

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