

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

**Recovery Plan  
Quarterly Progress Report**

July 15, 2016

***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 2015-2016, i.e. April 1, 2016 through July 31, 2016. The previous quarterly progress report in the series is dated April 15, 2016.

***Recovery Plan Background***

Please see Appendix A, on page 9, for a historical summary of the severe financial recovery status and receivership of the Duquesne City School District. The criteria for the DCSD to exit receivership and recovery status are contained in the Second Amendment to the Recovery Plan. An excerpt from the Second Amendment which specifies exit criteria is included at Appendix B on page 11.

***Implementation Narrative***

Recovery Plan implementation, which began on April 2, 2013, has continued through the fourth quarter of fiscal year 2015-2016. Option 1 of the Recovery Plan remains in effect, i.e. operation of pre-kindergarten through sixth grade at the Duquesne Elementary School (DES) by the Duquesne City School District (DCSD). Option 1 is planned for the 2016-2017 school year and the foreseeable future thereafter.

Highlights of Recovery Plan implementation are addressed in the following three sections:

1. Education
2. Finance
3. Governance and Administration.

**Education**

Historic and current student enrollments at DES are displayed on the following table.

Duquesne Elementary School Student Enrollment June 3, 2016									
Grade >	Pre-K	K	1	2	3	4	5	6	Total
Jun 2013	-	73	61	53	36	40	37	32	332
Sep 2013	-	72	79	61	49	37	39	33	370
Dec 2013	-	69	74	60	46	38	40	29	356
Mar 2014	-	72	68	65	47	44	37	29	362
Jun 2014	-	74	68	60	42	44	31	35	354
Sep 2014	15	52	68	63	51	36	40	32	357
Dec 2014	15	56	66	65	51	32	38	33	356
Mar 2015	13	55	62	64	51	31	39	34	349
Jun 2015	13	53	59	64	49	30	39	34	341
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

Another look at enrollment is a tabulation of sections and average class size at each grade.

Duquesne Elementary School Regular Education Sections June 3, 2016									
Grade >	Pre-K	K	1	2	3	4	5	6	Total
Sections	2	3	3	3	3	2	2	2	20
Average	13.0	19.0	16.0	14.3	19.7	20.5	18.5	19.5	17.5

The Curriculum Steering Committee has continued its work with implementation and oversight of educational initiatives at Duquesne. Under the leadership of Superintendent Barbara McDonnell, the committee meets regularly to discuss issues of student achievement, teacher effectiveness, professional development (PD) and administrative support at the DES. Other members of the Steering Committee are Principal Jennifer Jennings, Assistant Principal Stanley Whiteman, Special Education Consultant Debra Zimarowski, Federal Programs Consultant Nancy Olenik, and DES’s four instructional coaches: Janeen Emsurak, Michelle Kimmell, Celeste Rudge and Jamie Schmidt. Furthermore, Academic Recovery Liaison (ARL) Barbara Mehalov regularly assists the Committee. A few highlights of the recent work of the Committee follow.

During the fourth quarter the Curriculum Steering Committee monitored previously reported initiatives and made plans for 2016-2017. Changes in curriculum and instruction for the new school year include replacement of GRADE with DRA benchmark assessments for kindergarten

through second grade, opening of a new hands-on science, technology, engineering, arts and mathematics (STEAM) learning center for grades three through six, renewal of the Daily 5 literacy instructional framework, and introduction of the Daily 3 mathematics framework.

Curriculum writing of core lessons (also referred to as “topics” and “big ideas”) in English language arts (ELA) and mathematics was completed in the fourth quarter. Similar curriculum writing for science and social studies is planned to be completed early in the upcoming school year.

Professional development (PD) in the fourth quarter focused on 2016 changes to the School Level Comprehensive Plan, critical thinking in mathematics and reading comprehension. In the next school year, PD is planned for emphasis on the Daily 5, introduction of Math 3, use of updated instructional technology, and best practices in regard to EdInsight in conjunction with the recently completed core lessons in ELA and mathematics.

