
Recovery Plan

Duquesne City School District
Allegheny County, Pennsylvania



Prepared by the

Chief Recovery Officer
Paul B. Long, Ed.D.

February 11, 2013

With the assistance of

Public Financial Management
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia, PA 19103-2770
215 567 6100
www.pfm.com

Table of Contents

Executive Summary	1
Introduction	9
Education	19
Budget and Finance.....	37
Facilities.....	47
Workforce	55
Options	67
Appendices.....	79
Appendix 1	79
Appendix 2	87
Appendix 3	91
Appendix 4	97



Executive Summary

Executive Summary

Educational and Financial Recovery at Duquesne

Who would not want a high quality education for children and stable, sustainable finances at the Duquesne City School District? Aren't these worthwhile, even paramount goals for any public school district? Of course! The dual goals, impacting both educational and financial outcomes, are precisely the objectives for the financial recovery of the Duquesne City School District and improved educational outcomes for the children of Duquesne.

Though Duquesne once boasted a superb record of achievement by its students, the situation has changed. In recent years, Duquesne's secondary students have attended school in the West Mifflin Area or East Allegheny school districts. Now, Duquesne has only an elementary school for students in kindergarten through grade six. Unfortunately, the academic achievement of these students is not good, as evidenced by standardized test scores in reading and mathematics that are among the lowest in the state. These children deserve better.

Education is not the only thing that has changed in Duquesne. In better times, Duquesne was a thriving city that was able to support excellent public schools. However, the economy of the community has weakened and so has its ability to fund quality education. For more than twelve years, the Duquesne City School District has been in financial distress. In recent years, the District has had to rely on supplemental revenue from the Commonwealth just to make ends meet and to avoid insolvency.

Purpose

This Recovery Plan is put forth to specify measures to be taken to bring the Duquesne City School District out of severe financial recovery status, in accordance with the Act 141 of 2012 and Pennsylvania Secretary of Education Ron Tomalis' declaration of November 16, 2012. The Act describes aspects of financial recovery status procedure, status declaration, planning, Plan implementation and status termination. The Secretary of Education's letter declared the Duquesne City School District to be in severe financial recovery status. A copy of the declaration is included in this report as Appendix 1.

Specifically, this Plan endeavors to re-establish high quality public education for the children of Duquesne while achieving stable and sustainable finances for the Duquesne City School District. The primary scope of the Plan and its recommendations are focused on kindergarten through grade six. The Plan is prospective and constructive in nature. Retrospective views and analysis of past events are interesting, informative and certainly valuable to the planning process. Nevertheless, investigation of historic incidents and findings of fact in regard to them are not within the scope of this Plan.

Planning Process

At the direction of Secretary of Education Ron Tomalis, and with the cooperation of the elected Duquesne City School Board, the development of the Recovery Plan has been underway since mid-November. Chief Recovery Officer Paul B. Long was appointed on November 16, 2012 by the Secretary of Education to lead and coordinate the planning process. Major contributors to the planning process include Acting Superintendent Paul Rach, Acting Business Manager Nedene Gullen, other employees, members of the elected Duquesne City Board of School Directors and several consultants.

Throughout the process, the advice of community leaders and local citizens was gathered and used. Community involvement to date has included four meetings with the School Board, four public forums, two meetings of an advisory council, and numerous discussions with school board members and other stakeholders. A large part of the effort devoted to the development of the Plan has been accomplished by means of technical assistance provided by the Department of Education. This has taken the form of

consultative educational evaluation, financial analysis and other research conducted and/or coordinated by Public Financial Management, Inc.

Inasmuch as the Duquesne City School Board is asked to approve the Recovery Plan, their concerns and suggestions have been addressed in the Plan to the greatest extent possible. Similarly, if the Board votes for the Plan, the Secretary of Education will then be asked to approve it as well. Therefore, the Plan must comply with current law, regulations and practice. Several aspects of the Plan could be enabled or facilitated by new legislation. These are noted as they are addressed. However, it is clear that initiatives, requirements and recommendations of the Plan must be in line with the statutory *status quo*. In other words, the uncertainty of new legislation precludes reliance upon it in the implementation of the Plan.

The planning process consisted of three major parts. First, both qualitative and quantitative data were gathered. Qualitative data included, for example, recollections, opinions and recommendations of stakeholders, such as School Board members, employees and community members. Examples of quantitative data that were collected are general fund budgets, annual financial reports, standardized test scores and student enrollment projections.

The second part of the planning process was the evaluation of collected data, both educational and financial. This Plan contains both graphical representations and accompanying narrative to illustrate analysis of the collected data.

The final major task in the planning process was the development of scenarios to accomplish Duquesne's recovery. First, a baseline scenario was prepared, which envisioned continuation of the K-6 program as it is currently operated. From that baseline, three other scenarios were developed. These four scenarios were critically analyzed, compared and contrasted in terms of educational soundness, financial viability and potential issues. From the four scenarios, a primary plan was selected with the twin goals of financial stability and improved educational outcomes for the children of Duquesne.

Current Conditions

Notwithstanding the dedicated professional efforts of the administration and faculty of the Duquesne City School District, academic performance of K-6 students has been unsatisfactory, as evidenced by scores on the Pennsylvania System of School Assessment (PSSA) standardized tests. Furthermore, the trends of PSSA results are not promising. Certainly, a quality education does not consist solely of reading and mathematics skills, but these are absolutely essential to a student's overall educational success. This Plan contains information, both favorable and not, about curriculum, instruction, assessments and leadership at Duquesne Elementary School. The following graphics provide an informative overview of the situation.

PSSA Results for Duquesne City SD, Grades K-6, All Students, 2011-12

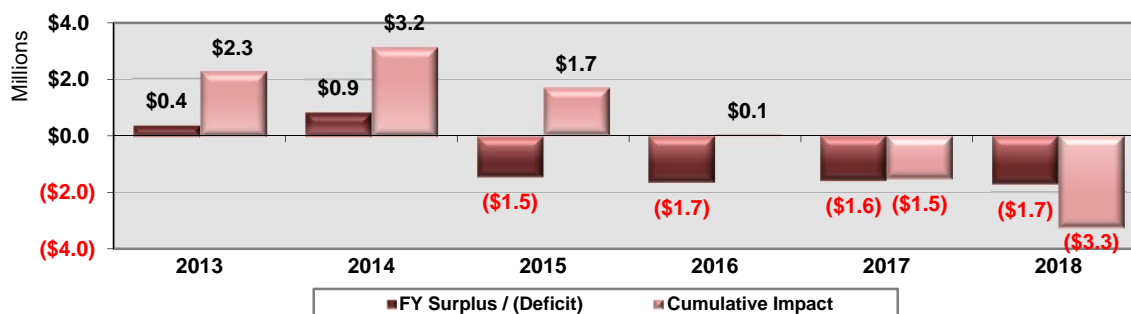
Jurisdiction	Advanced/Proficient Math	Basic/Below Basic Math	Advanced/Proficient Reading	Basic/Below Basic Reading
Duquesne City SD	32.1%	67.2%	16.1%	84.0%
Allegheny County	81.6%	18.4%	73.8%	26.3%
Commonwealth of PA	79.4%	20.7%	71.0%	29.0%

Duquesne City School District: PVAAS Average Growth Index & AYP, 2011-12

PSSA Test	Growth Measure	Standard Error	Average Growth Index	% Proficient	% Advanced	% Total	2012 AYP Targets
PSSA Math 4-8	-1.9	0.8	-2.4	21.2%	6.2%	27.3%	78.0%
PSSA Reading 4-8	-0.4	0.8	-0.5	19.2%	3.1%	22.2%	81.0%

The declaration of Duquesne's severe financial recovery status provides a compelling description of the School District's fiscal plight. A copy of the declaration letter may be found in this Plan in Appendix 1. Perhaps most noteworthy in the letter is the fact that the District has been in financial distress continuously since 2000. Another telling point is that annual debt service obligations are greater than the sum of local tax revenues. Also, consider that Duquesne's revenue budget is supported 83 percent by the Commonwealth, including \$2.5 million in supplemental revenue in the current fiscal year. The following graphic shows the annual financial results and recurring fund balance of the District if current policies are continued into the future.

Baseline Financial Forecast, Duquesne City School District, Fiscal Years 2012-13 to 2017-18



Challenges

Exacerbating the already difficult educational and financial conditions it is experiencing, the Duquesne City School District faces monumental challenges. Educationally, the Duquesne Elementary School has need of more professional development and better coordinated curricula. Furthermore, like all other Pennsylvania public schools, Duquesne faces new initiatives such as implementing Common Core State Standards, not to mention a continued flight of students to private, parochial and charter schools.

Financially, the School District is enduring a depressed local tax base and a stagnant revenue budget. Moreover, the District faces the statewide challenges of escalating contributions to the Public School Employee Retirement System (PSERS) and increasing medical benefit expenses. Also, both the professional staff and support staff collective bargaining agreements are currently up for renegotiation.

Scenarios

The Recovery Plan for the Duquesne City School District must address its unsatisfactory and unsustainable situation, both educational and financial. To do so, four alternative scenarios have been studied and reviewed by the Chief Recovery Office in constructing this Plan. Brief descriptions of the four scenarios follow.

Scenario 1 - Extend Baseline. Continue to operate the K-6 program as it is now exists. Although this scenario is academically undesirable and fiscally unsustainable, it provides a baseline to compare the other scenarios.

Scenario 2 - Solicit Placements for Duquesne K-6 Students. Place K-6 students in classes at one or more nearby public school districts, based on agreements between the receiving school district(s) and the Duquesne City School District. The agreements would be voluntary and beneficial for both districts. The receiving district would need to have adequate classroom capacity and appropriate academic programs. Furthermore, the tuition would have to be affordable to Duquesne. Of course, students' needs will have to be met. To the greatest extent possible, siblings would be kept together and parents' needs would be accommodated. To the greatest extent possible, parents would be accommodated. Scenario 2 is the recommended primary Recovery Plan.

Scenario 3 - Mandate Placements for Duquesne K-6 Students. Like the previous scenario, place K-6 students in classes at one or more nearby school districts, but in a statutorily-mandated arrangement. This would be a situation similar to how Duquesne's secondary education program is now conducted. However, this scenario is not possible under existing law and would require legislative action.

Scenario 4 - Charter School in Duquesne. Establish a charter school in Duquesne City for students in grades K-6. The charter school operator would be selected through a competitive proposal process, and the charter school would be housed at the Duquesne Education Center. However, under the existing law that prescribes how charter school tuition rates are to be calculated, this scenario is clearly not financially viable.

The Recovery Plan for the Duquesne City School District

Based on the evaluation of the Chief Recovery Officer, Scenario 2 is the most desirable both academically and financially. A detailed discussion of the four options and a rationale for selecting Scenario 2 may be found in the Options chapter of this Plan. However, these options are best understood in the context of the remainder of the Plan, beginning with the subsequent Introduction chapter.

Overall, key aspects of this Plan for the educational and financial recovery of the Duquesne City School District include:

- The School Board and the Secretary of Education should approve this Plan, including its recommendation of Scenario 2 as the best option to achieve high quality education and stable, sustainable finances without the requirement of new legislation. Both the Board and the Secretary should assist the CRO with implementation of Scenario 2.
- Implementation of the Plan should be followed in the short term by a public forum to explain and discuss it, and in the long term by close monitoring of educational and financial performance and compliance with Act 141 as well as close monitoring of student learning and wellbeing; proactive and timely measures should be taken to correct problems that are discovered.
- Financial aspects of the Plan include no-interest state loans to cover extraordinary costs of Plan implementation, and to facilitate refunding of some of the District's outstanding debt.
- If possible, maintain the School District's real estate assets, including the Duquesne Education Center (DEC) and the Duquesne Athletic Center, in part by pursuing a lease for the DEC to cover the costs of maintaining the facility after students leave.
- Retaining a core administrative staff to direct regular and special education placements, manage finances, coordinate student transportation and provide other basic functions. The District should continue its aggressive grant writing program and exploration of other new revenue streams through grant writing and fundraising.
- Undertake measures to ensure fair and equitable real estate taxes, tax collections and assessments, and implement prudent expenditure reductions through implementation of staffing and administrative efficiencies, to include appropriate legal and administrative action that may be necessary.
- Maintain sufficient, balanced capital and operating budgets consistent with this Plan and careful financial management.

The Future

This Recovery Plan is submitted to the Duquesne City School Board on February 11, 2013. Simultaneously it is made available to the public and to the media on the Duquesne City School District website. The School Board is asked to approve the Plan; if they do it will then be submitted to Secretary of Education Ron Tomalis for his review and potential approval. Implementation of the approved Plan is expected to begin in late February or early March, but the school placement aspects of the Plan would not take effect sooner than the beginning of the next school year in September 2013.

Implementation of this Plan and the pursuit of the dual goals of high quality education and stable, sustainable finances, as described in the Plan, will involve sweeping and unusual changes to public education in Duquesne. That change will be best accomplished with the cooperation and support of the School Board and the community. However, it would be naïve to expect that the Plan's implementation will not produce objection and perhaps even opposition. Regardless, there is urgent need to proceed.

Action must be taken now to enroll the K-6 students of Duquesne in better schools. Increased learning, improved achievement and newfound academic success are therefore to be expected for the students.

The situation with respect to finance is no less urgent. The Duquesne City School District must implement immediate change or risk further erosion of educational program and staff, continued economic distress and almost certain insolvency.

Implementation of this Plan is intended to address these challenges and generate improved educational and financial results, recapturing for our children the levels of excellence and achievement that were once hallmarks of public education in Duquesne.



Introduction

Introduction

Who would not want a high quality education and stable, sustainable finances at the Duquesne City School District? Aren't these worthwhile, even paramount goals for any public school district? Of course! The dual goals, impacting both educational and financial outcomes, are precisely the objectives for the recovery of the Duquesne City School district.

Though Duquesne once boasted a superb record of achievement by its students, the situation has changed. In recent years, Duquesne's secondary students have attended school in the West Mifflin Area or East Allegheny school districts. Now Duquesne has only an elementary school for students in kindergarten through grade six. Unfortunately, the academic achievement of these students is not good, as evidenced by standardized test scores in reading and mathematics that are among the lowest in the state. These children deserve better, and they must have it.

Education is not the only thing that has changed in Duquesne. In better times, Duquesne was a thriving city that was able to support excellent public schools. However, the economy of the community has weakened and so has its ability to fund quality education. For more than twelve years, the Duquesne City School District has been in financial distress. In recent years, the school district has had to rely on supplemental revenue from the Commonwealth just to make ends meet and to avoid insolvency.

The Duquesne City School District can and will succeed in providing an outstanding education for its children. After years of change and challenge, this document provides a roadmap to improved academic achievement for the District's students and stability for its finances.

Overview of Duquesne City School District

The Duquesne City School District (the "District") solely serves the students of the City of Duquesne. The City of Duquesne is located along the Monongahela River in Allegheny County Pennsylvania, southeast of the City of Pittsburgh. The District is governed by nine elected School Board members, one of whom is selected to lead the group as President. A Superintendent and other senior administrative officials are appointed by the Board. For the 2012-13 school year the District employed a staff of 70, with 30 professional staff and 40 administrative/support staff. The District's fiscal year begins on July 1 and ends on June 30.

Physically, the District is approximately two square miles in area, and it currently operates only one school building serving approximately 350 students in grades Kindergarten through 6.

Children from the District attend many other public school districts and other institutions as well. Based on legislation adopted by the Pennsylvania General Assembly, approximately 290 District students in grades 7 to 12 have been placed on a tuition basis in the neighboring districts of West Mifflin Area and East Allegheny. Students from the District also attend a number of local charter schools or cyber charter schools. In the 2011-12 school year approximately 120 students from the District attended charter schools. About 90 students attended the Propel charter school and about 25 were registered with cyber charters.

District transportation records indicate that in 2012-13 it transports students to 33 separate sites including its own buildings. This school year the District reports transporting 162 students to the District's public school and 223 students to other public schools and charter schools, private and other non-public schools, utilizing 28 buses making a morning and afternoon run each day.

The Duquesne City School District has been subject to various State statutes related to school districts that have had poor financial and academic performance. On July 3, 2000, the District was placed on a list of Pennsylvania school districts with a history of low test performance and financial distress under the provisions of the Education Empowerment List (Act 16 of May 10, 2000, PL 44). In October 2000 the

Secretary of Education declared the District to be “financially distressed,” which triggered certain governance changes in the District pursuant to the Public School Code. Specifically, the October 2000 declaration placed the District under a special Board of Control to assume responsibility for most functions formerly reserved to the elected school board. The power to raise taxes remained in the hands of the elected school board, however.

In June 2007 the Board of Control exercised its power in lieu of the District's elected school board to curtail educational programs under the provisions of section 1124 of the Pennsylvania School Code. Specifically, the Board of Control eliminated the high school education program (grades 9 to 12) while at the same time suspending staff who served the District's high school program. As required by the Pennsylvania Public School Code, the Department of Education approved the curtailment of the high school program. District high school students were eventually placed in the West Mifflin Area School District and the East Allegheny School District on a paid tuition basis, initially under the provisions of Act 45 of 2007.

Subsequently the Board of Control acted to curtail the District's grade 7 and 8 programs beginning with the 2012-13 school year, and these students were also placed on a tuition basis in the West Mifflin Area and East Allegheny school districts. Act 141 of 2012 established a tuition rate to be paid by the sending district in the event of the curtailment of programs.

The elected school board returned on November 16, 2012 and is currently charged with overseeing the operation of the school district.

Statutory Basis for the Recovery Plan

On November 16, 2012, under the provisions of recently-enacted state legislation (Act 141 of 2012), Commonwealth of Pennsylvania Secretary of Education Ron Tomalis declared the Duquesne City School District to be in severe financial recovery status and appointed Paul B. Long to serve as Chief Recovery Officer (CRO) to improve academic performance and bring financial stability to the district. The provisions of Act 141 required the District's School Board to vote to accept or reject his appointment; the School Board voted to accept the CRO on November 29, 2012.

The CRO is charged with taking input from the School Board and the community to develop a Recovery Plan to lead the district into financial solvency and position it for academic success. Act 141 provides 30 days to complete the Plan, but allows for an extension with the approval of the Commonwealth's Secretary of Education. Extensions to January 31, 2013 and February 11, 2013 were approved by Secretary Tomalis. This document is the Plan required by Section 663-A of Act 141.

The documents cited in this section may be found in Appendix 1 of this Plan.

Performance Basis for the Recovery Plan

While this Plan does not focus on the past, it is important to understand the baseline level of educational and financial performance that has led to the distress designation.

Educational performance

There are many ways to measure educational performance. A varied selection of indicators, however, all show that the Duquesne City School District falls short of providing its students with a great education.

One widely-publicized set of indicators of District performance are the results of Pennsylvania System of School Assessment (PSSA) tests. Each year, students are administered tests to measure attainment of state academic standards while also determining the degree to which school programs enable students to attain proficiency of the standards. On PSSA tests administered in the spring of 2012, over two-thirds of District K-6 students scored below proficient in math and over 80 percent were below proficient in

reading.¹ In comparison, less than 20 percent of all other students in Allegheny County and 21 percent of all other students statewide scored below proficient in math, while 26 percent of all other students in Allegheny County and 29 percent of all other students statewide scored below proficient in reading.

Proportionally, more than five times as many Duquesne students scored below basic in math than in the rest of the county or state. More than four times as many Duquesne students scored below basic in reading than in the rest of the county or state. Based on these scores, on February 1, 2013 the Duquesne elementary school was included on the state's annual list of the 15 percent lowest-achieving schools in the Commonwealth.

PSSA Math Results for Duquesne City SD, Grades K-6, All Students, 2011-12²

Jurisdiction	Number Scored Math	Advanced Math		Proficient Math		Basic Math		Below Basic Math	
Duquesne City SD	137	7	5.1%	38	27.8%	33	24.1%	59	43.1%
Allegheny County	40,205	21,145	52.6%	11,660	29.0%	4,753	11.8%	2,646	6.6%
Statewide	467,758	232,024	49.6%	139,232	29.8%	59,679	12.8%	36,805	7.9%

PSSA Reading Results for Duquesne City SD, Grades K-6, All Students, 2011-12²

Jurisdiction	Number Scored Reading	Advanced Reading		Proficient Reading		Basic Reading		Below Basic Reading	
Duquesne City SD	137	2	1.5%	20	14.6%	36	26.3%	79	57.7%
Allegheny County	39,919	14,016	35.1%	15,439	38.7%	5,572	14.0%	4,896	12.3%
Statewide	465,294	148,193	31.8%	182,278	39.2%	67,814	14.6%	66,983	14.4%

The District's performance even lags when its students are compared only to other economically disadvantaged students. On the 2011-12 PSSAs, 67 percent of economically disadvantaged District students scored below proficient on math, compared with approximately 33 percent of economically disadvantaged students in Allegheny County and about 35 percent statewide. On the reading PSSAs, 84 percent of economically disadvantaged District students scored below proficient, compared with approximately 45 percent of economically disadvantaged students in Allegheny County and 46 percent of economically disadvantaged students statewide.

PSSA Math Results for Duquesne City School District, Grades K-6, Economically Disadvantaged Students, 2011-12²

Jurisdiction	Number Scored Math	Advanced Math		Proficient Math		Basic Math		Below Basic Math	
Duquesne City SD	137	7	5.1%	38	27.8%	33	24.1%	59	43.1%
Allegheny County	14,781	4,658	31.5%	5,189	35.1%	3,000	20.3%	1,927	13.0%
Statewide	194,069	60,370	31.1%	66,479	34.3%	38,447	19.8%	28,557	14.7%

PSSA Reading Results for Duquesne City School District, Grades K-6, Economically Disadvantaged Students, 2011-12²

Jurisdiction	Number Scored Reading	Advanced Reading		Proficient Reading		Basic Reading		Below Basic Reading	
Duquesne City SD	137	2	1.5%	20	14.6%	36	26.3%	79	57.7%
Allegheny County	14,617	2,363	16.2%	5,606	38.4%	3,140	21.5%	3,496	23.9%
Statewide	192,800	31,127	16.1%	72,720	37.7%	38,939	20.2%	49,795	25.8%

¹ Every Pennsylvania student in grades in grades 3-8 and grade 11 are given the tests in reading and math. Every student in grades 5, 8 and 11 is assessed in writing, and every student in grades 4, 8 and 11 is assessed in science. Results shown in this chapter only reflect scores for students educated at Duquesne's K-6 school.

² Results for Allegheny County and statewide are net of Duquesne City School District results.

Results of the PSSA tests are one criterion used to determine whether schools are achieving adequate yearly progress (AYP) under federal No Child Left Behind (NCLB) requirements. The District's results indicate that its children are being left behind: the K-6 school failed to make AYP in 2011 and 2012, and its AYP status has now been shifted from Corrective Action I to Corrective Action II.

Another key indicator of student success is the Pennsylvania Value-Added Assessment System (PVAAS) which measures year-on-year growth in student performance. Here, too, the District lags, with negative results in the most recent year.

Duquesne City School District: PVAAS Average Growth Index & AYP, 2011-12

PSSA Test	Growth Measure	Standard Error	Average Growth Index	% Proficient	% Advanced	% Total	2012 AYP Targets
PSSA Math 4-8	-1.9	0.8	-2.4	21.2%	6.2%	27.3%	78.0%
PSSA Reading 4-8	-0.4	0.8	-0.5	19.2%	3.1%	22.2%	81.0%

This Plan is intended to provide academic options for the children of Duquesne that will improve the poor record of academic performance shown in these indicators.

Financial Basis for the Recovery Plan

This section describes in more detail the financial challenges facing the District, and the financial constraints on possible solutions to its problems.

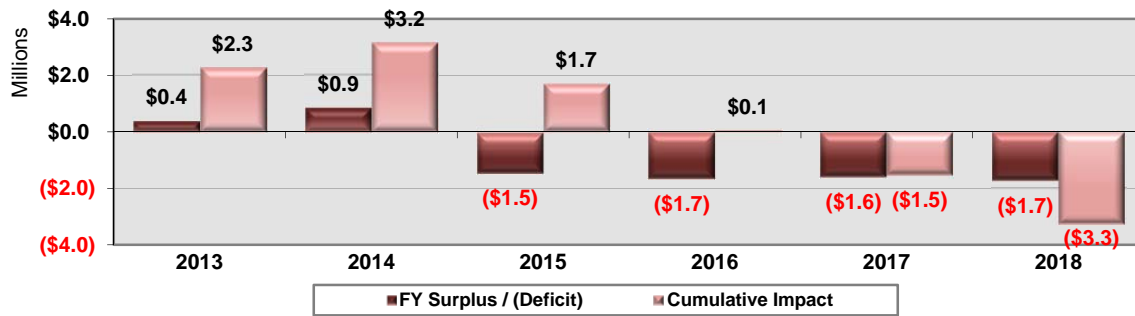
Model and Baseline Scenario

In order to understand where the District is now, the technical assistance team to the CRO built a multi-year budget model showing the District's current financial situation and what will happen between now and 2017-18 if no corrective action is taken. This baseline view starts with the District's 2012-13 budget and assumes current trends and policies are continued, and that known future events occur:

- The current arrangements and tuition rates for students in grades 7-12 attending adjoining school districts will continue;
- The percentage of District children enrolled in charter schools each year will continue to grow modestly at recent rates;
- Most local and state revenues will not show growth over the plan period, with the exception of salary-linked state revenues and modest growth in the basic instructional subsidy; federal revenues are driven by enrollment;
- The District will receive a \$2.5 million supplemental State appropriation in 2013-14, but not in subsequent years (since it already receives basic education funding at one of the highest aid ratios in the state before taking the supplemental into account, continued receipt of special aid is unlikely given its failure to have an impact on the District's poor academic results);
- No increase in employee salaries during the plan period;
- Other expenditures grow at recent historical rates (health care and energy are major drivers) with others growing by formula (charter school reimbursements) or by contract/legal agreement (debt service).

The sum of all of these assumptions produces a grim picture – after the elimination of the supplemental State appropriation the District's finances show deficits of approximately \$1.5 million annually, a figure equal to about 10 percent of each year's revenues. The recurring deficits quickly erode the District's modest fund balance, and eliminate it after the 2015-16 school year. By 2017-18 the District will have a negative fund balance of \$2.4 million, and the number will continue to worsen each subsequent year.

Baseline Financial Forecast, Duquesne City School District, Fiscal Years 2012-13 to 2017-18



Clearly this situation is untenable - if the District does nothing, it will be out of business, unable to make payroll, in just a few years. Moreover, the likely situation is worse than this projection shows. First, it will not be possible to retain quality employees if salaries are frozen throughout this period. Second, operating the K-6 school over the next several years would require hundreds of thousands of dollars in additional one-time and recurring investments that are not included in baseline expenditures because they are not currently budgeted. These include but are not limited to:

- New curricula for reading, math, science and social studies;
- Related textbooks, training and other materials;
- Three additional reading and math coaches;
- District-funded replacement for formerly grant-funded community liaison;
- Funding for a full-time business manager and a clerical assistant, as well as increased hours for the superintendent;
- Possible District funding for the currently part-time, grant-funded curriculum/instructional professional
- Any unexpected capital requirements.

