



TO: ABIGAIL SMITH, DEPUTY MAYOR FOR EDUCATION

FROM: ED LAZERE AND SOUMYA BHAT, DC FISCAL POLICY INSTITUTE

SUBJECT: FEEDBACK ON DC PUBLIC EDUCATION ADEQUACY STUDY'S INITIAL RECOMMENDATIONS

DATE: OCTOBER 18, 2013

Thank you for the opportunity to offer written feedback on the DC public education adequacy study's draft recommendations. 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. As a member of the national advisory group for the study, DCFPI was engaged during the research process and has already shared several of the comments below with Deputy Mayor for Education (DME) staff. We look forward to working with you on any of these points before the adequacy study is in its final format.

This input is based on the draft executive summary released by DME on October 1 and the handouts distributed at the October 7, 2013 stakeholder meeting. See below for the highlights of DCFPI's comments:

- **We strongly support increased investment in the UPSFF and the addition of a supplemental weight for at-risk students. However, we feel the proposed definitions of at-risk students, both a planned temporary definition and a permanent one to be implemented later, does not adequately capture this population.**
- **We are concerned that assigning facility M&O costs using a per-pupil basis to both DCPS and DCPCS does not account for sector differences.**
- **We are not convinced that all functions currently funded outside of the UPSFF should be moved within the UPSFF.**
- **We are encouraged by the DME's interest in pursuing co-location strategies instead of closing underutilized schools, and urge you to add more specific recommendations for this strategy.**
- **We welcome the report's recommendations regarding greater transparency of both sectors' budget and expense information in a standard format.**
- **We support the reconvening of the Technical Working Group to advise OSSE and the DME in the monitoring of the UPSFF.**

Increased Investments in UPSFF

The study's major recommendation to increase the Uniform Per Student Funding Formula (UPSFF) by 18 percent, is a significant step towards ensuring our schools receive the resources they need. Because only a limited number of materials and not the full study has

been released, we are unable to thoroughly assess the methods used to calculate a new UPSFF or the appropriateness of the new level. DCFPI strongly supports increased investment in the UPSFF, specifically the addition of a new 0.33 supplemental weight for at-risk students, as was recommended by the Public Education Finance Reform Commission (PEFRC). Research is clear that low-income students face more educational challenges than higher-income students, and adding local resources to address those challenges is important.

However, we are concerned the DME definition of at-risk adequately captures this population. Our concerns apply both to the recommendation for a temporary definition and to the recommendation for a permanent definition.

DCFPI is aware the researchers initially considered using free and reduced meal eligibility data as the basis for defining student in the new at-risk category. Unfortunately, this proves problematic as a method of identifying eligible students for the new at-risk UPSFF weight, because the new “community eligibility” option for school meals means that individual student paperwork will no longer be collected at high-poverty DC schools.

As an alternative, the study currently defines at-risk students as those that are TANF eligible, in the DC foster care system, or are considered homeless through the federal McKinney Vento program. According to handout 16 of the study’s materials, the projected number of students eligible by this definition is 25,908 across both sectors. At \$3,394 additional funding for each of these students, this amounts to an additional investment of \$87,931,752 into the UPSFF for DC schools serving at-risk students.

If the purpose of adding an at-risk supplemental weight is to provide more resources where they are most needed, it is critical the at-risk population is properly defined, and this could mean a substantial investment by the District is necessary. DCFPI does not think the eligibility definition for this group should be driven by the projected costs alone, but should accurately reflect the at-risk student population.

DCFPI is concerned that the study’s current definition underestimates the low-income student population that should be considered at-risk and would like to explore other ways to define eligibility for this weight. TANF eligibility is only 44 percent of Federal Poverty Level (FPL), much lower than the eligibility level for free/reduced price meals – 185 percent of FPL. The TANF measure also raises concerns because of evidence that citizen children of undocumented immigrants may not be accessing TANF benefits even when eligible. It is difficult to know how many children in the DC school system fall into this category, but national research indicates only 36 percent of these families below the poverty line actually receive TANF.¹

An alternate approach could be to use eligibility for federal SNAP benefits, which has an income eligibility level of 130 percent of poverty. This would still undercount certain immigrants, who may not be eligible for SNAP or who may participate at low rates.

¹ Jeffrey S. Passel, “Demography of Immigrant Youth: Past, Present and Future,” *Future of Children*, Vol. 21, No. 1. (Spring 2011) http://futureofchildren.org/futureofchildren/publications/docs/21_01_02.pdf.

In addition, DME could consider creating statistical methods to adjust data – either TANF/homeless/foster care data or SNAP data – to reflect the full low-income population. The District could create an adjustment factor based on data for the District as a whole, including Census data, and apply that adjustment factor to the direct low-income student counts for each LEA.

The report notes that this income-based definition is only for temporary use until OSSE's SLED system is able to accurately identify students at risk of academic failure through their early warning indicator system. DCFPI is not in favor of replacing a measure based on income with one based solely on students not making academic progress. This shift would have implications on the number of students who would be counted in this weight category, and could have a large impact on school funds. More important, it would adversely affect schools that successfully bring low-income at-risk students up to grade level. If schools use funds tied to at-risk to help improve performance, those funds need to be maintained to allow the school to continue to achieve this outcome. Taking away resources from a school that successfully improves student achievement would be counterproductive.

Facility Maintenance & Operations Resources

The study makes the recommendation to fund facilities maintenance and operations (M&O) on a per-pupil basis within the UPSFF. However, the basis of this calculation was actual DCPS and DGS costs, without taking into account any actual maintenance costs in public charter schools. Moreover, the report acknowledges that DCPS schools have higher M&O costs on a per-pupil basis than do charter schools due to three main reasons: underutilized space, union labor rules, and the fact that DCPS schools may cover the M&O for non-school programs, such as child care programs, that operate in their facilities.

