

*April 12, 2013*

## **WHAT'S IN THE MAYOR'S PROPOSED FY 2014 BUDGET FOR EDUCATION?**

The District spends about \$1.8 billion in local funds on education and related services for children in Pre-K through high school. This analysis covers proposed funding in fiscal year (FY) 2014 for: DC Public Schools, Public Charter Schools, the Office of the State Superintendent of Education, the Office of Public Facilities Modernization, Non-Public Tuition and Special Education Transportation.

The proposed FY 2014 budget includes a two percent increase in local per pupil funding for DC Public Schools (DCPS) and Public Charter Schools. However, due to student enrollment changes projected for next year, the DCPS system will see a decline in local funds while public charter schools will see an increase.

The proposed budget includes an increase in funding and services for infants and toddlers with developmental delays. The proposed change would allow the District to serve more children and to provide services to children with less severe delays.

Funding for subsidized child care — which provides developmentally appropriate settings for children with parents who are working or in training — will be reduced in FY 2014, but the budget proposed to increase the number of infant and toddler slots and reimbursement rate for child care providers if the District's revenues rise above current projected levels.

The proposed budget includes nearly \$32 million in savings from special education students returning to DCPS from private placement settings.

### **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 2 percent enrollment decrease in DCPS and an 11 percent increase in public charter school enrollment.
- Defines more DCPS schools as "small schools," which will impact staffing allocations at several schools in FY 2014.
- Estimates \$32 million in non-public tuition savings as a result of students returning to DCPS for special education services from private placement settings.
- Includes \$6 million in FY 2014 for OSSE to expand early intervention services for infants and toddlers with developmental delays.
- Shifts funding for the State Board of Education out of OSSE's budget and into its own agency.

Table 1				
Local Funding for Education, FY 2012 - FY2014*				
	FY 2012 Actual (in millions)	FY 2013 Budget (in millions)	FY 2014 Budget (in millions)	Change, FY 2013 to FY 2014
DC Public Schools	\$662	\$681	\$655	-4%
DC Public Charter Schools	\$525	\$544	\$617	13%
Office of the State Superintendent of Education	\$100	\$109	\$110	1%
Office of Public Education Facilities Modernization	\$44	\$44	\$46	5%
Non-Public Tuition	\$124	\$112	\$80	-28%
Special Education Transportation	\$96	\$91	\$87	-7%

\*Source: Proposed FY 2014 Budget; all figures are adjusted for inflation to equal 2014 dollars. Not all agencies within the public education budget cluster are listed.

### Analysis of the Proposed 2014 Education Budget

The FY 2014 budget increases the basic per-pupil funding level — the Uniform Per Student Funding Formula or UPSFF — for DC Public Schools and Public Charter schools (PCS) by two percent, from \$9,124 to \$9,306 per student.

Despite the per-pupil increase, DC Public Schools will see less local funding in their overall budget next year. The proposed general fund budget for the DC Public Schools is \$655 million, a 4 percent reduction from FY 2013 when inflation and FY 2013 supplemental funding are taken into account. The budget reflects an expected DCPS enrollment decrease of 2 percent, from 47,174 students (audited number) in FY 2013 to 46,060 students projected for FY 2014.

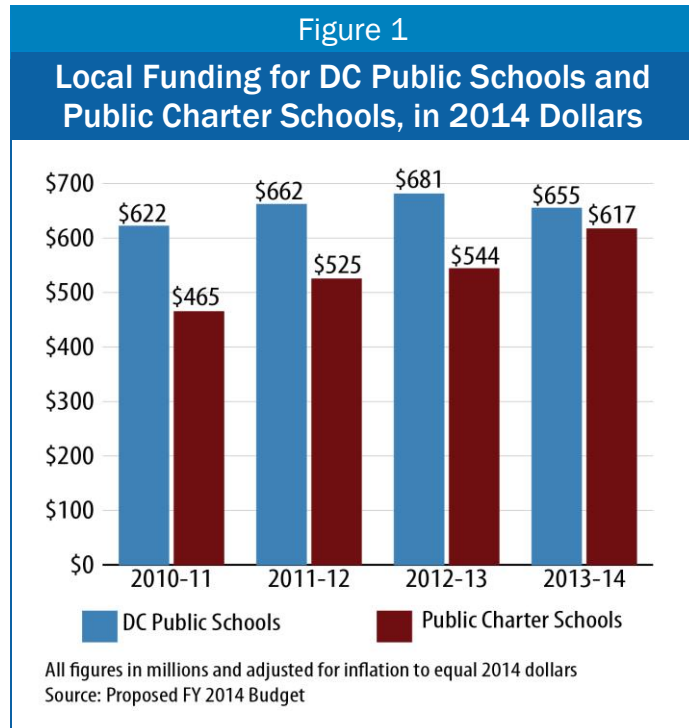
However, the funds DCPS allocated directly to schools will be 4 percent higher next year meaning schools will see more in direct school funding next year than they did in FY 2013. In addition, all elementary schools and education campuses will be funded to have art, music, PE, and world language teachers, as well as a librarian.