Finally, some revenues included in the baseline are at risk, most notably federal funds threatened by the U.S. government's financial crisis and the threat of sequestration (currently estimated variously at 5-10 percent of federal funds).

The Future of the Duquesne City School District

With poor academic performance, constrained finances, and impending deficits, there are limited options for the Duquesne City School District. The District faces a substantial debt service burden related to renovations to the Duquesne Educational Center (DEC), with few ways to revise or restructure the debt over the next decade; one way to save some debt service costs is explored in the Facilities chapter of this Plan. The DEC is relatively expensive to run (with annual estimated non-personnel operating costs of approximately \$357,000, has a low value to potential buyers, and is undesirable to close given its use for other community amenities such as the library. The District's workforce is generally at the right size for the number of students in Duquesne, yet employee costs are set to rise significantly as pension costs and health benefits face substantial increases in the next several years that will exceed revenue growth.

Under the terms of Act 141, the Chief Recovery Officer (CRO) has been charged with developing a Recovery Plan that leads to academic improvement within the confines of the existing finances. As shown in the financial baseline, it is critical that the District move quickly to a different, more financially viable operating model.

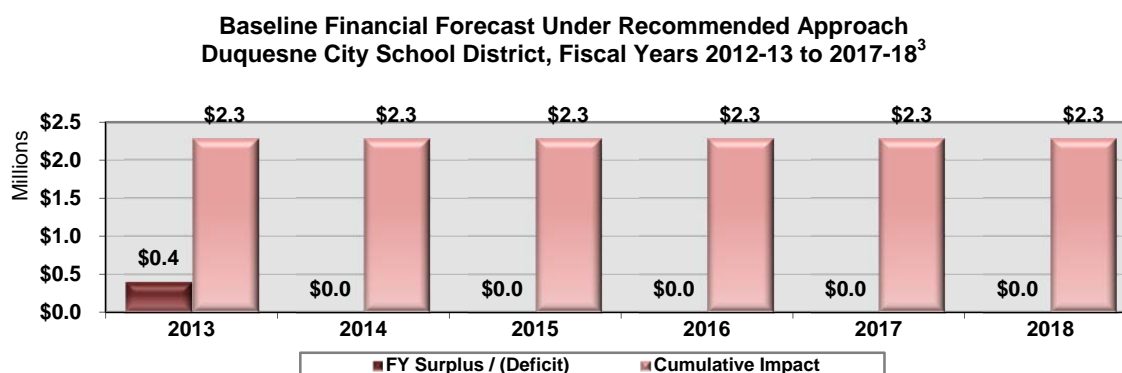
Developing the Plan

To develop the Recovery Plan, the CRO has combined consultation with the elected School Board and the community with analysis provided by a technical assistance team of finance and education experts.

Another community forum will be scheduled upon Plan approval to describe implementation of the Plan. In addition, the CRO has met on four occasions with the School Board to discuss the Plan, has met twice with an advisory council and has had individual meetings with community leaders, citizens and stakeholders.

The Recovery Plan for the Duquesne City School District

The priorities in this Plan are improving student academic performance and living within the District's financial capacity. As shown below, implementation of the recommendations in this report – including offering nearby school districts an opportunity to educate Duquesne K-6 students and reducing direct District operations to administrative functions – will generate better student outcomes and create stable annual financial results.



The remainder of this document reviews selected relevant areas of the District in detail, identifies key challenges and opportunities, and puts forth a series of initiatives to reform and improve school district academics and operations while controlling costs. Key aspects of the Recovery Plan include:

Academic

- Continuing the current arrangement of sending District students in grades 7-12 to the East Allegheny and West Mifflin Area School Districts at a tuition rate established by the General Assembly;
- Offering nearby school districts the opportunity to educate District students in grades K-6 for a tuition rate preliminarily estimated at approximately \$8,000 per student per year, an amount that reflects available District resources after required administrative costs and other legal obligations are met.⁴

Financial

- Funding of ongoing costs for Duquesne students after they move to other school districts, including transportation, special education, and charter school tuition;
- Funding of basic administrative costs including a superintendent, business manager, transportation, special education and facilities costs;
- Development of balanced multi-year operating budgets, with a stable fund balance and additional designated funds beyond base operations used to make the District's tuition rate attractive to

³ \$1.0 million of \$2.3 million in recurring fund balance is proposed to be reserved for special education tuition supplements, tuition stabilization and other extraordinary costs.

⁴ More details on how an agreement with receiving schools would work may be found in Appendix 3.

nearby districts and provide resources for extraordinary special education costs for receiving districts;

- Apply for Financial Recovery Transitional Loan funds - no-interest loans from the Commonwealth - in the amount of \$6.785 million in 2012-13 to refund debt and create savings, and \$1.0 million in 2013-14 to pay for extraordinary costs of Plan implementation and stabilize District finances in that year.

Facilities

- Maintain the Duquesne Educational Center (DEC) on a limited basis, continuing to operate programs important to the community, including the extended day/extended year programs and the library, but mothballing unused sections of the building;
- Seeking tenants for the unused space in the building at a lease rate that will help offset the operating and debt costs related to the building;
- Reservation of the athletic field property for future economic development.

Revenue

- Continued receipt of relevant state and federal funds that do not move with individual students;
- Annual adjustment of real estate millage to generate \$1.531 million each year in property tax revenue as a reasonable local effort for education.

If promptly and properly implemented, these changes will provide an improved education for students and bring the District's budget into balance. While the Recovery Plan requires further change for the District after years of revision and uncertainty, the shift to the tuition placement of students in nearby school districts will provide long-term stability and better educational opportunity for the children of Duquesne.

Other Provisions

Exit Criteria

Pursuant to section 641-A (9) of Act 141, the CRO must establish specific criteria that the District must satisfy before the Secretary may terminate financial recovery status. The District shall meet at least the following criteria in order to be released from financial recovery:

- The District is achieving adequate yearly progress under the provisions of the federal No Child Left Behind law, or complying with similar requirements in subsequent accountability systems approved for Pennsylvania by the U.S. Department of Education;
- The District has achieved financial stability beginning with the FY2013-14 school year by maintaining a positive annual fund balance for at least three years, and concluding three successive years with positive annual financial results, both as reported in the District's audited annual financial statements;
- The District does not request or require an advance of its basic education subsidy;
- All employee salaries are paid when due;
- The District is not in default on any bonds, notes or lease rentals and is not subject to withholding by the Secretary under section 633 of the Public School Code;
- The District does not satisfy the criteria for determination of recovery status established in regulations promulgated under section 621-A (a) (2) of Act 141.
- Under section 625-A(c) of Act 141, the City of Duquesne must emerge from Act 47 municipal recovery oversight before the school district may be released from Act 141 financial recovery status.

Powers and Duties Under Section 642-A

Throughout this Plan, the District and the CRO are directed to take actions authorized by section 642-A of

Act 141, granting certain powers and duties to achieve the goals of the Plan. The specific actions authorized in this Plan pursuant to section 642-A shall include but are not limited to:

- Reopen the District's 2012-13 budget to achieve budget balance (subsection 1);
- Convert the District's remaining school to a charter school under terms and conditions approved by the Chief Recovery Officer or receiver (subsection 2);
- Cancel or renegotiate contracts that are in conflict with or an impediment to timely implementation of the provisions of this Plan (subsection 3);
- Increase tax levies (subsection 4);
- Appointment of a special collector of delinquent taxes, subject to approval by the CRO (subsection 5);
- Dispense with the services of nonprofessional employees (subsection 6);
- Enter into agreements with persons or non-profit organizations to operate a school or schools (subsection 7);
- Suspend or revoke a charter (subsection 8);
- Employ professional and senior management employees who do not hold State certification (subsection 9);
- Enter into agreements with for-profit or non-profit organizations to provide services (subsection 10);
- Close or reconstitute a school, including the reassignment, suspension or dismissal of professional employees (subsection 11);
- Appoint managers, administrators, or for-profit or nonprofit organizations to oversee schools in the district (subsection 12);
- Reallocate resources, amend school procedures, develop achievement plans and implement testing or other evaluation procedures for educational purposes (subsection 13);
- Supervise and direct principals, teachers and administrators (subsection 14);
- Negotiate new collective bargaining agreements to effect needed economies (subsection 15);
- Delegate powers of the CRO (subsection 16);
- Employ entities to review financial and educational programs (subsection 17)
- Negotiate a contract with a charter school (subsection 18).

Specific references to each subsection of 642-A are included in the body of this Plan. This section is meant to be liberally construed, not limit, the initiatives and directives found throughout this Plan, so as to fulfill the CRO's intention in improving academic performance and achieving financial stability.



Education

Education

This chapter provides a snapshot of the current status of the curriculum development and implementation, the types of instruction and the resulting academic achievement of the students in kindergarten through grade six in the Duquesne City School District. To accomplish this task, the information was gathered through these sources:

- Descriptions of the current situation, including any brief historical information, based on interviews with district staff or previous district staff;
- Review of district documents that relate to curriculum development, instructional implementation, and resulting levels of academic achievement; and
- Brief classroom visitations.

The analysis of the information was based on the degree of congruence with the direction provided by the Pennsylvania State and local resources:

- Pennsylvania State Board of Education regulations in the Pennsylvania School Code proposed Chapter 4: Academic Standards and Assessment;
- Pennsylvania Department of Education documents related to Common Core Standards, Anchors, Eligible Content and their effective implementation;
- Pennsylvania System of School Assessment School Data;
- Local documentation of program planning and implementation;
- Teacher and administrator input on the status of the educational program; and
- Evidence of student work and behavior.

Curriculum

In the proposed Chapter 4 regulations from the Pennsylvania State Board of Education, curriculum is defined as a series of planned instruction aligned with the academic standards in each subject that is coordinated and articulated and implemented in a manner designed to result in the achievement at the *Proficient* level by all students.

In Pennsylvania's Standards Aligned System (SAS), a curriculum framework is one of the six elements for ensuring student achievement. A curriculum framework specifies the topics to be taught at each grade for each curriculum subject. The components of Pennsylvania school districts' curriculum frameworks should be *standards, anchors, Big Ideas, concepts, competencies, essential questions, academic vocabulary and exemplars*. To ensure that every district can have a standards-aligned curriculum, PDE is developing articulated curricula, PreK-12, for English Language Arts, Mathematics and Science. A school district can fully adopt these curriculums, supplement them with local components, or compare its current curriculum to the state-developed curriculum to ensure standards-alignment. The materials and resources selected for the implementation of the curriculum framework should be aligned with the standards and assessment anchors.

Although they are not viewed as a curriculum, the Pennsylvania Academic Common Core State Standards provide the basis for assessing a student's achievement as a proficient learner. A school district's curriculum framework should include additional topics that are locally selected for each grade level and each subject.

In the Duquesne City School District, there are paper curriculum documents in reading, mathematics, and science. In addition, many PDE resources have been disseminated to the staff with some professional development on their importance in student achievement on the Pennsylvania System of School Assessment (PSSA):

- Standards Aligned System (SAS)
- Pennsylvania Common Core State Standards
- Early Childhood Standards (K-2)
- Resiliency
- Response to Intervention and Instruction and its SAS Connection
- Principles of Teaching, Learning, and Curriculum
- Assessment Anchors and Eligible Content
- Item and Scoring Samplers

These items should be in a Curriculum Binder in each teacher's classroom.

The Duquesne City School District written curriculums follow a similar format:

Time Frame	Concepts/ Competencies	Instructional Materials & Objectives (Tiered)	Assessment	Standards & Assessment Anchors	Technology Integration
------------	---------------------------	---	------------	--------------------------------------	---------------------------

The historical and current status of the available curriculums is discussed below.

Reading/Language Arts Curriculum

During the school district's management by the Allegheny Intermediate Unit 3, a reading/ language arts curriculum was developed with leadership from the Reading Achievement Center. It has the components of the PDE Curriculum Framework and includes the Tiered instruction of the RTII. Because the curriculum was based in part on the reading series, Treasures, used during that time, it may not be in use now. However, the teachers can refer to the Big Ideas in the Concepts and Competencies section: Language and Word Study, Comprehension, Speaking and Listening for guidance on appropriate content.

Currently the Success for All series, Roots, Wings and Edge, is the basis for the reading curriculum. Kinder Corner is the kindergarten level of the series and provides a comprehensive plan for incorporating all subjects in the students' learning.

The curriculum for language arts (writing, grammar, speaking, listening) is unclear. No paper document for English/language arts was made available to the study team. There was evidence that writing skills, as presented in the Pennsylvania Academic Standards, are part of the teaching curriculum. Student work was posted in the halls with accompanying rubrics; however, the scoring of the students' quality of writing did not match the PDE-provided samples for applying the rubrics.

Mathematics Curriculum

During the school district's management by the Allegheny Intermediate Unit 3, a mathematics curriculum was developed with leadership from the Math and Science Coordinator. It was based on the Everyday Mathematics series, academic standards and local additions. It remains an appropriate curriculum for use by the staff.

Currently the teachers do not view the written curriculum based on Everyday Mathematics' scope and sequence as their curriculum. Although the Every Mathematics series is the textbook used for mathematics, it is only used as a resource and not as the developmental sequence of skill development. The teachers do not believe its spiral approach to learning is appropriate for their students; they feel the students need a more traditional approach so students have better retention. Some teachers have

resorted to using the previous series, Math Advantage (1999); however, there is not a full classroom set of textbooks at each grade level.

Science Curriculum

The science curriculum provided to the study team was initiated in 2008 and developed by teachers. The modules of the Full Option Science System (FOSS) and selected modules from the Asset program from Science and Technology for Children (STC) were selected for the curriculum development. Some of the modules are not complete in the paper document. FOSS modules have technology support: www.fossweb.com. There is no evidence to determine whether the science curriculum is aligned with the Pennsylvania Academic Standards in Science and Technology.

Currently, in addition to the written curriculum, the teachers are also referring to sample science textbooks that were provided for review when the district was hoping to adopt a science textbook. Departmentalization occurs in grades 5-6 so science is taught every day. How extensively the science curriculum is followed could not be determined in the short timeframe for this study.

Social Studies Curriculum

A written curriculum document for social studies was not included in the curriculums provided to this reviewer. The recently adopted social studies textbook series has provided the basis for instruction.

Response to Intervention and Instruction (RTII) and Curriculum

The RTII is a process for providing systemic, research-based instruction for all students and interventions for struggling students. In August 2012 the faculty received the information on Tiered instruction required for successful implementation. Tier I requires a core curriculum that will be the basis for instruction for all students with universal interventions to prevent learning problems. Only the curriculums developed by the Allegheny IU staff include the targeted interventions necessary for students who require support in Tier II and Tier III.

The Duquesne City School District does not have a core curriculum that the teachers have accepted as the content they are to teach to all students. It appears they decide on a daily basis what content they will teach. This includes the reading curriculum; although the Success for All series is a scripted program, the teachers make changes which affect the fidelity of the implementation. Full implementation of the RTII is not possible until resolution of the curriculum issues.

The Duquesne City School District administration is commended for recognizing the need for the RTII process. The School Comprehensive Plan provide for the curriculum mapping necessary for the implementation of RTII. The Professional Learning Communities may become the vehicle for changing the teachers' belief in teacher-driven curriculum to a standards-aligned curriculum.

Instruction

In the proposed Chapter 4 regulations of the Pennsylvania State Board of Education, instruction is defined as planned instruction offered by a school entity based upon a written plan to enable students to achieve the academic standards under § 4.12 (relating to academic standards) and any additional academic standards as determined by the school entity.

In the Pennsylvania Standards Aligned System (SAS), instruction is one of the six elements in the framework for continuous school improvement. SAS quality instruction has four components:

- Teaching topics aligned with the academic standards,
- Ensuring the right level of challenge—not too difficult to produce frustration and not so easy that little or no new learning occurs,

- Focusing teaching on the learning needs of the students identified by the evaluation of the student achievement of the standards, and
- Implementing instructional strategies that build on the students' previous learning, a scaffolding of learning steps that are needed to achieve the standards.

If quality instruction is occurring in a classroom, these actions are observable:

- *Scaffolding*—The teacher providing support to students during initial learning to make the task less complex, then gradually removing the support until the student can do the task independently
- *Active student participation* by at least 80% of the students as measured by all-student response techniques
- *Modeling* by the teacher to demonstrate how to use or perform a learning strategy
- *Meta-cognition*—The teacher guiding the students through a thinking process that is complex, analytical rather than literal, until the rigor of the task may be at the evaluative and creative thinking level
- *Explicit, direct instruction* by the teacher until the student can demonstrate understanding of a concept or demonstrates a misconception that requires an intervention.
- During quality instruction, the teacher is continuously assessing student progress in achieving the learning. Teacher talk and teacher “telling” is replaced by student talk that demonstrates his/her level of learning. The students are focused on the learning task. Tiered assignments based on the students' challenge levels replace whole group assignments.

The Duquesne Classroom Environment for Instruction

The classrooms were well lighted, with appropriate student and teacher furniture. In some rooms, the students' desks were in traditional rows; in a limited number of rooms, the desks were arranged for collaborative work. The inclusion students and the accompanying support persons (PCAs or paraprofessional) were in the back or at the side of the rooms.

Most rooms were decorated with how-to-instructional charts, samples of student work, and the daily schedule. In some rooms, the topics in each subject and/or the standards addressed during the day were listed on the white boards. Class enrollment ranged from twenty-seven (27) in each of three Kindergartens to eighteen to twenty-one (18-21) in two rooms of each grade 1-6.

Regrouping for reading reduced the class size in some rooms.

Reading Instruction

The Success for All (SFA) Reading series is being implemented with varying degrees of fidelity. In its fourth operational year, it appears that the teachers in K-2 may have continued to use the program as intended with minor adjustments. There is no assurance that the teachers at the other grade levels use the materials with fidelity. Although the teachers' lesson plans reflect active engagement in the program's strategies and techniques, actual classroom activity does not support this. Observations during classroom visitation and interviews provided this evidence to support the lack of instruction fidelity and lack of appropriate instructional supports:

- The time allotment for regrouping and leveled instruction was seventy (70) minutes instead of the necessary ninety (90) minutes.
- Because the reading block begins at 9:10 a.m., students who were tardy (15-20 per day) were not present for up to the first half hour of instruction.
- The reduction of staff has resulted in reading groups with a wider range of reading ability than should occur for maximum learning.
- Instruction was teacher directed, whole group, with limited, random all-student response. Cooperative learning was not observed. One teacher gave points for team work.
- Targeted interventions for Tier II students did not occur. *Planned* interventions for the special education inclusion students were not evident; the PCA or paraprofessional assisted the student

in completing the whole group lesson. There did not appear to be a specific plan by the teacher for the use of the paraprofessional.

- Students were not focused on the learning. There was an overall lack of student engagement.

These observations were substantially the same as the three SFA Point Coaches' reports for 2011-12 and in October 2012 concerning the SFA implementation. The SFA Point Coach visits three times a year to rate the district's progress in SFA implementation. The SFA Snapshots reviewed the program structures and rated each structure as in place (IP) or not in place (N). In the Fundamentals category, five of sixteen were not in place. In the Assessment category, the required tutoring was not in place. In the Leading for Success category, none of the eight structures were in place. Many items not in place have been on the Snapshot reports for four consecutive visits.

The problem related to SFA full implementation has been exacerbated by the administrative decisions necessary due to the financial situation of the Duquesne City School District. Over several years, the number of coaches has been reduced from four to one. The one coach is currently responsible for reading and mathematics, the DIBELS and 4Sight assessments, and the quarterly regrouping of the students in their instructional levels. There is no time for coaching teachers in improving their instruction. In addition, she is used as a substitute teacher for the day or for coverage in individual class periods.

Because of furloughing when the middle and high schools were closed, teachers with seniority were placed in elementary levels that they had not previously taught. In some cases, the teacher was changed to a new grade level the next year. These teachers and newly hired teachers have had no professional development on the proper implementation of the SFA reading program.

English Language Arts Instruction

The English/Language Arts (ELA) instruction included writing, spelling, grammar and PSSA preparation. The allotted time was forty-two minutes in grades 1-2 and 5-6. In grades 3-4 the time varied from forty-two (42) minutes to thirty-seven (37) minutes in the last period of the day. Teaching ELA at this time period with reduced instructional minutes is a concern.

A review of the ELA instruction was limited due to few observations and the lack of a written curriculum.

Mathematics Instruction

The situation discussed in the mathematics curriculum section of this report has impacted the mathematics instruction. If the teachers are not committed to the Everyday Mathematics text, a developmental system may not exist for (1) identifying the specific topics for instruction at each grade level, (2) consistency in teaching math processes across grade levels, and (3) using a common math vocabulary in explaining math processes.

The time allotted for mathematics in the teachers' schedules varied from eighty-four minutes (two periods) in grades 1-4 to forty-two minutes (one period) in grades 5-6. The two-period block in grades 1-4 exceeds the recommended sixty (60) minutes and has not resulted in improved student achievement. The one period for mathematics in grades 5-6 is necessary because the teachers want to departmentalize the subjects. One teacher is teaching all the math groups.

The teachers have the Pennsylvania Coach booklets to assist in the preparation for the mathematics PSSA. At some grade levels, the teachers may not have full classroom sets and/or must depend on duplicating the material. Even though many students may not have the background knowledge and skills to do the mathematics problem solving at grade level, the teachers have used the grade level booklets as a practice tool. The teaching procedure involved the assignment of the page or pages of math problems followed by some discussion of how the problems were solved. There does not appear to be any pre-teaching or review of a math process before it is practiced in the Coach book. It is unclear how much instruction occurs on the written student explanation of how the student solved the math problem as required on the PSSA.

Initiatives for Improving Instruction

The Duquesne City School District administration has begun the implementation of specific action steps for improving teacher instruction with the planned professional development for the teachers. Two programs provide the core, Educator Effectiveness and Response to Instruction Intervention (RTII).

The Educator Effectiveness Program—Teacher Effectiveness

Teacher effectiveness involves four Domains:

- Planning and Preparation
- The Classroom Environment
- Instruction
- Professional Responsibilities

The teachers are taking the online Teachscape course in the Charlotte Danielson's Framework for Teaching which focuses on these four domains of teaching responsibility. In their Professional Learning Communities, they are reading and discussing Charlotte Danielson's Framework for Teaching which Pennsylvania has adopted as its overarching vision for effective instruction. Using the rubric for performance in each of the Domains, the teacher can self-assess, work with other teachers on assessing performance, and work with the principal on feedback from walk-throughs to improve instruction strategies. The process should identify teacher leaders who will help focus their colleagues on the students' achievement.

The teacher rubric for performance in Domain 3: *Instruction* involves these components:

- Communicating with students
- Using questioning and discussion techniques
- Engaging students in learning
- Using assessment in instruction
- Demonstrating flexibility and responsiveness to all students' instructional needs

Implementation of the Teacher Effectiveness is dependent on these factors:

- Teachers' belief that a good teacher can get better
- Teacher willingness to do objective self-assessment
- Intensive, concentrated, specific, continuous multi-year professional development
- Ongoing, constructive feedback between the principal and the teacher

The Implementation of the Response to Intervention and Instruction (RTII)

The RTII process only works if the school district has a strong instruction component. Effective instruction is based on a standards-aligned core (Tier I) in which all students gain the knowledge and skills for their grade level. When this is in place, the targeted instruction (Tier II) for struggling students is based on data and the immediate, most effective instruction to correct the problem. The Tier III instruction is more intensive and usually involves the students with special needs.

The Duquesne staff may have difficulty implementing RTII. First, the students' lack of achievement in reading, writing, mathematic and science does not indicate a strong core of curriculum and instruction for all students. Second, the lack of coaches and limited principal walkthroughs with feedback does not provide methods for teachers to change their practices. Data driven instruction is not the current practice for all teachers. Third, the teachers do not appear to be planning for specific interventions with support for identified special education students during the time they are included in the core instruction. It will require a high level of teacher and principal commitment to the RTII process for change in instructional practices to occur.

Assessment

In the proposed Chapter 4 regulations of the Pennsylvania State Board of Education, assessment is defined as a valid and reliable measurement of student performance on a set of academic standards in a subject area that captures student understanding of the set as a whole and the central concepts, knowledge and skills of each content area.

In the Pennsylvania Standards Aligned System (SAS), assessment is one the six elements needed for student achievement of the standards. A school district's assessment plan should include four types of assessments to monitor student progress:

- *Formative assessment* is used by the teachers and students during instruction to provide feedback to determine if adjustments are needed in the instruction (All student responses- Thumbs up or down, Random Reporter, Yes-No cards).
- *Diagnostic assessment* occurs before instruction so the teacher can plan interventions or adjust the instruction to meet the students' needs (DIBELS, classroom evaluation).
- *Benchmark assessment* provides feedback to the teacher and students about how well they are progressing toward the *Proficient* level on the grade level standards.(4Sight)
- *Summative assessment* is used to provide an overall judgment of the student's progress at the end of defined period of instruction. (PSSA, Keystone Exams)

Teachers in the Duquesne City School District use the four types of assessment as part of the instructional program. The amount of assessment data used in driving instruction depends on the individual teacher. Formative assessment techniques used by several teachers appeared random with little follow-up with students who responded incorrectly. However, there was no consistent use or expectation that all students will respond. (One teacher used a formative assessment effectively to lead students through the explanation of a mathematics problem.)

The coach completes the administration the DIBELS or 4Sight assessments, compiles the data and regroups the students for reading instruction. The teachers do complete some, but not all, SFA reading data forms. Information about assessments in other subjects was not available or not collected.

The PSSA provides data about the students' overall achievement for a complete school year. The Duquesne Consolidated School (currently K-6) has not made Adequate Yearly Progress (AYP) since its reconfiguration after 2006-07. Based on the 07-08 PSSA data, the school was in *Warning* and has subsequently moved through each stage of School Improvement to the current *Corrective Action II (first year)* status based on the 2011-12 PSSA data.

The following section will include (1) an overview of the current status of the students' achievement levels in the Duquesne Consolidated School and (2) District longitudinal PSSA data from 2004-05 to 2011-12.

Current PSSA Results

The Duquesne City School District is one of the lowest achieving schools among the 500 school districts. In information received from PDE, Duquesne had the lowest percentage of students at the *Advanced* and *Proficient* levels using 2012 PSSA results of mathematics and reading combined (no PASA or PSSA-M scores) in determining eligibility for a state grant. In 2012 on the District overall student results on the PSSA in mathematics, twenty-seven percent (27%) of the 287 students tested were at the *Proficient* and *Advanced* levels; fifty percent (50%) were *Below Basic*. The Levels of Proficiency percentages for grades 3-6 are presented below.

2011-12 PSSA Mathematics in Grades 3-6

Math	Overall P-A*	Below Basic	Basic	Proficient (P)	Advanced(A)
Grade 3	35%	30%	35%	30%	5%
Grade 4	32%**	43%	24%	30%	3%
Grade 5	24%	59%	17%	24%	0%
Grade 6	35%	35%	30%	25%	10%

*Overall P-A includes grades 3-8 and 11

**Rounded

In 2011-12 on District overall student results on the PSSA in reading, twenty-two percent (22%) of 288 students tested were at the *Proficient* and *Advanced* levels; fifty-six percent (56%) were *Below Basic*. The Levels of Proficiency percentages for grades 3-6 are presented below.

