

Updated May 15, 2009

WHAT'S IN THE FY 2010 BUDGET FOR EDUCATION?

Since the Mayoral takeover of DC's public school system in 2007, the education budget has undergone significant changes. Numerous functions have been transferred from DC Public Schools (DCPS) to the Office of the State Superintendent of Education (OSSE) and the Office of Public Education Facilities Modernization (OPEFM). Non-public tuition and special education transportation expenses are detailed in separate budget chapters.

The FY 2010 budget includes additional spending for education, in the form of a 2 percent increase in the per-pupil funding formula and increases in the funding provided for students with special needs and limited English proficiency. Spending increases are supported by a substantial amount of federal stimulus funding and by eliminating about 800 positions from DCPS, OSSE, and OPEFM.

Summary of Mayor's Proposed Funding Level

The general fund budget for the DC Public Schools (DCPS) will decrease by 6 percent, from an inflation-adjusted \$574 million in FY 2009 to \$537 million in FY 2010. This is mostly due to the replacement of local funds with \$29 million in federal stimulus funds in FY 2010. The budget for DC charter schools increases by seven percent, largely due to expected enrollment increases. The budgets for special education tuition and transportation also are proposed to increase, while local funds for the Office of Public Education Facilities Modernization (OPEFM) and the Office of the State Superintendent of Education (OSSE) will decrease.

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- Increases per-pupil funding formula by 2 percent using federal stimulus funds.
- Projects increases in both DCPS and charter school enrollment.
- Increases funding for private tuition and transportation for special education students.
- Eliminates 800 positions in DCPS, OSSE, and OPEFM.

COUNCIL MARK-UP, APRIL 28

- Partially restores funding for charter schools facility allotment.
- Restores \$5.4 million to fully fund Pre-K expansion initiative.
- Transfers \$325,000 from DCPS to DC Auditor to fund independent evaluation of school reform.
- Removes State Board of Education from OSSE to create a new stand-alone agency and transfers Ombudsman's office to the State Board of Education.

FINAL BUDGET VOTE, MAY 12

- Sets aside \$27.5 million in DCPS funding out of concern that its enrollment projection is too high. The funds would become available, if needed, after an October enrollment audit.

Council Committee Mark-Up

The Committee of the Whole voted on the proposed FY 2010 education budget on April 28. The committee adopted a number of changes to education agencies' funding and structure, including:

- **Partially Restoring Funding for Charter Schools' Facility Allotment:** The Mayor's FY 2010 proposed budget changed the method for awarding facilities funds to charter schools and would require charter schools to apply for facilities funds from the Public Charter Schools Board instead of receiving a fixed per-pupil allotment of \$3,109. Under this proposal, schools would be eligible to receive payments ranging from \$1,000 to \$3,109 per student tied to actual facility expenses. A total of \$66 million was budgeted for charter school facility payments, a reduction of \$24 million from the amount that would be provided if the current method of facilities funding was continued.

After hearing concerns from charter schools about their lack of involvement in the development of the proposal and its potential negative effects, the Council voted to maintain a uniform, per-pupil facilities allotment for FY 2010 and reduced the allotment to \$2,800 per student. The committee also voted to establish a formal Charter School Facilities Task Force, charged with engaging stakeholders to develop a cost-based formula for the FY 2011 charter school facility allotment.

- **Restoring Pre-K for All Funding:** Last year, the DC Council passed legislation to make preschool programs available to all DC children by 2014. The FY 2009 budget included \$9.5 million in local funding to begin implementing the Pre-K for All initiative. The expansion plan calls for an increase of at least 15 percent in the number of children who are enrolled in a Pre-K program in FY 2010.¹ However, the Pre-K for All budget was reduced by about \$3 million in the middle of FY 2009, and the Mayor's proposed budget only included \$5.1 million in local funding for the initiative in FY 2010.

The Committee of the Whole identified \$5.4 million in local funding to supplement the proposed funding level. This is expected to keep implementation of the initiative on schedule in FY 2010.