At the same time, many schools will have less purchasing power due to the rising expenses of staff. For example, the average cost per teacher (as well as counselors, instructional coaches, and librarians) will increase 1 percent due to rising costs of fringe benefits like health care, performance based pay and bonuses. The average cost per principal and assistant principal increased by 9 percent and 3 percent, respectively. These increases will largely be absorbed by individual school budgets. Finally, some schools will be re-defined as a “small school,” which will result in reductions in staffing and resources in FY 2014.

- **Increased allocation to local schools.** Total funding allocated by DCPS directly to local schools will increase from \$488 million in 2012-13 to \$507 million in 2013-14, a 4 percent

increase.<sup>1</sup> This increase is mostly due to investments in special education.

- **Some schools will be re-defined as a “small school” and lose resources as a result.** For FY 2014, the enrollment level used by DCPS to define a “small school” will increase from 300 to 400 students, which means schools with 300-400 students will get the reduced staffing associated with smaller schools. For example, schools serving fewer than 400 are only funded for a half-time business manager and do not receive a clerk allocation, while larger schools get full-time staff for these positions. Notably, small elementary schools of 300-400 students that were funded for a full-time art, music, and PE teacher in the current year’s budget will only see 0.75 allocations for these positions, plus a newly required world language teacher, next year.



- **All schools will have access to a librarian, but some schools will have less funding for librarian positions.** This school year, schools enrolling fewer than 300 students did not receive funding for a librarian position. In the FY 2014 budget, every school is funded a librarian, with small schools (under 400 students) receiving a half-time position and large schools receiving a full-time position. However, because the new definition of a “large school” is enrollment of at least 400 students, schools serving between 300 and 400 students that received funding for a full-time librarian this year will get funding only for a half-time librarian next year.
- **Special education funding will be used to increase staff, enhance literacy services and expand the number of behavioral classrooms.** The DCPS special education budget will see a decrease of \$3 million in local funds for FY 2014, reducing their total local budget to \$128 million (special education funds plus Blackman Jones compliance funds). This reduction is mostly due to the 500 fewer special education students projected for DCPS in FY 2014 than in the current school year.<sup>2</sup> The significant reduction under Special Education Capacity Building line item is due to a shift of funding to other special education services and a reduction of expenses associated with non-public team contract services, the staff that assist with case management when a student is being served in a private setting. Some of these anticipated savings will be used to hire additional coaches for behavioral services and specialized instruction

<sup>1</sup> Note, for comparison purposes between years, these figures do not include After School Programs, Evening Credit Recovery, Proving What’s Possible, Race to the Top, and School Improvement Grants.

<sup>2</sup> Although DCPS is projecting 500 fewer special education students for FY 2014 than they did in FY 2013, next year’s projections (7,300) include 400 more students than were counted in last December’s child count process (6,900) and 800 more than in last October’s enrollment audit (6,500).

in schools, enhanced special education literacy services and other programmatic investments. The addition of 35 classrooms for children with special behavioral needs and 36 social workers will particularly benefit middle and high schools. Special education student-teacher ratios will not change from FY 2013 with the exception of part-time students, whose ratios will be determined based on the number of hours on their IEP. The Early Stages program, which identifies young children with delays and identifies appropriate services for them, will be reduced by \$766,000.

