

June 24, 2011

WHAT'S IN THE FY2012 BUDGET FOR EDUCATION?

Education is one of the largest areas of the DC budget and includes several substantial agencies and functions. The DC Public Schools and DC Public Charter Schools receive roughly \$1 billion in local funds to serve about 75,000 students. The District will spend about \$240 million in 2012 on tuition and transportation for special education students who attend private schools because the public schools are unable to accommodate their needs. The Office of the State Superintendent of Education (OSSE) provides state-level support functions in areas such as special education and nutrition services, and the Office of Public Education Facilities Modernization (OPEFM) has responsibility for overseeing school maintenance and construction projects, although OPEFM would be absorbed into a new agency in the proposed 2012 budget.

Summary of the Approved Education Budget

The FY 2012 budget maintains the basic per-pupil funding level for DC Public Schools (DCPS) and Public Charter schools (DCPCS) at the FY 2011 level, but it will provide a substantial increase in funding for special education students, and it will increase local funding to fully replace expiring federal stimulus funding for both DCPS and DCPCS. The general fund budget for the DC Public Schools and DC Public Charter Schools will each rise 12 percent, adjusting for inflation, largely due to expected enrollment growth in both systems and the added funds for special education.

Despite the substantial increase, funding provided directly for local school operations will not keep up with rising expenses, particularly rising teacher salaries, and a change in the formula for allocating funds to schools means that many individual schools will receive less in 2012 than in 2011.

The budgets for special education private-school tuition and transportation are expected to decline, in part due to efforts to serve more students in public schools.

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- Maintains base per-pupil funding at \$8,945 for both DC Public Schools at Public Charter Schools. Maintains charter school facility support at \$3,000 per student.
- Includes substantial new funding for special education services within DC public schools and charter schools.
- Projects a 3 percent enrollment increase in DCPS and a 7 percent increase in charter schools.
- Despite funding growth, many individual DC public schools will see a drop in funding.
- Reduces funding for private tuition and transportation for special education students, due to expected shift of students to public schools.
- Reduces funding for child care and adult education.

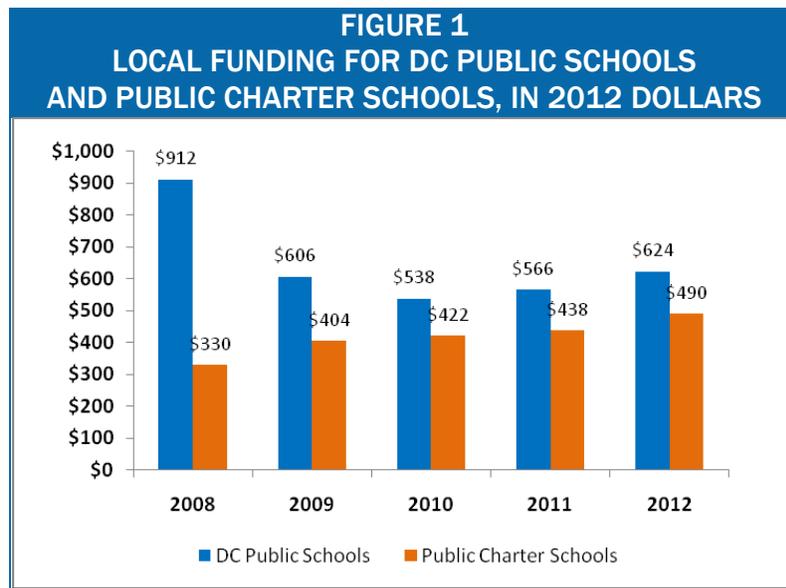
FINAL BUDGET VOTE, MAY 26

- The DC Council did not make any notable changes to the proposed budget.
- The Council voted to restore \$2 million of a \$2.2 million cut to the child care program administered by OSSE, if a new revenue forecast shows that revenue collections are higher than projected in the adopted budget.

Analysis

Table 1 shows a breakdown of local funding for education and how funding will change from FY 2011 to FY 2012. Figure 1 shows the local funding for DC Public Schools and DC Public Charter Schools from FY 2008 through the FY 2012 budget. (The apparent decline in DCPS funding in FY 2009 reflects the fact that several functions were shifted out of DCPS that year.)

