

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

**Recovery Plan  
Quarterly Progress Report**

January 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 second quarter of fiscal year 2017-2018, i.e. October 1, 2017 through December 31, 2017. The previous quarterly progress report in the series is dated October 15, 2017.

***Executive Summary***

Several highlights of interest follow.

- Recovery Plan implementation has continued during the second quarter of fiscal year 2017-2018.
- The Duquesne City School District (DCSD) continues to operate pre-kindergarten through sixth grade at the Duquesne Elementary School (DES).
- Continued operation of DES is planned for the foreseeable future.
- Student enrollment at DES is 355, up from 341 at the beginning of the current school year and 324 a year ago. This is seen as a favorable trend.
- Efforts continue to improve curriculum and instruction at DES. See details on page 3.
- DCSD finances have been stable and are expected to be sustainable, although a year-end deficit of \$595,686 is projected, due primarily to the unbudgeted increases in tuition cost and human resources expense.
- A major aspect of financial management at Duquesne is tuition for students attending school elsewhere. See details beginning on page 7.
- Total enrollment of DCSD resident secondary students at WMA and EA to date is 328. At the beginning of the 2017-218 school year it was 229.
- Total charter school enrollments in kindergarten through twelfth grade to date is 224, up from 212 at the beginning of the 2017-2018 school year. This is an adverse change.
- Annual tuition to be paid by Duquesne for students attending school elsewhere in 2017-2018 is projected to be \$8,132,323, an increase of \$720,582 (9.7%) over the projection from a year ago for 2016-2017. This is an adverse change.
- The local independent audit of the DCSDS for fiscal year ending June 30, 2017 was completed. An unqualified "clean" opinion was rendered.
- There were no unpaid or contested invoices or debt service obligations during the quarter, and all payroll, benefit expenditures and tuition payments were made on time.
- Financial benchmark trend analysis remains favorable in terms of general fund balance, current ratio and quick ratio. Adverse trends are evident in charter school costs and real estate assessments. See Appendix A beginning on page 11.
- Planning has begun to update the Recovery Plan, implemented nearly five years ago.

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

***Supplemental Information***

Please see the DCSD website, [dukecitysd.org](http://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 5)
3. Governance and Administration (page 8)

***Education***

Historic and current DES enrollments are displayed on the following table. It is noteworthy that the current DES enrollment is 24 students more than the enrollment was at the beginning of the school year.

Duquesne Elementary School Student Enrollment December 31, 2017									
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

Another look at enrollment is the following tabulation of current regular education sections and average class size at each grade.

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

Duquesne Elementary School Regular Education Sections and Class Size December 31, 2017									
Grade >	Pre-K	K	1	2	3	4	5	6	Total
Sections	2	3	3	3	2	2	3	2	20
Average	14.5	15.3	17.0	16.3	19.5	20.0	18.7	22.5	17.8

The Curriculum Steering Committee (CSC) has continued its work with implementation and oversight of educational initiatives at Duquesne. Under the leadership of Principal Jennifer Jennings, the committee meets regularly to discuss issues of student achievement, curriculum, effective instruction, professional development, comprehensive planning and administrative support at DES. Other members of the Steering Committee are Associate Principal Stanley Whiteman, Special Education Consultant Debra Zimarowski, Federal Programs Consultant Nancy Olenik, and DES’s four instructional coaches: Michelle Kimmell, Celeste Rudge, Jamie Schmidt and Samantha Utley. Also, Academic Recovery Liaison (ARL) Barbara Mehalov regularly assists the Committee.

During the second quarter the Curriculum Steering Committee has been focused on several initiatives. Foremost among these in the introduction a new social and emotional curriculum into the educational day. The program is called Second Step. A gradual introduction of one grade per year is planned, beginning with Pre-K and kindergarten in 2018-2019. The CSC is dealing with plans to roll out of the program, training for the faculty and staff, and provision of implementation support.

Also, the CSC is working on implementation of culturally responsive school wide positive behavior supports. Students from Duquesne University are assisting on this implementation by collecting data. Teachers review these data, both behavior data and reward data, to determine how best to support the program.

In matters of English language arts (ELA) and mathematics, the CSC continues to monitor use of Daily 5 and Daily 3 frameworks for reading and math respectively. The instructional coaches are working with teachers to strengthen the framework within individual classrooms.

Finally, the CSC is beginning work to incorporate the recently mandated career readiness standards into existing written curriculum. This will help ensure the proper development of the standards, incorporation into everyday teaching, and acquisition of artifacts to support implementation the career readiness standards.

