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What's in the Final FY 2017 Budget for Education?

SUMMARY OF THE FINAL EDUCATION FY 2017 BUDGET

- The FY 2017 budget increases the base per-pupil amount by 2 percent and funds projected enrollment increases for both DCPS and public charter schools.
- It provides \$91 million for about 43,000 students across DCPS and PCS who will qualify as “at-risk” in the 2016-17 school year.
- Nearly half of DC Public Schools’ “at-risk” resources are allocated to core functions that all schools are entitled to under DCPS’ school staffing model, rather than to provide supplemental services targeted on at-risk students.
- The budget includes funds to offer “extended school day” at 32 schools and “extended school year” in 11 DCPS schools.
- The budget includes \$3.6 million in new funding to improve the quality of child care in the District. It includes \$1.8 million to increase the child care reimbursement rate for providers serving toddlers in DC’s child care subsidy program. This represents modest progress toward raising reimbursement rates that are well below market rates and make it hard for providers to offer quality care.
- The FY 2017 budget maintains \$4.9 million in grants to community-based organizations that provide afterschool and summer programming for children and youth. Policymakers and community stakeholders are working on a strategy to administer these grants next year.

The final fiscal year (FY) 2017 budget makes new investments in Pre-K to 12 education, including additional resources to help schools meet the costs of rising enrollment and an increase in per-pupil funding (see **Figure 1** and **Figure 2**). However, more could be done to improve education in the District, especially through access to quality early care and education, services to identify and address young children with developmental delays, and ensuring funds for afterschool and summer programming are able to fund quality programs for children and youth. In addition, an analysis of DCPS’ resources intended to better serve low-income students shows that nearly half of “at-risk” funding were not allocated in ways that supplement individual DCPS school budgets.

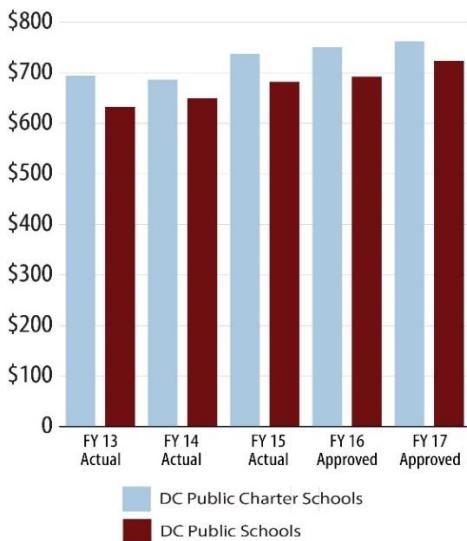
The budget includes \$2 billion in local funds for education and related services for children in pre-kindergarten through high school. Overall, the key agencies in the [public education budget cluster](#) will see a 3 percent increase in local funding compared to FY 2016, after adjusting for inflation (See **Table 1**. Unless otherwise noted, all figures in this analysis are adjusted for inflation to equal FY 2017 dollars.)

Figure 1

FY 2017 Budget Invests More in School Formula to Handle Rising Costs and Additional Students

LOCAL FUNDING BY SECTOR

In Millions

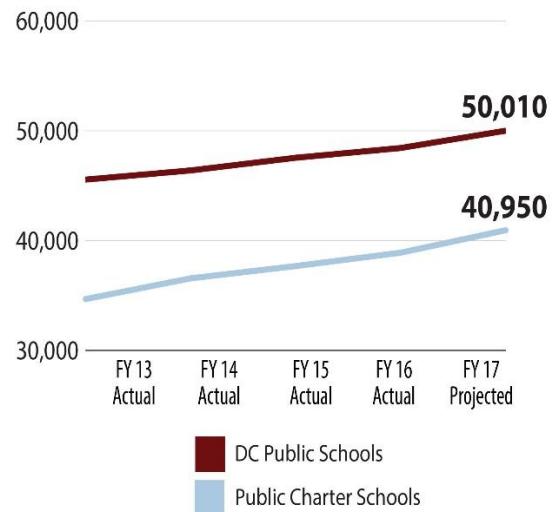


Source: Fiscal Year 2014-17 Budget and Financial Plans; DC Public Schools and Public Charter Schools. All figures adjusted for inflation to equal 2017 dollars.