- **Funding Independent Evaluation of DCPS:** The Public Education Reform Amendment Act required the Mayor to nominate an independent evaluator to assess the performance of the school reform effort. The two researchers recommended by the Mayor were rejected by the Council due to concerns about their independence and the source of the evaluation funding. Since then, no additional nominations have been submitted. To address this issue, the committee transferred \$325,000 from DCPS' general budget to fund the independent evaluation. The committee selected the National Academy of Sciences' National Research Council to convene a panel of evaluators to begin work starting in FY 2010.
- **Returning 36 Positions to DCPS from OPEFM:** When DCPS transferred modernization and maintenance functions to the new OPEFM, it also transferred 36 positions that do not appear to directly relate to OPEFM's mission. These positions include mail clerk, music

¹ Pre-K for All DC, "Pre-K Enhancement and Expansion Act of 2008: Overview," May 2008, http://www.prekforalldc.org/storage/prekforalldc/documents/prek_legbrief_forweb.pdf.

instrument repairer, warehouse worker, and printing officer. The committee voted to transfer these positions back to DCPS along with the \$1.9 million in funding that supports them, even though the positions initially were transferred to OPEFM without funding.

- **Moving the State Board of Education from OSSE to a Stand-Alone Agency:** The Mayor's budget request proposed to continue to place the State Board of Education's budget within the OSSE budget. The Council's committee report notes several concerns with this arrangement, including a 50 percent cut to the board's FY 2010 budget that was proposed without consultation with board members. Thus, the Committee of the Whole voted to separate the State Board of Education budget from the OSSE budget and establish the board as a stand-alone agency that would retain its current mission and responsibilities. As part of this action, they committee transferred \$493,000 and two positions from the Deputy Mayor for Education's budget and \$547,000 and 12 positions from OSSE's budget to the State Board of Education.
- **Transferring ICSIC from the Office of the Deputy Mayor for Education to the DCPS Office of Youth Engagement:** The Interagency Collaboration and Service Integration Commission (ICSIC) coordinates services for at-risk students and pilots programs that are implemented in District schools. Currently, the commission is led by the Office of the Deputy Mayor for Education. Programs are developed within the office and eventually transitioned to DCPS.

In its report, the Committee of the Whole expressed concern with the current role of the Deputy Mayor and the placement of ICSIC in the Deputy Mayor's Office. The committee voted to transfer ICSIC's \$2.3 million budget and 8 positions to the DCPS Office of Youth Engagement to eliminate what it considered to be an unnecessary layer of program development and coordination. The committee also expressed hope that the Deputy Mayor's Office would focus on the development of a statewide education strategy in FY 2010.

- **Moving the Office of the Ombudsman to the State Board of Education:** The Office of the Ombudsman provides a place for District residents to communicate their concerns about the public school system and develops recommendations to address these concerns. Currently, the Ombudsman's Office is located in the Office of the Deputy Mayor for Education.

The committee report expresses concern that this arrangement creates a conflict of interest in that the Ombudsman is overseen by the same system it is charged with investigating. The Committee of the Whole voted to move the Ombudsman's office to the State Board of Education to provide it more independence from the school system. The committee also transferred \$471,000 and four positions from the Deputy Mayor for Education's budget to support the Ombudsman's office.

Final Vote

The Committee of the Whole voted on the entire FY 2010 budget on May 12, 2009. The Council adopted one change to the education budget, setting aside \$27.5 million from the DCPS budget until enrollment projections are confirmed in the October enrollment audit. As discussed in more detail below, the Mayor's budget proposal estimated that DCPS enrollment would increase modestly after

declining for years, and that combined enrollment in DC Public Schools and public charter schools would increase by 3,000 students. Because the Council wasn't satisfied with the explanation for the increased enrollment projections — in recent years, DCPS enrollment has fallen as charter school enrollment has grown — it voted to set the money aside until the enrollment audit is performed. By setting aside funds, the Council effectively assumed that DCPS enrollment is likely to decline, though it left the funds in a protected account in case the Mayor's enrollment projection proves correct.

