



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

**At the FY 2017 Budget Oversight Hearing for DC Public Schools (DCPS)  
April 14, 2016**

Chairman Grosso and members of the Committee on Education, 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 is a non-profit organization that promotes opportunity and widespread prosperity for all residents of the District of Columbia through thoughtful policy solutions.

DCFPI is glad to see significant investments in education in the proposed fiscal year (FY) 2017 budget, including additional resources to help all DC schools meet the costs of rising enrollment and an increase in per-pupil funding. Particularly after a year of flat-funding the school formula, these increases were needed to cover parts of school budgets that should be adjusted for inflation annually, including teacher salaries.

However, there are also concerns with the way DC Public Schools (DCPS) allocated funds to individual school budgets. As others will testify to, many schools are facing less purchasing power as a result of unfunded mandates and cost shifts from central office to local school budgets next year. And an analysis of “at-risk” funding shows that nearly half of these resources allocated by DCPS to individual schools is being used to support core functions which are intended to be funded for all schools. I’d like to focus my comments today on the allocation of “at-risk” resources at DCPS, including ways to improve this process next year.

**How At-Risk Funds Are Being Allocated at DCPS**

The school funding formula was changed in 2014 to create a new “at-risk” funding category, which provides additional funding for each student – at both DCPS and public charter schools – who is low-income or otherwise at-risk of academic failure, to enable schools to provide special services to these students. This followed a mayoral-commissioned study that recommended additional funding for students living in poverty. “At-risk” students are defined as those who meet any of the following criteria: homeless, living in foster care, over-age high school student, eligible for Temporary Assistance for Needy Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP).

In FY 2017, there will be an estimated 25,000 at-risk students enrolled in DC Public Schools, a 15 percent increase from the current year. As a result, DCPS will receive \$53 million in supplemental “at-risk” funding in the FY 2017 budget to help meet the needs of these students, including the cost of providing summer school. Approximately \$47 million of this amount was allocated by DCPS directly into individual school budgets, with some \$6 million allocated for centralized or system-wide uses. Most of the school-level funding went towards extended school day and year, core staff across

schools, literacy positions, and education supplies. See below for a breakdown of how at-risk resources were allocated in DCPS' initial budget allocations.

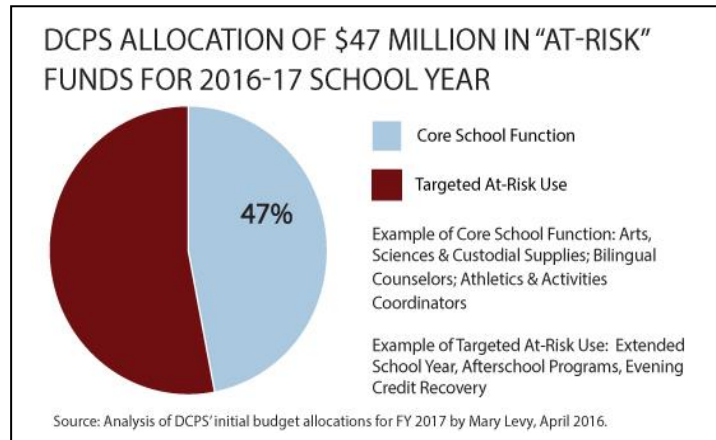
### Allocation of \$47 Million to Individual DCPS Schools in 2016-2017

Category/Function as Defined by DCPS	Amount of "At-Risk" Funds Allocated in FY 2017 Initial School Budget Allocations (In Millions)	Percentage of Total "At-Risk" Funds at School Level at DCPS
Extended Day/Year	\$6.8	14%
Related Arts	\$4.6	10%
High School Teachers Investment	\$3.9	8%
Remaining At-Risk Allocation	\$3.9	8%
Middle School Teachers Investment	\$3.6	8%
Literacy Positions	\$2.9	6%
Education Supplies	\$2.9	6%
Afterschool Programs	\$2.5	5%
Middle School Social-Emotional	\$2.3	5%
NAF Academics	\$1.7	4%
ELL Counselors	\$1.6	3%
Specialty Funds	\$1.5	3%
High School Athletic & After School Club Coordinators	\$1.3	3%
Social Workers	\$1.2	3%
Special Ed Inclusion Teachers	\$1.2	3%
Attendance Counselors	\$0.8	2%
OA/UC Coordinator	\$0.8	2%
At-Risk Technology Investment	\$0.7	2%
Evening Credit Recovery (ECR)	\$0.6	1%
DC Teacher Residents	\$0.5	1%
Psychologists	\$0.5	1%
Middle School APs for Intervention	\$0.3	<1%
Dual Language Program Teachers	\$0.3	<1%
Technology Instructional Coach	\$0.3	<1%
Middle Grades Exposure & Excursion, Clubs & Activities	\$0.3	<1%
High School Extended Hours for Computer Lab	\$0.1	<1%
<b>Total:</b>	<b>\$47.2</b>	<b>100%</b>