The following analysis is derived from the FY 2012 budget proposed by Mayor Gray. The DC Council did not make notable modifications to the budgets for the education agencies.



DC Public Schools: The FY 2012 general fund budget for DCPS is \$624 million (Figure 1). Of this, \$11 million reflects local funds to replace expiring federal “EduJobs” funds. Accounting for this, the increase is 10 percent, adjusting for inflation, and reflects the following:

- The per-pupil funding level will remain at the 2011 level of \$8,945.
- DCPS enrollment is expected to increase 3 percent, from 45,881 students in FY 2011 to 47,247 students in FY 2012. Most of that growth comes from students in early grades, third grade and younger.
- The DCPS budget includes substantial new funding for special education, to fully fund the DCPS special education plan and to improve the capacity of the school system to serve special education students. The DCPS budget includes \$25 million for “special education capacity,” \$10 million for special education compliance, and \$6 million in increases in the per-pupil funding amounts for students in special education. (An undetermined portion of this increase will be offset by a decline in special education funds provided by the Office of the State Superintendent of Education.)

The increases due to rising student enrollment and increased funding for special education account for the large majority of the proposed increase in DCPS funding.

Despite the overall DCPS increase, funding capacity at many individual schools will decline in 2011-12, both because total funding to local schools will not keep pace with rising labor costs and because DCPS has altered the rules used to allocate funding to individual schools. Total funding to local schools will grow from \$470 million in 2010-11 to \$488 million in 2011-12. But labor costs are projected to rise \$23 million, due mainly to increases in teacher salaries and benefits. Taking this

**TABLE 1
LOCAL FUNDING FOR EDUCATION, FY 2010-FY2012***

	FY 2010 Actual (in millions)	FY 2011 Budget (in millions)	FY 2012 Budget (in millions)	Change, FY 2011 to FY 2012
DC Public Schools	\$538.0	\$566.2	\$623.5	12.1%
DC Public Charter Schools	\$421.9	\$438.2	\$490.0	11.8%
Office of the State Superintendent of Education	\$113.1	\$124.3	\$103.9	-16.4%
Office of Public Education Facilities Modernization	\$33.1	\$27.9	\$29.0	3.8%
Non-Public Tuition	\$171.5	\$160.0	\$150.2	-6.1%
Special Education Transportation	\$93.6	\$93.6	\$91.3	-3.7%

*Source: Mayor's Proposed FY 20121 Budget, all figures are adjusted for inflation to equal 2012 dollars

into account, the purchasing power of local school funding will go down slightly for DCPS as a whole. Moreover, the formula used to allocate funding to each school has been modified to reduce disparities between schools in net per-pupil funding, which means some schools will see increases while others will see declines.

Assessing changes in the DC Public Schools budget and the resulting impact on services is difficult because the DCPS budget as laid out in the Mayor's budget documents is unclear in many ways and fails to clearly reflect the reality of education spending. The budget appears to show, for example, a decline in funding for special education, even though special education funding will rise significantly under the Mayor's budget.

DC Public Charter Schools: The FY 2012 general fund budget for charter schools is \$490 million, compared with a \$438 million budget in 2011. The 2012 budget includes \$7 million in local funds to replace federal "EduJobs" funds that are available in 2011 but not 2012. Adjusting for this and for inflation, the budget represents a 10 percent increase.

The increase in funding for charter schools is largely a result of an expected 7 percent increase in enrollment in public charter schools, from 29,695 to 31,768. Much of the remaining budget growth reflects an increase in funding for students in special education, to better reflect those costs and to encourage public charter schools to serve more special education students. The FY 2012 budget includes \$16 million in new "special education capacity" and "special education compliance" funds for Public Charter schools, and it includes \$2 million due to increases in per-pupil funding formulas. (An undetermined portion of this increase will be offset by a decline in funding for special education provided through the Office of the State Superintendent of Education.)