There were several assist and monitoring visits during the quarter. Academic Recovery Liaison (ARL) Mrs. Barbara Mehalov visited DES on October 27 and November 29 to meet with DES Principal Mrs. Jennifer Jennings and Associate Principal Mr. Stanley Whiteman. On October 18, Ms. Erin Oberdorf visited DES for a School Improvement Grant (SIG) monitoring. Special education monitor, Ms. Cortney Verner, visited the DCSD on one occasion during the quarter, November 15, to meet with Special Education Consultant Ms. Debra Zimarowski.

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

Benchmarking and diagnostic assessments are regularly conducted at DES. The following tables display recent results from selected assessments.

Duquesne Elementary School ELA Informal Reading Inventory (IRI) December 2017			
Grade	% Below Grade	% On Grade	% Above Grade
3	27	42	30
4	56	26	18
5	41	33	26
6	48	48	4

Duquesne Elementary School ELA First Assessment, On-Hand October 2017				
Grade	% Below Basic	% Basic	% Proficient	% Advanced
3	44	44	13	0
4	31	44	22	3
5	44	38	16	2
6	30	62	5	3

Duquesne Elementary School Math First Assessment, On-Hand October 2017				
Grade	% Below Basic	% Basic	% Proficient	% Advanced
3	89	8	3	0
4	34	43	11	11
5	38	49	13	0
6	31	37	29	3

In Pennsylvania public schools, the growth of student learning is reported by means of the Pennsylvania Value Added Assessment System (PVAAS). At DES, PVAAS data is reported for ELA and math in grades four, five and six, and for science in grade four. Of these seven statistics, student learning met or exceeded the Pennsylvania standard for academic growth in three, ELA in grade six and math in grades five and six.

The recently re-established Education Advisory Committee (EAC), led by Deputy Secretary of Education for Administration Debbie Reeves, met once during the quarter on November 17. The purpose of the EAC is to monitor and report on the transition and education of Duquesne secondary students at West Mifflin and East Allegheny. The first meeting of the re-established EAC was conducted at the Allegheny Intermediate Unit (AIU) on September 29, 2017.

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

***Finance***

Execution of the 2017-2018 General Fund Budget continued routinely during the second quarter. 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 increased tuition expense, retirement contributions and human resources expenses, as well as potential revenue reductions.

Duquesne City School District General Fund Fund Balance Analysis December 31, 2017		
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		(595,686)
Total projected fund balance as of June 30, 2018		\$5,274,100

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  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

Duquesne City School District Bonds and Notes Payable December 31, 2017			
Fiscal Year Ending June 30	Bonds Payable	Notes Payable	Total Bonds and Notes Payable
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**	\$4,353,335	\$1,000,000	\$5,353,335

\* Audited financial statements

\*\* Projected

DCSD Series 2013 bonds are callable in January 2019. It is the intention of the DCSD to call some or all of the 2013 bonds at that time. Cash to liquidate 2013 bonds will come from fund balance committed for that purpose. Additionally, the proceeds of an interest free loan from PDE's Transition Loan Program will be utilized, if transition loan funds are available and a loan is approved by PDE.

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 December 1. There are two changes in the number of staff members in each category from the previous report. There is one fewer administrators due to the resignation of Barbara McDonnell from her position of Superintendent of Schools on November 2. A search for the next Superintendent is underway. Business Manager Nedene M. Gullen has taken on additional duty as the Acting Superintendent until the next Superintendent takes office. Also, there is one fewer instructional support staff due to a resignation.

Duquesne City School District 2017-2018 Staffing Summary December 31, 2017			
Professional staff	39	Administrators *	3
Instructional support staff	19	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 (Ms. Debra Zimarowski), business administration (Mr. James Graham), federal programs administration (Ms. Nancy Olenik) and communications coordination (Ms. Sarah McCluan). Additionally, the part time Academic Recovery Liaison (ARL), Mrs. Barbara Mehalov, who is compensated by PDE, provides consultative services for curriculum and instruction administration. Also, the part time Chief Recovery Officer (CRO), Dr. Paul J. Rach, and the full time Receiver, Dr. Paul B. Long, both compensated by PDE, participate in administration and governance of the DCSD.

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

The current collective bargaining agreement between the DCSD and the Duquesne Education Association (DEA) expired on June 30, 2017. Negotiations for a new contract began on February 21, 2017 and are continuing. Until a new contract is fully ratified, the previous contract remains in effect as the status quo. The next collective bargaining session between the DEA and the DCSD is scheduled for February 7.

The current collective bargaining agreement between the DCSD and the Duquesne Educational Support Professionals Association (DESPA) runs until June 30, 2018. A tentative agreement was reached on November 17 in regard to the inclusion of para-educators and personal care assistants in the bargaining unit. Ratification of the TA is expected. Meanwhile, collective bargaining for a replacement contract for the entire bargaining unit continues. The next session is scheduled for January 23.