2011-12 PSSA Reading in Grades 3-6

Reading	Overall P-A*	Below Basic	Basic	Proficient (P)	Advanced(A)
Grade 3	27%	54%	19%	22%	5%
Grade 4	14%	62%	24%	14%	0%
Grade 5	12%	68%	20%	12%	0%
Grade 6	13%	43%	45%	13%	0%

*Overall P-A includes grades 3-8 and 11

The PSSA reading achievement data revealed these findings about most of the students:

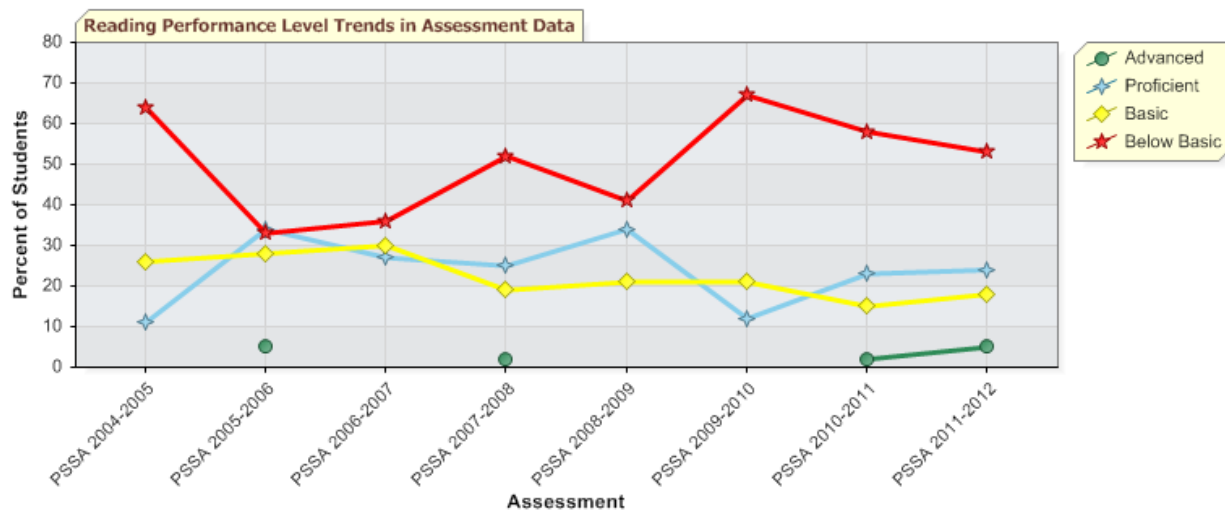
- The students cannot be learning content through reading grade level material.
- The students cannot read the PSSA passages and make appropriate responses to questions.
- The students cannot read the word problems in mathematics in order to solve them.
- The reading instructional program does not meet the needs of the students or the program is not instructed with the fidelity necessary for standards-based grade level achievement.

Longitudinal PSSA Data

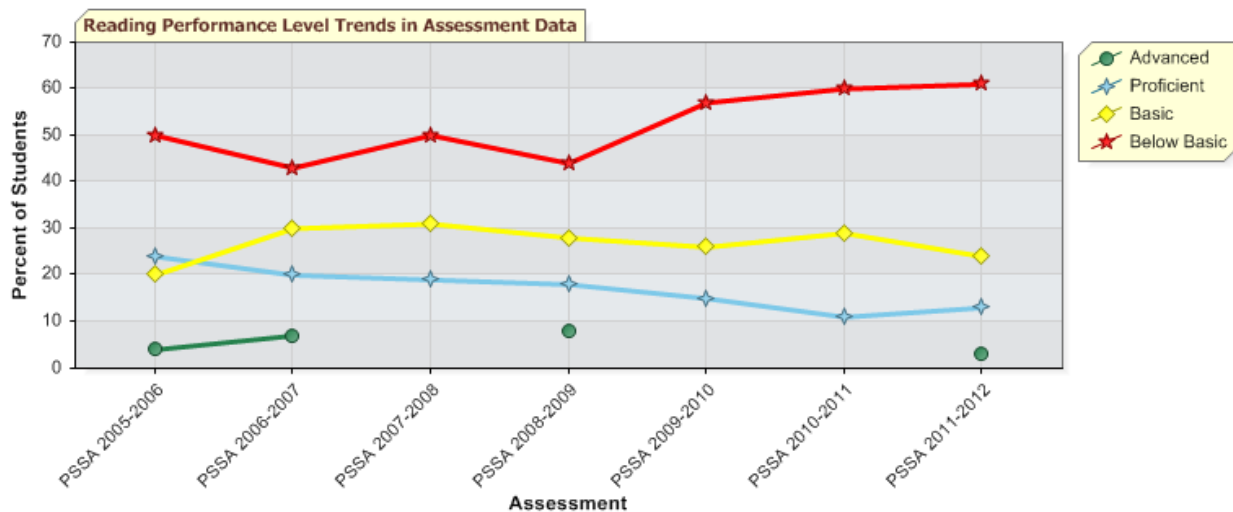
The PSSA longitudinal data in reading and mathematics reveals little or no change in the overall achievement in the school district regardless of the leadership or management.

Duquesne City School District, PSSA 2011-2012, Grades 3 through 6

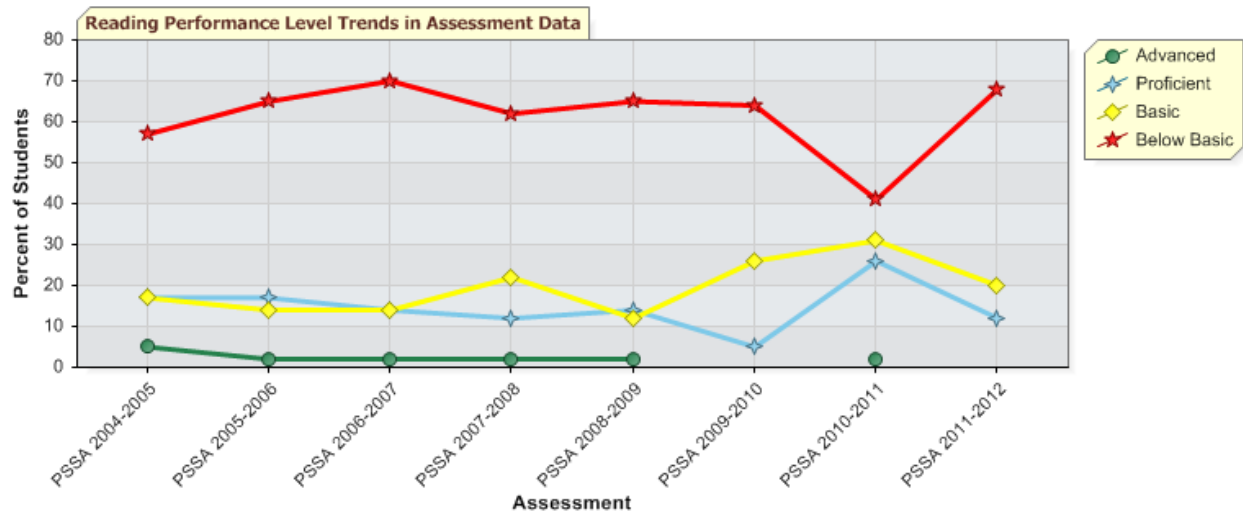
Reading Grade 3



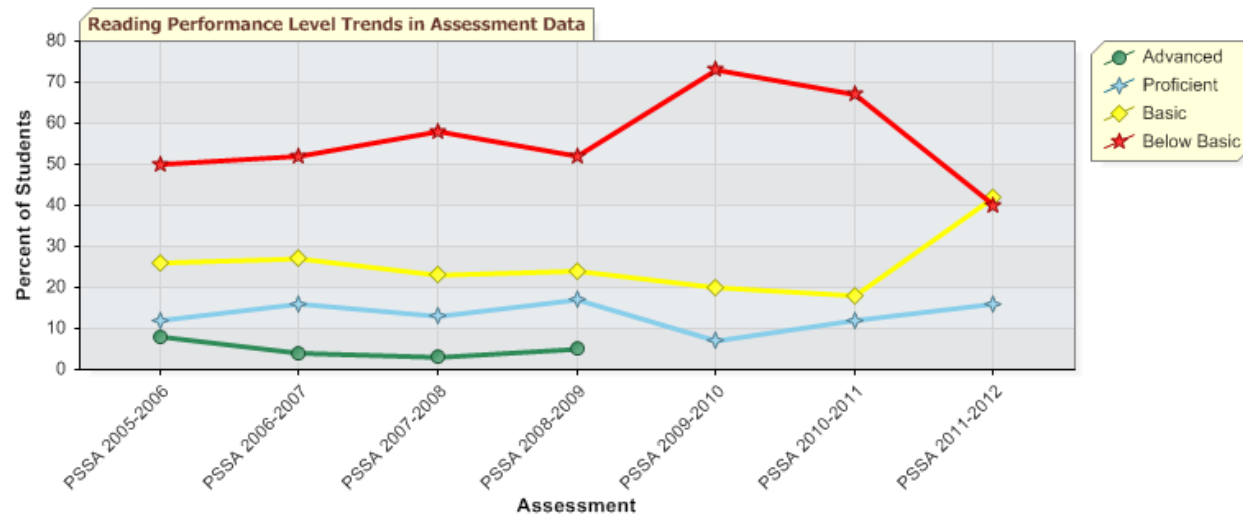
Reading Grade 4



Reading Grade 5

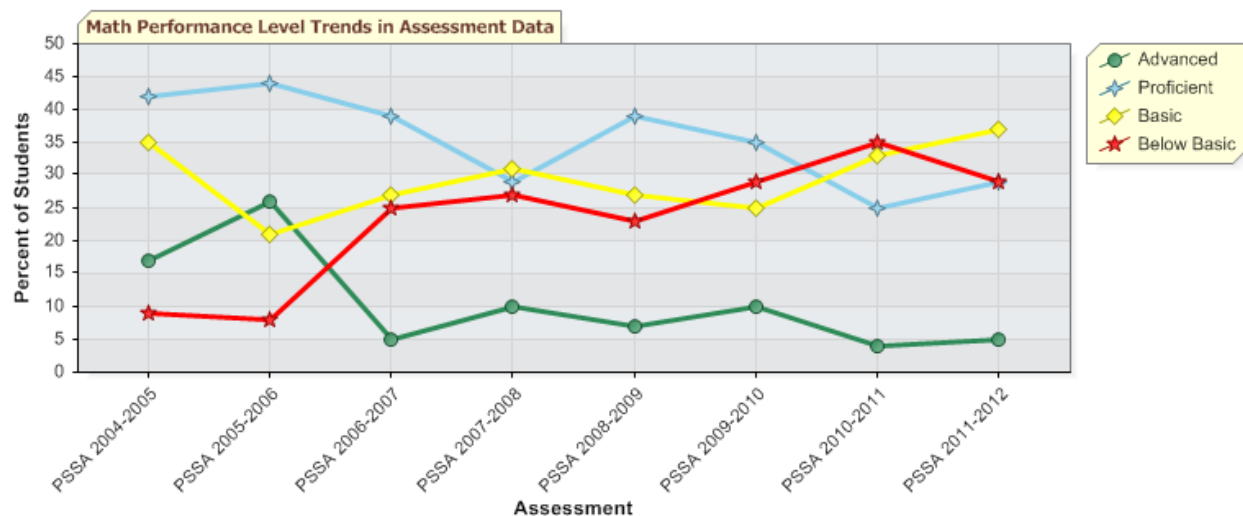


Reading Grade 6



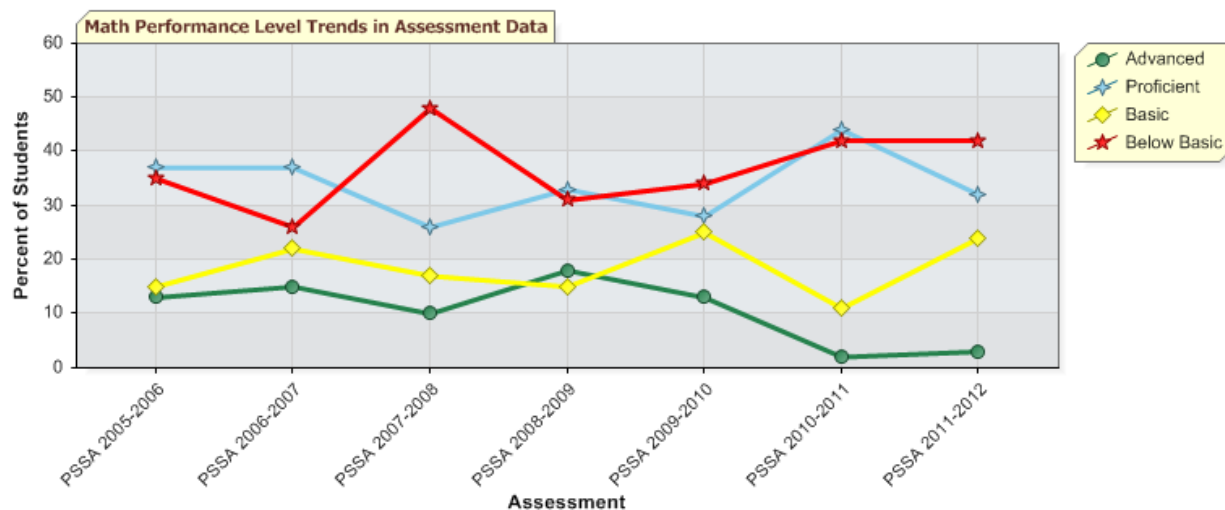
Note the loss of the *Advanced* group after 2008-09. The principal and teacher should analyze the data to attempt to learn the root cause of the increase in percentage of students in the *Basic* group and the decline in the percentage of students in the *Below Basic* group in the 2011-12. Replication might be possible depending on the cause for the improvement.

Math Grade 3

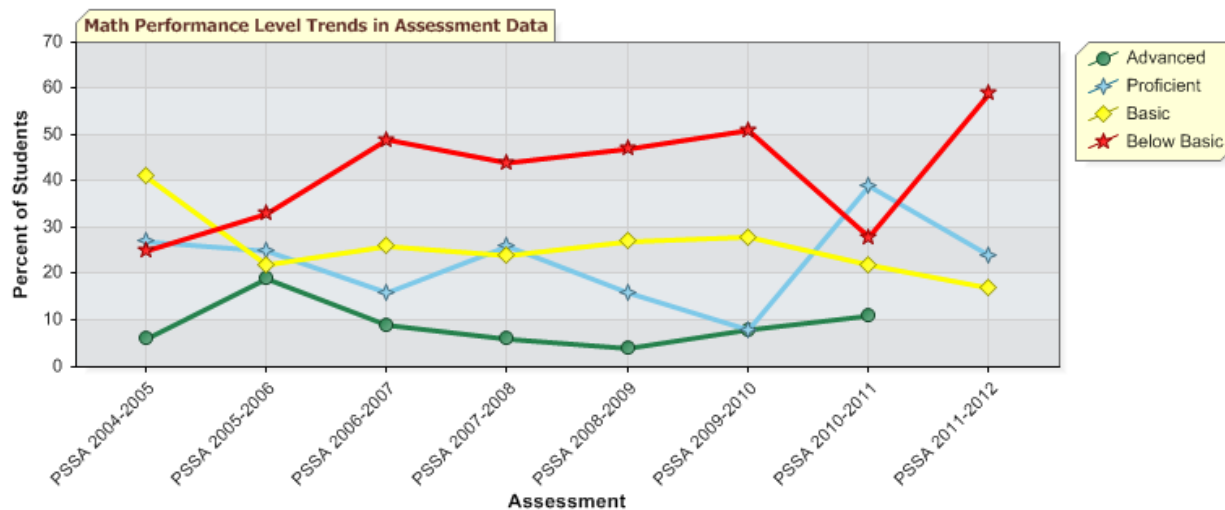


Note the decline in the percentage of students at the *Proficient* level.

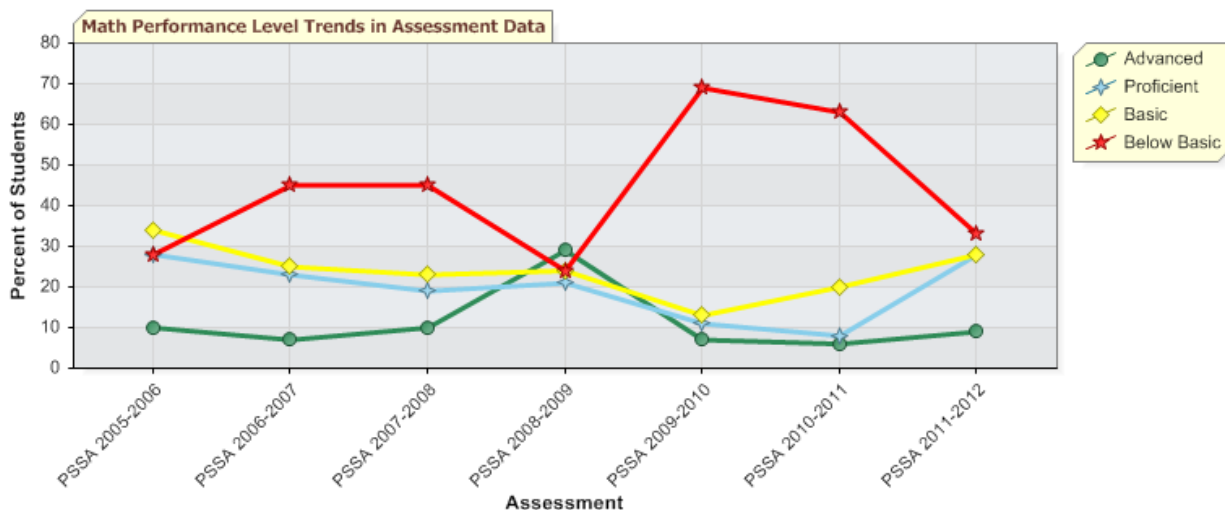
Math Grade 4



Math Grade 5



Math Grade 6



Minor changes in the current school environment will not remedy the severe lack of student achievement. The constant changes during the last seven years in leadership, management, instructional programs and instructional materials have had little or no impact on student achievement as indicated in the longitudinal results for mathematics and reading. In order for the students to change their patterns of learning, they must be removed from the current environment and placed where they can see new models of effective teaching and learning.

Student Support Services

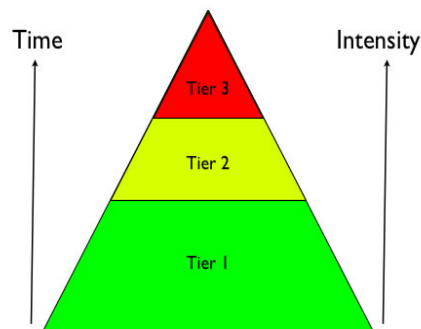
Special Education

Approximately twenty-seven percent (27%) of District students have been identified for Special Education. The Special Education Director, who is employed by the Allegheny Intermediate Unit, has provided effective leadership in the program's operation. Through several years of development she has moved the District from seventeen (17) non-compliance PDE citations to accurate completion of the required paper work. Specific hiring procedures for personal care assistants (PCAs) and paraprofessionals are in place with a rubric for performance evaluations. They must perform effectively to have their contracts renewed each year. Continued growth is needed in teacher-planned use of the PCAs and the paraprofessionals in small group work that can include any students with the same needs instead of isolation with the special education student.

Student Services

The support systems and the leadership provided by the co-coordinators in the Student Services have a positive affect on students and teachers. Since 2008, this department has assisted with multi-discipline referrals, chronic tardiness, high absenteeism and academic issues related to behavior. The program development has resulted in academic and social programs aligned with the Tiers in RTII. The Solutions Network provides intermediate steps before students are referred to DSAP. The Duquesne Student Assistance Program (DSAP) is functioning efficiently and effectively in response to student and teacher needs. The Response to Behavior Intervention (RBI) room, a temporary placement for students who need behavior adjustments, has enabled some students to return to the classroom with positive behavior outcomes.

The chart below indicates the parallel between the RTII academic and support services Tiers. Tier 1 may include any of the students in the school. Tier 2 is the short term targeted assistance needed by some students to improve behavior and other academic issues. Tier 3 involves students who need the most intensive assistance.



An example of the Tier II Support is the after-school SES Tutoring Program. The Tier I and III student group activities vary in time and intensity based on student need; the focus is on removing the barriers that hinder academic success. They include, but are not limited to, conflict resolution, Book Buddies, Kindergarten Helpers (fifth graders), and SNAP (pending, for emotion control).

Enrollment and Staffing

The 2012-13 enrollment in K-6 was three hundred forty three (343) on the chart provided by the principal.

Grade Level	Classrooms	Students
K	3	27/27/27
1	3	21/21/22
2	3	18/17/17
3	2	18/19
4	2	20/18
5	2	18/18
6	2	19/16

The teaching staff includes seventeen classroom teachers, four special education teachers, one each for music, art, health/physical education (specials), 1 RBI teacher, and 1 mathematics coach (also does reading). Other support staff includes the school nurse, school counselor, transition coordinator, community volunteer, and the 21st Century site supervisor.

Leadership

The Pennsylvania legislature recognized the importance of school leaders in enabling students to learn effectively and to meet the expectations for achievement for their grade levels. The Pennsylvania Department of Education was given the task of creating and providing the PA Inspired Leadership Program (PIL), a focused program of continuing professional education to help leaders develop the knowledge and skills they need to become more effective in improving the learning environment for teachers and students. Effective on or after January 1, 2008, any person employed or hired with an administrative certificate must complete the PIL Induction or a PIL approved standards-based program within five years of their employment. All school and system administrators will continue their Act 48 professional development based on one or more of Pennsylvania School Leadership Standards.

Pennsylvania School Leadership Core Standards

- The leader has the knowledge and skills to think and plan strategically, creating an organizational vision around personalized student success.
- The leader has an understanding of standards-based systems theory and design and the ability to transfer that knowledge to the leader's job as the architect of standards-based reform in the school.
- The leader has the ability to access and use appropriate data to inform decision-making at all levels of the system.
- Pennsylvania School Leadership Corollary Standards
- The leader knows how to create a culture of teaching and learning with an emphasis on learning.
- The leader knows how to manage resources for effective results.
- The leader knows how to collaborate, communicate, engage and empower others inside and outside of the organization to pursue excellence in learning.
- The leader knows how to operate in a fair and equitable manner with personal and professional integrity.
- The leader knows how to advocate for children and public education in the larger political, social, economic, legal and cultural context.
- The leader knows how to support professional growth of self and others through practice and inquiry.

In the Duquesne City School District, the current administrative leadership includes the Interim Superintendent, the Elementary School Principal and the Assistant Elementary School Principal. The experienced Interim Superintendent has focused on the management of resources and professional development for effective teaching and learning. The Elementary Principal was the former Assistant

Principal and is now in her second year as the lead principal. The Assistant Principal was a former teacher in the district and is in her second full year in the current position.

Historically, the leadership in the Duquesne City School District can be described by one word, CHANGE. Since 2000, the district has had Boards of Control, the Pitt Partnership-University of Pittsburgh consultants, management by the Pittsburgh School District and the Allegheny Intermediate Unit 3 and an interim Superintendent. With each new managing entity, came a new principal or principals who made changes in (1) establishing procedures, (2) providing a school environment conducive to learning, (3) methods of delivering service to students, and (4) providing staff with appropriate professional development. According to the Center for Analysis of Longitudinal Data in Education Research, a principal needs four to six (4-6) years to develop the strategies of effective leadership; in Duquesne, the longest recent tenure for a principal has been three years. As a principal gains skill in leadership, teacher leaders develop and assist other teachers in improving their instruction. The result is an increase in student academic achievement. This has not happened in the Duquesne Consolidated School K-6.

In an effort to improve principal leadership effectiveness, the Duquesne City School District is using its Race to the Top Grant to implement the Pennsylvania Educator Effectiveness Program.

The Principal Effectiveness component involves four Domains: (1) Cultural Leadership, (2) Systems Leadership, (3) Leadership for Learning, and (4) Professional and Community Leadership. The principal works with the educational consultant on meeting the criteria in each Domain and in monitoring the improvement in the teachers' instruction.

To provide a snapshot of the current leadership situation, specific observations are listed for each of the Principal Effectiveness Domains.

Domain 1 Cultural Leadership

- The principal and the teachers may not have a shared vision of the goals for improving student achievement.
- There is an effort to develop more collaborative work among the staff, specifically by development of Professional Learning Communities.

Domain 2 Systems Leadership

- The principal has responsibility for staffing. She has made an effort to place staff where they are the best fit, commensurate with certification and contract requirements. Nevertheless, some teachers may not agree with the frequent changes in grade level assignments.
- A Crisis Management Plan is being developed by a team of staff members.

Domain 3 Leadership for Learning

- The principal has participated in the development of the School Level Comprehensive Plan (improvement plan) and plans to monitor its implementation.
- The principal has the expectation that the Standards Aligned System is being implemented by the staff. However, verification of implementation with fidelity may be lacking.
- The principal has worked with the educational consultant to implement the PDE Educator Effectiveness Program during the last half of 2012-13.

Domain 4 Professional and Community Leadership

- The parents and community liaison were present in the school.
- The principal displayed professionalism.
- The principal recognizes the need for professional development so the curriculum, instruction and assessment are aligned; it must accompany the implementation of any new program.
- Attendance is about 88% and tardiness averages fifteen to twenty per day.

Summary of Academic Challenges to the Duquesne City School District

The review of the current status of the Duquesne City School District reveals the variety of reasons for the lack of student achievement.

- Frequent changes in leadership and management resulted in frequent, if not annual, changes in curriculum and instruction.
- Teachers gradually learned not to commit to a specific instructional program because they were “waiting for the next program introduction”.
- Comprehensive, long term planning has been non-existent because of the constant change.
- Programs were initiated with or without adequate teacher professional development; in turn, the professional development was not maintained for new teachers or teachers teaching a new grade level. Therefore, fidelity to appropriate program implementation diminished. Some programs did not operate long enough for evaluation of their effectiveness.
- Low expectations for student achievement became entrenched in the school culture.
- Low expectations for teacher instruction resulted from the lack of comprehensive evaluation procedures. The student deficiencies were not consistently analyzed to the root cause level or the necessary interventions were not sufficient in time and intensity.



Budget and Finance

Budget and Finance

Overview

Revenue

Duquesne City School District, like all Pennsylvania school districts, is funded through a combination of local, state and federal revenue sources. The amount of revenue from the various sources is determined by a combination of laws, regulations and decisions by the elected school board. Local taxes are derived largely from the real estate tax levy where assessed property values are taxed based on a set millage rate. State revenue is determined by specific laws governing various grant and subsidy programs and federal funds are allocated based on a combination of per student allocations and grant awards.

The District is highly dependent on State funding to provide the majority of its revenue. State funding currently constitutes 83 percent of the total anticipated 2012-13 revenue for the District. Given the high level of reliance on State funding, periodic changes in the Commonwealth's funding approach for schools has had a major impact on the District.