During the fourth quarter, ARL Barbara Mehalov visited DES on April 11, April 28, May 16 and June 13. Also, she and DES Principal Jennifer Jennings met by telephone on May 11. Mrs. Mehalov continues to contribute to improved administrative practice and remains a valuable resource in regard to curriculum writing, improved instruction and updating of the DES School Level Comprehensive Plan.

A Federal Programs Consolidated Review for 2015-2016 was conducted during the week of May 9 by Erin Oberdorf of the PDE Division of Federal Programs. It covered Title I, Title II Part A, Title III and Fiscal Requirements. Ms. Oberdorf found the DCSD to be “in complete compliance with current statute, regulations and guidance....”

During the second quarter, Cortney Verner of the PDE Bureau of Special Education conducted assist visits on May 17 and July 7. Attention was focused on preparations for an upcoming special education cyclical monitoring.

Because DES is a Priority School, it is required that the DES School Level Comprehensive Plan be updated annually. The 2016 revision was completed, posted, approved and subsequently submitted in June. The revision addresses five goal area and strategies within each area. The Plan’s re-ordered precedence of goals is shown below.

1. School wide use of data
2. Consistent and effective instruction
3. Standards aligned curriculum
4. Safe and supportive environment
5. Strong instructional leadership

There were no instructional or education administrative staffing changes during the fourth quarter. Unfortunately, the shortage of day-to-day substitute teachers has continued to be a problem. On top of several measures already taken to resolve the problem, at least two more are planned for the 2015-2016 school year.

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Pennsylvania System of School Assessment (PSSA) examinations were administered on schedule during the fourth quarter in grades three through six.

Several year-end school events were a lot of fun for students, their families, faculty and staff alike. DES held to tradition with KG graduation, sixth grade promotion, and a field day. The last day of school for students was June 3.

**Finance**

Execution and control of the both the 2015-2016 General Fund Budgets were on-going during the fourth quarter. Notwithstanding the 2015-2016 Commonwealth Budget and Fiscal Code impasse, and resultant delays in disbursement of state revenue, for the fiscal year to date there have been no unpaid or contested debt service obligations or invoices, with one exception. Furthermore, all payroll, benefit and tuition payments have been made on time.

The noted exception is for tuition invoices received from the West Mifflin Area (WMA) School District. These invoices were billed at a tuition rate unilaterally increased WMA, but were paid at the previously established rate. The disputed tuition is, in part, the subject of a lawsuit filed by WMA against the PDE, Secretary Rivera, the DCSD and its Receiver.

The 2016-2017 General Fund Budget, balanced in the amount of \$17,868,213, was adopted on June 8 and implemented on July 1. The budget supports all approved curriculum, programs, services, staffing, contracts and debt service obligations. Local real estate taxes were maintained at 17.5 mills

The following fund balance analysis is based on audited year-end results for 2014-2015, the DCSD General Fund Budget for 2015-2016 and the recently approved DCSD General Fund Balance for 2016-2017.

Duquesne City School District General Fund Fund Balance Analysis June 30, 2015 to June 30, 2017 as of June 30, 2016		
Non-spendable		
Prepays	\$ 178,721	
Accrued debt service subsidy	868,966	
Total non-spendable		\$1,047,687
Restricted		0
Committed		
Committed for extraordinary educational needs	\$ 1,000,000	
Committed for increases in PSERS contributions	366,664	
Committed for increases in health benefit expenses	796,779	
Committed for capital improvements	100,000	
Committed to refund Series 2013 Bonds when callable	450,000	

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Total committed		2,713,443
Assigned		0
Unassigned		247,704
Total audited fund balance as of June 30, 2015		4,008,834
Fund balance appropriation for the 2015-2016 budget		0
Projected surplus (deficit) for the 2015-2016 budget*		(868,966)
Total projected fund balance as of June 30, 2016		3,139,868
Fund balance appropriation for the 2016-2017 budget		0
Projected surplus (deficit) for the 2016-2017 budget		0
Total projected fund balance as of June 30, 2017		\$3,139,868

\* The projected deficit reflects the reduced likelihood for receipt of accrued debt service subsidy which was previously recognized as a receivable.