On April 10, a regular performance audit by the Department of the Auditor General began. The audit, which covered 2012-2013 and forward, was completed during the second quarter. Four findings were reported. First, four individuals employed by the School District received interest free advance pay loans over a four year period (All repaid in full). Second, transportation data was incorrectly reported to PDE. Third, contracted school bus drivers were not properly approved. Fourth, documentation to support tuition for orphans and children placed in private homes was inadequate. An exit interview was conducted on October 6 and the audit report was forwarded under the Auditor General’s letter of November 8.

The local independent audit of the DCSDS for fiscal year ending June 30, 2017 was completed by Hosack Specht Muetzel & Wood LLP. An unqualified “clean” opinion was rendered by the auditors. There were no findings. The Annual Financial Report for fiscal year ending June 30, 2017 was filed on November 30.

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 December 31, 2017				
Receiving Schools	Grades	Students September 1	Students December 31	Projected 2017-2018 Tuition
West Mifflin Area School District	7-12	299	295	\$3,751,878
East Allegheny School District	7-12	30	33	419,702
Charter schools, regular education	K-6	143	142	1,858,483
Charter schools, special education	K-6	17	20	640,381
Charter schools, regular education	7-12	38	47	615,132
Charter schools, special education	7-12	14	15	480,286
Special education schools	K-12	13	15	257,967
Other schools	K-12	7	9	108,495
Totals		561	576	\$8,132,323

**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

Changes in individual tuition enrollments in the categories of receiving schools between the beginning of the 2017-218 school year and the end of the second quarter can be seen by comparing enrollments from September 1 to December 31 on the above table. Enrollment of Duquesne resident secondary students at both WMA and EA decreased by one student. Charter school enrollment increased by two students. The total number of tuition students increased by 15 students, and projected overall tuition increased by \$278,577.

The annual tuition rate for Duquesne students who attend school in WMA will be \$12,718.23, as required by the recently executed Release and Settlement Agreement. This rate of tuition may also apply to Duquesne students attending EA, but to date, that remains unclear. In both cases a rate of \$11,472.33 was budgeted. On the above chart, the larger tuition rate of \$12,718.23 is used to calculate the projected tuition for both WMA and EA. As in the past, the same rate is paid for both regular education students and special education students.

Charter school tuition rates are normally set and regularly adjusted by PDE. The current annual tuition for each regular education student charter school student is \$13,087.91. For each special education student who attends a charter school, the current annual tuition is \$32,019.05. PDE is expected to make future adjustments to these rates.

Enrollments of Duquesne students in charter schools at key months over the last several years are depicted below.

Duquesne City School District Charter School Enrollments December 31, 2017				
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

***Governance and Administration***

The Superintendent of Schools position is to date vacant. The Acting Superintendent is Nedene M. Gullen. She is supervised by Chief Recovery Officer Paul J. Rach, Ed.D. Both Mrs. Gullen and Dr. Rach report to the Receiver, Paul B. Long, Ed.D., who 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. Long 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. Long reports to Senior Judge Judith L.A. Friedman.



**Duquesne City School District  
Recovery Plan Quarterly Progress Report  
January 15, 2018**

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. Vacant

Members of the Duquesne City Board of School Directors participated in two receiver business meetings in the second quarter. Five school directors attended on October 24, and six attended on December 5. An executive session was held prior to each of the business meetings. A special meeting of the Board of School Directors was held on December 5 for the purpose of reorganization. Mr. DeWayne Tucker was re-elected to be Board President and Mrs. Calvin Harris was re-elected to be Board Vice President

The Receiver Advisory Council met twice during the second quarter, on October 10 and November 14.

Two PDE officials visited the DCSD on November 16, Ms. Debbie Reeves, Deputy Secretary of Education for Administration and Ms. Lori Graham, Special Advisor. After a tour of DES, they met for extended discussions with Chief Recovery Officer Dr. Paul Rach and Receiver Dr. Paul Long.

Inasmuch as the Recovery Plan was implemented nearly 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. Preparatory work has begun on a Third Amendment to the Recovery Plan.

***Next Report***

The next quarterly Recovery Plan Progress Report will cover the third quarter of fiscal year 2017-2018, i.e. January 1 through March 31, 2017. That report is expected to be filed in April.

**Duquesne City School District**  
**Recovery Plan Quarterly Progress Report**  
**January 15, 2018**

*Acknowledgements*

The following individuals, all affiliated with the Duquesne City School District, contributed to this report.