Locally-generated revenue constitutes the second largest source of funding for the District, accounting for 9 percent of total revenue in 2012-13. Local revenues are dominated by real estate taxes, with much smaller proportions coming from other miscellaneous sources. In the current budget year, real estate taxes comprise 7 percent of the local tax revenue.

The District's 2012-13 budget includes approximately \$1.2 million in Federal funds, or about 7.7 percent of total revenue. The bulk of this funding comes through No Child Left Behind (NCLB) Education of Disadvantaged Children allocations, which are largely enrollment-based.

The District faces a variety of revenue challenges going forward, but there are some bright spots and opportunities. In terms of challenges, State aid to the District will be largely dependent on the overall budget climate for the Commonwealth. Major sources of school funding have been relatively flat for the last two fiscal years but the Governor has proposed increases in certain aid categories in the budget announced on February 5 and those amounts are assumed in the financial baseline of this Plan.

For the District, recent changes in State funding for charter schools and accountability block grants have created challenges; the State substantially increased its funding to the District in 2006-07, though, through a supplemental subsidy totaling approximately \$2.0 million annually. In 2012-13, that amount increased to \$2.5 million. The Governor's proposed budget also includes continued funding of the \$2.5 million subsidy in 2013-14. However, the baseline forecast assumes that next year will be the last year of such special assistance since it is unlikely that the District will continue to receive basic education funding at one of the highest aid ratios in the state and maintain the supplemental; it is more likely that the District will be transitioned to a funding structure more like other school districts. A general assumption for State aid for the District is that there will not be dramatic growth or decline in the near future, consistent with long-term historical trends, and that growth will be at 2.0 percent in 2014-15, increasing to 3.0 percent for the last three years of the Plan.

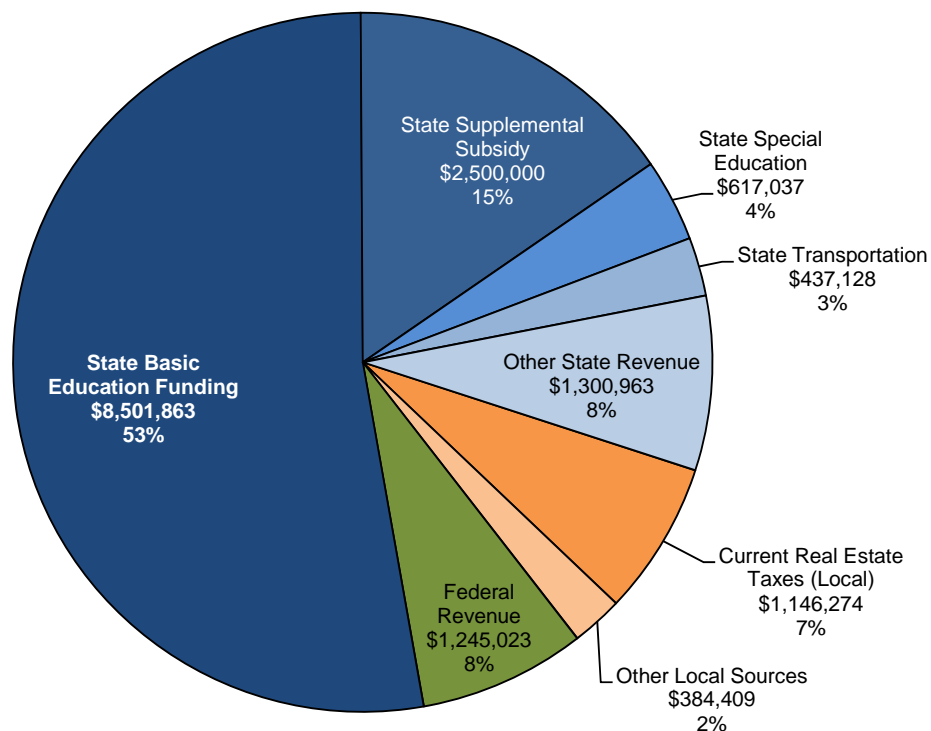
Local revenues to the District will be dictated by a number of offsetting factors. The underlying economics of the City of Duquesne continue to be poor. Collecting significant amounts of new revenue from the local tax base is neither likely nor appropriate. In addition, local revenue is constrained by both the tax increase limits of Act 1 and by real estate assessment appeals which, if successful, would lower the taxable real estate base. However, the Plan does assume that the District will maintain local effort to preserve the 2012-13 budgeted property tax revenue figure in future years.

The outlook for growth in Federal revenue is also uncertain. Federal funding for education is a topic of debate at the Federal level and recent trends have been for the District's funding to remain flat. Of particular concern at the time of publication of this Plan is the U.S. government's financial crisis and the threat of sequestration (currently estimated variously at 5-10 percent of federal funds beginning in calendar year 2013).

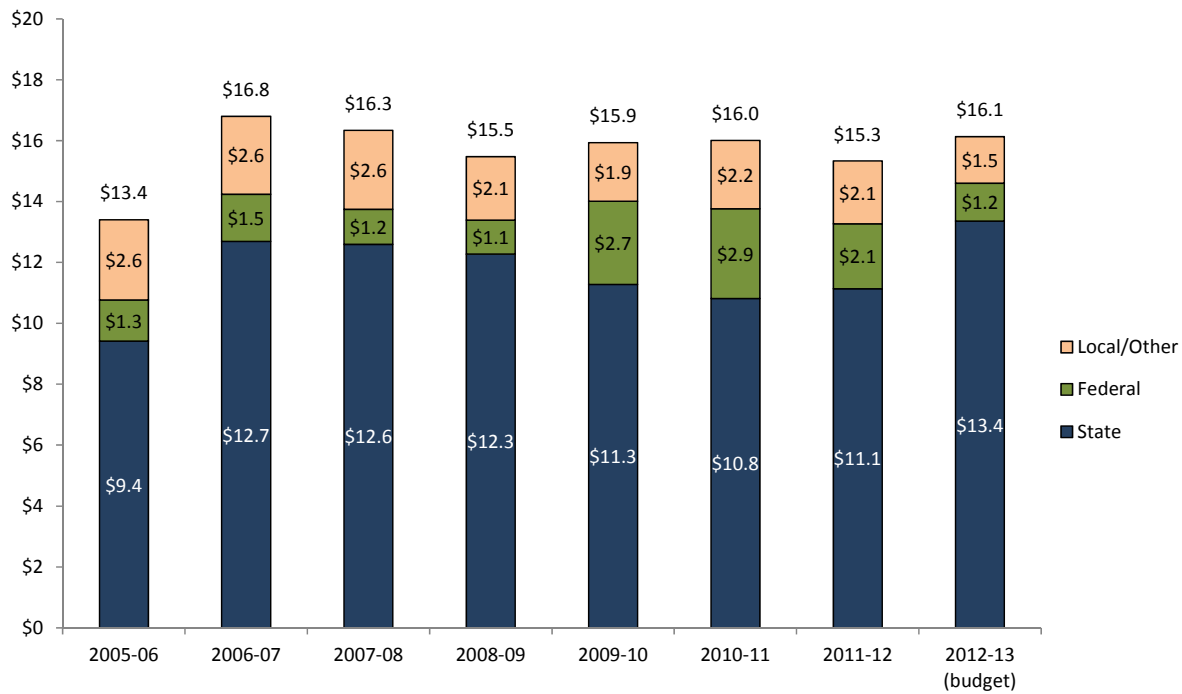
Revenue Profile

Historically, the largest source of District revenue has been State aid. The largest single component of that aid is the Basic Education Funding (BEF) subsidy. For the 2012-13 budget, State aid constitutes approximately 83.0 percent of all District revenue, with the BEF alone representing 53.0 percent of total revenue. Local revenues represent approximately 9.5 percent of the total 2012-13 revenue, including current real estate taxes which make up 7.0 percent of all revenue and 75.0 percent of local revenue. Federal funds represent 8.0 percent of the total revenue. The graphic below shows the District's budgeted revenue by major category for the 2012-13 fiscal year.

Revenues by Major Category – 2012-13 Budget
Total: \$16.1 million



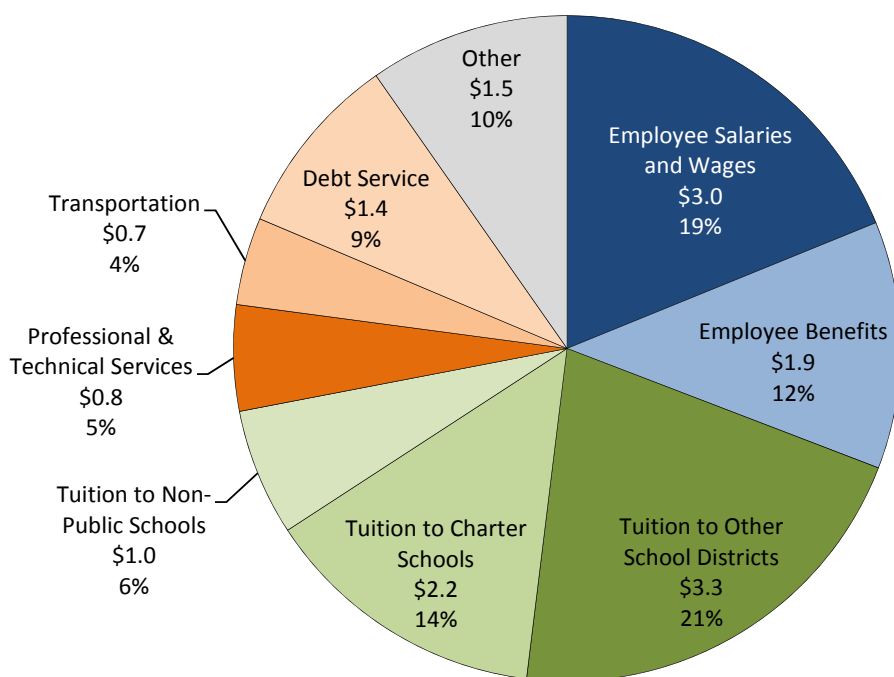
Revenue History – 2005-06 through 2012-13 (budget)



Expenditures

District expenditures total \$15.7 million in the 2012-13 budget. Because the District does not directly educate students in 7th-12th grades, and because a significant number of students attend charter and cyber charter schools, a large percentage of expenditures – 41 percent in 2012-13 – are budgeted for tuition paid to other school districts, charter schools, and non-public schools. For the same reason, just 31 percent of the District's 2012-13 budget is allocated to employee wages and benefits – significantly lower than most traditional school districts and public sector employers generally. Other major categories of spending include debt service (approximately \$1.4 million), and student transportation service (\$0.7 million). The chart below shows 2012-13 budgeted expenditures by major category.

**2012-13 Budget
Total: \$15.7 million**



Baseline Forecast – Major Assumptions

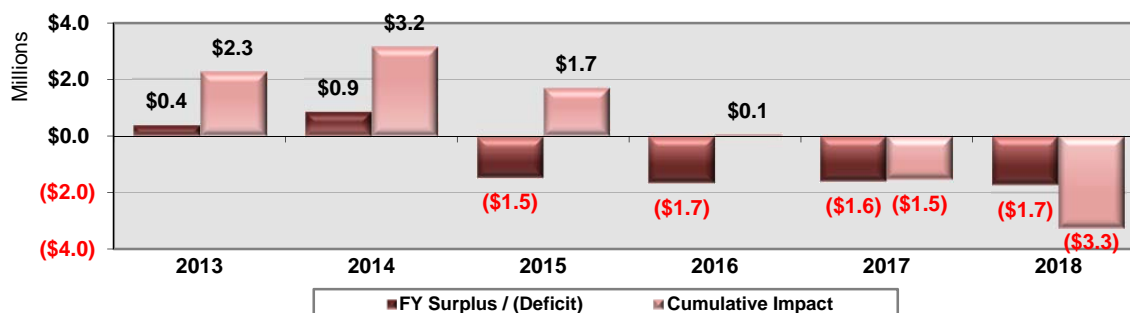
In order to understand where the District is now, the technical assistance team to the CRO built a multi-year budget model, showing the District's current financial situation and what will happen between now and 2017-18 if no corrective action is taken. This baseline view starts with the District's 2012-13 budget and assumes current trends and policies are continued, and that known future events occur:

- The current arrangements and tuition rates for students in grades 7-12 attending adjoining school districts will continue;
- The percentage of District children enrolled in charter schools each year will continue to grow modestly at recent rates;
- Most local and state revenues will not show growth over the Plan period, with the exception of salary-linked state revenues and modest growth in the basic instructional subsidy; federal revenues are driven by enrollment;
- The District will receive a \$2.5 million supplemental appropriation in 2013-14, but not in subsequent years;
- No increase in salaries during the Plan period;
- Other expenditures grow at recent historical rates (health care and energy are major drivers) with others growing by formula (charter school reimbursements) or by contract/legal agreement (debt service).

The sum of all of these assumptions produces a grim picture – after the elimination of the supplemental appropriation, the District's finances show deficits of approximately \$1.5 million annually, a figure equal to about 10 percent of each year's revenues. The recurring deficits quickly erode the District's modest fund

balance, and eliminate it after the 2015-16 school year. By 2017-18 the District will have a negative fund balance of \$2.4 million, and the number will continue to worsen each subsequent year.

Baseline Financial Forecast, Duquesne City School District, Fiscal Years 2012-13 to 2017-18



Impact of the Governor's 2013-14 Budget

The Governor's proposed 2013-14 budget includes a number of significant investments in public education, many of which would have a direct impact on the District. The baseline forecast includes the Governor's proposed BEF and Special Education subsidy, and the proposed continued funding of the \$2.5 million in 2013-14.

Detailed projections of expenditures and revenues can be found in Appendix 4.

Initiatives

In order to provide sufficient revenue to operate the District, the Board will need to maintain the current property tax revenue figure in the future, which may require millage increases up to the Act 1 index level. Similarly, reaching the District's financial goals may require other actions to manage expenditures or preserve revenue. The initiatives below provide the authorization and direction for those actions, when and if needed.

BU01.	Transitional Loan for Extraordinary Costs Related to Plan Implementation	
	Target outcome:	Funds to cover one-time costs
	Multi-year financial impact:	\$200,000 (\$1.0 million loan in 2014-15, first four of five repayments in subsequent four years)
	Responsible party:	CRO and Superintendent

The elimination of direct K-6 instruction at the District will result in the dismissal of employees and cause the District to incur substantial one-time cost for unemployment insurance in fiscal year 2013-14 estimated at approximately \$900,000. To ensure that this extraordinary one-time cost or any other one-time Plan implementation costs do not have a negative impact on the District's finances or the amount it can pay in tuition to receiving districts, through this Plan the District is applying to the Commonwealth for

a fiscal year 2013-14 Financial Recovery Transitional Loan in the amount of \$1.0 million⁵ to be repaid over five years beginning in fiscal year 2014-15. The repayment schedule is shown in Appendix 2.

BU02.	Real Estate Tax Effort	
	Target outcome:	Stable real estate revenue for the District
	Multi-year financial impact:	NA
	Responsible party:	CRO, Board

In order to maintain balanced budgets in each year of the Plan, it is assumed that the District will maintain annual property tax revenue of \$1.531 million. In recent years, there has been a gradual decrease in property tax revenue to the District. Therefore, in order to preserve local tax effort and meet the revenue projections of this Plan, the District shall raise tax millage each year by the amount necessary to maintain property tax revenue of \$1.531 million. If the amount necessary is greater than the amount allowed by the Act 1 index, the District shall raise tax millage to the amount allowed by the Act 1 index, draw on fund balance to provide the remaining amount, and replenish the fund balance with additional millage in years when the full index is not required. Authorization for this initiative is provided by Section 642-A(4) of Act 141.

In addition, if requested by the Chief Recovery Officer or Receiver, the District shall retain a special tax collector to preserve and enhance revenue from delinquent property taxes. Authorization for this initiative is provided by Section 642-A(5) of Act 141.

BU03.	Renegotiate Contracts	
	Target outcome:	Contracts appropriate for new District structure
	Multi-year financial impact:	Unknown
	Responsible party:	CRO, Superintendent

In its transition to the new educational structure envisioned in this Plan, it is likely that the District will have to restructure service contracts. For example, the transportation contract may need to provide for bus service for K-6 students who currently walk to school. Other contracts such as the one for food service may need to be eliminated. The District shall cancel or renegotiate any contract which requires revision in order to meet the intent of this Plan. Authorization for this initiative is provided by Section 642-A(3) of Act 141.

⁵ This Plan generally and this initiative comprise an application for a \$1.0 million Financial Recovery Transitional Loan in fiscal year 2013-14 pursuant to Section 682-A and other relevant portions of Act 141. The Board must approve this Plan in order for the District to receive a Transitional Loan.

BU04.	Contingency Reserve	
	Target outcome:	Funding for extraordinary costs and unplanned events
	Multi-year financial impact:	\$1.0 million
	Responsible party:	CRO, Superintendent, Business Manager

As the District makes the transition to the new educational structure envisioned in this Plan, it is likely to encounter unexpected costs. For example, some students the District sends to receiving school districts will require special education services that exceed the cost of tuition paid to the receiving districts. The remaining costs of the District may be somewhat different from year-to-year, which could generate a need for temporary supplemental funding to preserve the tuition rate. In order to create a reserve to support these costs, and in particular to provide receiving districts with confidence that the District will be able to support student costs, the District shall set up a contingency reserve of \$1.0 million from the projected fund balance. This reserve shall only be drawn on for items approved by the CRO or Receiver. Any draws on the fund of more than \$100,000 shall be accompanied by a plan to replenish the fund.



Facilities

Facilities

Overview

Over time the Duquesne City School District has eliminated its high school and junior high school programs and now offers its K-6 educational program in one building known as the Duquesne Education Center located at 300 Kennedy Avenue in Duquesne. In addition, the District owns athletic fields and related facilities known as the Duquesne Athletics Center located on Commonwealth Avenue in Duquesne. The following is a brief description of the properties and information regarding the appraised value of the property along with a recommended course of action in relation to the facilities. A subsequent portion of this chapter describes the status of debt issued to fund various District projects over the past two decades.

Duquesne Education Center

The Duquesne Education Center (DEC) is a four story building containing roughly 60,000 square feet of space. The DEC sits on about 3.5 acres of land and is centrally located in Duquesne City between South Third and South Fourth Streets and Kennedy and Grant Avenues. The property is currently zoned C-2 Central Business District. The building was originally constructed in 1913 and a gymnasium addition was completed in 1998. In addition to the gymnasium the building houses an auditorium with stage, two commercial kitchens, an administrative office for the District and a nurse's office area. At its peak the building housed 750 students but now has approximately 340 students in grades K-6. The building is deemed to be well maintained and in reasonable condition.

The building is estimated to cost the District \$357,000 to operate annually exclusive of the cost of personnel. The costs do include: electric, gas, water and sewer, maintenance and insurance.

In the process of developing the Recovery Plan a professional appraisal of the property was conducted by the firm Kelly Reilly Nell Barna. In the opinion of the appraiser, the building has a sales value of \$120,000. Although this number outwardly appears to be very low, it is reflective of the depressed real estate market in Duquesne and the surrounding area.

Duquesne Athletic Center

The Duquesne Athletic Center (DAC) consists of approximately 9.97 acres of land of which 9.50 acres are deemed "usable." On the site there is a football field with bleachers, a baseball field and a basketball court. In addition there are public restrooms and a paved parking lot. The land is zoned R-2 General Residential. There is residential housing including public housing in the immediate vicinity of the DAC.

The District incurs minimal costs to maintain the DAC. These costs are largely related to mowing grass and general maintenance of the facility.

In the process of developing the Recovery Plan a professional appraisal of the property was conducted by the firm Kelly, Reilly, Nell, Barna. In the opinion of the appraiser, the land has a sales value of \$140,000. Although this number outwardly appears to be very low, it is reflective of the depressed real estate market in Duquesne and the surrounding area.

Assessment, Recommendations and Initiatives

The primary recommendation of this Plan is to close the K-6 program at Duquesne and place the students on a tuition basis at surrounding school districts. It is therefore also recommended that the District undertake a process to lease the DEC as soon as possible on the best terms that can be obtained. It is not recommended that the District sell the DAC at this time, since maintenance costs are low, and the property could become desirable for development at some future time, increasing its value.

FA01.	Cease Operation of the Duquesne Education Center	
	Target outcome:	Lease the Duquesne Education Center building as soon as practicable
	Multi-year financial impact:	(\$1,500,000)
	Responsible party:	CRO, Superintendent and Business Administrator

Based on the appraisal, it appears unlikely that the sale of the building will generate any significant amount of revenue to the District. However, a larger consideration is the fact that if the District continues to own the building after curtailing the K-6 educational program it would continue to incur certain costs even to mothball the building. A better and more practical use of the building would be to lease it to one or more institutions and/or government programs.

The District should confer with other users of the building – including the community library and the extended day/extended year programs regarding possible uses for the building and the likely economics of the alternative uses. The District should focus on a leasing plan that would have the District at least break even in relation to the ongoing operation of the building.

The District should execute a lease agreement to at least equal the cost of mothballing the building currently estimated at \$300,000 per year. Because of the potential difficulty in finding a tenant for the DEC, this amount is shown here but not included in the financial projections.

The District shall not take any steps to dispose of the DEC without the approval and involvement of the CRO.⁶

Financial Impact

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
\$0	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$1,500,000)

FA02.	Develop long-term use for Duquesne Athletic Center	
	Target outcome:	TBD
	Multi-year financial impact:	Unknown
	Responsible party:	CRO, Superintendent and Business Administrator

For the Duquesne Athletic Center, because of the relatively low cost of maintaining the property the lack of a direct connection to the elimination of the K-6 education program, there is less urgency in dealing with the property. The CRO and the District shall work with City, County and Regional Officials to determine a suitable long term use for the property and to ultimately dispose of the property in an appropriate fashion and at a fair price. It may be most advantageous to maintain the property for some

⁶ Using the power provided by Section 642-A(11) of Act 141, *inter alia*, the CRO may move to close the DEC if necessary; see the Options chapter of this Plan for other potential uses of the DEC.

period before putting it on the market. The District shall not take any steps to dispose of the DAC without the approval and involvement of the CRO.

School District Debt

The District has three outstanding debt issues. The schedule of principal and interest is shown below. As shown in the table, the District's annual debt service is approximately level at about \$1.66 million through FY2022, with a significant reduction in payments in FY2023 and FY2024.

Slightly more than half of the District's outstanding debt principal and almost 58 percent of its remaining debt service are related to general obligation bonds issued in the late 1990s to renovate the Duquesne Education Center (DEC) and for other capital purposes. The bonds were restructured and refunded in 2003 and 2008, and are shown in the table below as "G.O. Bonds, Series of 2008."

Most of the remaining outstanding debt principal and interest is related to a bank loan the District secured in 2012 to refund earlier bonds, most of which were originally issued in the 1990s to help convert the DEC from a senior high school to a K-12 facility. The bonds are shown in the table below as "PNC Loan, G.O. Notes, Series of 2012."

A small portion of the District's outstanding debt is in the form of Qualified School Construction Bonds (QSCBs), which were available to certain school districts under the 2009 federal economic stimulus program. QSCBs give bondholders federal tax credits for bond holders instead of interest.

Duquesne City School District, Outstanding Debt, Principal and Interest Payments As of February 1, 2013

1	2	3	4	5	6	7	8	9	10	11
Fiscal Year	G.O. Bonds, Series of 2008			QSCB, Series B of 2010*			PNC Loan G.O. Notes, Series of 2012			Total Debt Service
Ending	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
6/30/2013					20,946	20,946		78,771	78,771	99,718
6/30/2014	390,000	253,631	643,631	35,833	41,893	77,726	795,000	147,009	942,009	1,663,366
6/30/2015	405,000	240,956	645,956	35,833	41,893	77,726	815,000	125,676	940,676	1,664,359
6/30/2016	415,000	226,781	641,781	35,833	41,893	77,726	835,000	103,814	938,814	1,658,321
6/30/2017	435,000	212,256	647,256	35,833	41,893	77,726	865,000	81,289	946,289	1,671,271
6/30/2018	455,000	197,031	652,031	35,833	41,893	77,726	880,000	58,168	938,168	1,667,925
6/30/2019	475,000	179,969	654,969	35,833	41,893	77,726	905,000	34,516	939,516	1,672,211
6/30/2020	1,310,000	161,563	1,471,563	35,833	41,893	77,726	60,000	21,730	81,730	1,631,019
6/30/2021	1,360,000	110,800	1,470,800	35,833	41,893	77,726	60,000	20,140	80,140	1,628,666
6/30/2022	1,410,000	56,400	1,466,400	35,833	41,893	77,726	65,000	18,484	83,484	1,627,610
6/30/2023				35,833	41,893	77,726	665,000	8,811	673,811	751,537
6/30/2024				35,833	41,893	77,726				77,726
6/30/2025				35,833	41,893	77,726				77,726
6/30/2026				35,833	41,893	77,726				77,726
6/30/2027				35,833	41,893	77,726				77,726
6/30/2028				35,833	41,893	77,726				77,726
6/30/2029				35,833	20,946	56,780				56,780
TOTAL	6,655,000	1,639,388	8,294,388	573,333	670,284	1,243,617	5,945,000	698,408	6,643,408	16,181,412

*For these purposes, the figures above for the 2010 QSCB do not include the Federal reimbursement of \$36,120 per year.

2008 Bonds

The District's Series of 2008 Bonds have \$6.655 million in principal outstanding. The 2008 Bonds have an optional redemption date, or call date, on July 15, 2013 and therefore can be currently refunded any time after April 16, 2013.

To redeem the 2008 Bonds, the District shall apply to the Commonwealth for a fiscal year 2012-13 Financial Recovery Transitional Loan in the amount of \$6.785 million under the terms of Act 141.⁷ The District shall repay the transitional loan over a nine year period in amounts approximately equal to the current principal amortization schedule beginning with the 2013-14 fiscal year (see Appendix 2 for the repayment schedule). The savings to the District will essentially be the interest that would have been paid on the 2008 bonds, estimated to be \$1.046 million over the remaining life of the bonds and \$783,341 over the next five years.

The debt payments for the 2008 Bonds are covered by an agreement with the Pennsylvania State Treasurer ("Intercept Agreement") whereby certain District state subsidies are directed to the Bond Paying Agent (U.S. Bank) in advance of the debt service payment dates to provide security to the bondholders. Under the Intercept Agreement, the District instructs and authorizes the Commonwealth and the State Treasurer to withhold a portion of the Commonwealth appropriations due to the District on the last Thursdays of the months of June and December, and to pay such amounts directly to the Paying Agent to provide for the payment of debt service on the 2008 Bonds. These withholding dates correspond with the January 15 and July 15 payment dates on the 2008 Bonds. Notwithstanding the Intercept Agreement, the District remains primarily liable to make all debt service payments.