Figure 2

DC Public Schools and Public Charter Schools Continue to Grow, with 91,000 Students Expected for 2016-17 School Year

GROWTH IN PROJECTED STUDENT ENROLLMENT BY SCHOOL SECTOR



Source: Fiscal Year 2013-17 Budget and Financial Plans.

Table 1
Local Funding for Public Education, FY 2015 – FY 2017

	FY 2015 Actual (in millions)	FY 2016 Approved Budget (in millions)	FY 2017 Approved Budget (in millions)	Change, FY 2016 to FY 2017
DC Public Schools	\$738	\$751	\$762	2%
DC Public Charter Schools	\$682	\$692	\$724	5%
DC Public Library	\$58	\$58	\$58	0%
Deputy Mayor for Education	\$3	\$4	\$3	-14%
Office of the State Superintendent of Education	\$148	\$146	\$151	3%
Public Education Facilities				
Modernization (listed under Dept. of General Services budget chapter)	\$36	\$32	\$27	-16%
Non-Public Tuition	\$77	\$76	\$74	-2%
DC Public Charter School Board	\$7	\$8	\$8	-2%
Special Education Transportation	\$89	\$96	\$96	<1%
DC State Board of Education	\$1	\$1	\$1	4%

Source: FY 2017 Budget and Financial Plan. All figures are adjusted for inflation to equal 2017 dollars. Not all agencies within the public education budget cluster are listed.

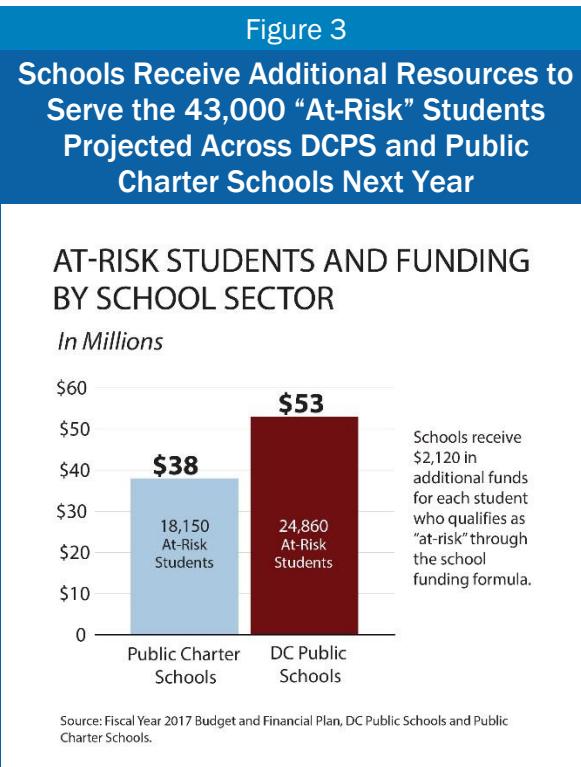
The city's education budget includes the following local agencies:

- DC Public Schools
- DC Public Charter Schools
- Office of the State Superintendent of Education
- Deputy Mayor for Education
- DC Public Charter School Board
- DC Public Library
- Teachers' Retirement System
- University of the District of Columbia Subsidy Account
- DC State Board of Education
- Non-Public Tuition
- Special Education Transportation

DC Public Schools

The FY 2017 budget for DC Public Schools is \$762 million, a 2 percent increase from FY 2016, after adjusting for inflation. This reflects the fact that the budget includes a 2 percent increase to the Uniform Per-Student Funding Formula (UPSFF), which is used to generate the local funding for DCPS and charter schools. The UPSFF was not increased in FY 2016. The new base level of funds for general education in both sectors is \$9,682 per student. The budget also provides funding for the 830 additional students expected to enroll for the 2016-17 school year, and it reflects DCPS plans to offer a longer school year, through an extended school year approach, in 11 elementary and middle schools.