1. Paul J. Rach, Ed.D., Chief Recovery Officer
2. Nedene M. Gullen, Acting Superintendent and Business Manager
3. Jennifer M. Jennings, M.Ed., Principal, DES
4. Stanley B. Whiteman III, M.Ed., Associate Principal, DES
5. James E. Miller III, Technology Coordinator
6. Debra M. Zimarowski, Special Education Consultant
7. James B. Graham, Business Consultant

**Duquesne City School District**  
**Recovery Plan Quarterly Progress Report**  
**January 15, 2018**

**Appendix A**

*Financial Trend Analyses*

The following financial benchmark charts are presented to help explain the financial position of the DCSD. Favorable trends can be seen in the data displayed on the charts marked General Fund Balance, Current Ratio and Quick Ratio. Adverse trends are evident from the data shown on the charts marked Charter School Costs and Total Assessed Property Value.

General Fund Balance	
<u>Year End</u> <u>June 30</u>	<u>General Fund</u> <u>Balance</u>
2006	\$ (4,279,031)
2007	(1,584,181)
2008	1,334,796
2009	1,665,100
2010	1,583,312
2011	1,392,488
2012	1,883,442
2013	1,534,845
2014	3,048,877
2015	4,008,831
2016	4,690,525
2017	5,869,787

**Duquesne City School District**  
**Recovery Plan Quarterly Progress Report**  
**January 15, 2018**

Current Ratio (Assets ÷ Liabilities)				
Year End <u>June 30</u>	Current <u>Assets</u>	÷	Current <u>Liabilities</u>	= Current <u>Ratio</u>
2006	\$ 2,015,271		\$ 6,294,302	0.32
2007	3,181,434		4,604,192	0.69
2008	4,996,810		3,662,014	1.36
2009	5,150,904		3,485,804	1.48
2010	5,077,616		3,249,210	1.56
2011	6,332,143		4,933,655	1.28
2012	7,037,434		5,153,992	1.37
2013	6,707,698		5,172,853	1.30
2014	8,257,958		5,209,081	1.59
2015	9,698,777		5,689,943	1.70
2016	11,180,621		6,490,096	1.72
2017	11,476,778		5,606,991	2.05

Quick Ratio ((Cash + Investments) ÷ Current Liabilities)								
Year End <u>June 30</u>	<u>Cash</u>	+	<u>Investments</u>	=	"Quick" <u>Assets</u>	÷	Current <u>Liabilities</u>	Quick <u>Ratio</u>
2006	\$ 341,694		\$0		\$ 341,694		\$ 6,294,902	0.05
2007	1,118,734		0		1,118,734		4,604,191	0.24
2008	2,605,739		0		2,605,739		3,662,014	0.71
2009	2,042,032		0		2,042,032		3,485,804	0.59
2010	1,762,143		0		1,762,143		3,249,210	0.54
2011	2,963,869		0		2,963,869		4,933,655	0.60
2012	3,651,370		0		3,651,370		5,153,992	0.71
2013	3,164,957		0		3,164,957		5,172,853	0.61
2014	4,494,602		0		4,494,602		5,209,081	0.86
2015	4,927,678		0		4,927,678		5,689,943	0.87
2016	5,946,500		0		5,946,500		6,490,096	0.92
2017	6,885,906		0		6,885,906		5,606,991	1.23

**Duquesne City School District**  
**Recovery Plan Quarterly Progress Report**  
**January 15, 2018**

Charter School Cost (As Percentage of total Expenditures)			
Year End <u>June 30</u>	Tuition Paid to Charters	÷ Total District <u>Expenditures</u>	= Charter School Costs/ <u>Total Costs</u>
2007	\$ 1,379,007	\$13,936,333	9.90%
2008	1,476,574	13,574,451	10.88%
2009	2,785,111	15,140,887	18.39%
2010	1,863,289	15,772,628	11.81%
2011	1,950,093	16,436,377	11.86%
2012	2,139,954	14,843,385	14.42%
2013	1,868,754	14,424,637	12.96%
2014	2,249,336	18,992,283	11.84%
2015	2,838,775	18,363,649	15.46%
2016	2,932,728	17,312,902	16.94%
2017	3,349,409	18,068,214	18.54%

Total Assessed Property Value	
Year End <u>June 30</u>	Total Assessed <u>Property Value</u>
2007	\$ 94,053,575
2008	93,000,000
2009	93,000,000
2010	93,527,290
2011	79,561,840
2012	79,706,490
2013	75,439,340
2014	93,051,439*
2015	91,423,422**
2016	87,860,522**
2017	88,018,197**

\* General reassessment  
\*\* Corrected from previous reports