

*April 17, 2014*

## WHAT'S IN THE MAYOR'S PROPOSED FY 2015 BUDGET FOR EDUCATION?

For fiscal year (FY) 2015, the mayor proposes to spend about \$1.9 billion in local funds on education and related services for children in pre-kindergarten through high school. This analysis covers proposed education spending 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 2015 budget includes a number of changes that could provide an increase in local per pupil funding for DC Public Schools (DCPS) and Public Charter Schools. Like in FY 2014, the current fiscal year, the mayor proposes a two percent increase to the locally funded per-pupil formula — in effect an inflation adjustment. In addition, both school sectors are projecting an increase in student enrollment from the previous year. Other changes to the school funding formula for FY 2015 reflect recommendations made by a mayoral-commissioned study to more adequately fund public education, with the addition of a new weight for at-risk students, and increased local resources for adult, alternative, English language learner, and special education students. The proposed budget also includes an inflation adjustment in the facilities allotment for public charter schools, from \$3,000 in FY 2014 to \$3,072 per student for FY 2015.

Within the Office of the State Superintendent of Education, the budget proposes new investments in early childhood programs in FY 2015. The budget proposes an additional \$4 million to build DC's early childhood Quality Rating and

### KEY FINDINGS

#### MAYOR'S FY 2015 BUDGET PROPOSAL

- Increases base per-pupil funding by two percent for both DC Public Schools and Public Charter Schools.
- Projects a 3 percent enrollment increase in DCPS and a 4 percent increase in public charter school enrollment.
- Adds a new at-risk student weight through the school funding formula that will add funding for 36,000 students across both sectors. DCPS would use new funds to extend the school day at 52 schools, provide added supports at middle schools, and other initiatives. However, the budget does not allow parents and stakeholders to track how at-risk funds will add to individual schools. In addition, some schools with a large number of at-risk students – particularly high schools – appear to get very little benefit from the new funds.
- Increases weights in funding formula for adult, alternative, English language learner, and special education students.
- Increases public charter school facilities allotment for inflation, from \$3,000 to \$3,072 per pupil.
- Includes \$7 million for the Office of the State Superintendent to build its child care quality rating and improvement system and to expand the number of slots for subsidized child care.

Table 1				
Local Funding for Education, FY 2013 - FY2015*				
	FY 2013 Actual (in millions)	FY 2014 Budget (in millions)	FY 2015 Budget (in millions)	Change, FY 2014 to FY 2015
DC Public Schools	\$683	\$671	\$709	6%
DC Public Charter Schools	\$622	\$618	\$674	9%
DC Public Library	\$43	\$55	\$57	4%
Deputy Mayor for Education	\$2	\$2	\$3	82%
Office of the State Superintendent of Education	\$116	\$133	\$135	2%
Office of Public Education Facilities Modernization	\$44	\$46	\$32	-31%
Non-Public Tuition	\$87	\$81	\$80	-2%
Public Charter School Board	\$1	\$4	\$7	57%
Special Education Transportation	\$93	\$88	\$94	6%
*Source: Proposed FY 2015 Budget; all figures are adjusted for inflation to equal 2015 dollars. Not all agencies within the public education budget cluster are listed.				

Improvement System (QRIS), which sets tiered reimbursement rates for child care providers who meet requirements corresponding with rating levels of quality. Another \$3 million is proposed to increase child care slots for infants and toddlers. The mayor's budget also includes a contingent revenue list and proposes to increase the number of infant and toddler slots if the District's revenues rise above current projected levels.

## Analysis of the Proposed 2015 Education Budget

Both DC Public Schools and Public Charter Schools are proposed to see more local funding next year. (See **Figure 1**.) The proposed FY 2015 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 \$9,306 to \$9,492 per student, and also adds targeted funding in a number of areas.

