

**TESTIMONY BEFORE THE COMMITTEE OF THE WHOLE, DISTRICT OF
COLUMBIA COUNCIL
FY 2008 BUDGET SUPPORT ACT**

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Good morning. I have studied D.C. Public Schools, especially their budget and funding for over 25 years, and have been intimately involved in the development of the Uniform Per Student Funding Formula ("UPSFF" or "Formula") since its beginning in 1996. I have consulted with the State Education Office ("SEO") on the Formula since the SEO opened in 2001. I have also worked on school finance issues in four different states, including two major school finance litigations. My testimony today addresses Title IV of the Budget Support Act, especially changes to the UPSFF:

- **Foundation increase to \$8,322.** Sec. 4002(b). This represents the four percent automatic increase built into existing legislation. All other per student amounts are generated from this amount by the weightings, which are not proposed for change.
- **Use of projected enrollment for DCPS funding.** Sec. 4002(e). Since FY 2002 the Formula has used prior year's audited enrollment. The effect is two years' budget shrinkage in one. If the annual enrollment audit verifies more students actually enrolled, Sec. 4019 provides for additional funding later in the school year.
- **Rulemaking authority for the State Education Office.** Sec. 4010(c). The SEO could make rules for the administration and implementation of the Formula.
- **Special education supplemental funding.** Sec. 4002(a)(definitions) and Sec. 4011. This section, which apparently complements earlier Council legislation on rate-setting for private school special education services paid by the District, also mandates that the SEO do a study and develop a plan to address the method and adequacy of funding for students requiring more than 30 hours per week of special education services in self-contained settings.

The two last two are excellent proposals. The Formula is increasingly complex and effective administration requires periodic policy decisions too detailed and too low-level to belong in legislation, which can only be changed by a long process in this Council and Congress. The SEO has the capacity to deal with such issues capably and expeditiously. As to special

education funding, the methodology has been inadequate through the life of the Formula. Studies I have done for the SEO costing out Individual Education Plans (IEPs) by levels of service (four, in increments of 8 hours per week) and category of disability find a wide range of costs within each level depending on the category of disability. Although these costs average out for DCPS, charter schools are over-funded for students with lower-cost disabilities and under-funded – sometimes by thousands of dollars – for students with high cost disabilities. Happily, the SEO has contracted with this country’s leading special education funding experts for a study on how best to correct these problems, and they are already at work, with a report expected by the end of this fiscal year.

The Budget Support Act proposal to increase the per student foundation amount by only four percent (to \$8,322) for inflation is disappointing.¹ SEO recommendations are based on the cost of providing a “market basket” of general educational services and overhead to proto-typical schools. The services in the market basket were based on research on effective educational practice, the practices of our suburbs, and recommendations of a Technical Work Group. The foundation represents the lowest cost student – one in the 4th or 5th grade. The SEO recommended an increase to \$8,698, based on the following factors:

- Catching up with cost increases, primarily for salaries and fixed costs. Salary levels were approved by the Mayor and Council when they approved union contracts. Fixed costs per square foot, including heat, electricity, water and sewer, are calculated by the City’s Office of Property Management. Note that the Formula funds facilities costs – custodians, maintenance and fixed costs only on the basis of enrollment, not actual costs for all space in the DCPS inventory.
- Increasing the number of math and literacy coaches in the local schools.
- Improving the ratio of students to counselors, social workers and school psychologists, to match national recommended standards for counselors (250/1) and to provide social worker/psychologist services (apart from special education) at a ratio of 1000/1.

¹ Other City agencies are receiving 4.5 percent. Although the Formula legislation specifies use of the prior calendar year’s Consumer Price Index (“CPI”), or four percent, whichever is less, the Budget Support Act could amend this provision, as it proposes to amend others.

- Moderate increases in central offices due to inability to shrink operations, e.g., human resources, facilities management, and procurement as fast as enrollment decline.

The SEO further recommended increasing the funding, via changed weightings, for early childhood students to reduce pupil/adult ratios to levels required for national accreditation and the District's own standards for non-public early childhood programs, and increasing the funding for middle school students to provide more intensive counseling and social work services (100/1 ratio). The Budget Support Act reflects the Mayor's rejection of all these recommendations.

Finally, the Budget Support Act as proposed would amend the Formula to fund DCPS on next year's projected enrollment instead of this year's audited enrollment, the number that has been used in all previous years of Formula funding, except for the first. The result is a reduction of funding for DCPS' own schools of \$30 million from this year's level. This proposal appeared at the very last minute, without warning, and means the system must undergo two years worth of enrollment-based shrinkage in one – at a time when it will be in transition from the School Board to Mayoral control. Despite general promises that all will be well, we have seen no demonstration of where in the system the Mayor will find the money to make such cuts without creating turmoil in the operations that allow local schools to open and operate smoothly, such as human resources, procurement, finance, and facilities management.

The decision in 2001 to use prior year audited enrollment for DCPS was recommended by a group including representatives of the Council, the Mayor, the CFO, the SEO, DCPS, charter schools, and community representatives after weeks of discussion and analysis. The recommendation was adopted by the SEO and the Mayor, and voted unanimously by the Council. The reasoning underlying the decision was based on the negative experience of using current year enrollment for DCPS in SY 2000-01 and on the differences between DCPS and the individual charter schools:

- In FY 2001 the school budget was undecided until February – the second semester, too late for any planning, and new funding arrived too late to reach the students who had appeared in higher than expected numbers.
- Enrollment projections are always subject to dispute and error. For example, the Hospitality charter high school is relinquishing its charter and joining DCPS this fall. Where is the funding for these students?
- DCPS has to adjust to losing enrollment, without knowing the numbers that will be lost; if the system plans for lower enrollment than actually appears, funding for the extra students arrives only in the second semester, too late to hire teachers, buy more texts and supplies, and otherwise adjust. Unlike charter schools, DCPS cannot carry these funds over.
- Unlike charter schools, DCPS is constrained by public employee protections, union contracts, existing buildings, and the need to move change through multiple offices and schools. It resembles a giant ocean liner, slow to maneuver, compared with small motor boats, the charter schools. The use of prior year enrollment was intended to give the system a year to adjust.
- Charter schools have enrollment limits and need not take new students after October 5. DCPS must enroll any resident seeking admission any time, including students who leave charter schools after the official October count.
- The number of DCPS students identified for special education services has historically risen after the October enrollment count. Charter schools receive extra funding for such students; DCPS students do not.
- DCPS is subject to a number of costly DC government requirements, for example paying a maintenance fee of almost \$2 million annually for a dysfunctional payroll-personnel system imposed on it by the City

At the very least, if the system is to be changed at the last minute to match the practice with charter schools exactly, the Council should change the law to match other factors:

- DCPS should not have to accept any transfers from charter schools after October 5.
- DCPS should receive additional pro rata funding for all students identified for special education after October 5, and for newly enrolled students.
- DCPS should be allowed to carry over all unspent funds into the next fiscal year.

Thank you for this opportunity to testify.