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

Duquesne City School District Bonds and Notes Payable June 30, 2016			
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

\* Audited financial statements

\*\* Projected

\*\*\* Notes payable are all with the Financial Recovery Transition Loan Program and are non-interest bearing.

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. In all categories, there have been no changes in staffing levels during the fourth quarter.

Duquesne City School District 2015-2016 Staffing Summary June 3, 2016			
Professional staff	38	Administrators *	4
Instructional support staff	22	Coordinators and supervisors*	3
Other support staff	11	Confidential exempt staff	2

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\* 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.

As previously reported, collective bargaining between the DCSD and the Duquesne Education Association (DEA) resulted in a contract that runs until June 30, 2017. However, for both 2015-2016 and 2016-2017, negotiations have had to be re-opened for salary. Re-opened negotiating sessions for 2015-2016 salary occurred on June 3, 2015, August 11, November 3, March 16, 2016, May 31 and June 13. At the last of these sessions, a tentative agreement was reached, which was subsequently ratified by both the DEA and the DCSD. Negotiations continue in regard to the 2016-2017 salary reopener.

For 2016-2017, salary increases for administrators, supervisors, coordinators and exempt staff are again being awarded in two increments. The first component of 1.5%, awarded on June 28 and effective July 1, 2016, is justified by increases in the cost of living. A second increment, to be awarded in the autumn, will be based on 2016 School Performance Profile (SPP) results. This same compensation process is planned for all non-union staff members.

On April 25, the Receiver, Chief Recovery Officer Paul Rach and Solicitor William Andrews attended an unfair labor practice hearing at the Pittsburgh office of the Pennsylvania Labor Relations Board (PLRB). The issue at hand, which involved two grievances and two unfair labor practice complaints, was settled apart from a PLRB decision. The settlement favored the School District's position.

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 3, 2016				
Receiving Schools	Grades	Students March 31	Students June 3	Projected Tuition
West Mifflin Area School District	7-12	257	257	\$2,819,881
East Allegheny School District	7-12	42	51	544,341
Charter schools, regular education	K-6	115	117	1,393,705
Charter schools, special education	K-6	14	14	524,135
Charter schools, regular education	7-12	50	50	586,413
Charter schools, special education	7-12	10	11	409,473
Special education schools	K-12	11	14	240,768
Other schools	K-12	9	9	108,495
Totals		508	523	\$6,627,211

During the fourth quarter, the total number of tuition students has increased from 508 to 523. Increases in individual categories can be seen by comparing enrollments in March to enrollments in June on the above table.

Charter school tuition rates are set at the beginning of the school year and are then adjusted during the year. The 2015-2016 tuition for each regular education student charter school student, which was \$11,728.25 per year, was adjusted by PDE to be \$11,912.01 and then to \$11,879.20. For each special education student who attends a charter school, the annual tuition was originally \$37,224.85, and adjusted by PDE to be \$37,438.18 and then \$37,335.01. The final adjusted rates are retroactive for the entire 2015-2016 school year.

Enrollments of Duquesne students in charter schools at key months over the last several years are depicted below. A slow increase in enrollment is discernable.

Duquesne City School District Charter School Enrollments March 31, 2016									
Month	Sep	Jan	Sep	Feb	Sep	Mar	Sep	Mar	Jun
Year	2012	2013	2013	2014	2014	2015	2015	2016	2016
Enrollment	129	139	146	160	177	186	186	189	192

***Governance and Administration***

Barbara E. McDonnell, M.Ed. completed the 2015-2016 year as the Acting Superintendent and chief administrative officer of the DCSD. On June 28 she was appointed as Superintendent for the period July 1, 2016 through June 30, 2019. Ms. McDonnell is supervised by Chief Recovery Officer Paul J. Rach, Ed.D. Both Ms. McDonnell 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 the Executive Deputy Secretary of Education David W. Volkman and Secretary of Education Pedro A. Rivera. At the ACCCP, Dr. Long reports to Senior Judge Judith L.A. Friedman.