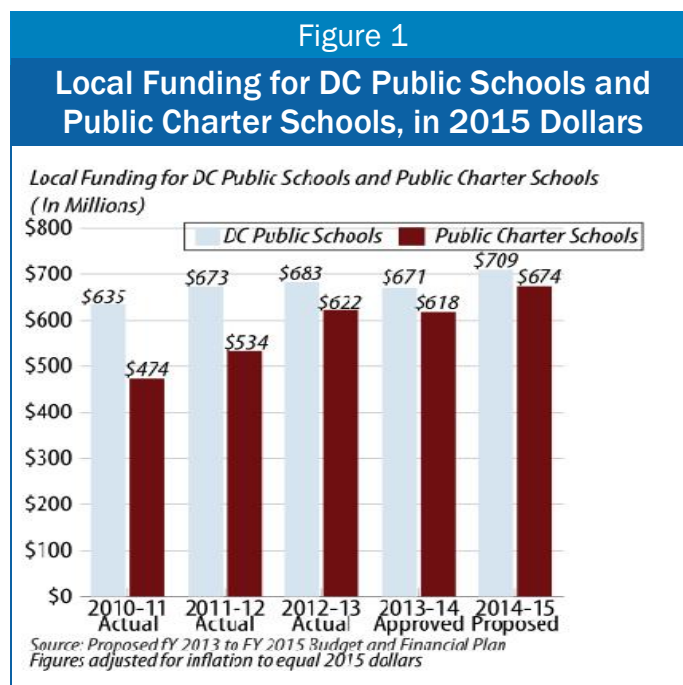
### DC Public Schools:

The proposed general fund budget for the DC Public Schools is \$709 million, a 6 percent increase from FY 2014, after adjusting for inflation. (Unless otherwise noted, all figures are adjusted to equal FY 2015 dollars.) The proposed increase reflects the two percent per pupil increase to the funding formula and an expected DCPS enrollment increase of 3 percent, from 46,360 students (audited number) in FY 2014 to 47,592 students projected for FY 2015. In addition, the budget includes a new at-risk student weight added to the school funding formula and increases the existing weights for adult, alternative, English language learner, and special education students. The additional at-risk funding will be used to fund several new initiatives at DCPS such as extending the school day at the lowest performing schools and enhancing curriculum and staffing for middle grades.

DCPS schools will also see savings due to an adjustment in how much is budgeted for the cost of staff for FY 2015. The budget for DCPS staff medical benefits was adjusted downward to better reflect actual expenditures. The savings helped free up funds for some of the initiatives in the DCPS budget.

The FY 2015 budget also makes several changes to individual school budgets, including:

- Increased allocation to local schools.** Total funding allocated by DCPS directly to local school budgets will increase from \$358 million in 2013-14 to \$405 million in 2014-15, a 13 percent increase.<sup>1</sup> Most of the increase is seen in the middle and elementary grades.
- Additional Resources for Middle Grades.** The proposed budget includes a number of investments for schools serving students in grades six through eight, which includes Pre-k — 8<sup>th</sup> grade education campuses and middle schools. All middle grades will be required to offer algebra, a foreign language, art, music, and physical education. These schools will see additional teaching staff, funding for field trips, and funding for at least one guidance counselor and additional staff position to focus on the social and emotional supports of students.
- Extended School Day Option for 52 Schools.** About \$5.7 million is proposed to be allocated to a select group of DCPS schools to lengthen the school day to 4:15 p.m. for four days a week. The 52 schools offered this option include the 40 lowest performing elementary schools and all middle grades. However, the funding is contingent upon approval of teachers based on terms specified in the Washington Teachers Union contract.
- Enhanced Special Education Staffing.** Overall funding for special education will decrease in FY 2015 when compared to FY 2014 as a result of more accurate student enrollment projections. (In the past, DCPS has underestimated their special education enrollment.) Despite the funding decline, schools will see 30 additional special education teachers, using some of the new at-risk funds. With the enhanced staffing, DCPS plans to improve the student-teacher ratios for schools serving students in more inclusive settings.
- New "Proving What's Possible" Student Satisfaction Grant Program.** DCPS has outlined the goal that 90 percent of its students say they like their school by the 2016-17 school year. Similar to the "Proving What's Possible" innovation grants offered two years ago, DCPS allocated \$4.8 million in awards to every school for FY 2015 in an effort to boost student satisfaction ratings. This funding can go towards field trips, enrichment activities, student recognition events, and anti-bullying programs, with specific uses decided by each school.



<sup>1</sup> Analysis provided by Mary Levy. Figures exclude special education, ELL, federal funds and special education, adult, and alternative schools.

The proposed FY 2015 budget also adds a new at-risk weight to the school funding formula following the recommendation of a mayoral-commissioned study that recommended additional funding for students living in poverty. The new weight defines a student who is ‘at-risk’ as a student who falls under any of the following categories: is homeless, living in foster care, an over-age high school student, eligible for Temporary Assistance for Needy Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP). In FY 2015, there are an estimated 21,407 at-risk kids that will be enrolled in DC Public Schools.