2010 QSCBs

In December 2010 the District issued a G.O. Note through a bond financing issued through the State Public School Building Authority's ("SPSBA") Qualified School Construction Bond program ("QSCB"). The District's QSCB was issued with a par amount of \$645,000 and was part of a \$57.473 million Series B of 2010 financing issued by SPSBA for the benefit of six Pennsylvania school districts including the District. As part of the "pooled" program, the credit rating for the QSCBs was based on an enhanced State intercept program and not on the underlying creditworthiness of each school district in the pool, resulting in credit ratings of Aa2/AA from Moody's and Fitch, respectively.

The enhanced State intercept program that is part of the structure of the QSCBs requires that each school district make their debt service payment fifteen days prior to the actual payment on the bonds, thereby giving an additional fifteen days to ensure that the State could provide necessary funds should there be a shortfall. This State intercept program differs from the District's other two financings in that the District is making the debt service payment for the QSCB directly to the Bond Trustee (Wells Fargo).

While the District's other debt is tax-exempt, QSCBs are issued as taxable with a substantial Federal reimbursement on the interest. While the District will pay a taxable interest rate of 6.495 percent, the District will also receive a Federal subsidy of 5.600 percent, resulting in an effective interest rate of 0.895 percent. In addition, since the \$645,000 is owed to the bond holder only at the final maturity of September 15, 2028, the annual principal sinking fund deposits that the District makes (approximately \$35,833) are invested by the SPSBA and provide interest earnings that reduce the net payments owed by the District. The QSCBs have a make-whole prepayment provision which essentially refunding the notes for savings.

2012 Notes

The last debt issuance of the District was a bank loan with PNC in June of 2012 for the purpose of refunding the District's Series of 2006 Bonds. The Series of 2012 Notes have \$5,945,000 of principal outstanding with a fixed rate of 2.65 percent and carry a make-whole prepayment provision. Similar to the Series of 2008 Bonds, the debt payments for the 2012 Notes are covered by an agreement with the State Treasurer whereby certain District state subsidies are directed to the Bond Paying Agent (U.S. Bank) in advance of the debt service payment dates to provide security to PNC Bank.

⁷ This Plan generally, this section of the Plan, and initiative FA03 comprise an application for a \$6.785 million Financial Recovery Transitional Loan in fiscal year 2012-13 pursuant to Section 682-A and other relevant portions of Act 141.

FA03.	Restructure debt	
	Target outcome:	Perform ongoing debt analysis and refund or refinance debt as market conditions allow.
	Five-year financial impact:	(\$783,341)
	Responsible party:	CRO, Business Administrator and Superintendent

The District and the Chief Recovery Officer, using Act 141 technical advisory team resources provided to the CRO by the Commonwealth, shall evaluate the various restructuring and refunding options described above, determine the optimal method to refund or refinance the 2008 bonds, and execute the most beneficial alternative.

Based on preliminary analysis conducted in the preparation of this Plan, it appears that the most beneficial option is to refund the bonds using Act 141 transitional loan funds. This approach is projected to achieve approximately \$1.046 million in debt service savings over a nine year period. The savings over the five years from 2013-14 to 2017-18 forecast in this Plan is approximately \$783,341.

Therefore, the CRO shall request for \$6.785 million from the Act 141 Transitional Financial Loan Fund in fiscal year 2012-13 for the purpose of refunding the District's 2008 G.O. Bonds. If for some reason the analysis described above generates a different conclusion, the team shall work with the CRO to execute the most beneficial refunding approach.

The District shall not take any action to refund or restructure the bonds without the full participation and approval of the Chief Recovery Officer.

Financial Impact

2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Total
\$0	(\$175,721)	(\$166,939)	(\$157,119)	(\$147,055)	(\$136,507)	(\$783,341)



Workforce

Workforce

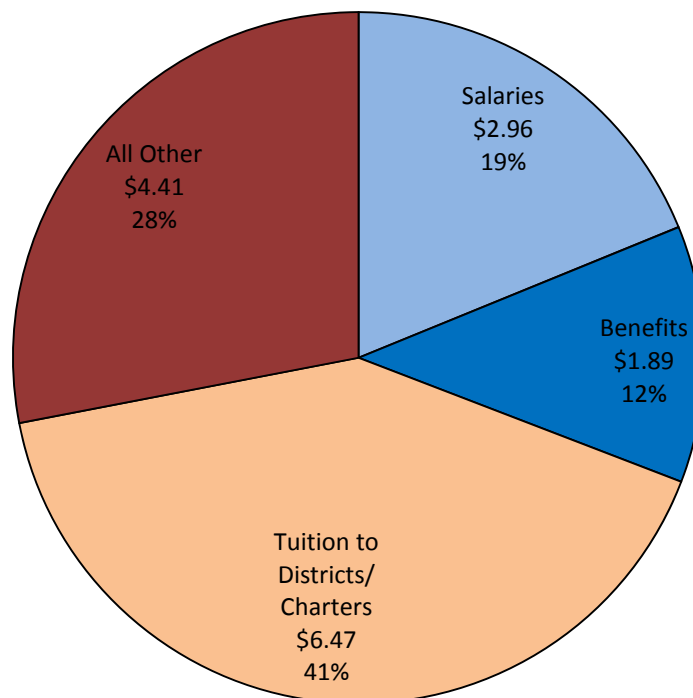
Overview

A strong and effective workforce is critical to the success of any school district. Students and parents depend on district staff members to provide quality instruction, a safe learning environment and supportive services. School districts must be able to attract and retain highly-skilled teachers and other workers.

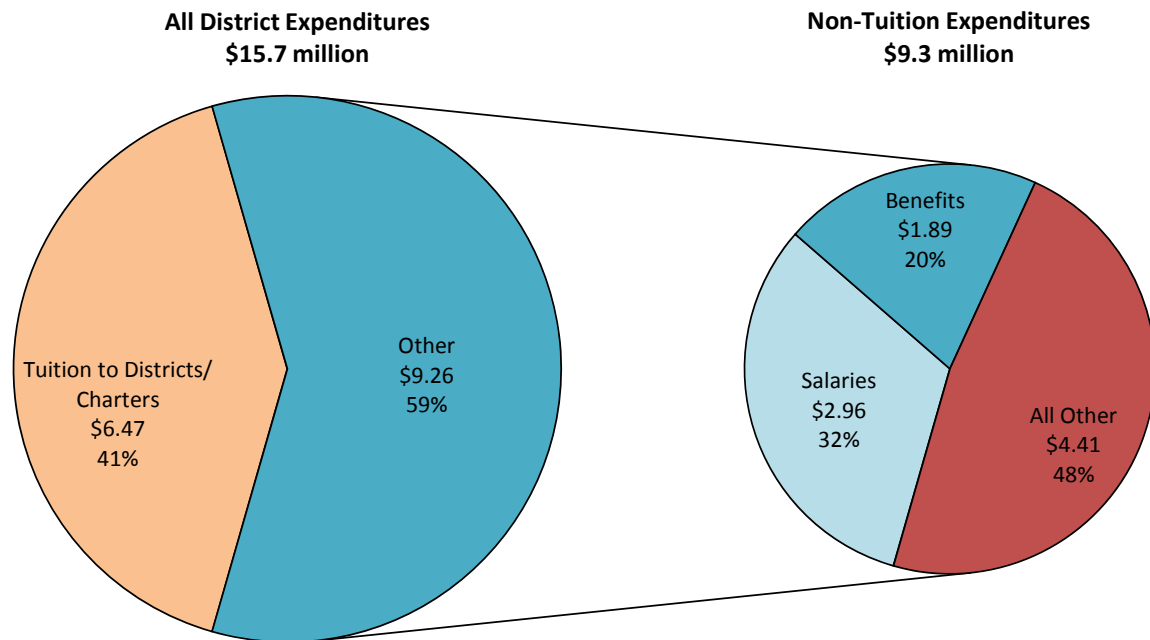
At the same time, the Duquesne City School District's finances are severely limited, especially by revenue constraints described in detail in the Budget and Finance chapter of this Plan. This Workforce portion of the Plan provides background information on current District, staffing, and includes initiatives to support the CRO's preferred scenario of closure of the District's K-6 school as well as a contingency strategy to continue the operation of the District's K-6 programs during the 2013-14 school year while necessary legislative change are pursued.

To understand the District's personnel dynamics, it is important to know that staff wages and benefits are a key driver of the District's budget, accounting for approximately 30.8 percent (\$4.9 million) of total 2012-13 budgeted expenditures (\$15.7 million). This is a lower percentage than that typically seen in other school districts, primarily because the District does not directly educate students in grades 7 through 12.

2012-13 Budget



A full 41 percent of the District's 2012-13 budget is allocated for tuition to other districts (West Mifflin and East Allegheny) and to charter schools. Salaries and benefits represent just over half of the remaining \$9.3 million District budget.



Given the pressures on the budget, it is imperative that the District staff its schools efficiently, utilize every employee to her or his full potential, and look for long-run cost saving opportunities in the structure of wages and benefits.

The CRO's recommended and preferred strategy is to end direct K-6 instruction by the District and reduce staffing to the minimum needed to administer a program whereby Duquesne children attend school in other Districts. In case that scenario is not implemented for the beginning of the next school year, and in order to provide background on District costs, the following section provides an overview of District labor agreements. If it becomes necessary to reach affordable yet fair new collective bargaining agreements with District unions, it is important to note that Act 141 provides that collective bargaining agreements or arbitration settlements/awards may not "violate, expand or diminish the provisions of a financial recovery plan in effect on the date of the execution of the collective bargaining agreement, arbitration settlement or arbitration award." Therefore, this Plan includes provisions that will guide the District and its unions in reaching new agreements if needed.

Description of current workforce

There are currently 71 employees in the District:

- **12 Administration Staff**
 - 1 Superintendent (part-time)
 - 1 Principal
 - 1 Assistant Principal
 - 1 Transition Coordinator/Community Education Liaison
 - 1 Student Services Coordinator
 - 1 Student Services Co-Coordinator
 - 1 Acting Business Manager
 - 1 Technology Specialist
 - 4 Secretaries
 - 1 Business Office/Confidential Secretary
 - 1 Business Office Assistant

- 1 Special Education Secretary
- 1 Elementary School Secretary
- 37 *Instructional & Support Staff*
 - 23 Elementary Teachers
 - 4 Special Education Teachers
 - 7 Para educators
 - 1 School Nurse
 - 1 Guidance Counselor
 - 1 Psychologist
- 5 *Custodians* (a.m./p.m. shifts)
- 5 *Security Staff*
 - 2 Security Guards
 - 2 Crossing Guards (part-time)
 - 1 Bus Monitor (part-time)
- 12 *Personal Care Assistants*

There are two bargaining units that represent District staff members as well as a management class governed by Act 93 of 1984 and a group of non-union employees. The following is a breakdown of current staff by bargaining unit/status:

	Duquesne City Education Association (DCEA)	Duquesne Educ. Support Professionals (ESP)	Act 93 Administrative/ Supervisory	Non-Union
No. of Current Staff	30	7	7	27
Cove red Staff Titles	<ul style="list-style-type: none"> • Teacher • Special Educ. Teacher • School Nurse • Psychologist • Guidance Counselor 	<ul style="list-style-type: none"> • Custodian • Special Education Secretary • School Secretary 	<ul style="list-style-type: none"> • Principal • Assistant Principal • Transition Coordinator/Community Ed. Liaison • Student Services Coordinator • Student Services Co-Coordinator • Act. Business Mgr. • Tech. Specialist 	<ul style="list-style-type: none"> • Superintendent • PCA • Security Guard • Bus Monitor • Crossing Guard • Para educator • Bus. Office Assistant • Bus. Office/Confidential Secretary

The largest class of district employees covers the teachers and other professionals (nurse, guidance counselor, psychologist) represented by DCEA. The median 2012-13 salary for DCEA members is \$58,335. The 2012-13 teacher salaries range from \$43,458 (B.A., 4 years of service) to \$88,680 (M+30, 23 years of service).

Based on information provided by the district, DCEA teachers with a B.A. at step 10 (10 years of service) were the lowest paid out of 32 Allegheny County school districts in 2010-11 and second to last for maximum salary, but ranked 16th for starting teacher salary. For teachers with a Master's Degree, the District ranked 24th out of 32 districts in the county for starting salary in 2010-11 and 9th for max teacher salary.

The ESP bargaining unit consists of two full-time secretaries and five custodians, who are assigned to either morning or afternoon shifts. In 2012-13, the secretaries will earn \$28,375 and \$30,422, respectively. The head custodian will earn \$37,067 (part-time) and the median salary for the other four custodians is \$25,679.

The non-union District staff members include Para educators, Personal Care Assistants (PCAs), and security personnel:

- Para educators (teaching assistants) work 191 days per year, receive an annual 2012-13 salary of \$17,362 and are entitled to health benefits
- PCAs work 184 days per year, receive an annual salary of \$12,917 and are entitled to health benefits
- Two security guards work 193 days and earn \$17,280 with medical benefits; they receive overtime for working special school events. There is a part-time Bus Monitor who works 4 hours/day for 180 days (\$5,249 annually) and two part-time crossing guards (\$7,240 annually); these part-time employees do not receive health care coverage.

The Superintendent and two secretaries assigned to the administration's business office are also not part of a union, and have individual contracts with the District.

Contracts and Terms of Employment

There are collective bargaining agreements with the two organized units, both of which expired in June 2012. There is a 2012-13 "compensation plan" for the Act 93 management employees. There are also three 2012-13 contracts with individual staff members (two Act 93 employees and one non-union employee).

There are no District transportation employees other than the part-time bus monitor, as bus transportation is outsourced to Pennsylvania Coachlines (2010-2015 contract). Cafeteria services are contracted to the Nutrition Group, based in Irwin, Pennsylvania.

The key cash compensation terms of the three group agreements are as follows:

	Duquesne Education Support Professionals (ESP)	Duquesne City Education Association (DCEA)	Act 93/Management
Current Term	July 1, 2009 to June 30, 2012	July 1, 2009 to June 30, 2012	Compensation Plan, July 1, 2012 to June 30, 2013
Salaries	<ul style="list-style-type: none"> Annual bonus for educational attainment above base job requirement; \$.10/hour shift differential for 2nd shift; 	<ul style="list-style-type: none"> 2010-11 raises ranged from 0% - 5.8% (BA), 2.7% - 10.3% (MA), and 6.3% - 15.9% (MA+30) 2011-12 raises ranged from 0% - 6.1% (BA), 1.9% - 8.8% (MA), and 4.4% - 11.8% (MA+30) The largest increase is from step 14 to step 15; Percentage annual increases are higher for newer teachers Annual stipends for extra-curricular head/coach range from \$610 to \$2,500 	N/A
Sick Leave Cash Out	\$25/day for regular retirees, no cap; if THE DISTRICT closes during term of contract, one-time payment of \$75/day for all terminated employees	\$25/day for regular retirees, no cap	\$75/day for regular retirees, no cap
Overtime	Time and a half for work over 8 hrs/day or 40 hrs/wk	\$21/hour for summer or evening school or required use of prep. period	N/A
Tuition Reimburse ment	Up to \$250/credit for approved training courses	Up to 6 credits per semester, at \$275 per credit	Up to 18 credits per year reimbursed at 80% of actual cost per credit (capped at \$350); must earn at least a "B" for grad-level, "C" for undergrad level courses

The key insurance benefits of the three group agreements are as follows:

	Duquesne Education Support Professionals (ESP)	Duquesne City Education Association (DCEA)	Act 93/Management
Medical Plan	Allegheny Co. School Health Insurance Consortium standard coverage	Allegheny Co. School Health Insurance Consortium standard coverage	Allegheny Co. School Health Insurance Consortium PPO
Med. Premium Contribution	\$10/mo. (single), \$30/mo. (other)	2009-10 & 2010-11: \$10/mo. (single), \$20/mo. (family); 2011-12: \$15/mo. (single), \$25/mo. (family)	\$0
Med. plan notes	Option to buy-up to other desired coverage; opt-out incentive available	Option to buy-up to BCBS coverage; opt-out incentive available	--
Dental Plan	Standard dental plan from Allegheny Co. Schools Health Insurance Consortium, full premium paid by THE DISTRICT	POS equivalent with family basic plan and supplemental riders, including orthodontics	Employer paid up to family coverage; plan not specified
Life Insurance	\$15,000 term for <3YOS; \$20,000 after 3 YOS	\$40,000 term policy	\$100,000 term policy
Retiree Health Coverage	Retirees may purchase group plan at their own expense	Not specified	Not specified

The key leave benefit terms of the three group agreements are as follows:

	Duquesne Education Support Professionals (ESP)	Duquesne City Education Association (DCEA)	Act 93/Management
Vacation	For full-time employees: 1 - 3 YOS: 5 days 4- 7 YOS: 10 days 8-15 YOS: 15 days 16+ YOSL 20 days	N/A; school year calendar	260-day employees receive 4 weeks/20 days per year and may carry over or cash out up to 5 days at per diem rate
Sick Leave	After probationary period, earn 1 day per month, cumulative; annual cash bonus for low sick leave use	10 days per school year, cumulative; annual cash bonus for low sick leave use	12 days/year, cumulative (6 days if hired between Dec 31 – Apr. 30)
Personal Leave	3 days/year for FT 12- month employees	4 days/year (tenured), 3 days/year (non-tenured) (non-cumulative) (\$250 bonus if days not used)	3 days/year (non- cumulative)
Maternity Leave	In accordance with FMLA; may use disability leave	Leave in accordance with applicable state & federal law, with discretionary 1 year unpaid leave	Not specified
Sabbatical Leave	N/A	After 10 YOS, teachers may take 1 year sabbatical at 50% salary; eligible every 7 yrs thereafter	N/A
Holidays	14 per year for FT 12- month employees	Scheduled holidays during school year	14 per year

Other key terms of the three current group agreements are as follows:

	Duquesne Education Support Professionals (ESP)	Duquesne City Education Association (DCEA)	Act 93/Management
Work Year	Secretaries: 260 days	192-194 days [181 student days; 5 clerical days; and 6 (2009), 7 (2010), 8 (2011) in-service days]	260 days for Principal, Asst. Principal, Comm. Ed. Liaison, Acting Bus. Mgr; 200 days for Student Services staff
Work Day	Secretaries: 8 hrs. with 30 min. lunch during school year, 7 hours with 1 hour lunch during summer	For teachers, increasing from 7 hr., 10 min. (Fall 2009) to 7 hr. 55 min. (2011-12), including 30 min. duty-free lunch period	Not specified
Probationary period	90 days	Tenure terms not specified	N/A
Layoffs	Seniority based on continuous service within job classification; layoffs in reverse order of seniority; recall rights	Furloughs shall be based on seniority and the area of certification Seniority defined differently for pre vs. post-July 1995 hires; no seniority for long-term substitutes Recalls in reverse order	N/A
Just cause	"The employee shall not discipline or discharge, or reduce in rank or compensation, any employee without just cause." (p. 11)	"No tenured teacher shall be disciplined (including discharged) in any manner without just cause." (p.6)	N/A
Temporary staff; Subcontractors	District will make reasonable efforts to maintain a list of 4 substitute secretaries and 4 substitute custodians		N/A

Initiatives

WK01.	Workforce reductions	
	Target outcome:	Workforce aligned to new District operating model
	Multi-year financial impact:	TBD
	Responsible party:	CRO and Superintendent

Under the terms of Act 141, school districts may exercise certain powers when included in the Recovery Plan and when those powers will effect needed economies. As noted in the Options section of this Plan,

in order to achieve financial stability, the most efficient and effective approach is to close the District's K-6 school and solicit or mandate the education of Duquesne K-6 children in other Districts.

In order to achieve this goal and implement the recommended option in this Plan, the District is authorized to dispense with the services of non-professional employees and close a school and dismiss its professional employees, under the terms of Section 642-A(6) and Section 642-A(11) of Act 141.

WK02.	Workforce Contingency Plan	
	Target outcome:	Collective bargaining agreements consistent with Plan finances and balanced budgets
	Multi-year financial impact:	TBD
	Responsible party:	CRO and Superintendent

If this Recovery Plan is successfully implemented, the size of the District's workforce would be dramatically reduced as all students would attend schools in other districts, charter schools, or non-public schools. As shown in this Plan, that scenario would result in balanced budgets over the next five years. However, if for some reason the District does not successfully negotiate terms to send elementary school students to other districts or implement other options explored in this Plan, it may necessary for Duquesne School District to temporarily continue to provide services to educate and support K-6 students and maintain classroom facilities and administrative offices. In that case, the District must still produce balanced budgets and meet all other requirements of the Plan.

It is intended by this Plan that the CRO, in consultation with the Board and the Superintendent, would have primary responsibility for working with receiving school districts to propose and negotiate placement agreements. Those placement agreements would be approved by the Duquesne City School Board and the boards of the receiving schools.

If the CRO determines on or after April 16, 2013 that the voluntary placement scenario described in the Options chapter will not be implemented for the 2013-14 school year, he shall work with the Superintendent to develop a contingency plan to fund personnel costs within the five-year revenue forecasts provided in the Recovery Plan. Any labor agreements settled during the Plan period shall not increase costs beyond what the District can afford. Because the baseline forecast includes deficits, this contingency plan may include workforce savings initiatives to close projected fiscal gaps. The CRO shall set workforce savings requirements needed for fiscal balance in each year of the Plan, and any future collective bargaining agreement shall comply with the contingency plan and workforce savings requirements. Board decisions on future collective bargaining agreements and budgets must comply with the parameters set by the CRO.

For any proposed changes to compensation currently in place, or any new compensation components proposed, the District (working cooperatively with the relevant bargaining unit) shall provide a full cost analysis of those changes for each year of the proposed collective bargaining agreement (or annually for non-represented employees) to determine and assure that the savings requirements are met. The CRO shall serve as the independent arbiter of the affordability of the proposed changes. The District and the relevant bargaining unit shall provide the full cost analysis information to the CRO in form and content acceptable to the CRO. If the proposals will not result in sufficient savings, the proposals shall be returned to the bargaining units or employees and the District for modification. Adequate information must be provided to verify the cost analysis, and it must be provided in a timely manner.

Section 642-A of 141 provides the authority to implement a variety of workforce savings initiatives as part of this contingency plan. In particular, section 642(A)(6) authorizes the dispensing with services of non-professional employees not needed for economical operation of the District; section 642-A(9) allows the appointment of professional and senior management employees needed to carry out this initiative;

section 642-A(10) allows the District to enter into alternative service agreements when three-year cost comparisons show savings; section 642-A(11) allows the closing or reconstituting of schools and reassignment, suspension or dismissal of employees when required by this initiative; section 642-A(13) provides the authority to reallocate resources, amend school procedures and take other steps required by this initiative; section 642-A(14) authorizes the District to supervise and direct professional staff when required by this initiative; and section 642-A(15) authorizes the negotiation of new collective bargaining agreements to comply with this initiative.

If overall personnel costs are to be held within affordable parameters, it is critical that management flexibility be retained to achieve efficient and effective staffing levels, salaries, benefits, work processes, use of technology, and governance approaches. Such terms as necessary to achieve fiscal balance shall be included in future collective bargaining agreements.



Options

Options

At the direction of Secretary of Education Ron Tomalis, and with the cooperation of the elected Duquesne City School Board, recovery planning has been underway since mid-November. Chief Recovery Officer Paul B. Long, Ed.D. was appointed on November 16, 2012 by the Secretary of Education to lead and coordinate the planning process. Major contributors to the planning process include Acting Superintendent Paul Rach, Acting Business Manager Nedene Gullen, other employees, members of the elected Duquesne City Board of School Directors and several consultants.

In addition, the Plan has benefited from the advice of community leaders and local citizens. Community involvement to date has included four meetings with the School Board, four public forums, two meetings of an advisory council, and numerous discussions with school board members and other community leaders. A large part of the Plan has been accomplished by means of technical assistance provided by the Department of Education. This has taken the form of consultative educational evaluation, financial analysis and other research conducted or coordinated by Public Financial Management, Inc.

Inasmuch as the Duquesne City School Board is asked to approve the Recovery Plan, their concerns and suggestions have been addressed in the Plan to the greatest extent possible. Similarly, the Secretary of Education will be asked to approve the Plan. A fundamental premise of the Plan is that it must comply with current law, regulations and practice and not rely on the passage of new legislation. However, several aspects of the Plan could be enabled or facilitated by new legislation. These are noted as they are addressed.

The planning process consisted of three major parts. First, both qualitative and quantitative data were gathered. Qualitative data included, for example, recollections, opinions and recommendations of stakeholders, such as School Board members, employees and community leaders. Examples of quantitative data that were collected include: standardized test scores, budgets, enrollment data and audits.

The second part of the planning process was the evaluation of collect data, both educational and financial. Reports were prepared in relation to major areas of school operation taking into account the data that had been gathered. In addition, a financial model was developed to aid in the financial evaluation of alternative scenarios for operation of the Duquesne School District.

The final major task in the planning process was the development and evaluation of alternative scenarios to accomplish Duquesne's recovery. First, a baseline scenario was prepared, which envisioned continuation of the K-6 program as it is currently operated. From that baseline, three other scenarios were developed and evaluated. These four scenarios were critically analyzed, compared and contrasted in terms of educational soundness, financial viability and potential issues. From the four scenarios, a primary plan was selected and two contingency plans were identified.

Alternative Scenarios

The Recovery Plan for the Duquesne City School District must address its unsatisfactory and unsustainable situations, both educationally and financially. To do so, four scenarios have been evaluated. Each of the scenarios was evaluated against two high level goals:

Goal 1 – Create a sustainable financial model for educating all the students of the Duquesne City School District.

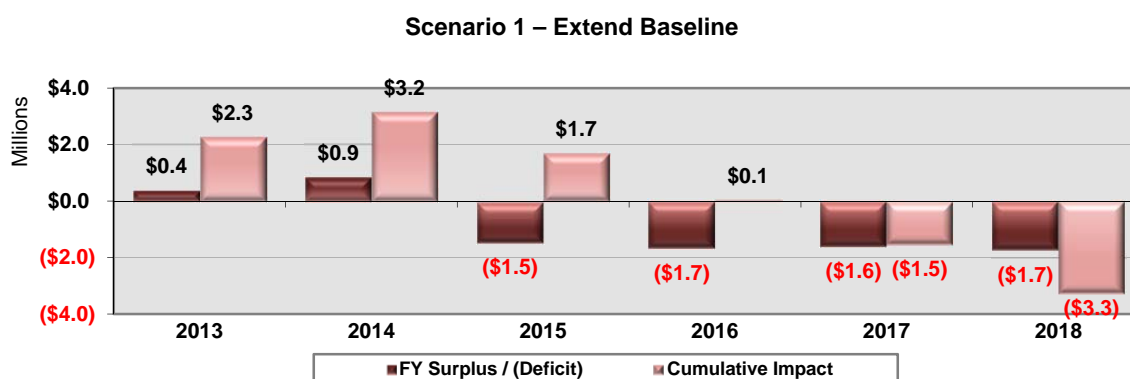
Goal 2 – Place the students of the Duquesne City School District in an educational environment that has the greatest likelihood of improving their academic performance.

Scenario 1 – Extend Baseline

Under this scenario, the District would continue to operate the K-6 program as it is now exists. Although, this scenario is academically and fiscally unacceptable, as will be discussed below, it provides a baseline to compare the other scenarios. Also, if all other scenarios were ultimately not feasible or cannot be implemented, the baseline scenario would serve as a point of departure to meet the School District's legal obligations to provide for public schools for the children of the community for a limited time period.