DCFPI is concerned that this basis for assigning facility M&O funds on a per-pupil basis to both sectors does not account for sector differences in actual spending. The study notes that the proposed UPSFF would underfund DCPS schools and overfund the charter school sector for its projected maintenance costs. It also recommends that DCPS continue to receive separate support outside of the UPSFF to adequately meet its M&O needs. This proposal does not make sense. Building M&O into the UPSFF sends the wrong message that such costs are appropriate to measure on a per-student basis. Beyond overfunding such costs for charter schools, a system that requires a special payment outside of the formula to DCPS perpetuates the incorrect sense that DCPS is getting special treatment.

The study does mention that actual M&O costs of both sectors need to be factored into future estimates. We believe that the study should recommend and implement such a process as soon as possible. In particular, funding for M&O should be based not on the number of students, but instead on each LEA's actual facilities and how they are used (for both school day and non-school purposes). This is consistent with a recommendation of the Public Education Finance Reform Commission, which found that treating each LEA uniformly when it comes to M&O needs requires funding that is not per-pupil.

Agency Functions to be Moved Within UPSFF

The draft report recommends that several functions that are currently provided by outside agencies like school nurses, mental health practitioners, and legal services, be paid for by the UPSFF and be arranged by each local educational agency (LEA). These funds are

incorporated into the proposed base funding level with the assumption that LEAs will adequately resource their schools accordingly with their UPSFF dollars.

DCFPI is not convinced that all of these types of resource allocation decisions are best made at the LEA level and should be moved within the UPSFF. We agree that certain functions, such as school resource officers and crossing guards, should be allocated by outside agencies instead of LEAs for safety reasons. Using the same rationale, we are concerned that a school may not hire a school nurse or mental health practitioner in order to save money, and think Department of Health and Department of Mental Health should continue to be responsible for allocating those resources to schools outside of the formula. The final report should also include clear guidance on what constitutes an adequate level of resources for each of these functions.

Co-Location Strategies

The draft executive summary highlights the long-term option for DCPS to “co-locate with other LEAs, city agencies, or community-based organizations in order to defray their M&O costs.” DCFPI is encouraged by the DME’s interest in pursuing co-location strategies instead of closing underutilized schools, but the language is currently too vague. We think there is a need for more specific policy recommendations on this strategy in the final report. Co-location is often discussed as a potential solution that will extend the life of public assets while addressing larger community needs, but without clear direction from public officials like the DME, there is not likely to be a plan for action. We recommend the DME provide concrete processes and timelines for pursuing co-location strategies, and utilize available research by the 21st Century School Fund for more specific recommendations.

Budget Transparency

We welcome the report’s recommendations regarding greater transparency of both sectors’ budget and expense information in a standard format. A major obstacle to accurately projecting resource needs for both sectors is the lack of available data on actual costs of charter schools. DCFPI encourages the DME to work closely with the DC Council in these efforts to make school budget information more accessible to the public.

Regularly Monitoring and Updating the UPSFF

Since 2008, the UPSFF base level and weighted allocations have not been adjusted regularly based on an analysis of changes in the needs for and costs of educational services. As a result, the UPSFF amount has been set each year without such analysis, and adjustments for inflation or other factors being made in some years, but not all. See how the UPSFF base level has changed in recent years below:

UPSFF Base Foundation Levels by Year

School Year	Fiscal Year	UPSFF Foundation Level Per Pupil	Annual Percent Change in Foundation Level	Annual Percent Change, Adjusted for FY 2014 Inflation
2005-2006	2006	\$7,307	N/A	N/A
2006-2007	2007	\$8,002	9.5%	7.0%
2007-2008	2008	\$8,322	4.0%	-0.4%
2008-2009	2009	\$8,770	5.4%	5.7%
2009-2010	2010	\$8,770	0.0%	-1.7%
2010-2011	2011	\$8,945	2.0%	-0.6%
2011-2012	2012	\$8,945	0.0%	-2.4%
2012-2013	2013	\$9,124	2.0%	0.3%
2013-2014	2014	\$9,306	2.0%	0.3%

DCFPI strongly supports the reconvening of the Technical Working Group (TWG) to advise OSSE and the DME in the monitoring of the UPSFF and has testified before the DC Council with this recommendation. We also support the recommendation to adjust the formula for cost of living in the interim years.

While it is important to frequently assess the UPSFF in terms of weights and base levels, we do not believe that a full-scale commissioned adequacy study is necessary every five years, as stated in the draft report. Instead, the TWG could actively participate in the periodic update of the UPSFF with OSSE and DME to ensure the formula keeps up with actual needs in our city's schools. In order to do this, the TWG will need access to actual cost data, per the transparency recommendations in the report, and a template from the consultants commissioned for the adequacy study.

DCFPI recognizes the adequacy study was a complex undertaking and there are bound to be lessons learned on how to improve upon the research methodology. To make sure this is documented, the final report must include clear explanations of the consultants' calculations and assumptions, along with concrete suggestions to the DME on how the methodology could be improved. There were several questions about the fidelity of the research methodology posed by the national advisory group that remain unaddressed – for example, the flaws of the Successful Schools approach that only focuses on DC schools and does not look at schools not considered “successful,” and the over-reliance on one meta-study as evidence-based standards for the Professional Judgment Panels. Any future attempts at quantifying adequate resources for public education in the District should benefit from this study.