Funding for At-Risk Students: The school funding formula was changed in 2014 to create a new “at-risk” funding category, which provides additional funding for each student who is low-income or otherwise at risk of academic failure, to enable schools to provide special services to these students. This followed a mayoral-commissioned study that recommended additional funding for students living in poverty. “At-risk” students are defined as those who meet any of the following criteria: homeless, living in foster care, over-age high school student, eligible for Temporary Assistance for Needy Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP).



In FY 2017, there will be an estimated 25,000 at-risk students enrolled in DC Public Schools, a 15 percent increase from the prior year. As a result, DCPS will receive \$53 million in supplemental “at-risk” funding in the FY 2017 budget to help meet the needs of these students, including the cost of providing summer school. Approximately \$47 million of this amount is allocated directly into individual school budgets, with some \$6 million allocated for centralized or system-wide uses. Most of the funding went towards extended school day and year, core staff across schools, literacy positions, and education supplies.

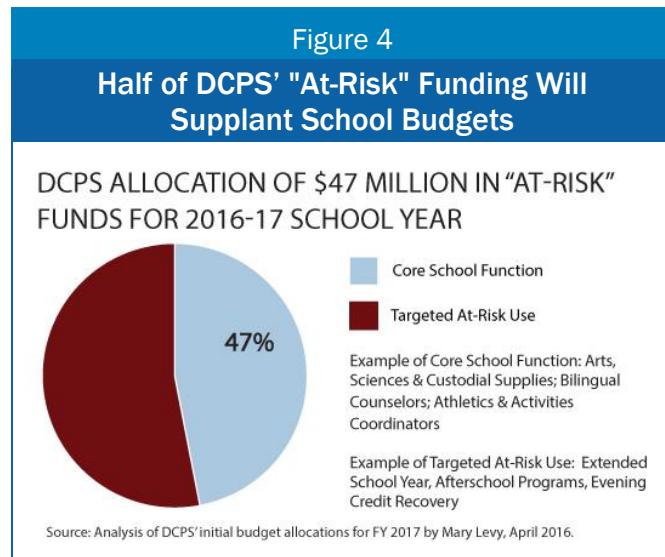
DCPS will use a large share of at-risk funds for core school functions rather than supplemental services for at-risk students: An analysis of DCPS’ initial school-level budget allocations for FY 2017¹ shows that 47 percent – or \$22 million – of the school system’s at-risk resources was allocated to items that all schools are otherwise entitled to under DCPS’ staffing model (see **Figure 4**). This means that nearly half of the resources considered “extra” for schools are being used for functions that are required through DCPS’ staffing model applicable to all schools, rather than to fund additional services targeted on helping at-risk students.

For example, DCPS’ staffing model indicates that all high schools will have an attendance counselor. Yet in some schools, at-risk funds are being used to support this core position.

Some 53 percent of at-risk funds will go in FY 2017 to supplemental programming that is consistent with the intent of at-risk funding, such as extended school day and year, afterschool programs, or literacy initiatives.

This underscores the need for strategic implementation of at-risk funding in future budgets and for school leaders to have clear guidance over the use of at-risk funds. While at-risk funds follow qualifying students to their schools, it is not clear that the resources are enhancing the schools’ ability to better serve these students if a large portion is being used for core functions for which all schools get funding. The budget process should be designed so that at-risk funds can only add to what schools get in base function and positions. Beyond that, schools should not face any added restrictions about how to use at-risk funds or left without adequate support for core school staff that they need.

Extended School Day and Year: The proposed budget includes funds – including \$7 million in “at-risk” resources – to offer “extended school day” at 32 schools and “extended school year” in 11 schools. Schools participating in extended day will offer an additional 1-2 hours of instructional time for a minimum of four days a week. Schools participating in extended school year, which was piloted at Raymond Education Campus in the 2015-16 school year, will have 200 student days, with breaks



¹ Analysis completed by Mary Levy, April 2016. See <http://www.dcfpi.org/analysis-of-fy-2017-dc-public-schools-at-risk-funds> for more information on calculations and definitions.

in October and June. The DCPS schools in the extended year program in 2016-17 are Garfield ES, Hart MS, Hendley ES, HD Cooke ES, Johnson MS, Kelly Miller MS, King ES, Randle Highlands ES, Raymond EC, Thomas ES, and Turner ES.