Scenario 1 – Discussion

As described earlier in this Plan the multi-year budget model for the District's shows that after the elimination of the supplemental state appropriation in 2014-15, the District's finances show deficits of approximately \$1.5 million annually, quickly eliminating the District's modest fund balance.



Clearly this situation is untenable – if the District does nothing, it will be out of business, unable to make payroll, in just a few years. Moreover, as noted earlier in this Plan, the likely situation is worse than this projection shows.

Scenario 2 – Solicit Placements for Duquesne K-6 Students in other Public Schools

This scenario, which is the recommended option for the future education of Duquesne students, places the District's K-6 students in classes at one or more nearby public school districts, based on agreements between the receiving school district(s) and the Duquesne City School District. The intent is that the agreements would be voluntary and beneficial for both districts. The receiving district would need to have adequate classroom capacity and an appropriate academic program to take in Duquesne students. On the other hand, the tuition would have to be affordable for Duquesne. Other student and family needs such as, keeping siblings together would be accommodated to the greatest extent possible.

Scenario 2 – Discussion

This scenario essentially continues and completes the process of placing Duquesne students in nearby school districts on a tuition basis that began with the transfer of high school students in 2007 and continued with grades 7 and 8 last year. Under this scenario, the District would not run any educational programs and would have all students placed in another public school, a charter school or an out-of-district placement in the case of certain special education students. The District would continue to have a small administrative staff that would collect taxes, pay bills and manage the placement of new students. In addition, the District would continue to be responsible for transporting students to the various locations.

Under this scenario, the District would create a process for working with surrounding school districts to identify available slots for the K-6 students. The receiving district would not be required to accept Duquesne students but would accept the students based on space availability and the existence of appropriate academic programs. Duquesne would determine a tuition payment amount for its students which would represent a per student dollar amount after all fixed and necessary expenses of the District

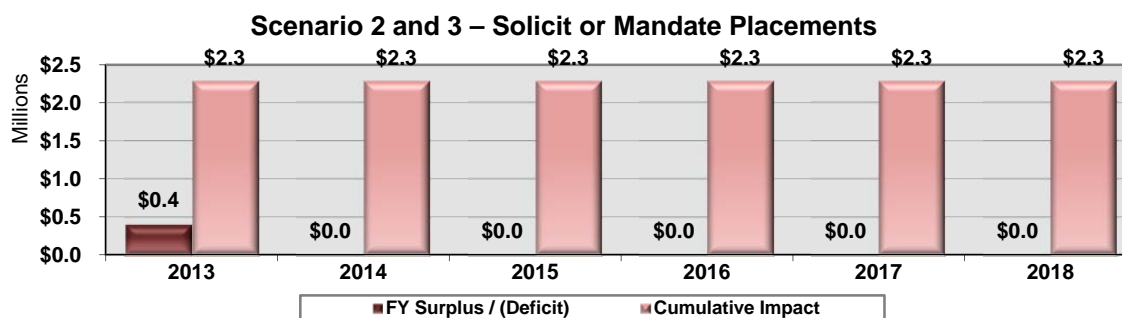
are deducted from available revenue.⁸ This tuition payment would not be tied to the charter school tuition rate or any other tuition rate described in the Pennsylvania School Code.

Conceptually, the placement of students under this scenario would occur using the following process and conditions.

1. In early March 2013, the DCSD will identify the number of students by grade level and IEP or 504 needs who are to be placed at the beginning of the upcoming school year.
2. By means of a proposal, receiving school districts will be invited to identify the number of students it wishes to enroll by school, grade level and, as appropriate, special program.
3. By the end of March 2013, the receiving school districts will respond with potential enrollment openings.
4. By mid-April 2013, the DCSD will reconcile student placements with openings that are available, and in consultation with parents, make enrollment assignments. To the greatest extent possible, siblings would be kept together and family needs would be accommodated.
5. The DCSD will arrange for transportation of students.
6. Working with the receiving school, the DCSD will coordinate transition events and distribution of related information.
7. The DCSD students will attend assigned schools in accordance with the receiving school district's calendar.

A minimum tuition payment could be guaranteed to the receiving school district by Duquesne; however the tuition payment could increase over time based on revenue and expense changes at Duquesne. The tuition payment amount would be calculated annually and provided to the receiving District in advance of each fiscal year.

Using the baseline forecasts described above and modifying expenses to reflect the discontinuation of educational programs at Duquesne it is projected that Duquesne can provide a tuition payment in the range of \$8,000 for each K-6 student placed in another school district. After factoring in this tuition payment and the cost of a basic District administrative staff, the forecast for district finances is shown in the table below.



It is recommended that the District immediately begin a process to describe this option to surrounding school districts and to identify available slots for Duquesne's K-6 students. The intent is to place all students for the 2013-14 school year and to take appropriate actions to curtail the existing educational program at Duquesne effective at the end of the 2012-13 school year.

This scenario presents a number of potential issues for students, parents, the receiving school district and the Duquesne school district. Potential resolutions of these issues and protections of the people involved are addressed below. These items are subject to negotiation and will eventually need to be agreed upon by both the receiving school district and Duquesne. A contract or other formal agreement between the

⁸ These might include debt service, administrative services, maintenance of the DEC, utilities and other costs.

sending and receiving school districts will be necessary. There are, no doubt, other issues that will emerge that will also need resolution.

1. Once a student is enrolled at the receiving school district, normal membership will continue until the student completes sixth grade. Exceptions would include if the student's family ends residency in Duquesne or for if some extraordinary cause, such as exclusion, were to occur. The receiving school district will become the student's LEA.
2. Students promoted to seventh grade will normally go through the established selection process of attending secondary school at either West Mifflin Area or East Allegheny. However, on a mutually beneficial, voluntary basis, the receiving school district and the DCSD could agree for the student to continue enrollment at the receiving school district.
3. The tuition rate per student would be a blended rate for all students, that is, applicable to both regular education and special education students. At this point, the blended tuition rate is estimate to be in the range of \$8,000 per student per school year. Supplemental tuition could be made available, on a negotiated basis, for extraordinary special services required for IEP and 504 students.
4. The DCSD will maintain responsibility for students enrolled in self contained programs elsewhere, such as charter and approved private schools.
5. The DCSD will engage or employ administrative staff to coordinate resolution of transition, educational, administrative and financial issues.

This scenario has the following advantages:

1. By definition is creates a balanced budget and a sustainable financial plan for Duquesne.
2. It places students in educational settings where there is a proven record of achievement.
3. It allows receiving districts to opt to take in students to fill available slots, thereby assuring that the tuition payment from Duquesne more than covers the marginal cost of taking in the student.
4. There will continue to be a Duquesne City School District that will oversee the placement of Duquesne students.

This scenario also has some disadvantages:

1. Surrounding districts must agree to take in Duquesne students.
2. All Duquesne students will have to travel to the receiving districts.

A draft memo outlining the District's proposal to receiving districts is included in this Plan as Appendix 3.

Scenario 3 – Mandate Placements for Duquesne K-6 Students

Like the previous scenario, this scenario would place Duquesne's K-6 students in classes at one or more nearby school districts. However, enrollment levels and tuition rates would be based on a new State law. Under the new law future educational and administrative procedures would, to a great extent, be prescribed by state mandate from the Department of Education. The result would be an arrangement similar to how Duquesne's secondary education program is now conducted. Scenario 3 is a contingency plan that could be pursued if Scenario 2 were to fail.

Scenario 3 – Discussion

This scenario would require state legislative action along the lines of Act 123 of 2010, which would prescribe what school districts would receive the K-6 student from Duquesne and the amount of the tuition payment that would be made to the receiving district. Once again, in order to insure financial stability in Duquesne the tuition rate in the new legislation would have to be consistent with the tuition rate in Scenario 2, unless the General Assembly decides to appropriate additional funds to Duquesne.

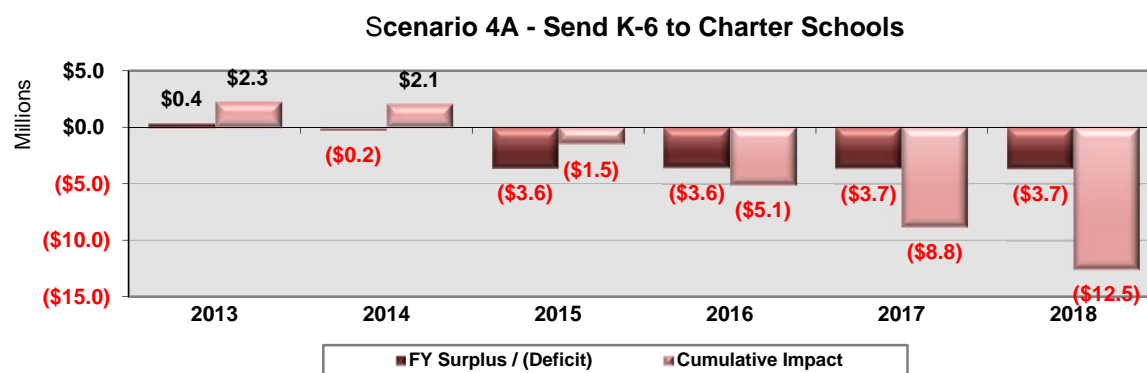
The major difference between scenarios 2 and 3 would be the amount of choice given to the receiving school district.

Scenario 4 – Charter School in Duquesne

Under this scenario, a charter school would be established in Duquesne City for students in grades K-6. The charter school operator would be selected through a competitive proposal process, and the charter school would be housed at the Duquesne Education Center. However, under the existing law that prescribes charter school tuition rates, this scenario is not financially viable. New legislation or some extraordinary revenue source would be required to make charter school tuition rates affordable to the Duquesne City School District. Moreover, the District would still be required to offer a public school option for parents who did not wish to send their children to the charter. The public school option is likely to be the arrangement outlined in scenario 2 or 3 above. Given the financial, organizational and operational challenges, Scenario 4 is a contingency plan that might possibly be explored further only if Scenario 2 were to fail.

Scenario 4 – Discussion

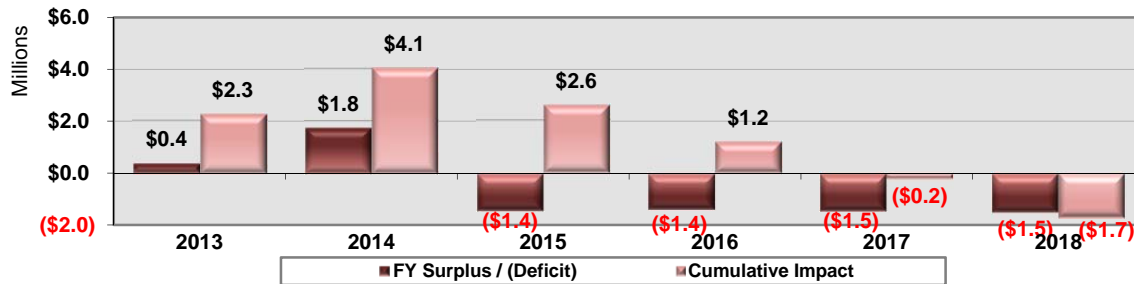
Duquesne students already attend several different charter schools. The tuition rate that Duquesne pays for charter school students is set by law. Analysis indicates that it would be cost-prohibitive for the District to place its remaining K-6 students in charter schools even if the charter schools had room to take them and the parents of the students wished to place their child in a charter school. The table below shows the financial impact of placing the remaining K-6 students in a charter school; the District would face annual shortfalls of \$3.6 million, and a negative fund balance almost as large as its entire budget by 2018.



In order to change the cost of the charter school placement, there would need to be state legislative action either to redefine charter school tuition calculations overall or to change the calculation of charter school tuition for distressed school districts like Duquesne.

The option of creating a conversion charter school was also evaluated. The assumption regarding the conversion charter is that it would be operated in the Duquesne Education Center (DEC) and that the charter school would pay a lease payment to the District, thereby reducing Duquesne's costs for charter school payments and covering the high District debt service associated with the DEC. The table below shows the financial impact of placing K-6 students in a conversion charter with a lease payment from the charter to the District.

Scenario 4B - K-6 Conversion Charter w/Lease Payment



This conversion charter school option, although it has some merit, would be extremely difficult to implement in Duquesne. The process would require the identification and qualification of an acceptable charter school operator. There would be significant questions about the long term viability of such a charter and the ability of the charter to improve the academic performance of the students. Finally, the positive recurring financial results would be contingent on the charter's ability to pay the annual lease of approximately \$2.0 million; even with that revenue, the District would still be approximately \$1.5 million in deficit each year.

Initiatives

OP01.	Solicit Placements for Duquesne K-6 Students	
	Target outcome:	Places for all Duquesne K-6 students in other districts for the 2013-14 school year
	Multi-year financial impact:	NA
	Responsible party:	CRO and Superintendent

Working with the Chief Recovery Officer, the School Board shall approve and the Superintendent and staff shall work to immediately begin a process to fully describe this option to surrounding school districts and to identify available slots for Duquesne's K-6 students. The intent is to place all students for the 2013-14 school year and to take appropriate actions to curtail the existing educational program at Duquesne effective at the end of the 2012-13 school year.

The District shall maintain an administrative staff to collect taxes, pay bills and manage the placement of new students. In addition, the District shall continue to be responsible for transporting students to the various locations.

The District shall determine a tuition payment amount for its students which would represent a per student dollar amount after all fixed and necessary expenses of the District are deducted from available revenue. This tuition payment would not be tied to the charter school tuition rate or any other tuition rate described in the Pennsylvania school code.

A minimum tuition payment could be guaranteed to the receiving school district by Duquesne; however the tuition payment could increase over time based on revenue and expense changes at Duquesne. As part of the financial considerations for the tuitioning process, the District shall establish a contingency fund to pay for extraordinary costs that may be incurred by a K-6 student placed in another public school.

The tuition payment amount would be calculated annually and provided to the receiving District in advance of each fiscal year. The goal would be to provide a fair and equitable tuition rate to the receiving districts.

As part of the implementation of this initiative, the CRO shall convene a public forum to explain and discuss the effort to solicit placements and all other aspects of this Plan.

On or about March 1, 2013, the Chief Recovery Officer and Superintendent shall provide potential receiving school districts with a proposal for placement of K-6 students from the District for the 2013-14 school year. The proposal shall include an estimated tuition rate and other conditions to allow potential receiving districts to evaluate the option of accepting District students. The CRO and Superintendent shall request statements of interest from potential receiving school districts no later than March 22, 2013 and shall immediately enter into discussions with all responding school districts. The CRO shall determine by April 15, 2013 whether the voluntary placement approach should be followed for the 2013-14 school year.

Subsequent to a decision to follow the voluntary placement approach, the CRO and the District shall take all appropriate steps to complete agreements with the receiving districts (including approval by their respective boards), align the 2013-14 budget with the voluntary placement approach, provide any required notice of school closing and employee furlough,⁹ and implement other necessary steps to make the transition.

OP02.	Develop a fallback plan	
	Target outcome:	TBD
	Multi-year financial impact:	NA
	Responsible party:	TBD

If Scenario 2, soliciting voluntary placements, proves not to be feasible or if it is obstructed by legal or statutory means, the District shall work with the CRO to pursue Scenario 3 or Scenario 4. The CRO shall notify the Department of Education immediately upon determining that Scenario 2 is not feasible, to request assistance to pursue scenarios 3 and 4. If Scenario 2, Scenario 3, and Scenario 4 all prove infeasible, the District shall return to Scenario 1 for the 2013-2014 school year, but shall work with the Commonwealth to find alternative means of achieving academic success and financial stability, including the potential for implementing Scenario 2 in subsequent years.

In order to plan for the education of Duquesne students in 2013-14 and to provide necessary notices to the staff and community members in Duquesne it will be vital to adhere a decision making calendar. The following timetable outlines the approximate dates for key decisions regarding Duquesne.

⁹ Authorization to close a school, including the dismissal of employees, is authorized by Section 642-A(a)(11) of Act 141.

Date	Action
February 11, 2013	CRO Plan delivered per Act 141
February 21, 2013	Duquesne School Board approves Plan
February 22, 2013	CRO Plan forwarded to Secretary of Education
March 4, 2013	Secretary of Education approves Plan
March 4, 2013	Schedule public forum to present Plan to the community
March 5, 2013	Invite qualified nearby public schools to participate in a placement agreement
March 29, 2013	Due date for responses from nearby districts regarding taking K-6 students under a placement agreement
April 1, 2013	Duquesne commences enrollment assignments
April 16, 2013	If voluntary placements are deemed to be feasible based on responses from receiving districts, notify parents and receiving districts and commence transition
April 16, 2013	If voluntary placements are deemed to not be feasible based on the responses from receiving districts, commence preparation to operate the K-6 at DEC
April 17, 2013	Notify the Department of Education and other parties regarding the status of voluntary placement and initiate appropriate measures to implement Scenario 3 and 4 as outlined in the CRO Plan.

If the preferred option, scenario 2, is not implemented for any reason, the District will have to take extraordinary steps to provide necessary educational services and balance its budget. In order to do so, the CRO shall be authorized to use any or all of the following provisions of Section 642-A of Act 141 which may be necessary to implement scenarios 3, 4 or 1:

- Reopen the District's 2012-13 budget to achieve budget balance (subsection 1);
- Convert the District's remaining school to a charter school under terms and conditions approved by the Chief Recovery Officer or receiver (subsection 2);
- Cancel or renegotiate of contracts (subsection 3);
- Increase tax levies (subsection 4);
- Appoint of a special collector of delinquent taxes (subsection 5);
- Dispense with the services of nonprofessional employees (subsection 6);
- Enter into agreements with persons or non-profit organizations to operate a school or schools (subsection 7);
- Suspend or revoke a charter (subsection 8);
- Employ professional and senior management employees who do not hold State certification (subsection 9);
- Enter into agreements with for-profit or non-profit organizations to provide services (subsection 10);
- Close or reconstitute a school, including the reassignment, suspension or dismissal of professional employees (subsection 11);
- Appoint managers, administrators, or for-profit or nonprofit organizations to oversee schools in the district (subsection 12);
- Reallocate resources, amend school procedures, develop achievement plans and implement testing or other evaluation procedures for educational purposes (subsection 13);
- Supervise and direct principals, teachers and administrators (subsection 14);
- Negotiate new collective bargaining agreements to effect needed economies (subsection 15);
- Delegate powers of the CRO (subsection 16);

- Employ entities to review financial and educational programs (subsection 17)
- Negotiate a contract with a charter school (subsection 18).

OP03.	Monitor progress	
	Target outcome:	Improved educational and financial performance
	Multi-year financial impact:	TBD
	Responsible party:	CRO and Superintendent

After Plan implementation, the CRO and the District shall closely monitor educational and financial performance and compliance with Section 631-A of the School Code (Act 141). In addition, Duquesne student learning and wellbeing shall be monitored regularly, with proactive and timely measures be taken to correct problems that are discovered.



Appendix 1

Declaration of Financial Recovery Status

DECLARATION OF FINANCIAL RECOVERY STATUS

WHEREAS, I, Ronald J. Tomalis, Secretary of Education, state and declare that I am aware of the financial condition of the Duquesne City School District (the "District"), the administrative practices of the governing board of the District (the "Special Board of Control"), and other pertinent matters concerning the District; and

WHEREAS, the District's financial condition is plagued by serious financial problems, such that:

- A. In an effort to reduce expenses, the District eliminated its senior high school program in 2007;
- B. Although the District eliminated its senior high school program in 2007, it continues to struggle financially; thus, in a further effort to reduce expenses, effective for the 2012-2013 school year, the District eliminated its junior high program;
- C. Notwithstanding these extraordinary actions to reduce expenses, the District has received and continues to require substantial annual supplemental funding from the Commonwealth to continue operating. For example, for the 2012-2013 school year, in addition to its annual allocations for basic education funding and other grants, the Commonwealth will provide the District with a supplemental appropriation of approximately \$2.5 million – for a budget of approximately \$16.1 million – so the District can continue to operate;
- D. The annual debt service payment of the District exceeds the total collected in property and earned income taxes, reflecting the District's inability to meet its long-term debt obligations without continued financial support from the Commonwealth; and

2. **WHEREAS**, the District lacks a long-term plan to address its financial difficulties and to become fiscally self-sufficient; and

3. **WHEREAS**, the District requested and received multiple advances of its basic education subsidy, including:

- A. On June 27, 2005, the District received an advance of its basic education subsidy in the amount of \$225,000;

- B. On July 14, 2005, the District received an advance of its basic education subsidy in the amount of \$1,960,960;
- C. On July 13, 2006, the District received an advance of its basic education subsidy in the amount of \$1,900,000;
- D. On July 24, 2007, the District received an advance of its basic education subsidy in the amount of \$1,200,000; and

4. **WHEREAS**, on October 11, 2000, Eugene W. Hickok, then the Secretary of Education, certified the District as a distressed school district pursuant to section 691 of the Public School Code, 24 P.S. § 6-691; and

5. **WHEREAS**, since October 11, 2000, the District has continuously remained subject to a declaration of financial distress; and

6. **WHEREAS**, on August 22, 2012, Dr. Carolyn C. Dumaresq, Deputy Secretary of Elementary and Secondary Education, issued a Preliminary Declaration of Financial Recovery Status to the District with the foregoing statements, and the District was afforded an opportunity to be heard; and

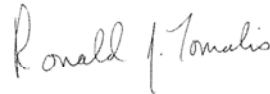
7. **WHEREAS**, the District responded to the Preliminary Declaration by stating that it would not be requesting a hearing to contest the Preliminary Declaration of Financial Recovery Status issued on August 22, 2012.

NOW, THEREFORE, I find as follows:

- 1. The District has received an advance of its basic education subsidy.
- 2. The District is subject to a declaration of fiscal distress pursuant to section 691 of the Public School Code, 24 P.S. § 6-691.

AND FURTHER, on this 16th day of November, 2012, in consideration of the facts described herein, I make the following declaration:

The Duquesne City School District is in Financial Recovery Status as defined in section 621-A of the Public School Code of 1949, 24 P.S. § 6-621-A, and is subject to the provisions of Article VI-A of the Public School Code that apply to Severe Financial Recovery School Districts as defined in section 661-A, 24 P.S. § 6-661-A.

A handwritten signature in cursive script that reads "Ronald J. Tomalis".

Ronald J. Tomalis
Secretary of Education

Appointment Letter



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION
333 MARKET STREET
HARRISBURG, PENNSYLVANIA 17126-0333

SECRETARY OF EDUCATION

717-787-5820

November 16, 2012

Paul B. Long, Ed.D.
612 Bellflower Road
Langhorne, PA 19047-1789

Re: Appointment as Chief Recovery Officer for the Duquesne City School District

Dear Dr. Long:

On November 16, 2012, the Duquesne City School District was declared to be in Financial Recovery Status as defined in section 621-A of the Public School Code of 1949, 24 P.S. § 6-621-A. As you may be aware, section 631-A of the School Code directs the Secretary of Education, after issuing a Declaration of Financial Recovery Status, to appoint a Chief Recovery Officer for the school district declared to be in financial recovery status, 24 P.S. § 6-631-A.

The Chief Recovery Officer serves at the pleasure of the Secretary of Education and has the responsibility of developing, implementing and administering a financial recovery plan in the District, all in coordination with the Department of Education.

In accordance with the authority granted to me under section 631-A of the School Code, I am appointing you to serve as the Chief Recovery Officer for the Duquesne City School District. Your appointment is effective immediately.

Thank you for accepting this challenge and for assisting the Department in efforts to serve the students of the Duquesne City School District.

Sincerely,

A handwritten signature in cursive script that reads "Ronald J. Tomalis".

Ronald J. Tomalis

c: Francis V. Barnes, Chair, Board of Control
DeWayne Tucker, President, Board of Directors
William Andrews, Solicitor

Duquesne City School District Board Action

DUQUESNE CITY SCHOOL DISTRICT

RESOLUTION TO COOPERATE WITH CHIEF RECOVERY OFFICER

WHEREAS, on November 16, 2012, the Secretary of Education issued a Declaration of Financial Recovery Status designating that Duquesne City School District is in Financial Recovery Status as a Severe Financial Recovery School District pursuant to the Financial Recovery Act (24 P.S. § 6-661-A); and

WHEREAS, on November 16, 2012, the Secretary of Education, pursuant to the Financial Recovery Act, appointed Dr. Paul Long as the Chief Recovery Officer (CRO) for the Duquesne City School District; and

WHEREAS, the Financial Recovery Act requires that within fourteen (14) days following a declaration of financial recovery status, the Board of School Directors at a special or regular meeting is required to adopt by a majority vote a resolution electing to proceed with one of the following; and

1. Cooperation with the CRO and development, approval and implementation of a financial recovery plan; or
2. The appointment of a Receiver.

NOW THEREFORE BE IT FURTHER RESOLVED, as follows:

1. The Board of School Directors of the Duquesne City School District hereby agrees to cooperate with the CRO in the development of a financial recovery plan.

48000.129

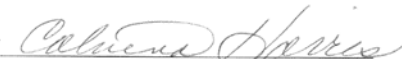
2. As per the time deadlines set forth in the Financial Recovery Act, which may be extended by the Secretary of Education, the Board of School Directors will separately vote to approve or disapprove the financial recovery plan as submitted by the CRO.

RESOLVED, this 29th day of November, 2012.

Attest:

DUQUESNE CITY SCHOOL DISTRICT


Secretary

BY 
President

48000.129



Appendix 2

Repayment Schedule for 2012-13 Transitional Loan

To redeem the 2008 Bonds, through this Plan the District is applying to the Commonwealth for a fiscal year 2012-13 Financial Recovery Transitional Loan in the amount of \$6.785 million (see Plan initiative FA03). The District shall repay the transitional loan over a nine year period in amounts approximately equal to the current principal amortization schedule beginning with the 2013-14 fiscal year. The savings to the District will essentially be the interest that would have been paid on the 2008 bonds, estimated to be \$1.046 million over the remaining life of the bonds and \$783,341 over the next five years. The Commonwealth's PLANCON reimbursement to the District will be reduced by approximately \$463,653 over the nine years as a result of this loan.

Fiscal Year	Act 141 Transitional Loan Repayment
2013-14	\$390,000
2014-15	\$405,000
2015-16	\$415,000
2016-17	\$435,000
2017-18	\$455,000
2018-19	\$475,000
2019-20	\$1,310,000
2020-21	\$1,440,000
2021-22	\$1,460,000
Total	\$6,785,000

Repayment Schedule for 2013-14 Transitional Loan

The elimination of K-6 instruction at the District will result in the dismissal of employees (see Plan initiative W01) and cause the District to incur substantial one-time cost for unemployment insurance in fiscal year 2013-14. To ensure that this extraordinary one-time cost and other transition expenses do not have a negative impact on the District's finances or the amount it can pay in tuition to receiving districts, through this Plan the District is applying to the Commonwealth for a fiscal year 2013-14 Financial Recovery Transitional Loan in the amount of \$1.0 million. The loan is described in Plan initiative BU01, and the repayment schedule is shown below.