However, DCPS school-level budgets have already been created based on the increased enrollment estimates, and the Chancellor has argued that schools will now have to cut 338 teaching positions.² It is not clear whether the Council will revise its position before the second reading of the Budget Support Act on June 2.

TABLE 1
LOCAL FUNDING FOR EDUCATION, FY 2009-FY 2010
(ADJUSTED FOR INFLATION TO EQUAL 2010 DOLLARS, \$ IN MILLIONS)

	FY 2009 Approved Budget	FY 2010 Proposed Budget	FY 2010 Council Mark-Up	FY 2010 Approved Budget	Change (FY 2009 to FY 2010 Approved)
DC Public Schools	\$573.7	\$537.4	\$547.5	\$547.5	-3%
DC Public Charter Schools	\$371.1	\$397.4	\$410.4	\$410.4	11%
Deputy Mayor for Education	\$4.9	\$4.0	\$0.8	\$0.8	-81%
Office of Public Education Facilities Modernization	\$38.8	\$32.8	\$30.9	\$30.9	-20%
Office of the State Superintendent of Education	\$129.9	\$126.8	\$131.6	\$133.8	3%
Non-Public Tuition	\$143.7	\$149.1	\$149.1	\$149.1	4%
Special Education Transportation	\$76.6	\$77.4	\$77.4	\$77.4	1%
State Board of Education*	\$1.0	\$0.5	\$1.5	\$1.5	45%

Sources: Mayor's Proposed FY 2010 Budget, general fund total for each agency for FY 2009 and FY 2010; Committee of the Whole (COW) FY 2010 Committee Budget Report (Final), [http://dccouncil.us/media/2009%20Budget%20Documents/FINAL - COW FY 2010 Budget Report - 05_08_09.pdf](http://dccouncil.us/media/2009%20Budget%20Documents/FINAL%20COW%20FY%202010%20Budget%20Report%20-%2005%2008%2009.pdf); DC Council Budget Office, "FY 2010 Committee Budget Mark-Up" and "FY 2010 COW Gross Mark-Up"

*The COW committee report created a separate agency for the State Board of Education

Analysis

Table 1 shows a breakdown of local funding for education and how funding has changed from FY 2009 to FY 2010.

DC Public Schools:

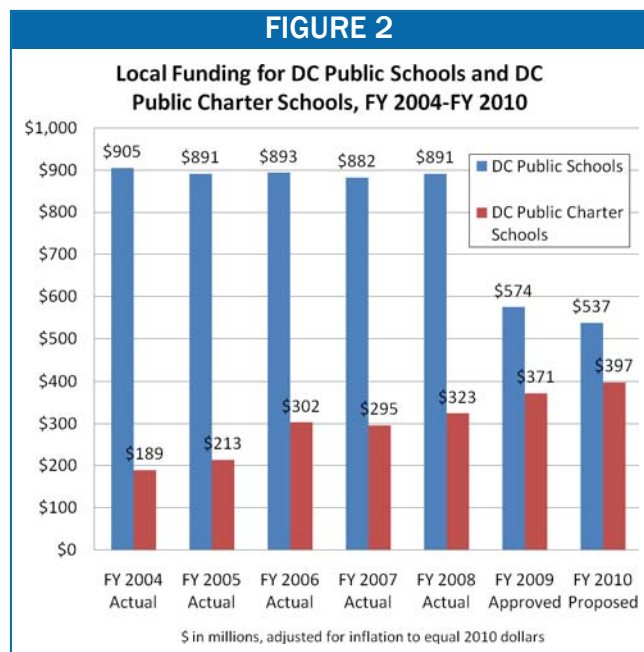
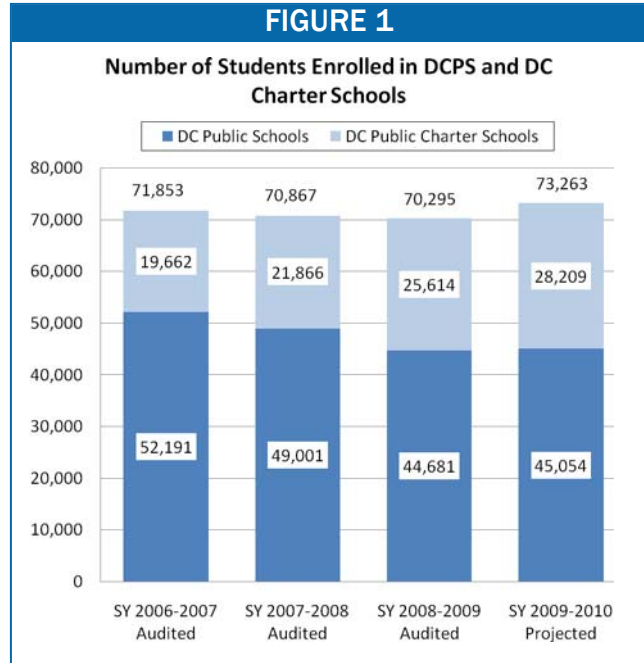
The proposed FY 2010 general fund budget request for DCPS is \$537 million. This is \$36 million (or 6 percent) lower than the FY 2009 approved general fund budget of \$574 million, adjusted for inflation. The general fund budget request also includes a 12 percent decrease in the number of full-time equivalent (FTE) positions, from approximately 6,000 positions in FY 2009 to 5,300 positions

