

May 22, 2012

WHAT'S IN THE FINAL FISCAL YEAR 2013 BUDGET FOR EDUCATION?

Education is one of the largest areas of the DC budget and includes several substantial agencies and functions. The final Fiscal Year 2013 budget includes a two percent increase for DC Public Schools and Public Charter Schools. Whether or not schools have adequate capacity to handle the increased enrollment and a larger special education population is still in question, however, because staffing costs in DCPS are growing faster than the budget increase. Moreover, special education funding and staffing appear to be cut. Key services for school-age children such as summer school and afterschool programs will see reductions in FY 2013, while facilities modernization will see an increase.

Summary of the 2013 Education Budget

The FY 2013 budget increases the basic per-pupil funding level for DC Public Schools (DCPS) and Public Charter schools (DCPCS) by two percent, from \$8,945 to \$9,124 per student. The total general fund budget for the DC Public Schools and DC Public Charter Schools will rise four percent and nine percent respectively, adjusting for inflation, largely due to the per-pupil increase, expected enrollment growth in both systems, and expectations that many special education students who have been attending private schools will return to a public school.

KEY FINDINGS

MAYOR'S BUDGET PROPOSAL

- Increases base per-pupil funding by two percent for both DC Public Schools and Public Charter Schools.
- Projects a four percent enrollment increase in DCPS (when comparing audited current-year figures with projections) and a six percent increase in charter schools.
- Will cause many individual DC public schools to stretch dollars to meet needs of a growing student body and a larger special education population. The costs of core school expenses, including teacher compensation, will rise faster than the two percent per-pupil funding increase. As a result, some smaller schools may lose librarians, and class sizes may increase at middle schools and high schools.
- Reflects an expected shift of special education students from private placements back to public schools. Planned spending on private tuition will fall sharply.
- Outlines reductions for special education staff and funding at DCPS schools, despite the expected growth in special education student population.
- Reflects a \$5.7 million federal funding cut for child care, which may not reflect actual expected funding. According to OSSE, federal funding for child care is flat-funded, but \$1 million more in local funding will be specifically used to support 75 slots for infants and toddlers.
- Both afterschool and summer school programs will see a funding cut in FY 2013.

FINAL COUNCIL VOTE, MAY 15th

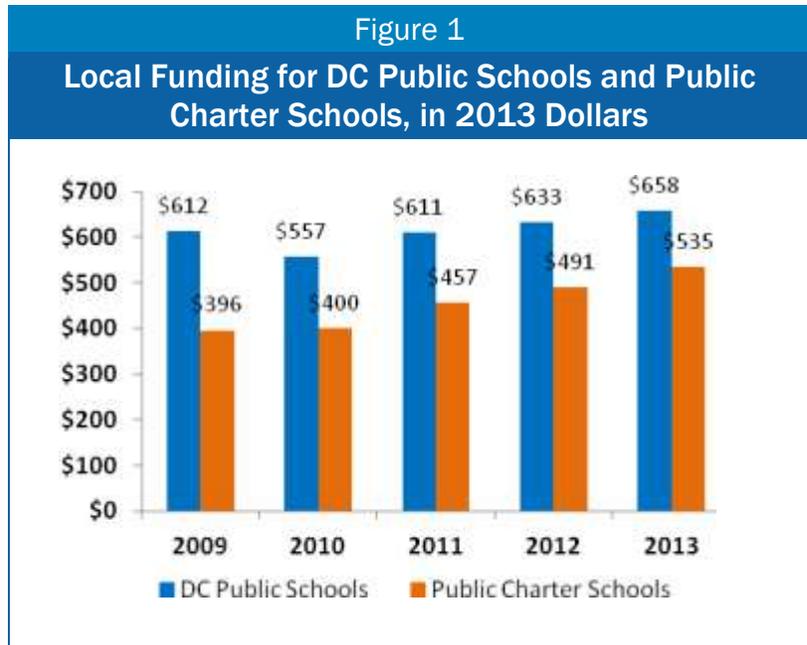
- Increases funding for OSSE by \$3.3 million to implement four programs associated with the "Raising the Expectations for Education Outcomes Omnibus Act of 2012".

Despite the increase, funding provided directly for DCPS local school operations will not keep up with rising expenses, particularly rising teacher salaries and teacher performance based incentives. As a result, some DCPS schools will face diminished staffing and larger class sizes in 2013.

There are questions around the local special education budget, which lists reductions of full-time equivalent staff positions and funds in FY 2013, despite an anticipated increase in special education student enrollment.

Child care (which is funded outside of DCPS), afterschool and summer school programs all face funding cuts for FY 2013, which could mean less access to these services for working parents.

The mayor is also looking for funding in the 2012 budget to support a study on the adequacy of funding for K-12 education, as recommended by the Public Education Finance Reform Commission. The outcomes of an adequacy study could lead to revisions to the Uniform Per Student Funding Formula, which has not been updated since 2008.



Analysis

Figure 1 shows the local funding for DC Public Schools and DC Public Charter Schools from fiscal year 2009 through the fiscal year 2013 budget, adjusted for inflation. Table 1 below includes a breakdown of local funding for education and how funding will change from FY 2012 to FY 2013. See below for more detailed analysis of the final FY 2013 education budget.