The Duquesne City Board of School Directors consists of the following members.

1. President DeWayne Tucker
2. Vice President Calvin Harris
3. School Director Sonya Chambers
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 Theresa Thomas

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Members of the Duquesne City Board of School Directors participated in three receiver business meetings in the fourth quarter. Five school directors attended on April 19, five attended on May 24, and seven attended on June 28. An executive session was held prior to each of the business meetings. On the evening of June 28, a special meeting of the School Board was held during which the 2016-2017 tax resolution was unanimously approved.

Five members of the School Board attended a recognition ceremony on May 26 for Jo Debolt, a former member of the DCSD Board of Control. Mrs. Debolt was instrumental in the establishment of a branch Carnegie Library in the Duquesne Education Center. Also, four School Board members attended the second annual staff appreciation banquet on May 26.

The Receiver Advisory Council met twice during the second quarter: May 10 and June 14.

### *Next Report*

The next quarterly Recovery Plan Progress Report will cover the first quarter of fiscal year 2016-2017, i.e. July 1 through September 30, 2016. That report will be filed in October.

### *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. Barbara E. McDonnell, M. Ed., Superintendent
3. Nedene M. Gullen, Business Manager
4. Jennifer M. Jennings, M.Ed., Principal
5. Stanley B. Whiteman III, M.Ed., Assistant Principal
6. Debra M. Zimarowski, Special Education Consultant



## Appendix A

### *Recovery Plan Background*

This section is provided for readers who are not familiar with Duquesne's severe financial recovery status and/or its Recovery Plan.

The Duquesne City School District (DCSD) was declared to be in severe financial recovery status by the Secretary of Education on November 16, 2012. Preparation of the Recovery Plan began at that time. The Plan, completed and delivered on February 11, 2013, set forth measures to be taken to bring the School District out of severe financial recovery status, in accordance with the Public School Code. The Duquesne City Board of School Directors declined to approve the Plan. At that point, the Secretary of Education petitioned the Allegheny County Court of Common Pleas (ACCCP) to appoint a receiver and order implementation the Recovery Plan, as prescribed in the Public School Code. The petition was granted on April 2, 2013, which marked the official implementation of the Recovery Plan.

The Recovery Plan addresses both finance and education. The dual goal of the Plan has been, and remains, to re-establish high quality public education for the students of Duquesne while achieving stable and sustainable finances for the DCSD.

The Recovery Plan presents several options as potential ways to accomplish Duquesne's educational and financial recovery. These options are briefly described below. It is noteworthy that all options envisage continued existence of the Duquesne City Board of School Directors and uninterrupted operation of the School District's administration in some capacity.

*Option 1.* The DCSD would continue to operate an elementary program at Duquesne Elementary School (DES). This scenario provided a baseline to develop and compare the other options. Also, the scenario served as a point of departure for the continued operation of DES in 2013-2014. Option 1 has been in effect since implementation of the DCSD Recovery Plan and is expected to remain in effect in the foreseeable future.

*Option 2A.* K-6 students would be placed in one or more schools of one or more well-qualified, nearby school districts. Placement would be based on agreement(s) between the receiving school district(s) and the DCSD, which would need to be voluntary and beneficial for all districts involved. Moreover, the tuition would have to be affordable to Duquesne. This scenario was vigorously pursued, but not achieved for the 2013-2014 school year. Recently, no substantive progress has been made with Option 2A, although it may become viable in the future.

*Option 2B.* This option was introduced in the Recovery Plan Second Amendment. Similar to Option 2A, Option 2B envisages a voluntary and mutually beneficial arrangement between the DCSD and a well-qualified, nearby school district or other local education agency (LEA). Duquesne students in grades one through six would attend school at the present location, the Duquesne Education Center (DEC), but the school would be operated by the outside LEA. The DCSD would pay tuition to the outside LEA to cover all instruction, instructional support and educational administration. Duquesne would provide administration and support services, and it

would continue to operate pre-kindergarten and kindergarten classes. Option 2B is not currently being pursued, but may be implemented in the future.

