year 2018-219, i.e. July 1 through September 30, 2018. That report is expected to be filed in October.

Acknowledgements

The following individuals contributed to this report.

1. Paul J. Rach, Ed.D., Receiver, DCSD
2. Sue A. Moyer, M.Ed., Superintendent of Schools, DCSD
3. Nedene M. Gullen, Business Manager, DCSD
4. Jennifer M. Jennings, M.Ed., Principal, DES
5. Stanley B. Whiteman III, M.Ed., Associate Principal, DES
6. James E. Miller III, Technology Coordinator, DCSD
7. Debra M. Zimarowski, Special Education Consultant
8. James B. Graham, Business Consultant