DC Public Schools: The fiscal year 2013 general fund budget for DCPS is \$658 million (Figure 1), or a four percent increase from fiscal year 2012, adjusting for inflation. The budget reflects the following:

- The minimum per-student allotment to individual schools for the upcoming school year will increase from \$8,400 to \$8,568.
- DCPS enrollment is expected to increase by four percent, from 45,191 students (audited number) in FY 2012 to 47,127 students projected for FY 2013. Most of that growth comes from more students at the elementary school level.
- Total funding allocated directly to local schools will grow from \$477 million in 2011-12 to \$488 million in 2012-13, a two percent increase.

Table 1				
Local Funding for Education, FY 2011-FY2013*				
	FY 2011 Actual (in millions)	FY 2012 Budget (in millions)	FY 2013 Budget (in millions)	Change, FY 2012 to FY 2013
DC Public Schools	\$610.9	\$632.6	\$657.9	4%
DC Public Charter Schools	\$456.6	\$490.7	\$535.4	9%
Office of the State Superintendent of Education	\$104.9	\$105.7	\$105.8	0.3%
Office of Public Education Facilities Modernization	\$28.5	\$46.9	\$47.8	3%
Non-Public Tuition	\$140.2	\$152.4	\$109.9	-28%
Special Education Transportation	\$99.5	\$90.1	\$91.2	1%

*Source: Final Council FY 2013 Budget; all figures are adjusted for inflation to equal 2013 dollars.

- There is an expected increase in special education students returning to the public school system from placements in private schools. This resulted in an estimated \$40 million in non-public tuition savings, which helped support the overall two percent increase to DCPS and public charter schools.

Despite the overall two percent DCPS funding increase, capacity at many individual DCPS schools will decline in 2012-13, because funding will not keep pace with rising costs of many core school functions. Most important, the average cost per teacher (as well as counselors, instructional coaches, and librarians) is rising 5.4 percent next year. This partly reflects the fact that teacher performance bonuses under the IMPACT evaluation system – which until now have been paid with private foundation funds at about \$20 million a year – will have to be paid with local funds in 2013. The higher teacher costs also reflect rising fringe benefits like health care and seniority-based pay increases.

These types of rising costs mean that the two percent increase is not adequate to maintain current school services. As a result, some DCPS schools will have to scale back in some ways.

- **Middle and high schools will see an increase in class sizes.** The middle school teacher: student ratio will be raised to 1:22 (from 1:20) and high school class size will be pegged at 24 (up from 22 this year). Because some high school classes must be smaller — such as Advanced Placement, Career and Technical Education, or smaller classes designed to improve student learning — some high school classes are likely to be far larger than 24. The larger class sizes could be in violation of the Washington Teachers’ Union contract.
- **Smaller schools may face greater funding disparity as a result of changes to required staff positions.** Many smaller schools, now defined as those with fewer than 300 students, will no longer be allocated funds for a librarian in fiscal year 2013. If they choose to hire one, a smaller school will need to use its discretionary (or “flexible”) funds to do so. Given that small schools typically have limited amounts of discretionary funds, some are likely to opt to not have a librarian.

There are also a few other notable policy implications as a result of the DCPS school allocations for next year:

- **Special education funding may be insufficient to meet the needs of increased special education enrollment.** The special education budget in DCPS lists reductions of 222 full-time equivalent staff positions and a \$209,000 decrease in funds for fiscal year 2013. According to DCPS, these numbers are not correct and reflect a double-counting of staff positions in fiscal year 2012 (social workers and dedicated aides) that were shifted that year to central administration. This apparent overstatement of staffing in 2012 makes it appear that funding and staffing will fall in fiscal year 2013. DCPS can account for at least 60 percent of the reductions as incorrect in the budget book. Currently, the loss stands at 92 fewer special education positions for fiscal year 2013 instead of 222. The exact funding and staff changes from the current school year to the 2012-2013 school year remain unclear. The changes may become clearer as school officials work to update planned spending for the current year.
- **Changes to required staffing limit school flexibility.** For example, all schools will be required to have a full-time instructional coach next year, while this year, schools currently have flexibility to have a half-time instructional coach and use the remaining funds for other purposes. This is likely to affect smaller schools the most, since they tend to have the smallest amount of flexible funds.
- **Other instructional programs will see reductions.** Within the DCPS budget for FY 2013, both afterschool and summer school programs face funding cuts of \$3.5 million and \$1.3 million, respectively.¹ These reductions could mean there will be less out-of-school time programming offered to provide academic enrichment and a safe environment to school-age children with working parents. A new \$10 million grant competition being administered by DCPS called “Proving What’s Possible” may offset some of these funding cuts, but only for the local schools that are able to successfully compete for the funds.

The final council budget increased funding for DCPS only slightly from the mayor’s proposed budget by adding two competitive grant programs at \$100,000 each. One is for a journalism mentoring program for high school students and the other is an intensive algebra program.