*Option 3.* Like Option 2A, Option 3 would place K-6 students in a school of a well-qualified, nearby school district. Unlike Option 2A, Option 3 would be based on new Pennsylvania law. The result would be an arrangement similar to how Duquesne's secondary education program is now conducted. To date, there has been no known legislative initiative to enable this option.

*Option 4A.* One or more traditional charter schools would enroll Duquesne students in grades K-6. Under existing law that prescribes the calculation of charter school tuition rates, Option 4A is not financially viable. New legislation to reduce tuition rates or some extraordinary revenue source would be required to make charter school tuition rates affordable. Therefore, Option 4A is now maintained only as a potentially viable option.

*Option 4B.* Another charter school possibility is Option 4B, which would lead to a K-6 conversion charter school at the DEC. Just like the traditional charter school in Option 4A, the conversion charter school option in Option 4B is not financially feasible. Once again, new legislation to reduce tuition rates or some extraordinary revenue source would be required to allow a conversion charter school. Therefore, Option 4B is only potentially viable.

The First Amendment to the Recovery Plan dealt solely with obtaining an interest free loan from the Financial Recovery Transition Loan Program. The Amendment was reviewed by the Pennsylvania Department of Education (PDE) and subsequently approved by the Allegheny County Court of Common Pleas (ACCCP) on December 19, 2013.

To meet a need to update the original Recovery Plan and to obtain a second Transition Loan, the Second Amendment to the Recovery Plan was prepared, reviewed by PDE and submitted to the ACCCP for approval. On November 18, 2014, the Court approved the Amendment and ordered its implementation.

On March 28, 2016 the Secretary of Education petitioned the ACCCP to extend the DCSD receivership for three years. Although progress had been made in the educational and financial recovery of the DCSD, recovery status exit criteria had not yet been completely achieved. The receivership extension was set to run from April 2, 2016 to April 2, 2019.

Apart from Option 1, i.e. operation of pre-kindergarten through sixth grade at the Duquesne Elementary School (DES) by the Duquesne City School District (DCSD), other recovery options (2A, 2B, 3, 4A or 4B) have not been feasible. Therefore, Option 1 has been in effect since the Recovery Plan was implemented and for the entire receivership of the DCSD. Nevertheless, potential opportunities for moving forward with one of the other options have been and will continue to be monitored.

The above text gives only a brief summary of the Recovery Plan preparation and implementation. The full Recovery Plan, amendments to the Recovery Plan, and quarterly progress reports are posted on the Duquesne City School District's website: [www.dukecitysd.org](http://www.dukecitysd.org).

## Appendix B

### *Exit Criteria\**

The criteria for the Duquesne City School District to exit financial recovery status, set in the original Recovery Plan, are reaffirmed and up-dated as follows.

1. The Pennsylvania School Performance Profile score for DES will reach or exceed 70.0.
2. DES will have exited federal Title I Priority School status.
3. The DES Comprehensive Plan for the period July 1, 2014 through June 30, 2017 will be substantially accomplished.
4. The DCSD will maintain a positive annual fund balance for at least three years, beginning at the close of fiscal year 2014-2015, as reported on audited annual financial statements.
5. From July 1, 2014, the DCSD will not request or require an advance on its basic education subsidy.
6. From July 1, 2014, all DCSD employee salaries, wages and withholdings will be paid on time.
7. From July 1, 2014, the DCSD will not default on any bonds, notes or lease rentals and is not subject to withholdings by the Secretary of Education for debt service payments under Section 633 of the Public School Code.
8. Scheduled annual debt service will not exceed \$100,000 per year for all future years.
9. The DCSD will not satisfy the criteria for determination of recovery status, as established in regulations promulgated under Section 621-A(a)(2) of the Public School Code of Pennsylvania, and/or as contained in State Board of Education Regulations, Chapter 18, Financial Recovery.
10. The City of Duquesne must emerge from Act 47 (or superseding legislation) municipal recovery oversight per Section 625(A)(c) of the Public School Code of Pennsylvania.

\* Excerpted from the Second Amendment to the Recovery Plan, dated November 18, 2014