School Facilities: The FY 2017 capital budget for DCPS, which funds school modernization and general repairs, is \$392 million out of the \$1.3 billion six-year school capital plan. This includes funds for two new DCPS schools to be opened next year: MacFarland Middle School in Ward 4 and Empowering Males High School in Ward 7. The capital budget process incorporated the methods for selecting schools for modernization developed in 2015 by the DC Council Committee on Education. What is often seen as a political process is moving towards a set of factors that prioritize schools based on equity, student enrollment, and other community characteristics. See **Table 2** on page 9 for the approved six-year modernization schedule.

DC Public Charter Schools

The FY 2017 general fund budget for charter schools is \$724 million, a 5 percent increase from 2016, adjusting for inflation. The additional funding supports the projected enrollment increase for public charter schools, from 38,962 in FY 2016 to 40,953 in FY 2017, as well as the opening of four new charter schools. As noted above, the FY 2017 budget increases the base per-pupil funding for students in DC Public Charter Schools by 2 percent, as it does for DCPS schools.

Funding for At-Risk Students: An estimated 18,000 at-risk students will be served by charter schools in the 2016-2017 school year, an 8 percent increase from the current school year. The FY 2017 budget allocates \$38 million across charter schools based on each school's at-risk student population. There are no restrictions on use of these funds or requirements that charter schools use at-risk funding specifically to serve at-risk students.

School Facilities: The final budget did not make any increases to local funding for charter school facility expenses, which remains at \$3,124 per student.

Changes to Charter School Payment Structure: The FY 2017 budget makes changes to ensure charter schools get all the funds they are entitled to and that they start the school year with an adequate amount of money. Right now, charter schools who have audited students identified later in the year as at-risk after the October enrollment audit do not receive "at-risk" funding to serve those students. The change will allow schools to receive a supplemental payment for these students, just as they are able to receive supplemental funding in the middle of the school year for special education students and English Learner students. The budget also would increase the payment newly formed charter schools receive each summer from 30 percent of their total annual payment to 45 percent, to help with their cash flow in their first year of operation. The FY 2017 budget also increases the first quarterly payment made to existing public charter schools each year from 30 percent of their annual total to 35 percent. Payments through the rest of the year will be reduced by the same amount.

DC Public Charter School Board

The Public Charter School Board (PCSB) will see a 2 percent decrease in local funding in FY 2017, with a budget of \$8 million. Funding for this agency is mostly supported by an administrative fee paid by individual public charter schools. In 2014, the fee was increased from 0.5 percent of the funds a charter school receives under the school funding formula to 1 percent.

Office of the State Superintendent of Education

The FY 2017 general fund budget for OSSE is \$152 million, an increase of 3 percent from FY 2016. OSSE was created by the DC Public Education Reform Act of 2007 to manage education functions typically operated at the state level in other jurisdictions, such as running child care subsidy and nutrition services, verifying student enrollment counts, and managing the statewide longitudinal education data system known as SLED.

Early Care and Education: The final budget provides \$3.3 million in new funding to improve the quality of child care in the District.

- \$1,800,000 to increase reimbursements to providers in DC's child care subsidy program. Reimbursements for children 12 to 30 months will be increased to match rates for children birth to 12 months, since DC requires similar staffing ratios for both groups. This makes modest progress to address reimbursement rates that are well below market rates and that make it difficult for providers to offer high-quality care, according to a 2016 report by DCFPI and DC Appleseed.
- \$500,000 to help early care and education centers and homes rated "bronze" or "silver" in the District's quality rating system to take steps to reach the highest quality "gold" rating, through grants and the development of shared services frameworks, expanding access to quality care for families by improving the quality of existing centers. The rating system is voluntary – child care providers do not have to participate – but each center's rating level determines the reimbursement rate it will receive for children in the city's child care subsidy program.
- \$800,000 to contract with a third party vendor to conduct background checks for child care providers within the District and provide electronic results to OSSE; and
- \$200,000 to contract with a third party vendor to develop a consumer friendly website that provides information on licensed child development facilities including results of annual inspections, formal complaint data and quality ratings.