- **Out-of-school time programs will be flat-funded.** In an effort to ease the hiring process for schools, funding for Afterschool programs, Evening Credit Recovery, and Proving What's Possible (PWP) extended-day grants staff now appears within each school's budget allocations. Schools will receive \$3.8 million for After School Program (ASP) staff, while total funding for the Out of School Time Program (OSTP) is \$6.8 million, which keeps in place cuts that were made for the current year.
- **Proving What's Possible grant program will be reduced.** DCPS provided \$10 million in grants to 59 schools to implement innovative programming this school year. For next year, total PWP funding to schools will be \$6 million to continue grants from last year's competition, fund new reading specialists and assistant principals for literacy, and to support extended day programs. The reduction in funding means that only 51 schools will receive PWP funds for the next school year.

**DC Public Charter Schools:** The proposed FY 2014 general fund budget for charter schools is \$617 million, a 13 percent increase in funds from 2013. The increase in funding for charter schools is largely a result of an expected 11 percent increase in enrollment, from 33,699 in FY 2013 to 37,410 students in FY 2014.

The proposed budget also 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 2013 level of \$3,000 per pupil, with all of the funding coming from local resources. In recent years, a portion of the allotment was covered by federal dollars. The federal funds freed up will be used to support public charter school operations in other ways.

**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 proposed DGS 2014 budget for management of public school facilities is \$46 million, an increase of 5 percent, or \$2 million, when compared to FY 2013. The capital budget — which is separate from the operating budget being discussed in this analysis — includes \$162 million for the modernization and construction of DCPS high schools, \$69 million for middle schools, and \$128 million for elementary schools in FY 2014. An additional \$1.8 million in capital funding will create early learning centers to serve children from birth to age five in collaboration with community child care partners.

**Office of the State Superintendent of Education:** The Office of the State Superintendent of Education (OSSE) was created by the DC Public Education Reform Act of 2007. OSSE manages education 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 placement of students in private special education settings, although the functions are budgeted separately.

The FY 2014 general fund budget for OSSE is \$110 million, a one percent increase from the FY 2013 approved budget of \$109 million. The mayor's proposed budget includes \$6 million in fiscal year 2014 to expand early intervention services for infants and toddlers with developmental delays. The funding will allow the DC Early Intervention Program (Part C of IDEA) to broaden coverage to serve children with a 25 percent developmental delay in two or more areas, rather than the current standard of only serving children with delays of 50 percent or more. Funding will extend the option of coverage until the beginning of the school year after the child's fourth birthday; it currently only covers children until age three.

The FY 2014 proposed budget for the child care subsidy program, which serves about 10,000 children over the course of a year, is \$73 million, a \$1.5 million reduction from FY 2013. The budget also includes a proposed increase in child care funding as the first item on a "revised revenue contingency priority" [list](#), a set of items that will be funded if revenue collections rise above current projected levels. The \$11 million contingent funding for child care would support a 10 percent increase in child care reimbursement rates to providers and an addition of 200 slots for infants and toddlers. A significant barrier for providers seeking to offer high-quality child care for 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 often struggle to keep up with rising costs and to continue providing quality child care. To learn more about the current cost of providing child care in the District, see the most recent [market rate survey](#).

Starting in FY 2014, the DC State Board of Education (SBOE) will be its own public agency and no longer reside within the OSSE budget. The SBOE is funded at \$587,000, a 14 percent increase over the current year's funding within OSSE. The increase is largely due to the transfer of one staff position from the Office of the Director of OSSE.

OSSE also lists reductions for other education programs in the proposed budget. A \$6.8 million funding cut is listed for the Teaching and Learning division which provides oversight for federal grant programs, as well as a \$734,000 cut for adult and family education and a \$334,000 cut for career and technical education. The third item on the mayor's revised revenue priority list is for OSSE to receive an additional \$4 million for adult literacy and career and technology education services if revenue collections improve at the end of the fiscal year.

While not a part of the OSSE budget, OSSE manages the following 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 Behavioral Health who attend

schools outside of the District. The fiscal year 2014 budget includes \$80 million for non-public tuition payments, a 28 percent decline from the FY 2013 budget of \$112 million. The significant decline reflects \$32 million in projected savings from the District's efforts to reduce the placement of students with special education needs in private schools.

- **Special Education Transportation.** The District provides transportation services for students with special needs. The reduction in non-public placements will mean a corresponding decrease in the special education transportation budget, although several students within the DCPS system will continue to require transportation services. The fiscal year 2014 general fund budget is \$87 million, a 7 percent decrease from FY 2013 and includes 1,510 full-time equivalent employees for special education transportation.