Fiscal Year	Act 141 Transitional Loan Repayment
2014-15	\$200,000
2015-16	\$200,000
2016-17	\$200,000
2017-18	\$200,000
2018-19	\$200,000
Total	\$1,000,000



Appendix 3

Paul B. Long, Ed.D.
Pennsylvania Department of Education
Chief Recovery Officer
Duquesne City School District
300 Kennedy Avenue
Duquesne, PA 15110

February 11, 2013

Proposal for Placement of Duquesne City School District Elementary Students (DRAFT)

Purpose

This paper outlines a proposed process for placement of K-6 tuition students of the Duquesne City School District (DCSD) in nearby public schools in a manner that is mutually beneficial and voluntary for both the receiving school district(s) and the DCSD, and most important, is likely to provide improved education for the students involved.

Introduction

Duquesne students in grades 7-12 are currently being educated at either West Mifflin Area or East Allegheny school districts. Students in kindergarten through grade 6 continue to attend the Duquesne Elementary School in Duquesne City. A number of students also attend private, parochial and charter schools.

The continued operation of the status quo K-6 program by the DCSD is neither educationally desirable nor fiscally viable. Therefore, a recovery plan has been developed with the goal of improved education for the K-6 students of Duquesne and the financial stability of the DCSD.

The recovery plan is addressing the two edged dilemma, educational and financial, from which the DCSD must recover. On one hand, in recent years student achievement, as measured by PSSA scores in reading and mathematics, has been among the lowest in Pennsylvania. On the other, for twelve years, the school district had been in financial distress, and in November 2012 was declared to be in severe financial recovery status.

In the recovery plan, four scenarios are being studied.

1. Continue to operate the K-6 program as it is now exists. Although not viable, this scenario provides a baseline to compare the other three.
2. Place K-6 students at nearby public schools with voluntary agreements between the receiving school district(s) and the DCSD. The receiving schools would need to have

adequate classroom capacity and appropriate academic programs, and tuition would have to be affordable to Duquesne.

3. Like the above scenario, place K-6 students in classes at nearby schools, but enrollment and tuition would be mandated by new legislation.
4. Establish a charter school in Duquesne City for K-6 students. This scenario is not financially viable without new legislation or some extraordinary new revenue source.

Scenario 2

For several reasons, the second scenario is preferred. First, it is authorized under current law; therefore, it does not rely upon new legislation. Second, because it is based on a mutually beneficial and voluntary relationship between the receiving school district(s) and the DCSD, as opposed to new law or mandate, it is likely to be the most flexible. Third, because of these voluntary and flexible characteristics, both the sending and receiving school district(s) would be exposed to relatively low political, economic, financial and administrative risk. Finally, and most important, the voluntary and flexible nature of the scenario will permit selection of schools and placement of students where students' educational, developmental and social needs can be well met.

Conceptually, here is how Scenario 2 would work.

8. In early March, the DCSD will identify the number of students by grade level and IEP or 504 needs who are to be placed at the beginning of the upcoming school year.
9. By means of this proposal, the receiving the school district(s) will be invited to identify the number of students it wishes to enroll by school, grade level and, as appropriate, special program.
10. By the end of March, the receiving school district(s) will respond with potential enrollment openings.
11. By mid-April, the DCSD will reconcile student placements with openings that are available, and in consultation with parents, make enrollment assignments. To the greatest extent possible, siblings will be kept together and family needs will be accommodated.
12. The DCSD will arrange for transportation of students.
13. Working with the receiving school, the DCSD will coordinate transition events and distribution of related information.
14. The DCSD students will attend assigned schools in accordance with the receiving school district's calendar.

A few issues for students, parents, the receiving school district(s) and Duquesne are to be kept in mind. Potential resolutions of these issues and protections of the people involved are addressed below. These items are subject to negotiation and will eventually need to be agreed upon by both the receiving school district(s) and Duquesne. A contract or other formal agreement between the sending and receiving school district will be necessary. There are, no doubt, other issues that will emerge that will also need to be resolved.

6. Once a student is enrolled at the receiving school district, normal membership will continue until the student completes sixth grade. Exceptions would include if the

student's family ends residency in Duquesne or if some extraordinary cause for withdrawal, such as exclusion, were to occur. The receiving school district will become the student's local LEA.

7. Students promoted to seventh grade will normally go through the established selection process of attending secondary school at either West Mifflin Area or East Allegheny. However, on a mutually agreeable basis, the receiving school district and the DCSD could arrange for the student to continue tuition enrollment at the receiving school district.
8. The tuition rate per student would be a blended rate for all students, that is, applicable to both regular education and special education students. A preliminary estimate of the blended tuition rate is \$8,000 per student per school year.
9. The DCSD will establish a reserve fund to provide for supplemental tuition, on a negotiated basis, for extraordinary instruction and services required for IEP and 504 students.
10. The DCSD will maintain responsibility for students enrolled in self contained programs elsewhere, such as charter and approved private schools.
11. The DCSD will engage or employ administrative staff to coordinate resolution of transition, educational, administrative and financial issues.

Moving forward, the following steps are proposed. One again, there will be undoubtedly be emerging action items that will need to be included.

1. With the delivery of this proposal, in early March, additional data on current and projected K-6 enrollments and a draft contract will be provided.
2. Soon after delivery of this proposal the chief recovery officer will be available to meet with receiving school district administrators to discuss concepts, identify new issues and formulate plans.
3. By mid-March, the blended tuition rate will be set, the process for handling extraordinary special needs will be established and suitable contract documents will be prepared.
4. Approval by respective school boards of the contract documents will be necessary.
5. The process for identifying student placements and completing enrollments will proceed as described above.
6. If for any reason Scenario 2 cannot be implemented, notice will be given to all involved school districts and families by mid-April.

There are benefits that Scenario 2 offers the receiving school district(s). Since enrollments can be matched with vacant seats in existing sections, there would be little additional, i.e. marginal costs to be borne. The tuition paid for the students these seats would be, to a great extent, unencumbered new revenue. A process will be in place to address payment of supplemental tuition for extraordinary special needs expenses. Furthermore, an influx of new students to a school slated for closure might enable the school to remain open. Finally, though some may not readily agree, there is a genuine altruistic motive to taking positive and constructive action to provide better education for the K-6 students of Duquesne.



Appendix 4

SCENARIO 1 - Extend Baseline

GENERAL FUND REVENUES

		2011	2012	2013	2014	2015	2016	2017	2018
		Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
REVENUES									
Revenues From Local Sources									
6111	Current Real Estate Taxes	1,363,653	1,203,046	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274
6113	Public Utility Realty Taxes	2,443	2,475	0	0	0	0	0	0
6140	Current Act 511 Taxes - Flat Rate Assessments	0	5,000	0	0	0	0	0	0
6143	Emergency and Municipal Services Tax	7,610	0	0	0	0	0	0	0
6150	Current Act 511 Taxes - Proportional Assessments	0	147,000	144,000	144,000	144,000	144,000	144,000	144,000
6151	Earned Income Taxes	153,974	0	0	0	0	0	0	0
6153	Real Estate Transfer Taxes	49,456	0	0	0	0	0	0	0
6400	Delinquent on Taxes Levied/Assessed by the LEA	194,428	160,000	25,000	25,000	25,000	25,000	25,000	25,000
6500	Earnings on Investments	2,557	2,500	0	0	0	0	0	0
6832	Federal IDEA received from an IU	169,871	85,000	114,518	114,518	114,518	114,518	114,518	114,518
6833	ARRA - IDEA Revenue received as Pass Through	107,181	0	0	0	0	0	0	0
6910	Rentals	47,851	45,167	55,916	55,916	55,916	55,916	55,916	55,916
6920	Contributions and Donations from Private Sources	10,050	0	0	0	0	0	0	0
6990	Refunds and Other Misc. Revenue	0	35,000	44,975	44,975	44,975	44,975	44,975	44,975
6991	Refunds of Prior Years' Expenditures	28,475	0	0	0	0	0	0	0
6999	All Other Local Revenues	104,045	0	0	0	0	0	0	0
Revenues From Local Sources Subtotal		2,241,595	1,685,188	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683
Revenue From State Sources									
7110	Basic Instructional Subsidy (In Gross)	5,267,214	5,788,156	8,501,863	8,564,881	8,736,179	8,998,264	9,268,212	9,546,258
7140	Charter Schools	585,079	0	0	0	0	0	0	0
7160	Tuition for Orphans & Children Placed in Private Homes	54,485	120,000	55,000	55,000	55,000	55,000	55,000	55,000
7170	Educational Empowerment/School Improvement Grants	473,725	0	0	0	0	0	0	0
7271	Special Education - Funding for School Aged Pupils	767,037	617,037	617,037	613,952	613,952	613,952	613,952	613,952
7291	Education Assistance Program (Tutoring)	98,120	0	0	0	0	0	0	0
7310	Transportation (Regular and Additional)	124,937	150,000	437,128	437,128	437,128	437,128	437,128	437,128
7320	Rental and Sinking Fund Payments I Bldg Reimb. Subsidy	455,479	413,062	364,615	432,209	432,024	431,083	433,518	432,657
7330	Health Services (Medical, Dental, Nurse, Act 25)	7,509	6,000	6,000	6,138	6,279	6,424	6,571	6,722
7340	State Property Tax Reduction Allocation	367,468	367,447	367,430	367,430	367,430	367,430	367,430	367,430
7501	PA Accountability Grant	282,298	0	110,911	110,911	110,911	110,911	110,911	110,911
7599	Supplemental Reimbursement of Basic ED Subsidies	1,946,000	0	2,500,000	2,500,000	0	0	0	0
7810	Revenue from Social Security Payments	208,277	97,627	220,273	231,684	231,684	242,629	242,629	249,485
7820	State Share of Retirement Contributions	179,905	110,389	176,734	266,760	335,775	442,596	485,483	525,595
Revenues From State Sources Subtotal		10,817,532	7,669,718	13,356,991	13,586,094	11,326,362	11,705,416	12,020,834	12,345,139
Revenues From Federal Sources									
8200	Unrestricted Grants-in-Aid from Fed. Gov't Through Comm.	2,261	0	0	0	0	0	0	0
8512	IDEA, Part B	175,000	150,000	175,000	192,147	190,634	197,190	203,746	206,772
8514	NCLB, Title I - Improving the Acad. Achvmnt. of the Disadvantaged	1,285,925	1,143,115	851,466	934,895	927,534	959,433	991,332	1,006,055
8515	NCLB, Title II- Prep, Train & Recruit High Qual. Teachers & Principals	250,243	135,575	110,640	121,481	120,524	124,669	128,814	130,727
8702	ARRA - IDEA, Section 619	27,848	0	0	0	0	0	0	0
8703	ARRA - Title I, Part A	36,541	0	0	0	0	0	0	0
8708	ARRA - State Fiscal Stabilization Fund	728,537	0	0	0	0	0	0	0
8709	ARRA - Education Jobs Fund (EduJobs)	431,646	0	0	0	0	0	0	0
8731	ARRA - Build America Bonds	9,130	0	0	0	0	0	0	0
8799	ARRA - Miscellaneous	0	0	57,917	63,592	63,091	65,261	67,431	68,432
8810	School-Based Access Medicaid Reimb. Prgm (SBAP) (ACCESS)	0	100,000	50,000	54,899	54,467	56,340	58,213	59,078
8820	Medical Asstnc. Reimb. For Health-Related Admin.	196	0	0	0	0	0	0	0
Revenues From Federal Sources Subtotal		2,947,328	1,528,690	1,245,023	1,367,014	1,356,250	1,402,893	1,449,537	1,471,065
Total Revenues		\$16,006,455	\$10,883,596	\$16,132,697	\$16,483,790	\$14,213,294	\$14,638,992	\$15,001,054	\$15,346,886

GENERAL FUND EXPENDITURES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
EXPENDITURES								
Personnel Services - Salaries & Wages								
110 Official / Administrative	512,063	411,901	373,330	373,330	373,330	373,330	373,330	373,330
120 Professional - Instructional Staff	3,142,457	2,056,029	1,899,461	2,016,882	2,016,882	2,145,016	2,145,016	2,203,727
130 Professional - Other	192,360	100,901	30,523	30,523	30,523	30,523	30,523	30,523
140 Technical	0	0	36,874	36,874	36,874	36,874	36,874	36,874
150 Office / Clerical	191,894	60,820	130,203	130,203	130,203	130,203	130,203	130,203
170 Operative and Laborer	337,527	0	0	0	0	0	0	0
180 Service Work	0	137,493	152,615	152,615	152,615	152,615	152,615	152,615
190 Instructional Assistant	0	134,203	339,349	368,992	368,992	381,909	381,909	411,551
Personnel Services Subtotal	4,376,300	2,901,347	2,962,355	3,109,419	3,109,419	3,250,470	3,250,470	3,338,822
Employee Benefits								
211 Health/Medical Insurance	1,278,645	928,648	996,270	1,115,430	1,204,664	1,338,033	1,445,075	1,596,052
212 Dental Insurance	0	46,404	45,729	49,756	51,647	55,999	58,127	62,044
213 Life Insurance	0	5,668	5,426	5,808	5,941	6,310	6,455	6,782
215 Eye Care Insurance	0	6,289	6,606	7,101	7,265	7,762	7,940	8,375
220 Social Security Contributions	335,159	224,535	217,165	228,415	228,415	239,206	239,206	245,965
230 Retirement Contributions	244,333	253,887	347,499	524,511	660,208	870,242	954,568	1,033,436
240 Tuition Reimbursement	13,200	10,000	0	0	0	0	0	0
250 Unemployment Compensation	35,519	60,000	195,000	35,000	35,000	35,000	35,000	35,000
260 Workers' Compensation	45,407	75,600	75,600	79,632	79,632	82,656	82,656	85,680
Employee Benefits Subtotal	1,952,262	1,611,031	1,889,296	2,045,653	2,272,772	2,635,207	2,829,027	3,073,334
Purchased Professional and Technical Services								
300 Purchased Prof & Tech	1,195,618	0	8,750	8,951	9,157	9,368	9,583	9,804
310 Official / Administrative Services	0	77,000	77,000	77,000	77,000	77,000	77,000	77,000
320 Professional - Educational Services	0	361,174	394,722	403,801	413,088	422,589	432,309	442,252
330 Other Professional Services	0	475,345	295,069	301,856	308,798	315,901	323,166	330,599
390 Other	0	38,860	33,430	34,199	34,985	35,790	36,613	37,455
Purchased Professional and Technical Services	1,195,618	952,379	808,971	825,806	843,029	860,648	878,671	897,110
Purchased Property Services								
400 Purchased Property Svc	389,202	2,000	2,000	2,046	2,093	2,141	2,190	2,241
411 Cleaning Services	0	12,600	12,600	12,890	13,186	13,490	13,800	14,117
421 Utility Services	0	233,815	233,815	239,193	244,694	250,322	256,080	261,969
431 Repairs and Maintenance	0	94,882	103,939	106,330	108,775	111,277	113,836	116,455
441 Rentals	0	17,964	21,214	21,702	22,201	22,712	23,234	23,768
460 Extermination	0	2,000	2,000	2,046	2,093	2,141	2,190	2,241
490 Other	0	4,000	4,000	4,092	4,186	4,282	4,381	4,482
Purchased Property Services	389,202	367,261	379,568	388,298	397,229	406,365	415,712	425,273
Other Purchased Services								
560 Tuition	5,121,645	5,482,960	6,469,750	5,908,935	5,682,626	5,756,687	5,795,987	5,899,043
523 General Property and Liability Insurance	56,622	0	0	0	0	0	0	0
590 Miscellaneous Purchased Services	586,303	588,962	695,088	697,158	699,276	701,442	703,658	705,925
511 Student Transportation	60,186	591,098	669,300	683,463	697,953	712,775	727,938	743,450
516 St Tr Svc from the IU	9,784	0	0	0	0	0	0	0
513 St Tr Svc-Contr Carrier	553,063	0	0	0	0	0	0	0
521 Insurance - General	1,166	46,266	56,715	58,017	59,349	60,712	62,106	63,532
538 Communications	39,731	36,852	36,852	37,700	38,567	39,454	40,361	41,289
540 Advertising	32,329	20,000	20,000	20,460	20,931	21,412	21,904	22,408
550 Printing and Binding	251	15,000	15,000	15,345	15,698	16,059	16,428	16,806
580 Travel	28,956	0	150	153	157	161	164	168
Other Purchased Services	6,490,036	6,781,138	7,962,855	7,421,232	7,214,556	7,308,701	7,368,548	7,492,623
Supplies								
618 General Supplies	305,488	154,514	132,080	141,474	144,154	150,013	156,065	160,883
635 Food	12,375	3,033	0	0	0	0	0	0
640 Books and Periodicals	44,160	0	13,800	14,117	14,442	14,774	15,114	15,462
Supplies	362,024	157,547	145,880	155,591	158,596	164,787	171,179	176,345
Property								
750 Equipment - Original & Additional	18,500	0	0	0	0	0	0	0
Property Subtotal	18,500	0	0	0	0	0	0	0
Other Objects								
800 Other Objects	48,414	0	0	0	0	0	0	0
810 Dues and Fees	0	8,600	0	0	0	0	0	0
830 Interest	580,885	578,119	453,314	503,619	462,907	419,282	373,659	325,347
880 Refunds for PY Receipts	0	18,892	172,774	0	0	0	0	0
Other Objects Subtotal	629,299	605,611	626,088	503,619	462,907	419,282	373,659	325,347
Other Use of Funds								
911 Redemption of Principal	1,015,000	1,080,833	950,833	1,160,833	1,200,833	1,240,833	1,295,833	1,340,833
990 Misc. Other Uses of Funds	8,133	0	4,246	4,246	4,246	4,246	4,246	4,246
Other Use of Funds Subtotal	1,023,133	1,080,833	955,079	1,165,079	1,205,079	1,245,079	1,300,079	1,345,079
Total Expenditures	16,436,374	14,457,147	15,730,092	15,614,697	15,663,587	16,290,538	16,587,345	17,073,932
Surplus/Deficit	(429,919)	(3,573,551)	402,605	869,093	(1,450,292)	(1,651,546)	(1,586,291)	(1,727,046)
Ending Year Fund Balance	1,398,488	1,883,442	2,286,047	3,155,140	1,704,848	53,302	(1,532,989)	(3,260,034)

SCENARIO 2 & 3 - Solicit Placements for Duquesne K-6 Students in other Public Schools/Mandate Placements for Duquesne K-6 Students
GENERAL FUND REVENUES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
REVENUES								
Revenues From Local Sources								
6111 Current Real Estate Taxes	1,363,653	1,203,046	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274
6113 Public Utility Realty Taxes	2,443	2,475	0	0	0	0	0	0
6140 Current Act 511 Taxes - Flat Rate Assessments	0	5,000	0	0	0	0	0	0
6143 Emergency and Municipal Services Tax	7,610	0	0	0	0	0	0	0
6150 Current Act 511 Taxes - Proportional Assessments	0	147,000	144,000	144,000	144,000	144,000	144,000	144,000
6151 Earned Income Taxes	153,974	0	0	0	0	0	0	0
6153 Real Estate Transfer Taxes	49,456	0	0	0	0	0	0	0
6400 Delinquent on Taxes Levied/Assessed by the LEA	194,428	160,000	25,000	25,000	25,000	25,000	25,000	25,000
6500 Earnings on Investments	2,557	2,500	0	0	0	0	0	0
6832 Federal IDEA received from an IU	169,871	85,000	114,518	114,518	114,518	114,518	114,518	114,518
6833 ARRA - IDEA Revenue received as Pass Through	107,181	0	0	0	0	0	0	0
6910 Rentals	47,851	45,167	55,916	55,916	55,916	55,916	55,916	55,916
6920 Contributions and Donations from Private Sources	10,050	0	0	0	0	0	0	0
6990 Refunds and Other Misc. Revenue	0	35,000	44,975	44,975	44,975	44,975	44,975	44,975
6991 Refunds of Prior Years' Expenditures	28,475	0	0	0	0	0	0	0
6999 All Other Local Revenues	104,045	0	0	0	0	0	0	0
Revenues From Local Sources Subtotal	2,241,595	1,685,188	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683
Revenue From State Sources								
7110 Basic Instructional Subsidy (In Gross)	5,267,214	5,788,156	8,501,863	8,564,881	8,736,179	8,998,264	9,268,212	9,546,258
7140 Charter Schools	585,079	0	0	0	0	0	0	0
7160 Tuition for Orphans & Children Placed in Private Homes	54,485	120,000	55,000	55,000	55,000	55,000	55,000	55,000
7170 Educational Empowerment/School Improvement Grants	473,725	0	0	0	0	0	0	0
7271 Special Education - Funding for School Aged Pupils	767,037	617,037	617,037	613,952	613,952	613,952	613,952	613,952
7291 Education Assistance Program (Tutoring)	98,120	0	0	0	0	0	0	0
7310 Transportation (Regular and Additional)	124,937	150,000	437,128	437,128	437,128	437,128	437,128	437,128
7320 Rental and Sinking Fund Payments I Bldg Reimb. Subsidy	455,479	413,062	364,615	432,209	432,024	431,083	433,518	432,657
7330 Health Services (Medical, Dental, Nurse, Act 25)	7,509	6,000	6,000	6,138	6,279	6,424	6,571	6,722
7340 State Property Tax Reduction Allocation	367,468	367,447	367,430	367,430	367,430	367,430	367,430	367,430
7501 PA Accountability Grant	282,298	0	110,911	110,911	110,911	110,911	110,911	110,911
7599 Supplemental Reimbursement of Basic ED Subsidies	1,946,000	0	2,500,000	2,500,000	0	0	0	0
7598 Transition Loan	0	0	0	1,000,000	0	0	0	0
7810 Revenue from Social Security Payments	208,277	97,627	220,273	25,448	25,448	25,448	25,448	25,448
7820 State Share of Retirement Contributions	179,905	110,389	176,734	38,268	48,169	58,318	63,969	65,890
Revenues From State Sources Subtotal	10,817,532	7,669,718	13,356,991	14,151,365	10,832,520	11,103,957	11,382,139	11,661,398
Revenues From Federal Sources								
8200 Unrestricted Grants-in-Aid from Fed. Govt Through Comm.	2,261	0	0	0	0	0	0	0
8512 IDEA, Part B	175,000	150,000	175,000	0	0	0	0	0
8514 NCLB, Title I - Improving the Acad. Achvmnt. of the Disadvantaged	1,285,925	1,143,115	851,466	0	0	0	0	0
8515 NCLB, Title II- Prep, Train & Recruit High Qual. Teachers & Principals	250,243	135,575	110,640	0	0	0	0	0
8702 ARRA - IDEA, Section 619	27,848	0	0	0	0	0	0	0
8703 ARRA - Title I, Part A	36,541	0	0	0	0	0	0	0
8708 ARRA - State Fiscal Stabilization Fund	728,537	0	0	0	0	0	0	0
8709 ARRA - Education Jobs Fund (EduJobs)	431,646	0	0	0	0	0	0	0
8731 ARRA - Build America Bonds	9,130	0	0	0	0	0	0	0
8799 ARRA - Miscellaneous	0	0	57,917	0	0	0	0	0
8810 School-Based Access Medicaid Reimb. Prgm (SBAP) (ACCESS)	0	100,000	50,000	0	0	0	0	0
8820 Medical Asstnc. Reimb. For Health-Related Admin.	196	0	0	0	0	0	0	0
Revenues From Federal Sources Subtotal	2,947,328	1,528,690	1,245,023	0	0	0	0	0
Total Revenues	\$16,006,455	\$10,883,596	\$16,132,697	\$15,682,048	\$12,363,203	\$12,634,640	\$12,912,822	\$13,192,081

SCENARIO 2 & 3 - Solicit Placements for Duquesne K-6 Students in other Public Schools/Mandate Placements for Duquesne K-6 Students
GENERAL FUND EXPENDITURES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
EXPENDITURES								
Personnel Services - Salaries & Wages								
110 Official / Administrative	512,063	411,901	373,330	122,418	122,418	122,418	122,418	122,418
120 Professional - Instructional Staff	3,142,457	2,056,029	1,899,461	0	0	0	0	0
130 Professional - Other	192,360	100,901	30,523	0	0	0	0	0
140 Technical	0	0	36,874	36,874	36,874	36,874	36,874	36,874
150 Office / Clerical	191,894	60,820	130,203	98,895	98,895	98,895	98,895	98,895
170 Operative and Laborer	337,527	0	0	0	0	0	0	0
180 Service Work	0	137,493	152,615	69,773	69,773	69,773	69,773	69,773
190 Instructional Assistant	0	134,203	339,349	0	0	0	0	0
Personnel Services Subtotal	4,376,300	2,901,347	2,962,355	327,960	327,960	327,960	327,960	327,960
Employee Benefits								
211 Health/Medical Insurance	1,278,645	928,648	996,270	410,883	443,754	479,254	517,594	559,002
212 Dental Insurance	0	46,404	45,729	5,694	5,910	6,135	6,368	6,610
213 Life Insurance	0	5,668	5,426	980	1,003	1,026	1,049	1,073
215 Eye Care Insurance	0	6,289	6,606	788	806	825	844	863
220 Social Security Contributions	335,159	224,535	217,165	25,089	25,089	25,089	25,089	25,089
230 Retirement Contributions	244,333	253,887	347,499	75,244	94,711	114,667	125,778	129,555
240 Tuition Reimbursement	13,200	10,000	0	0	0	0	0	0
250 Unemployment Compensation	35,519	60,000	195,000	936,000	35,000	35,000	35,000	35,000
260 Workers' Compensation	45,407	75,600	75,600	0	0	0	0	0
Employee Benefits Subtotal	1,952,262	1,611,031	1,889,296	1,454,679	606,273	661,995	711,722	757,193
Purchased Professional and Technical Services								
300 Purchased Prof & Tech	1,195,618	0	8,750	11,102	11,357	11,619	11,886	12,159
310 Official / Administrative Services	0	77,000	77,000	77,000	77,000	77,000	77,000	77,000
320 Professional - Educational Services	0	361,174	394,722	40,345	41,273	42,222	43,193	44,187
330 Other Professional Services	0	475,345	295,069	107,185	109,650	112,172	114,752	117,391
390 Other	0	38,860	33,430	29,084	29,753	30,437	31,137	31,853
Purchased Professional and Technical Services	1,195,618	952,379	808,971	264,716	269,033	273,450	277,969	282,591
Purchased Property Services								
400 Purchased Property Svc	389,202	2,000	2,000	2,046	2,093	2,141	2,190	2,241
411 Cleaning Services	0	12,600	12,600	12,890	13,186	13,490	13,800	14,117
421 Utility Services	0	233,815	233,815	239,193	244,694	250,322	256,080	261,969
431 Repairs and Maintenance	0	94,882	103,939	20,460	20,931	21,412	21,904	22,408
441 Rentals	0	17,964	21,214	6,868	7,026	7,188	7,353	7,522
460 Extermination	0	2,000	2,000	2,046	2,093	2,141	2,190	2,241
490 Other	0	4,000	4,000	4,092	4,186	4,282	4,381	4,482
Purchased Property Services	389,202	367,261	379,568	287,595	294,210	300,976	307,899	314,981
Other Purchased Services								
560 Tuition	5,121,645	5,482,960	6,469,750	11,022,426	8,324,364	8,514,718	8,704,143	8,910,908
523 General Property and Liability Insurance	56,622	0	0	0	0	0	0	0
590 Miscellaneous Purchased Services	586,303	588,962	695,088	0	0	0	0	0
511 Student Transportation	60,186	591,098	669,300	683,463	697,953	712,775	727,938	743,450
516 St Tr Svc from the IU	9,784	0	0	0	0	0	0	0
513 St Tr Svc-Contr Carrier	553,063	0	0	0	0	0	0	0
521 Insurance - General	1,166	46,266	56,715	58,017	59,349	60,712	62,106	63,532
538 Communications	39,731	36,852	36,852	37,700	38,567	39,454	40,361	41,289
540 Advertising	32,329	20,000	20,000	20,460	20,931	21,412	21,904	22,408
550 Printing and Binding	251	15,000	15,000	0	0	0	0	0
580 Travel	28,956	0	150	0	0	0	0	0
Other Purchased Services	6,490,036	6,781,138	7,962,855	11,822,066	9,141,163	9,349,071	9,556,453	9,781,589
Supplies								
618 General Supplies	305,488	154,514	132,080	10,581	10,824	11,073	11,327	11,588
635 Food	12,375	3,033	0	0	0	0	0	0
640 Books and Periodicals	44,160	0	13,800	0	0	0	0	0
Supplies	362,024	157,547	145,880	10,581	10,824	11,073	11,327	11,588
Property								
750 Equipment - Original & Additional	18,500	0	0	0	0	0	0	0
Property Subtotal	18,500	0	0	0	0	0	0	0
Other Objects								
800 Other Objects	48,414	0	0	0	0	0	0	0
810 Dues and Fees	0	8,600	0	0	0	0	0	0
830 Interest	580,885	578,119	453,314	353,619	312,907	269,282	223,659	175,347
880 Refunds for PY Receipts	0	18,892	172,774	0	0	0	0	0
Other Objects Subtotal	629,299	605,611	626,088	353,619	312,907	269,282	223,659	175,347
Other Use of Funds								
911 Redemption of Principal	1,015,000	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
990 Misc. Other Uses of Funds	8,133	0	0	0	0	0	0	0
Other Use of Funds Subtotal	1,023,133	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
Total Expenditures	16,436,374	14,457,147	15,725,846	15,682,048	12,363,203	12,634,640	12,912,822	13,192,081
Surplus/Deficit	(429,919)	(3,573,551)	406,851	0	0	0	0	0
Ending Year Fund Balance	1,398,488	1,883,442	2,290,293	2,290,293	2,290,293	2,290,293	2,290,293	2,290,293
Special Education and Adjustment Reserve Fund Balance	\$0	0	1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Unreserved Fund Balance	\$0	0	1,290,293	\$1,290,293	\$1,290,293	\$1,290,293	\$1,290,293	\$1,290,293

