

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

**Recovery Plan
Quarterly Progress Report
Supplemental Information**

April 15, 2017

Purpose

This document is provided for readers who are not familiar with Duquesne's severe financial recovery status, receivership, the Recovery Plan and/or recovery status exit criteria.

Recovery Plan Background

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.

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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.

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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.

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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