Source: FY 2017 DCPS Initial School Budget Allocations.

When the District's local school funding formula was changed in 2014 to add a new category for low-income students, the intent was to drive additional, targeted resources to DC's high-poverty students. However, an analysis of the FY 2017 budget shows that nearly half of the "at-risk" funding allocated by DCPS to individual schools is being used to support core functions which are intended to be funded for all schools and should not require dipping into supplemental at-risk funds.

The analysis of DCPS' initial school budget allocations, completed by local school finance expert Mary Levy,<sup>1</sup> shows that 47 percent – or \$22 million – of the school system’s at-risk resources was allocated to fund items that all schools are otherwise entitled to under DCPS’ school staffing model. For example, DCPS’s staffing model indicates that all high schools will have an attendance counselor next school year. Yet in some schools, the attendance counselor in FY 2017 will be supported using at-risk funds that should instead be used to supplement core staffing.



This means that nearly half of the resources considered “extra” for schools are being used for functions that are required through the DCPS staffing model applicable to all schools and should be funded accordingly. Only half of the at-risk funds will go to purposes that meet the needs of at-risk students, such as literacy initiatives or an extended school year.

### Recommendations for Improvement

These findings should be cause for concern to the District’s policymakers and residents alike, and highlights several budget and policy implications. If the school funding formula is so inadequate that leaders need almost 50 percent in additional resources to make ends meet, it calls for a clearer understanding of how funds are being spent. It is worth noting that the District is required to create a Technical Working Group to regularly assess the adequacy of the school funding formula, but that did not happen this year, as we noted in our testimony at the Deputy Mayor for Education’s Performance Oversight hearing.

The DC public education adequacy study<sup>2</sup> recommended an at-risk weight of 37 percent to the base level of funding, approximately \$1,400 dollars more than what is currently in the city’s school funding formula. But, to advocate for additional dollars, we first need to establish a clear strategy over how these funds could be used, beyond extended school day/year, to better serve at-risk students across the DCPS school system.

DCFPI makes the following recommendations to improve the process next year:

- **Ensuring at-risk funding supplements core functions at DCPS.** The 2016-17 school year will be the third year of implementation for at-risk funds. While those funds now follow at-risk students to their schools, it is not clear that the resources are enhancing the schools’ ability to better serve these students if a large portion is being used for core functions for

<sup>1</sup> The analysis was based on initial budget allocations from DCPS to individual schools, not submitted allocations. For the full analysis, see spreadsheet (tabs 1 and 2) here: <http://www.dcfpi.org/analysis-of-fy-2017-dc-public-schools-at-risk-funds>

<sup>2</sup> DC Deputy Mayor for Education. *Cost of Student Achievement: Report of the DC Education Adequacy Study*. 2014. <http://dme.dc.gov/page/dc-education-adequacy-study>.

which all schools get funding. DCPS should design its budget process so that at-risk funds can only add to what schools get in base funding and positions.

- **DCPS school leaders need to have clear guidance and additional flexibility over the use of at-risk funds.** At the same time, schools should not face any added restrictions about how to use at-risk funds, and they should not be left without adequate support for core school staff that they need. Instead, leaders need to be given enough time and guidance on how best to leverage the additional resources in meaningful ways for their students.
- **Overall need for greater budget transparency.** Although attempts have been made to make school budgets more transparent in recent years, the process of following how funds are allocated and what it means for schools remains difficult to track. Budget documents for individual schools should clearly identify what is funded under DCPS's comprehensive staffing model, and what supplementary services are supported with at-risk funds.

Thank you again for the opportunity to testify. I am happy to answer any questions.