Beyond these important investments, the FY 2017 budget does not include the substantial funding needed to increase the low reimbursement rates paid to early care and education providers. Providers that serve mostly low-income children, and rely mostly on the child care subsidy program, struggle to provide quality care and make ends meet due to low reimbursement rates. A recent [report](#) by the DC Fiscal Policy Institute and DC Appleseed cites the need for at least \$38 million more to be phased in over several years. This would help providers cover the costs of providing quality early care and education, including the need for salary supplements to improve compensation of the early care and education workforce.

Some other key changes within OSSE include:

- **Limited Funds for Strong Start/DC Early Intervention Program:** The FY 2017 budget adds \$4.6 million more for early intervention services for infants and toddlers with developmental delays. While this will help serve more children who face some level of developmental delay, it is not sufficient to fund expansions adopted in recent years intended to allow services to be provided before delays become severe.
- **Increased Funding for the Statewide Longitudinal Education Data System (SLED):** SLED is OSSE's tracking system for enrollment data and student demographics across the city's education programs. The budget commits \$1.1 million in new funding to support the personnel and operation of the data system.
- **Sustained Funding for Community Schools:** The budget continues to fund the existing Community Schools grantees at the same level as in FY 2016. The model uses the school setting as a community hub for social services and enriched learning opportunities for students and families.
- **Continuation of Early Literacy Grant Program:** The FY 2017 budget includes \$1.6 million in one-time funds to support an evidence-based program focused on third grade reading success. Like in FY 2016, the program will provide grants to private or nonprofit organizations to provide early literacy intervention services on a daily basis for students in Pre-K through 3rd grade.

The FY 2017 budget also rearranged some divisions and activity codes within the agency. Key changes within OSSE's structure include the following:

- Incorporation of the Division of Specialized Education within the Division of Elementary and Secondary Education to create one blended K-12 team called the Division of Elementary, Secondary, and Specialized Education (ESSE) is reflected in a new Activity Code, E600.
- Shift of the Office of Human Resources from the Office of the Chief Operating Officer Activity (formerly D300) to the Front Office Activity (now E100)
- Shift of some work streams from Program level to Activity level: General Counsel (now Activity E900) and Data, Assessment, and Research (now Activity E200).
- Creation of new Programs in the budget within the Division of Postsecondary and Career Education (now Activity E700) to better and more transparently track resource allocation.

DC Children and Youth Investment Collaborative

The FY 2017 budget includes \$4.9 million for grants to community-based organizations that provide afterschool and summer programming for children and youth. This is level with last year's funding, when a mid-year 2016 supplemental appropriation is taken into account.

The DC Children and Youth Investment Collaborative, also known as "the Trust," is a non-profit that provides grants and technical assistance to youth-serving organizations in the District, particularly those that provide afterschool and summer programs to create hands-on and enrichment

learning beyond what students learn during the school day. These “expanded learning” programs improve academic achievement, keep children safe and supervised, and help working families.

In April 2016, it was announced that the DC Children and Youth Investment Collaborative would no longer operate, but assurances have been made by the District government that grants for summer 2016 will be released and 2017 funding remains at \$4.9 million. Policymakers and community-based organizations are currently working together to develop a long-term strategy on how best to administer these funds to youth-serving organizations in the community in 2017.

Despite these developments, there are still not enough quality afterschool and summer programs to meet the needs of DC’s at-risk children, and funding in recent years has been unstable, making it hard for providers to build and maintain capacity to serve children. The non-profits providing afterschool and summer school programming currently have capacity to serve just 2,500 students in 2015-16 – while there are 43,000 at-risk students in DCPS and public charter schools. An additional \$5.1 million would help the District add 7,000 expanded learning slots for children and youth. Stable and adequate funding delivered through a reliable grantmaking process is needed to help the city’s network of community-based organizations to better partner with more DC schools and serve more students. This includes a reasonable timeline for the release of grants to CBO’s, with funding released close to the start of school year, and by March for summer programming.

DC State Board of Education

Formerly funded within the OSSE budget, the DC State Board of Education (SBOE) became its own independent agency in FY 2014. Housed within the SBOE is the Office of the Ombudsman for Public Education, which is responsible for assisting students and parents resolve problems as they engage with DCPS and public charter schools, and the Office of the Student Advocate, which offers guidance and support to students, parents, and community members on education issues.