² Craig, Tim, "Rhee Fires Back at Council; Warns Teachers Will Be Cut," *The Washington Post*, http://voices.washingtonpost.com/dc/2009/05/rhee_fires_back_at_council_war.html.

in FY 2010. Many of these positions will be covered by federal stimulus funding, and about 230 positions will be eliminated due to projections of declining enrollment in DCPS for FY 2010.

- The per-pupil funding level in the proposed budget increases by 2 percent to \$8,770 in FY 2009 from \$8,945 in FY 2009. Per-pupil funding levels for special education students with the most significant needs (Level 3 and Level 4 students) as well as students with limited English proficiency also are increased in the budget.
- After years of declining enrollment, the Mayor’s budget projects a modest DCPS enrollment increase, from 44,681 students in school year (SY) 2008-2009 to 45,054 students in SY 2009-2010.³ Charter school enrollment is expected to increase from 24,600 students in SY 2008-09 to 28,209 students in SY 2009-10. When charter school and DCPS enrollment is combined, the projected enrollment for SY 2009-10 is nearly 3,000 students more than the combined enrollment for the previous school year (Figure 1).

This reverses the trend over the past three years, in which overall enrollment has steadily decreased. The committee noted in its report that it did not receive a satisfactory explanation from the administration about why total enrollment is estimated to increase by 3,000 students. If enrollment does not increase as projected, the Council estimates that this will lead to a \$27.5 million overfunding of the public education system in FY 2010.



Despite the decrease in the overall DCPS budget, funding for local schools appears to increase in the FY 2010 budget. The Mayor’s Office reports that \$603 million of the DCPS budget, including federal funds, will directly support schools, compared with \$587 million in FY 2009. However, it’s difficult to tell from the budget document which funds are classified as directly supporting schools.

³ While the FY 2010 enrollment projection for DCPS represents an increase over the actual (audited) enrollment for this school year, it represents a decrease from the FY 2009 approved budget projection of 47,744 students.

For a listing of individual schools' budgets, see the DCPS budget website: <http://www.k12.dc.us/about/DCPS%20Budget.htm>.

DC Public Charter Schools:

Figure 2 shows the local funding for DC Public Schools and DC Public Charter Schools from FY 2004 through the FY 2010 proposed budget. (The substantial decline in DCPS funding in FY 2009 reflects the fact that several functions were shifted out of DCPS that year.) The FY 2010 general fund budget request for charter schools was \$397 million, which is a 7 percent increase over the FY 2009 funding level of \$371 million, after adjusting for inflation. The increase in funding for charter schools is largely a result of the increase in the per-pupil funding formula and the projected increase in enrollment for charter schools in the District.