The new at-risk weight proposes to add \$44 million to the DCPS budget. However, this amount also includes summer school spending, which was budgeted at \$17 million for the current year but generally has totaled around \$4 million in recent years. When the summer school funds are factored in, it likely means that closer to \$40 million of additional funds will be added to the DCPS budget.

According to DCPS officials, the new funding for at-risk students will be used for a number of selected initiatives. The funds would not be allocated to individual schools for them to spend, despite recent legislation adopted by the DC Council to have each school plan for the use of its at-risk funds. Instead, DCPS proposed the following uses (see **Table 2**):

<b>DCPS Initiative for FY 2015</b>	<b>At-Risk Funds Allocated (\$ in millions)</b>	<b>Percentage of At-Risk Funds Allocated</b>
New teachers for middle grades	\$7.0	16%
Extended school day for 40 lowest performing elementary schools and all middle grades	\$6.0	14%
Other additional staff	\$5.0	11%
PWP student satisfaction awards	\$4.7	11%
Central administration (limited to 10% of total at-risk funds)	\$4.4	10%
Social and emotional supports for middle grades	\$4.0	9%
New special education teachers	\$3.0	7%
Funds to ensure no schools would lose more than 5% of their FY 14 budget	\$3.0	7%
Guidance counselors for middle schools and education campuses	\$3.0	7%
Field trips for middle grades	\$1.0	2%
Truancy	\$1.0	2%
Other initiatives	\$4.6	10%
<b>Total</b>	<b>\$46.7 million</b>	<b>100%</b>

Source: DCPS, April 2014. Note: Funding amounts are estimated.

Many of these initiatives could help make significant improvements in schools with high poverty rates and a large number of at-risk students. For example, guidance counselors and additional staff for social and emotional supports and additional instructional time for students through a longer school day are worthwhile investments. At the same time, some of these initiatives are not tied to at-risk students or at-risk schools; “Proving What’s Possible” funds, for example, will go to all schools. In addition, these initiatives will not guarantee that all schools with a large number of at-risk

students will get added help. In particular, high schools with significant at-risk populations, such as Anacostia High School, would see only minimal increases in local resources next year.

Finally, it is worth noting that the use of at-risk funds for the initiatives listed above is not properly reflected in official DCPS documents. The budgets for individual schools do not list the number of students deemed at-risk and do not identify how much at-risk funding they will receive. This makes it impossible for parents and other stakeholders to assess whether their school will receive a fair share of the new educational resources being provided next school year.

**DC Public Charter Schools:** The proposed FY 2015 general fund budget for charter schools is \$674 million, a 9 percent increase in funds from 2014. Charter schools are expecting a 4 percent increase in projected enrollment, from 37,410 in FY 2014 to 39,076 students in FY 2015.

The proposed budget also increases base per-pupil funding for students in DC Public Charter Schools by two percent to \$9,492 with additional resources for at-risk students and other enhancements through the school funding formula, as seen for DCPS schools. An estimated 15,657 at-risk students will be served by charter schools in the 2014-2015 school year, resulting in \$33 million in additional funding from the new supplemental weight, less \$18 million budgeted for summer school that will have to be funded through the at-risk funds. There are no restrictions or requirements for how charter schools can use their new at-risk funding.

The budget increases local funding for facility expenses from \$3,000 per pupil to \$3,072 per pupil as an adjustment for inflation. Based on projected enrollment, this change will result in \$2.8 million more facility funds for public charter schools in FY 2015.

**DC Public Charter School Board:** The Public Charter School Board (PCSB) will see a 57 percent increase in local funding from FY 2014, with a proposed budget of \$6.7 million. The increase is mainly due to the increased administrative fee paid to PCSB by individual public charter schools. The fee will increase from 0.5 percent of the funds a charter school receives under the school funding formula to 1 percent. The Budget Support Act — legislation that accompanies the budget — also proposes three new preferences to the charter school admission process, including one for children who have individualized education plans (IEPs) and children who have been committed to the custody of the District via the child welfare system.

**Deputy Mayor for Education:** The Deputy Mayor for Education's office will see an 82 percent increase in local funds, with a proposed budget of \$3.4 million. The additional \$1.5 million will support staff positions for the My School DC common lottery and the DC Youth Re-Engagement Center; the latter will be housed at the Department of Employment Services. The re-engagement center is intended to provide a centralized location for disconnected youth looking to further their education or find employment.

