

**Testimony of Ed Lazere, Executive Director  
At the Joint Public Oversight Roundtable on At-Risk Transparency  
DC Council Committee of the Whole  
DC Council Committee on Education  
February 1, 2019**

Chairman Mendelson, Chairman Grosso and other members of the Council, thank you for the opportunity to testify today. My name is Ed Lazere, and I am the Executive Director of the DC Fiscal Policy Institute. DCFPI is a non-profit organization that promotes budget choices to reduce DC's economic and racial inequities and build widespread prosperity in the District of Columbia through independent research and thoughtful policy recommendations.

I'm here today to express strong support for improving the transparency of at-risk funds in DC schools, and to comment on proposed At-Risk School Funding Transparency Amendment Act of 2019. At-risk funding, now \$106 million, can be a key tool to promote educational equity in the District. It is the only portion of the school funding formula that targets resources specifically to help students in low-income families and other students who are at risk of academic failure. It provides opportunities for schools serving at-risk students to do things like adding counselors, putting more aides or tutors in classrooms, and strengthening extracurricular activities.

It's worth noting that the current at-risk supplement, about \$2,400 per student, is about 40 percent lower than the level recommended by DC's 2013 Education Adequacy Study. The full at-risk level recommended by that study would be over \$3,900 this year. This means that increasing at-risk funding should be another important goal beyond increasing transparency.

Improving the transparency of at-risk funding is important for three key reasons:

- Ensuring that at-risk funds are used to supplement, rather than supplant, school-based spending and services
- Giving school leaders, parents, and teachers more say in how at-risk funds are used
- Gathering information on uses of at-risk funds, to help assess the impacts on student outcomes

### **Prevent At-Risk Funds from Being Used to Supplant Basic Education Funds**

By law, 90 percent (\$2,148 per student) of at-risk funds must follow the student to their school in DCPS schools, and these funds are required to supplement a school's basic services. However, this is not happening in many DCPS schools. Research from Mary Levy and the [DC Auditor](#) confirms that every year a large share of DCPS at-risk funds are used to pay for basic staff positions that all schools receive under the DCPS comprehensive staffing model. Of the \$50 million in at-risk funds that were required to follow DCPS students to their schools this year, at most 59 percent was allocated in 'at-risk eligible ways' (\$29.8 million), according to analysis by Mary Levy. The use of at-risk funds to pay for positions that should be funded with other resources—supplantation—reduces the pool of at-risk funds available for intended purposes. In other words, it

reduces the ability of DCPS to address educational inequities and robs at-risk students of help that they have been promised.

The decisions to use at-risk funds to pay for basic staff positions do not seem to be made at the school level but instead by DCPS in its funding allocations to schools. In the allocations for FY 2019, only \$30 million of the \$50 million in at-risk funds could be identified. It is likely that much of the roughly 40 percent of at-risk funds that could not be identified in the individual school budgets are paying for core staff.

Ultimately DCPS should hold itself accountable for ensuring that all at-risk funds are supplemental. A key way to hold them accountable is through more transparency in budget allocations to individual schools.

- Initial budget allocations to individual schools from DCPS should clearly lay out what positions and number of staff each school is eligible for under the comprehensive staffing model, as well as the actual proposed staffing for these positions and an explanation of any differences. This is not part of existing school budget allocation documents, yet it is key for really understanding whether some required positions are being funded inappropriately with at-risk funds.
- Initial budget allocations to schools should clearly lay out each school's total at-risk funding, and any amounts that are devoted to things required by the Chancellor (with an explanation of any Chancellor-driven at-risk initiatives) and the amount that the school has flexibility over.
- DCPS also should be required to submit to the Council, at the time of the budget allocations, a summary file of at-risk allocations to each school, and the uses. This should be in a format, like Microsoft Excel, that allows users to search and analyze it.

The At-Risk Funding Transparency Amendment Act appears to accomplish much or all of this. It requires DCPS to delineate at-risk funding to each school and break out any amount for Chancellor-driven at-risk initiatives. It also sets up a new process for principals and Local School Advisory Teams (comprising teachers, other staff, parents, students, and community members) at each school to develop a plan for use of its at-risk funds. The bill requires such plans to be developed by February 1 of each year, for the following school year, but this may be difficult to meet because the proposed overall DCPS budget will not be ready by then, which means that schools will not know their at-risk allocations. The at-risk plans could be developed and submitted as part of the school's response to its initial budget allocation, covering all positions and all sources of funds

### **Charter School Transparency Is More Challenging**

DC's public charter schools have flexibility over use of their funds. There is, for example, no staffing model that each school follows, unlike DCPS. That makes it difficult to identify where at-risk funds are being spent, especially since at-risk funds themselves can be used in flexible ways.

That said, it would be helpful for a charter school's stakeholders to have an understanding of how the school uses, or plans to use, its at-risk funds. This could come through requiring charter schools to have a process to engage parents in their budget-making, and to require that it include a discussion and explanation of at-risk funds. It could even include requiring development of the same kind of at-risk plan that the Transparency Act would require for DCPS schools. In addition,

each charter school could be required to report each year on their use of at-risk funds, as called for in the At-Risk Funding Transparency Amendment Act. Currently, the Public Charter School Board issues such a report, but it appears that some schools do not submit information for that report.

### **Give School Leaders, Parents, and Teachers a Role in Spending At-Risk Funds**

DCPS has a robust process for engaging each school's stakeholders in setting their school's budget, but improvements would help ensure that parents, teachers and others fully understand their ability to shape the school's budget and feel empowered to do so. Each school has a Local School Advisory Team (LSAT), including parents, teachers, other school staff, a student, and community members. The LSAT receives the initial school allocation, reviews it, and makes modifications in areas where funds are flexible.

However, the documents provided to LSATs are not always clear, particularly around at-risk funds. As noted earlier, a comprehensive review of all school budgets only identified 60 percent of at-risk fund allocations. Beyond that, an LSAT member is unlikely to be aware that at-risk funds should not be used for required positions, and thus may not identify when at-risk funds are being used inappropriately in the budget allocations received from DCPS. Finally, LSATs often have only a short amount of time to review and modify proposed budgets.

To address these issues, DCPS should:

- Make modifications to budget allocation documents, described earlier, to make the information clearer.
- Create a plain-language budget guide for LSAT members, with detailed information on how they can modify the school's budget, including at-risk funds.
- Give LSATs sufficient time (2 weeks or more) to review, modify, and adopt a budget recommendation.

The At-Risk Funding Transparency Amendment Act would accomplish much of this by requiring principals and LSATs to work together each year to develop an at-risk spending plan and requiring reporting on prior-year use of at-risk funds compared with that year's spending plan. The bill could be strengthened by identifying a specified amount of time LSATs have to develop the plan with the principal and by requiring DCPS to develop a plain-language guide on at-risk funds, including options for using those funds.

The bill also could be strengthened by requiring charter schools to go through a similar process. While charter school funding is flexible, which makes it hard to separate out how at-risk funds are used, it would be worthwhile for charter school parents and teachers to be aware that their school receives at-risk funds and to have a process for seeking stakeholder input on how to use those funds.

Thank you for the chance to testify.