The budget maintains base per-pupil funding for students in DC Public Charter Schools at \$8,945 (as noted, there are add-ons for students with special needs, such as those in special education and those with limited English Proficiency.) The budget also maintains funding for facility expenses at the 2011 level of \$3,000 per pupil.

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 2012 budget, OPEFM would be dissolved as a separate agency, and its functions would be absorbed into a new Department of General Services.

The Department of General Services 2012 budget includes \$48.9 million for public school maintenance expenses, about \$21 million higher than the \$28 million FY 2011 budget for OPEFM, adjusting for inflation. However, this change mainly reflects the transfer of \$21 million in expenses that are being covered in 2011 in the capital budget to the operating budget in 2012. OPEFM will spend \$48 million in 2011, but \$20 million is reflected in the capital budget and \$28 million is reflected in the operating budget. In 2012, all of these expenses will show up in the operating budget, based on the Gray administration's conclusion that these expenses — tied to school maintenance — are more appropriate for the operating budget. When this shift is taken into account, school maintenance expenses in 2012 — \$49 million — are only slightly higher than the \$48 million appropriated for 2011.

Office of the State Superintendent of Education: 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 managing the District's special education functions, although the functions are budgeted separately.

The FY 2012 general fund budget for OSSE is \$104 million, a 16 percent decrease from the FY 2011 approved budget of \$123 million, after adjusting for inflation. The decrease is largely due to a \$12 million reduction in funds for special education provided to DC Public Schools and DC Public Charter Schools, a \$2.2 million cut in funding for the Child Care Subsidy program, a \$2.6 million cut in training funds for Teach for America and for breakfast subsidies in Public Charter Schools, and a \$500,000 cut in adult literacy funding.

In the final budget vote on May 26, the DC Council voted to restore \$2 million of the child care reduction if future revenue forecast shows that revenue collections are higher than expected in the adopted budget. Revenue forecasts will be made in June, September, and December, and there is a widely held expectation that these forecasts will identify a rise in revenue collections due to a growing economy. (Child care is one of a number of programs that would be restored.)

While not a part of the OSSE budget, OSSE manages DC's special education programs.

- **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 2012 budget includes \$150 million for non-public tuition payments, a decline from \$158 million in 2011 and \$166 million in 2010. The decline reflects projected savings from new initiatives intended to reduce placement of special education students in private schools.
- **Special Education Transportation:** The District provides transportation services for approximately 4,000 special needs students. The FY 2012 general fund budget includes \$91 million and 1,610 full-time equivalent employees for special education transportation. This is a decline from the FY 2011 funding level of \$94 million and reflects both staffing and other cuts.

Performance Measures

The budget for each government agency includes a number of performance measures tied to specific agency objectives. In addition, each agency develops a performance plan each year, and it completes a “performance accountability report” at the end of the year. The performance measures are intended to provide an indication of how well the agencies are using funds to meet their goals. Unfortunately, the quality of performance measures in the District’s uneven. In many cases, performance measures are unclear or cover aspects of an agency’s functions that do not seem tied to the agency’s core functions.¹

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, in DCPS, the Office of the Chief Academic Officer has a number of performance measures, and some its measures make more sense than others. On the positive side, 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.) But other key measures, like four-year high school graduation rate or the retention rate for highly effective teachers remain “to be determined.” The budget includes no performance measures related to retaining special education students within DCPS, despite this being a stated priority for the Gray administration. The separate chapters for non-public tuition and special education transportation also do not include any performance measures.

The OSSE budget’s performance measures, on the other hand, generally include more detail than the DCPS measures. For example, OSSE measures the “percentage of Pre-k programs that meet high-quality program requirements as defined by the 2007 Pre-k Enhancement and Expansion Amendment Act.” In some cases, however, the performance measure does not seem realistic. For example, OSSE projects to serve 5 percent more students in adult education, yet funding for adult education would decline.

Performance accountability reports and performance plans for DC education agencies are available at www.track.dc.gov.

¹ The issues related to DC’s performance measurement are discussed further in a DCFPI 2009 report, [Ten Ways to Improve the Transparency of the DC Budget](#).