SCENARIO 4A - Charter School in Duquesne
GENERAL FUND REVENUES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
REVENUES								
Revenues From Local Sources								
6111 Current Real Estate Taxes	1,363,653	1,203,046	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274
6113 Public Utility Realty Taxes	2,443	2,475	0	0	0	0	0	0
6140 Current Act 511 Taxes - Flat Rate Assessments	0	5,000	0	0	0	0	0	0
6143 Emergency and Municipal Services Tax	7,610	0	0	0	0	0	0	0
6150 Current Act 511 Taxes - Proportional Assessments	0	147,000	144,000	144,000	144,000	144,000	144,000	144,000
6151 Earned Income Taxes	153,974	0	0	0	0	0	0	0
6153 Real Estate Transfer Taxes	49,456	0	0	0	0	0	0	0
6400 Delinquent on Taxes Levied/Assessed by the LEA	194,428	160,000	25,000	25,000	25,000	25,000	25,000	25,000
6500 Earnings on Investments	2,557	2,500	0	0	0	0	0	0
6832 Federal IDEA received from an IU	169,871	85,000	114,518	114,518	114,518	114,518	114,518	114,518
6833 ARRA - IDEA Revenue received as Pass Through	107,181	0	0	0	0	0	0	0
6910 Rentals	47,851	45,167	55,916	55,916	55,916	55,916	55,916	55,916
6920 Contributions and Donations from Private Sources	10,050	0	0	0	0	0	0	0
6990 Refunds and Other Misc. Revenue	0	35,000	44,975	44,975	44,975	44,975	44,975	44,975
6991 Refunds of Prior Years' Expenditures	28,475	0	0	0	0	0	0	0
6999 All Other Local Revenues	104,045	0	0	0	0	0	0	0
Revenues From Local Sources Subtotal	2,241,595	1,685,188	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683
Revenue From State Sources								
7110 Basic Instructional Subsidy (In Gross)	5,267,214	5,788,156	8,501,863	8,564,881	8,736,179	8,998,264	9,268,212	9,546,258
7140 Charter Schools	585,079	0	0	0	0	0	0	0
7160 Tuition for Orphans & Children Placed in Private Homes	54,485	120,000	55,000	55,000	55,000	55,000	55,000	55,000
7170 Educational Empowerment/School Improvement Grants	473,725	0	0	0	0	0	0	0
7271 Special Education - Funding for School Aged Pupils	767,037	617,037	617,037	613,952	613,952	613,952	613,952	613,952
7291 Education Assistance Program (Tutoring)	98,120	0	0	0	0	0	0	0
7310 Transportation (Regular and Additional)	124,937	150,000	437,128	437,128	437,128	437,128	437,128	437,128
7320 Rental and Sinking Fund Payments I Bldg Reimb. Subsidy	455,479	413,062	364,615	432,209	432,024	431,083	433,518	432,657
7330 Health Services (Medical, Dental, Nurse, Act 25)	7,509	6,000	6,000	6,138	6,279	6,424	6,571	6,722
7340 State Property Tax Reduction Allocation	367,468	367,447	367,430	367,430	367,430	367,430	367,430	367,430
7501 PA Accountability Grant	282,298	0	110,911	110,911	110,911	110,911	110,911	110,911
7599 Supplemental Reimbursement of Basic ED Subsidies	1,946,000	0	2,500,000	2,500,000	0	0	0	0
7598 Transition Loan	0	0	0	1,000,000	0	0	0	0
7810 Revenue from Social Security Payments	208,277	97,627	220,273	25,448	25,448	25,448	25,448	25,448
7820 State Share of Retirement Contributions	179,905	110,389	176,734	38,268	48,169	58,318	63,969	65,890
Revenues From State Sources Subtotal	10,817,532	7,669,718	13,356,991	14,151,365	10,832,520	11,103,957	11,382,139	11,661,398
Revenues From Federal Sources								
8200 Unrestricted Grants-in-Aid from Fed. Govt Through Comm.	2,261	0	0	0	0	0	0	0
8512 IDEA, Part B	175,000	150,000	175,000	0	0	0	0	0
8514 NCLB, Title I - Improving the Acad. Achvmnt. of the Disadvantaged	1,285,925	1,143,115	851,466	0	0	0	0	0
8515 NCLB, Title II- Prep, Train & Recruit High Qual. Teachers & Principals	250,243	135,575	110,640	0	0	0	0	0
8702 ARRA - IDEA, Section 619	27,848	0	0	0	0	0	0	0
8703 ARRA - Title I, Part A	36,541	0	0	0	0	0	0	0
8708 ARRA - State Fiscal Stabilization Fund	728,537	0	0	0	0	0	0	0
8709 ARRA - Education Jobs Fund (EduJobs)	431,646	0	0	0	0	0	0	0
8731 ARRA - Build America Bonds	9,130	0	0	0	0	0	0	0
8799 ARRA - Miscellaneous	0	0	57,917	0	0	0	0	0
8810 School-Based Access Medicaid Reimb. Prgm (SBAP) (ACCESS)	0	100,000	50,000	0	0	0	0	0
8820 Medical Asstnc. Reimb. For Health-Related Admin.	196	0	0	0	0	0	0	0
Revenues From Federal Sources Subtotal	2,947,328	1,528,690	1,245,023	0	0	0	0	0
Total Revenues	\$16,006,455	\$10,883,596	\$16,132,697	\$15,682,048	\$12,363,203	\$12,634,640	\$12,912,822	\$13,192,081

SCENARIO 4A - Charter School in Duquesne
GENERAL FUND EXPENDITURES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
EXPENDITURES								
Personnel Services - Salaries & Wages								
110 Official / Administrative	512,063	411,901	373,330	122,418	122,418	122,418	122,418	122,418
120 Professional - Instructional Staff	3,142,457	2,056,029	1,899,461	0	0	0	0	0
130 Professional - Other	192,360	100,901	30,523	0	0	0	0	0
140 Technical	0	0	36,874	36,874	36,874	36,874	36,874	36,874
150 Office / Clerical	191,894	60,820	130,203	98,895	98,895	98,895	98,895	98,895
170 Operative and Laborer	337,527	0	0	0	0	0	0	0
180 Service Work	0	137,493	152,615	69,773	69,773	69,773	69,773	69,773
190 Instructional Assistant	0	134,203	339,349	0	0	0	0	0
Personnel Services Subtotal	4,376,300	2,901,347	2,962,355	327,960	327,960	327,960	327,960	327,960
Employee Benefits								
211 Health/Medical Insurance	1,278,645	928,648	996,270	410,883	443,754	479,254	517,594	559,002
212 Dental Insurance	0	46,404	45,729	5,694	5,910	6,135	6,368	6,610
213 Life Insurance	0	5,668	5,426	980	1,003	1,026	1,049	1,073
215 Eye Care Insurance	0	6,289	6,606	788	806	825	844	863
220 Social Security Contributions	335,159	224,535	217,165	25,089	25,089	25,089	25,089	25,089
230 Retirement Contributions	244,333	253,887	347,499	75,244	94,711	114,667	125,778	129,555
240 Tuition Reimbursement	13,200	10,000	0	0	0	0	0	0
250 Unemployment Compensation	35,519	60,000	195,000	936,000	35,000	35,000	35,000	35,000
260 Workers' Compensation	45,407	75,600	75,600	0	0	0	0	0
Employee Benefits Subtotal	1,952,262	1,611,031	1,889,296	1,454,679	606,273	661,995	711,722	757,193
Purchased Professional and Technical Services								
300 Purchased Prof & Tech	1,195,618	0	8,750	11,102	11,357	11,619	11,886	12,159
310 Official / Administrative Services	0	77,000	77,000	77,000	77,000	77,000	77,000	77,000
320 Professional - Educational Services	0	361,174	394,722	40,345	41,273	42,222	43,193	44,187
330 Other Professional Services	0	475,345	295,069	107,185	109,650	112,172	114,752	117,391
390 Other	0	38,860	33,430	29,084	29,753	30,437	31,137	31,853
Purchased Professional and Technical Services	1,195,618	952,379	808,971	264,716	269,033	273,450	277,969	282,591
Purchased Property Services								
400 Purchased Property Svc	389,202	2,000	2,000	2,046	2,093	2,141	2,190	2,241
411 Cleaning Services	0	12,600	12,600	12,890	13,186	13,490	13,800	14,117
421 Utility Services	0	233,815	233,815	239,193	244,694	250,322	256,080	261,969
431 Repairs and Maintenance	0	94,882	103,939	20,460	20,931	21,412	21,904	22,408
441 Rentals	0	17,964	21,214	6,868	7,026	7,188	7,353	7,522
460 Extermination	0	2,000	2,000	2,046	2,093	2,141	2,190	2,241
490 Other	0	4,000	4,000	4,092	4,186	4,282	4,381	4,482
Purchased Property Services	389,202	367,261	379,568	287,595	294,210	300,976	307,899	314,981
Other Purchased Services								
560 Tuition	5,121,645	5,482,960	6,469,750	11,227,678	11,957,066	12,112,390	12,383,676	12,627,012
523 General Property and Liability Insurance	56,622	0	0	0	0	0	0	0
590 Miscellaneous Purchased Services	586,303	588,962	695,088	0	0	0	0	0
511 Student Transportation	60,186	591,098	669,300	683,463	697,953	712,775	727,938	743,450
516 St Tr Svc from the IU	9,784	0	0	0	0	0	0	0
513 St Tr Svc-Contr Carrier	553,063	0	0	0	0	0	0	0
521 Insurance - General	1,166	46,266	56,715	58,017	59,349	60,712	62,106	63,532
538 Communications	39,731	36,852	36,852	37,700	38,567	39,454	40,361	41,289
540 Advertising	32,329	20,000	20,000	20,460	20,931	21,412	21,904	22,408
550 Printing and Binding	251	15,000	15,000	0	0	0	0	0
580 Travel	28,956	0	150	0	0	0	0	0
Other Purchased Services	6,490,036	6,781,138	7,962,855	12,027,318	12,773,865	12,946,742	13,235,986	13,497,692
Supplies								
618 General Supplies	305,488	154,514	132,080	10,581	10,824	11,073	11,327	11,588
635 Food	12,375	3,033	0	0	0	0	0	0
640 Books and Periodicals	44,160	0	13,800	0	0	0	0	0
Supplies	362,024	157,547	145,880	10,581	10,824	11,073	11,327	11,588
Property								
750 Equipment - Original & Additional	18,500	0	0	0	0	0	0	0
Property Subtotal	18,500	0	0	0	0	0	0	0
Other Objects								
800 Other Objects	48,414	0	0	0	0	0	0	0
810 Dues and Fees	0	8,600	0	0	0	0	0	0
830 Interest	580,885	578,119	453,314	353,619	312,907	269,282	223,659	175,347
880 Refunds for PY Receipts	0	18,892	172,774	0	0	0	0	0
Other Objects Subtotal	629,299	605,611	626,088	353,619	312,907	269,282	223,659	175,347
Other Use of Funds								
911 Redemption of Principal	1,015,000	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
990 Misc. Other Uses of Funds	8,133	0	0	0	0	0	0	0
Other Use of Funds Subtotal	1,023,133	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
Total Expenditures	16,436,374	14,457,147	15,725,846	15,887,300	15,995,905	16,232,312	16,592,355	16,908,184
Surplus/Deficit	(429,919)	(3,573,551)	406,851	(205,252)	(3,632,702)	(3,597,671)	(3,679,533)	(3,716,103)
Ending Year Fund Balance	1,398,488	1,883,442	2,290,293	2,085,042	(1,547,660)	(5,145,332)	(8,824,865)	(12,540,968)

SCENARIO 4B - Charter School in Duquesne with Building Lease Payment
GENERAL FUND REVENUES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
REVENUES								
Revenues From Local Sources								
6111 Current Real Estate Taxes	1,363,653	1,203,046	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274	1,146,274
6113 Public Utility Realty Taxes	2,443	2,475	0	0	0	0	0	0
6140 Current Act 511 Taxes - Flat Rate Assessments	0	5,000	0	0	0	0	0	0
6143 Emergency and Municipal Services Tax	7,610	0	0	0	0	0	0	0
6150 Current Act 511 Taxes - Proportional Assessments	0	147,000	144,000	144,000	144,000	144,000	144,000	144,000
6151 Earned Income Taxes	153,974	0	0	0	0	0	0	0
6153 Real Estate Transfer Taxes	49,456	0	0	0	0	0	0	0
6400 Delinquent on Taxes Levied/Assessed by the LEA	194,428	160,000	25,000	25,000	25,000	25,000	25,000	25,000
6500 Earnings on Investments	2,557	2,500	0	0	0	0	0	0
6832 Federal IDEA received from an IU	169,871	85,000	114,518	114,518	114,518	114,518	114,518	114,518
6833 ARRA - IDEA Revenue received as Pass Through	107,181	0	0	0	0	0	0	0
6910 Rentals	47,851	45,167	55,916	55,916	55,916	55,916	55,916	55,916
6920 Contributions and Donations from Private Sources	10,050	0	0	0	0	0	0	0
6990 Refunds and Other Misc. Revenue	0	35,000	44,975	44,975	44,975	44,975	44,975	44,975
6991 Refunds of Prior Years' Expenditures	28,475	0	0	0	0	0	0	0
6999 All Other Local Revenues	104,045	0	0	0	0	0	0	0
Revenues From Local Sources Subtotal	2,241,595	1,685,188	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683	1,530,683
Revenue From State Sources								
7110 Basic Instructional Subsidy (In Gross)	5,267,214	5,788,156	8,501,863	8,564,881	8,736,179	8,998,264	9,268,212	9,546,258
7140 Charter Schools	585,079	0	0	0	0	0	0	0
7160 Tuition for Orphans & Children Placed in Private Homes	54,485	120,000	55,000	55,000	55,000	55,000	55,000	55,000
7170 Educational Empowerment/School Improvement Grants	473,725	0	0	0	0	0	0	0
7271 Special Education - Funding for School Aged Pupils	767,037	617,037	617,037	613,952	613,952	613,952	613,952	613,952
7291 Education Assistance Program (Tutoring)	98,120	0	0	0	0	0	0	0
7310 Transportation (Regular and Additional)	124,937	150,000	437,128	437,128	437,128	437,128	437,128	437,128
7320 Rental and Sinking Fund Payments I Bldg Reimb. Subsidy	455,479	413,062	364,615	432,209	432,024	431,083	433,518	432,657
7330 Health Services (Medical, Dental, Nurse, Act 25)	7,509	6,000	6,000	6,138	6,279	6,424	6,571	6,722
7340 State Property Tax Reduction Allocation	367,468	367,447	367,430	367,430	367,430	367,430	367,430	367,430
7501 PA Accountability Grant	282,298	0	110,911	110,911	110,911	110,911	110,911	110,911
7599 Supplemental Reimbursement of Basic ED Subsidies	1,946,000	0	2,500,000	2,500,000	0	0	0	0
7598 Transition Loan	0	0	0	1,000,000	0	0	0	0
7810 Revenue from Social Security Payments	208,277	97,627	220,273	25,448	25,448	25,448	25,448	25,448
7820 State Share of Retirement Contributions	179,905	110,389	176,734	38,268	48,169	58,318	63,969	65,890
Revenues From State Sources Subtotal	10,817,532	7,669,718	13,356,991	14,151,365	10,832,520	11,103,957	11,382,139	11,661,398
Revenues From Federal Sources								
8200 Unrestricted Grants-in-Aid from Fed. Gov't Through Comm.	2,261	0	0	0	0	0	0	0
8512 IDEA, Part B	175,000	150,000	175,000	0	0	0	0	0
8514 NCLB, Title I - Improving the Acad. Achvmnt. of the Disadvantaged	1,285,925	1,143,115	851,466	0	0	0	0	0
8515 NCLB, Title II- Prep, Train & Recruit High Qual. Teachers & Principals	250,243	135,575	110,640	0	0	0	0	0
8702 ARRA - IDEA, Section 619	27,848	0	0	0	0	0	0	0
8703 ARRA - Title I, Part A	36,541	0	0	0	0	0	0	0
8708 ARRA - State Fiscal Stabilization Fund	728,537	0	0	0	0	0	0	0
8709 ARRA - Education Jobs Fund (EduJobs)	431,646	0	0	0	0	0	0	0
8731 ARRA - Build America Bonds	9,130	0	0	0	0	0	0	0
8799 ARRA - Miscellaneous	0	0	57,917	0	0	0	0	0
8810 School-Based Access Medicaid Reimb. Prgm (SBAP) (ACCESS)	0	100,000	50,000	0	0	0	0	0
8820 Medical Asstnc. Reimb. For Health-Related Admin.	196	0	0	0	0	0	0	0
Revenues From Federal Sources Subtotal	2,947,328	1,528,690	1,245,023	0	0	0	0	0
Revenues From Other Sources								
9900 Charter School Lease Payment	0	0	0	1,979,592	2,193,338	2,204,649	2,227,473	2,236,460
Revenues From Other Sources Subtotal	0	0	0	1,979,592	2,193,338	2,204,649	2,227,473	2,236,460
Total Revenues	\$16,006,455	\$10,883,596	\$16,132,697	\$17,661,640	\$14,556,540	\$14,839,289	\$15,140,295	\$15,428,541

SCENARIO 4B - Charter School in Duquesne with Building Lease Payment
GENERAL FUND EXPENDITURES

	2011	2012	2013	2014	2015	2016	2017	2018
	Actual	Actual	Budget	Projected	Projected	Projected	Projected	Projected
EXPENDITURES								
Personnel Services - Salaries & Wages								
110 Official / Administrative	512,063	411,901	373,330	122,418	122,418	122,418	122,418	122,418
120 Professional - Instructional Staff	3,142,457	2,056,029	1,899,461	0	0	0	0	0
130 Professional - Other	192,360	100,901	30,523	0	0	0	0	0
140 Technical	0	0	36,874	36,874	36,874	36,874	36,874	36,874
150 Office / Clerical	191,894	60,820	130,203	98,895	98,895	98,895	98,895	98,895
170 Operative and Laborer	337,527	0	0	0	0	0	0	0
180 Service Work	0	137,493	152,615	69,773	69,773	69,773	69,773	69,773
190 Instructional Assistant	0	134,203	339,349	0	0	0	0	0
Personnel Services Subtotal	4,376,300	2,901,347	2,962,355	327,960	327,960	327,960	327,960	327,960
Employee Benefits								
211 Health/Medical Insurance	1,278,645	928,648	996,270	410,883	443,754	479,254	517,594	559,002
212 Dental Insurance	0	46,404	45,729	5,694	5,910	6,135	6,368	6,610
213 Life Insurance	0	5,668	5,426	980	1,003	1,026	1,049	1,073
215 Eye Care Insurance	0	6,289	6,606	788	806	825	844	863
220 Social Security Contributions	335,159	224,535	217,165	25,089	25,089	25,089	25,089	25,089
230 Retirement Contributions	244,333	253,887	347,499	75,244	94,711	114,667	125,778	129,555
240 Tuition Reimbursement	13,200	10,000	0	0	0	0	0	0
250 Unemployment Compensation	35,519	60,000	195,000	936,000	35,000	35,000	35,000	35,000
260 Workers' Compensation	45,407	75,600	75,600	0	0	0	0	0
Employee Benefits Subtotal	1,952,262	1,611,031	1,889,296	1,454,679	606,273	661,995	711,722	757,193
Purchased Professional and Technical Services								
300 Purchased Prof & Tech	1,195,618	0	8,750	11,102	11,357	11,619	11,886	12,159
310 Official / Administrative Services	0	77,000	77,000	77,000	77,000	77,000	77,000	77,000
320 Professional - Educational Services	0	361,174	394,722	40,345	41,273	42,222	43,193	44,187
330 Other Professional Services	0	475,345	295,069	107,185	109,650	112,172	114,752	117,391
390 Other	0	38,860	33,430	29,084	29,753	30,437	31,137	31,853
Purchased Professional and Technical Services	1,195,618	952,379	808,971	264,716	269,033	273,450	277,969	282,591
Purchased Property Services								
400 Purchased Property Svc	389,202	2,000	2,000	2,046	2,093	2,141	2,190	2,241
411 Cleaning Services	0	12,600	12,600	12,890	13,186	13,490	13,800	14,117
421 Utility Services	0	233,815	233,815	239,193	244,694	250,322	256,080	261,969
431 Repairs and Maintenance	0	94,882	103,939	20,460	20,931	21,412	21,904	22,408
441 Rentals	0	17,964	21,214	6,868	7,026	7,188	7,353	7,522
460 Extermination	0	2,000	2,000	2,046	2,093	2,141	2,190	2,241
490 Other	0	4,000	4,000	4,092	4,186	4,282	4,381	4,482
Purchased Property Services	389,202	367,261	379,568	287,595	294,210	300,976	307,899	314,981
Other Purchased Services								
560 Tuition	5,121,645	5,482,960	6,469,750	11,227,678	11,957,066	12,112,390	12,383,676	12,627,012
523 General Property and Liability Insurance	56,622	0	0	0	0	0	0	0
590 Miscellaneous Purchased Services	586,303	588,962	695,088	0	0	0	0	0
511 Student Transportation	60,186	591,098	669,300	683,463	697,953	712,775	727,938	743,450
516 St Tr Svc from the IU	9,784	0	0	0	0	0	0	0
513 St Tr Svc-Contr Carrier	553,063	0	0	0	0	0	0	0
521 Insurance - General	1,166	46,266	56,715	58,017	59,349	60,712	62,106	63,532
538 Communications	39,731	36,852	36,852	37,700	38,567	39,454	40,361	41,289
540 Advertising	32,329	20,000	20,000	20,460	20,931	21,412	21,904	22,408
550 Printing and Binding	251	15,000	15,000	0	0	0	0	0
580 Travel	28,956	0	150	0	0	0	0	0
Other Purchased Services	6,490,036	6,781,138	7,962,855	12,027,318	12,773,865	12,946,742	13,235,986	13,497,692
Supplies								
618 General Supplies	305,488	154,514	132,080	10,581	10,824	11,073	11,327	11,588
635 Food	12,375	3,033	0	0	0	0	0	0
640 Books and Periodicals	44,160	0	13,800	0	0	0	0	0
Supplies	362,024	157,547	145,880	10,581	10,824	11,073	11,327	11,588
Property								
750 Equipment - Original & Additional	18,500	0	0	0	0	0	0	0
Property Subtotal	18,500	0	0	0	0	0	0	0
Other Objects								
800 Other Objects	48,414	0	0	0	0	0	0	0
810 Dues and Fees	0	8,600	0	0	0	0	0	0
830 Interest	580,885	578,119	453,314	353,619	312,907	269,282	223,659	175,347
880 Refunds for PY Receipts	0	18,892	172,774	0	0	0	0	0
Other Objects Subtotal	629,299	605,611	626,088	353,619	312,907	269,282	223,659	175,347
Other Use of Funds								
911 Redemption of Principal	1,015,000	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
990 Misc. Other Uses of Funds	8,133	0	0	0	0	0	0	0
Other Use of Funds Subtotal	1,023,133	1,080,833	950,833	1,160,833	1,400,833	1,440,833	1,495,833	1,540,833
Total Expenditures	16,436,374	14,457,147	15,725,846	15,887,300	15,995,905	16,232,312	16,592,355	16,908,184
Surplus/Deficit	(429,919)	(3,573,551)	406,851	1,774,340	(1,439,364)	(1,393,023)	(1,452,060)	(1,479,643)
Ending Year Fund Balance	1,398,488	1,883,442	2,290,293	4,064,633	2,625,269	1,232,246	(219,814)	(1,699,457)

Chief Recovery Officer/Technical Assistance Team

Chief Recovery Officer: Paul B. Long, Ed.D., June King

Public Financial Management, Inc.: Matthew Eckes, John Frey, Blair Gearhart, David Hoskins, Dean Kaplan, Anne Kapoor, Janet Razler, Brad Remig, David Sallack, Christopher Wheeler

Other Team Members: Anthony Barna, Shawn Farr, Nina Lynch, Nancy Neil

The CRO and the Technical Assistance Team gratefully acknowledge the assistance of Paul Rach, Nedene Gullen, the School Board and other staff of the Duquesne City School District and their outside professional advisors, as well as the Secretary and staff of the Pennsylvania Department of Education.