DC Public Charter Schools: The FY 2013 general fund budget for charter schools is \$535 million, compared with a \$491 million budget in 2012. Adjusting for inflation, next year’s budget represents a nine percent increase. The increase in funding for charter schools is largely a result of an expected six percent increase in enrollment in public charter schools, from 31,768 to 33,699 students.

The budget increases base per-pupil funding for students in DC Public Charter Schools by two percent to \$9,124 with supplemental weights for students with special needs, such as those in special education and those with limited English Proficiency. The budget maintains funding for facility expenses at the 2012 level of \$3,000 per pupil.

The final budget also established a charter schools admissions taskforce to study providing a neighborhood preference in charter school admissions starting in the 2013-2014 school year. The

¹ Note that the summer school program included the evening credit recovery line item in the FY 2012 column, but separated the programs in FY 2013, making it appear like a larger reduction of funds for FY 2013.

report will offer recommendations by September 2012 for how a neighborhood preference should be designed.

Office of Public Education Facilities Modernization (within Department of General

Services): The 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 FY 2012, OPEFM was dissolved as a separate agency, and its functions were absorbed into a new Department of General Services (DGS). The DGS 2013 budget includes an increase of three percent or \$1.2 million more for public school facilities when compared to FY 2012, adjusting for inflation.

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 2013 general fund budget for OSSE is \$105.8 million, a slight increase from the FY 2012 approved budget of \$105.5 million, after adjusting for inflation.

The final FY 2013 budget shows a \$5.7 million funding cut to the child care subsidy program, which serves about 21,000 children. However, according to OSSE officials, this apparent cut reflects errors in budget documents and not an actual cut in funding or services. OSSE officials claim that the child care subsidy program is flat-funded and will offer the same number of slots for fiscal year 2013 as this year, but the agency has not shared any updated information to confirm this. Even if the child care funding level remains stable, the subsidy program will see a cut when adjusted for inflation.

In an effort to improve early care options, the final FY 2013 budget includes an additional one million dollars in local funds specifically for 75 infant and toddler child care slots. It is unclear how the overall distribution of child care slots for infants and toddlers versus older children will be affected by this increase, given the overall flat-funding of child care. What is certain is this type of care is more expensive for providers to offer, and there is a need for more high- quality infant and toddler child care slots in DC.

This also is important because many child care centers that serve infants and toddlers have faced challenges in recent years. Since the District began implementing a universal pre-kindergarten effort in FY 2009, parents can choose to send their three- and four-year old children to pre-Kin public school settings. Following this change, the child care subsidy program has seen a steady decline in funding, as more children started attending pre-K in public schools, and several child care providers have been forced to close their doors. A significant barrier for providers seeking to offer high-quality child care to infants and toddlers is the extremely low reimbursement rates available to them. DC child care reimbursement rates remain at 2004 levels for providers at the "gold" or highest level in the DC quality rating system, with even lower rates for providers at lower tiers. Without adequate reimbursement, providers are unable to keep up with the rising costs over time and continue to meet the demand for quality child care in DC. The final budget does not increase reimbursement rates for child care providers, which have not been changed since 2006.

The final council budget increased OSSE funding by \$3.3 million to include funding for the implementation of the “Raising the Expectations for Education Outcomes Omnibus Act of 2012.” The legislation includes the following four pilot programs:

1. **Early Warning and Support System:** This program will track how students in four school groups in grades four through nine are moving towards high school graduation and college preparedness. The goal of the program is to identify students who are at risk of dropping out of school and to provide them with more individual attention and assistance to get them back on track.
2. **Post-Secondary Preparation Plan:** The legislation requires the mayor to develop a plan to ensure all students take the SAT or ACT and apply to a college or other postsecondary institution before graduating from high school. The mayor is also directed to collect data on the number of students enrolling in post-secondary institutions.
3. **Highly Effective Teacher Incentive:** This pilot program will offer incentives for highly effective teachers that are willing to serve in high-need DC schools for a minimum of three years. The incentive package can include annual bonuses of \$10,000, access to housing assistance programs, tuition assistance, and income tax credits. Up to five teachers at four high schools will participate in the pilot.
4. **Community Schools Incentive:** This pilot will award multi-year grants to public-private partnerships between public or charter schools and non-profit and community organizations. These “community schools” are to provide and coordinate a wide range of services, including health care, academic enrichment activities, early childhood education, and job training programs. A Community Schools Fund will be established to support the initiative with the assumption that DC will seek out additional federal and private resources to sustain community schools. OSSE will administer grants of up to \$200,000 to each of the five pilot schools selected for participation.

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

- **Non-Public Tuition.** This includes expenses for special education students who receive services from private providers, as well as expenses for 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 fiscal year 2013 budget includes \$110 million for non-public tuition payments, a 28 percent decline from \$152 million in 2012. The significant decline reflects projected savings from new initiatives that are reducing placement of special education students in private schools.
- **Special Education Transportation.** The District provides transportation services for approximately 3,400 special needs students. The fiscal year 2013 general fund budget remains virtually unchanged from fiscal year 2012 with \$91 million in funding and 1,610 full-time equivalent employees for special education transportation.