Office of Public Education Facilities Modernization:

OPEFM was created by the DC Public Education Reform Act of 2007 to manage the construction, modernization, and maintenance of DCPS facilities. In the Mayor's FY 2010 budget, OPEFM's general fund budget decreases from \$39 million and 400 FTEs in FY 2009 to \$33 million and 274 FTEs in FY 2010. The agency will lose 54 positions from Maintenance Operations and most of these from the Logistics Unit, which is responsible for repairing DCPS equipment and furniture. The budget states that these are mainly administrative and clerical positions whose work can be performed by other units.

The agency also resubmitted its Master Facilities Plan this year, which outlines the District's plans for renovating and modernizing its schools. A number of concerns about the plan were raised at the Council's recent hearing — by both Council members and members of the public — including the lack of community involvement in developing the school-level plans and the use of general obligation bonds to fund projects that will not last the life of the bonds. A copy of each school's Master Facilities Plan can be found at <http://www.21csf.org/csf-home/datashop.asp>.

Office of the State Superintendent of Education:

Formerly the State Education Office, the Office of the State Superintendent of Education was created by the DC Public Education Reform Act of 2007. OSSE manages functions typically operated at the state level in other jurisdictions, such as managing nutrition services, verifying student enrollment counts, and making recommendations about the uniform per student funding formula. Beginning in FY 2009, OSSE assumed responsibility for the District's special education functions.

- The FY 2010 general fund budget request for OSSE is \$127 million, a 2 percent decrease from the FY 2009 approved budget of \$30 million, after adjusting for inflation. The decrease is largely due to eliminating 52 positions; reducing fixed costs such as supplies, materials and travel; and eliminating the \$1.2 million Adult Scholarship Fund.⁴ The positions eliminated are mainly administrative staff from the Office of Business and Support Services. Nine vacant staff

⁴ The Adult Scholarship Program provided up to \$5,000 in financial aid to DC residents who demonstrated financial need to attend post-secondary educational institutions in the District.

assistant and support positions also would be eliminated from the Division of Early Childhood Education.

- **Non-Public Tuition:** This budget chapter tracks expenses for special education students who receive services from private providers as well as students who are under the care of the Child and Family Services Administration and the Department of Mental Health who attend schools outside of the District. The FY 2010 budget request includes \$149 million for non-public tuition payments, a four percent increase over the FY 2009 level of \$144 million, after adjusting for inflation. The proposed budget also includes \$400,000 to cover expenses related to serving youth in the custody of the Department of Youth Rehabilitation Services.
- **Special Education Transportation:** The District provides transportation services for approximately 3,829 special needs students. The FY 2010 general fund budget request includes \$77.4 million and 1,570 FTEs for special education transportation. This is a one percent increase over the FY 2009 funding level of \$76.6 million, adjusted for inflation. The proposed budget assumes a cost savings of \$2.1 million from reducing the number of one- and two-student routes by 40 percent. The budget also states that transportation will be considered as a factor when students are placed in private schools, with the goal of reducing transportation costs.

Issues to Track

Funding Pay Increases for Teachers:

DCPS currently is negotiating with the Washington Teachers Union to revise the contract for DCPS teachers. One of the most controversial issues in the negotiations has been the Chancellor's proposed performance pay system for teachers. While it initially was reported that the pay increases would be funded through the 2 percent increase in the per-pupil funding formula,⁵ it now appears that the administration plans to rely on foundation funding to cover the costs.⁶ The Council did not include any additional funds for FY 2010, but did make \$8.3 million available from FY 2011-FY 2013 to cover the costs of compensation increases for all District government employees.

Approval of Master Facilities Plan:

In March 2009, OPEFM resubmitted its Master Facilities Plan (MFP) to the Council. The Council failed to approve an earlier version of the plan last fall due to a lack of detail and community involvement in developing the plan. At a recent hearing on the plan, Councilmembers and members of the public expressed concerns with the new version of the MFP. These concerns included inaccurate information about school-level enrollment and projected needs, the failure to include full modernizations of any elementary schools in the plan, the proposed three-phase process for modernization, adequacy and equity of funding, and the use of general obligation bonds to fund improvements that aren't expected to last the life of the bonds.