**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 the new Department of General Services (DGS). The proposed DGS 2015 budget for management of public school facilities is \$32 million, a decrease of 31 percent, or



\$14 million, when compared to FY 2014. This funding reduction should not impact services, however, and is a result of correctly assigning DGS staff positions whose main job is with the Department of Parks and Recreation to that agency's budget.

The proposed capital budget for DCPS — which is separate from the operating budget being discussed in this analysis — is \$409 million. This includes \$205 million for the modernization and construction of DCPS high schools, \$184 million for elementary schools, and \$20 million for middle schools in FY 2015.

**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 running child care subsidy and nutrition services, verifying student enrollment counts, and managing the statewide longitudinal education data system known as SLED. The FY 2015 general fund budget for OSSE is \$135 million, an increase of 1.5 percent, or \$2 million, from FY 2014.

The proposed budget includes increased investments for the agency's Office of Early Childhood Education, including an additional \$4 million to build the city's early childhood Quality Rating and Improvement System (QRIS). The District is currently in the process of revising its QRIS, under which providers who meet certain requirements are given rating levels of quality (bronze, silver, gold). The rating system is voluntary — child care providers do not have to participate — but each center's rating level determines the reimbursement rate it will receive for children in the city's child care subsidy program. This funding increase appears under the Early Childhood Education Assistant Superintendent's Office.

The proposed budget also includes \$3 million more in the child care subsidy program to fund additional child care slots operated by community-based organizations and family home providers. 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. Without adequate reimbursement, providers often struggle to keep up with rising costs and to continue providing quality child care. DC child care reimbursement rates were increased by 10 percent in FY 2014 for providers serving infants and toddlers, but the rates still do not match the current cost of providing child care in the District. For more information, see the most recent [market rate survey](#). An \$8 million increase to expand child care slots for infants and toddlers is also the first item on the mayor's additional revenue priority list, a set of items that will be funded if revenue collections rise above current projected levels.

Funding for adult and family education and career and technical education would decline under the proposed budget. Adult and Family Education would see a cut of \$4 million, because a \$4 million transfer from the Department for Employment Services in FY 2014 for job training would not be repeated in FY 2015. However, the budget would provide \$880,000 for additional career and technical education academies. The sixth item on the mayor's contingency revenue list is an additional \$3 million for adult literacy.

Many of the other apparent funding reductions listed in OSSE's proposed budget are due to budget shifts within the agency rather than actual cuts in services. For example, funds for Community Learning appear to see a \$10 million cut, but those dollars were moved to the Teaching and Learning line item within the Office of Elementary and Secondary Education. The proposed OSSE budget also includes a shift of \$4 million from dedicated taxes to local funds in the newly created

Office of Wellness and Nutrition Services to fund the Healthy Schools Act, which provides financial incentives to DCPS and public charter schools that provide healthy meals to students. Another shift is \$8 million in IDEA Part C funds from the Office of Special Education to the Office of Early Childhood Education's Professional Development Assistance line item; these funds are intended to identify and provide early intervention services to infants and toddlers.

While not a part of the OSSE budget, OSSE also 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 2015 budget includes \$80 million for non-public tuition payments, a 2 percent decline from the FY 2014 budget of \$81 million. This decline is a result of fewer special education students being served in private placements and more returning to the DCPS system.
- **Special Education Transportation.** The District provides transportation services for students with special needs. The fiscal year 2015 general fund budget is \$94 million, a 6 percent increase from FY 2014 and includes 1,510 full-time equivalent employees. Part of the funding increase is due to an increase in projected Medicaid reimbursement, with some of the new resources being allocated toward fleet management and upgrades to the routing system, such as GPS.

**State Board of Education:** Starting in FY 2014, the DC State Board of Education (SBOE) became its own public agency and no longer resides within the OSSE budget. The proposed FY 2015 budget for the SBOE is \$891,000 a 1 percent increase over the current year's funding. The funding includes three staff positions for the new Office of the Ombudsman. This independent office is responsible for assisting students and parents resolve problems as they engage with DCPS and public charter schools.

**DC Public Library:** Proposed funding for the DC Public Library system is \$57 million, an increase of 4 percent, or \$2 million, from FY 2014. The proposed budget reflects additional funding to support mobile library services for incarcerated individuals.