

**TESTIMONY OF SOUMYA BHAT, EDUCATION FINANCE AND POLICY ANALYST
DC FISCAL POLICY INSTITUTE**

**At the Public Education Hearing on B20-309,
The Fair Student Funding and School-Based Budgeting Act of 2013
July 11, 2013**

Chairman Catania and members of the Education Committee, thank you for the opportunity to speak today. My name is Soumya Bhat, and I am the Education Finance and Policy Analyst at the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on policies that affect low- and moderate-income residents.

I am here today to offer input on Bill 20-309, the Fair Student Funding and School-Based Budgeting Act of 2013.

- **We strongly support the supplemental weight for low-income students, and we encourage the Council to take into account the results of the DC Public Education Adequacy Study to determine the exact amount for the weight.**
- **We appreciate the intent of requiring a certain percentage of DCPS local funds go directly to school budgets, but we have questions about setting rigid requirements.**
- **We support creating ways to create additional flexibility for the school system and have some recommendations for the best way to do that.**
- **Given that every school budget allocation model has strengths and weaknesses, we feel that is best not to legislate it. Instead, the best approach to assure responsible allocation of funding to schools is through appropriate oversight.**

Increased Investments for Low-Income Students

The DC Fiscal Policy Institute strongly supports the bill's goal of investing additional local resources into the education of our low-income students through an amendment to the Uniform Per Student Funding Formula (UPSFF). Research shows us that children who grow up in poverty face a number of challenges outside the classroom – from housing instability to low levels of parent engagement – that affect their ability to learn in the classroom. Increasing funds for these students makes good sense.

We also think it is a good thing that the bill does not specify the amount of supplemental weight to be given to these students. We recommend the results of the Deputy Mayor for Education's DC Public Education Adequacy Study, be taken into account. The year-long study, which has incorporated professional judgment panels and focus groups into its process, is expected to be completed in September.

Direct Funding to School Budgets

Second, this bill will alter the way that local DCPS school funding is allocated to individual schools and how those individual school budgets are developed. The proposal requires that DCPS allocate at least 80 percent of its local UPSFF funding directly to schools.

We support the intent behind this provision, we are concerned that it may be rigid. There may be times when non-school expenses, including not only central office functions but a number of functions that support schools, may exceed 20 percent. We would not want a strict cap to result in reduced funding for things like literacy interventions, professional development, or curriculum support outside the school budgets. In another example, a spike in centrally budgeted utilities costs could force DCPS to scale back core support functions.

We feel the best way to ensure that funds are getting to classrooms is through increased budget transparency and assertive oversight. A better approach may be to set a goal that 80 percent of local funds reach schools, combined with detailed reporting to allow the Council to monitor this.

The bill would also give principals greater control over how their budget is spent and ask principals to provide a clear plan of how their proposed budget will lead to better student achievement. DCFPI generally agrees with both of these principles. School leaders should be given flexibility to align their spending to meet their students' needs and to implement innovative programs that have been proven to be effective. At the same time, we think the school leadership must have the capacity and commitment to take on the critical task of developing and implementing a budget with the additional resources associated with the Fair Student Funding bill. We recommend that any system of flexibility over setting school budgets should allow principals with innovative ideas the opportunity to apply for flexible use of their funds, rather than establishing flexibility and school budgeting responsibilities at all schools.

Weighted Formula vs. Staffing Model: Pros and Cons

The Fair Student Funding bill also seeks to replace DCPS' current method of dispersing school funding, the Comprehensive Staffing Model, with a weighted funding formula. This is not a new way of allocating funds for DC – in fact it was the way DCPS schools received funding prior to the implementation of the Comprehensive Staffing Model. In a weighted formula, funding is distributed according to individual student needs instead of adults, schools, or buildings. Dollars would follow the student regardless of which school they attend and school leaders would have greater flexibility to create budgets and make staffing decisions.

While this approach has obvious appeal, it also can have unintended negative consequences. One of the downsides of a weighted funding formula is seen in small schools with low and falling enrollment. These schools may not always have enough funding to hire staff that goes beyond general education, such as art music, or PE teachers. One of the reasons DC shifted to the

Comprehensive Staffing Model in the first place was that many schools were cutting their art and music teachers to address falling funding tied to falling enrollment.

In the Comprehensive Staffing Model, a staffing framework establishes what positions each school is required to have and sets staff-student ratios for each position to determine the number of staff and the funding each school needs to support those positions. Funds are allocated based on schools, programs, and student enrollment, but may not reflect individual student needs within a school's population. School leaders generally have less autonomy and the framework can also vary from year-to-year, leaving schools with unanticipated staffing reductions, as we saw this past budget season.

This highlights that no system of funding is perfect and the importance of having safeguards and in place for whatever funding system is in place. The school budget stabilization feature in this bill is an important one – it would not allow any DCPS school to see more than a five percent loss in local funds from the previous fiscal year due to application of the funding formula. In the same way that a school loses a significant amount of its funding if enrollment declines dramatically, other schools may see a windfall. Should there be a similar policy in place to limit gains for a large school that would see a sizeable increase in funding from year to year? Larger schools tend to enjoy economies of scale, which means that rising enrollment may allow those schools to provide much more enriching environments than schools that are smaller or not growing.

An alternative to the proposed weighted student formula would be to allow DCPS to maintain a Comprehensive Staffing Model, but establish policies that give schools more flexibility to deviate from the assigned staffing.

Given the strengths and weaknesses of any school budget allocation model, DCFPI feels that it is not best to legislate this aspect of school funding. Instead, the Council should continue its oversight role and monitor the allocation process, ensuring it is a transparent and fair process for individual schools.

Chairman Catania, we have already offered input to your committee staff on certain details in the bill, and look forward to continuing to serve as a resource moving forward. Thank you again for the opportunity to testify. I am happy to answer any questions.

Weighted Funding Vs. Comprehensive Staffing Model

	Description	Pros	Cons
Weighted Funding Formula (as proposed in Bill 20-309)	Local school funding is distributed to schools based on student characteristics. School leaders are responsible for creating their budgets and making staffing decisions based on this funding.	Resources are distributed according to individual student needs instead of adults, schools, or buildings. Dollars follow the student regardless of which school they attend. School leaders have greater autonomy and flexibility to create budgets and make staffing decisions.	Schools with fewer students may have less resources available for staff beyond general education – such as art, music, and PE teachers. Some school leaders may not make staffing decisions that reflect the needs of the school population.
Staff and Budget Allocation Model (DCPS' current Comprehensive Staffing Model, CSM)	Local school funding is distributed to schools based on student enrollment, but staffing resources are guided by a framework. The staffing framework establishes what positions each school is required to have and sets staff-student ratios for each position to determine the number of staff and the funding each school needs to support those positions.	Staffing resources can be tailored to meet a school's needs to ensure schools have comprehensive staffing for grades being served and school size.	Funds are distributed based on schools, programs, and student enrollment, but may not reflect individual student needs within a school's population. School leaders may have less autonomy and the framework can also vary from year-to-year, leaving schools with unanticipated staffing reductions.