The FY 2017 SBOE budget includes \$1.4 million, which includes the addition of 2 staff positions to expand the State Board of Education and the Office of the Ombudsman for Public Education within the State Board.

University of the District of Columbia

The FY 2017 budget adds \$5 million in one-time funds to the University of the District of Columbia, the city’s public university which receives local funds through the UDC subsidy account. UDC has a \$77 million budget for FY 2017.

DC Public Library

The DC Public Library (DCPL), encompassing a central library and 25 neighborhood libraries in its system, will be funded with \$60 million in local funds in FY 2017. The budget includes \$693,971 to fully fund the new “Books from Birth” program, which connects families to library resources, and mails an age-appropriate book to all registered children from birth to age five on a monthly basis.

Table 2

FY 2017 Funding Schedule for School Modernization (rounded to millions)

School	FY 2017 (in millions)	FY 2018 (in millions)	FY 2019 (in millions)	FY 2020 (in millions)	FY 2021 (in millions)	FY 2022 (in millions)	6-Year Total (in millions)
Coolidge HS	\$10	\$75	\$74	\$0	\$0	\$0	\$159
Ward 7 Specialty School	\$40	\$0	\$0	\$0	\$0	\$0	\$40
Burroughs ES	\$1	\$0	\$0	\$0	\$0	\$0	\$1
Banneker HS	\$0	\$1	\$10	\$88	\$33	\$3	\$134
Francis-Stevens ES	\$3	\$0	\$0	\$0	\$0	\$3	\$6
Anne M. Goding ES	\$0	\$0	\$0	\$0	\$0	\$3	\$3
Logan ES	\$4	\$0	\$0	\$0	\$0	\$0	\$4
Browne EC	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bruce Monroe @Parkview ES	\$6	\$0	\$0	\$0	\$0	\$0	\$6
Houston ES	\$0	\$3	\$24	\$16	\$0	\$0	\$43
Duke Ellington School of the Arts	\$13	\$0	\$0	\$0	\$0	\$0	\$13
Adams ES	\$4	\$0	\$0	\$0	\$0	\$0	\$4
Hyde ES	\$16	\$0	\$0	\$0	\$0	\$0	\$16
Jefferson MS	\$1	\$0	\$1	\$11	\$34	\$32	\$79
Orr ES	\$28	\$15	\$0	\$0	\$0	\$0	\$43
Shepherd ES	\$1	\$0	\$0	\$0	\$0	\$0	\$1
West ES	\$0	\$0	\$1	\$6	\$39	\$36	\$82
Aiton ES	\$0	\$0	\$0	\$0	\$1	\$3	\$3
Bancroft ES	\$43	\$24	\$0	\$0	\$0	\$0	\$67
CW Harris ES	\$0	\$2	\$23	\$16	\$0	\$0	\$42
Eaton ES	\$0	\$0	\$0	\$0	\$0	\$3	\$3
Eliot-Hine JHS	\$0	\$4	\$49	\$34	\$0	\$0	\$87
Garfield ES	\$2	\$0	\$0	\$0	\$0	\$3	\$5
Kimball ES	\$17	\$17	\$0	\$0	\$0	\$0	\$34
Murch ES	\$48	\$0	\$0	\$0	\$0	\$0	\$48
Raymond ES	\$1	\$0	\$0	\$0	\$0	\$4	\$5
Smothers ES	\$1	\$0	\$0	\$0	\$0	\$3	\$4
Watkins ES	\$14	\$0	\$0	\$0	\$0	\$0	\$14
Dorothy Height ES	\$0	\$0	\$0	\$0	\$0	\$4	\$4
Marie Reed ES	\$33	\$0	\$0	\$0	\$0	\$0	\$33
Ward 4 Middle School	\$36	\$17	\$0	\$0	\$0	\$0	\$53
Centralized Swing Space	\$8	\$10	\$5	\$0	\$0	\$14	\$38
DCPS Window Replacement	\$4	\$3	\$0	\$2	\$0	\$1	\$9
DCPS DC Stars HW Upgrade	\$4	\$4	\$4	\$3	\$3	\$3	\$20