⁵ Bill Turque, "Teacher Pay Hikes Tucked Into Funding Formula," *D.C. Wire*, March 26, 2009, http://voices.washingtonpost.com/dc/2009/03/teacher_pay_hikes_tucked_into.html.

⁶ "No Dough for Teachers in Funding Formula," *D.C. Wire*, April 3, 2009, http://voices.washingtonpost.com/dc/2009/04/no_dough_for_teachers_in_fundi.html.

Stimulus Funding

The District will receive an estimated \$154 million in federal stimulus funding for education in FY 2010 and FY 2011 (Table 2). For FY 2010, this funding includes \$37.6 million in Title I grants, \$7.5 million in IDEA grants, and \$29.4 million in state fiscal stabilization funds.

Charter schools will receive \$5.8 million in Title 1 funds and \$2 million in IDEA funds in FY 2010. The Mayor's budget proposes to replace \$29.4 million in local funding for DCPS with \$29.4 million in state fiscal stabilization funds. The federal funding will be used to pay for the proposed two percent increase in the per-pupil funding formula. OSSE will be responsible for administering the stimulus funds to DCPS and charter schools and will provide oversight on the uses of the funds.

TABLE 2 DC'S EXPECTED FEDERAL STIMULUS FUNDING FOR EDUCATION, FY 2010-2011	
	Federal Stimulus Funds (in millions)
State Fiscal Stabilization	\$89.4
Title 1 Grants	\$37.6
IDEA Grants (Part B Grants to States, Part B Preschool Grants, Part C Grants for Infants and Families)	\$18.8
School Improvement Grants	\$10.6
Education Technology State Grants	\$3.2
Child Care Development Block Grant	\$2.7
Head Start & Early Head Start	\$2.2
Education for Homeless Children and Youth	\$0.2
TOTAL	\$164.7
Sources: U.S. Department of Education, "American Recovery and Reinvestment Act State Allocations," April 15, 2009, http://www.ed.gov/about/overview/budget/statetables/09stbystate.pdf . U.S. Department of Health and Human Services, "District of Columbia Recovery Act (ARRA) Funding," http://transparency.cit.nih.gov/RecoveryGrants/grantstate.cfm?state=dc . DCFPI analysis of stimulus funding.	

Performance Measurement Uneven Across Education Agencies

While the District's education agencies have a number of performance measures they can use to measure their progress, the quality of these measures across agencies varies greatly. For example, DCPS has 33 performance measures for its six objectives, and some make more sense than others. For example, there are four performance measures covering the percent of elementary and secondary students who are proficient in reading and math. (The measures could benefit from a definition of "proficient" and from a description of how many elementary and middle school students we are measuring.) The performance measure for the achievement gap is another story. Here, the performance measures provide an FY 2010 target of 44 for the "black-white reading achievement gap" and a target of 45 for the "black-white math achievement gap." This performance measure appears to reflect a difference in a testing score of some sort, but it is not clear and is not defined. Without more detailed information, this measure is meaningless.

The OSSE budget, on the other hand, has 18 performance measures for six objectives that generally include more detail than the DCPS measures. For example, OSSE measures the “percent of DC residents holding, at minimum, a GED according to the annual US Census Bureau’s American Community Survey.” Knowing the source of the data is helpful, as is knowing the method for arriving at the target number. However, one significant area of concern is OSSE’s lack of detailed performance measures for its special education function. In the FY 2010 budget, there are only two performance measures under the special education objective: the percentage of providers meeting national accreditation standards and the percentage of Pre-K classrooms deemed exemplary according to the program quality report card. These seem more related to child care than to special education. The separate chapters for non-public tuition and special education transportation do not include any performance measures. Given the District’s long struggle to provide adequate special education services and the large amount of funds spent on private tuition and transportation, it is troubling that the budget does not include better performance measures for special education.