

D.C. Public School Funding: Myth & Reality



A Parents United for the D.C.
Public Schools Civic Leader
Advisory Committee Report

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Preface

The following report was prepared for Parents United for the D.C. Public Schools and a special Advisory Committee of Civic Leaders by the Washington Lawyers' Committee for Civil Rights and volunteers at the firm of Sidley, Austin, Brown and Wood LLP.

Parents United is a citywide parent organization established in 1980 to support quality public education in the District of Columbia. Over the years it has issued a series of reports on a range of school finance and school reform issues. The Washington Lawyers' Committee serves as counsel to Parents United. Mary Levy, the primary researcher for this report, directs the Committee's Public Education Reform Project. Ronald Flag and Patrick Linehan of Sidley Austin Brown & Wood and Mary Levy are the authors of the report.

Parents United would like to express its deep appreciation to the following individuals who served as members of its Civic Leader Advisory Committee:

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EXECUTIVE SUMMARY

The D.C. Board of Education recently released its \$848 million budget proposal for FY 2004, an increase of 14.5% over FY 2003. Coming during a period when District tax revenues are stagnant, this proposal leads to questions fairly raised with respect to any government agency's budget proposal, such as whether all the money in the existing budget is really needed and whether the increase in the next budget is justified. In addition, a DCPS budget proposal, in particular, is immediately subject to a host of long-standing questions, such as whether DCPS already spends more money per pupil than other school districts, has already received enormous budget increases over the past decade, and spends extraordinary amounts of money on its central bureaucracy.

Given the significance of public education to the welfare of our children and our city, it is critical that the answers to these questions be based on facts -- not assumptions or conventional wisdom. Accordingly, this Report attempts to address these critical questions based on a study of budget data from DCPS and surrounding suburban school districts.

The Report suggests the following principal findings:

- I. An increasing and overwhelming majority of DCPS students require supplemental support based on limited English proficiency, special education needs and economic disadvantages.
- II. Overall, state and local funding for DCPS falls below per pupil funding of all but one of the surrounding suburban districts, and in inflation-adjusted dollars is about equal to fiscal year 1991 per pupil funding levels.

III. DCPS spends no more and in several cases considerably less than surrounding school systems on central office functions.

IV. Approximately 80% of funding increases sought for DCPS in FY 2004 are allocated to mandatory items, primarily negotiated pay increases and emergency building programs. The bulk of remaining proposed increases cover basic academic initiatives and management reforms.

These findings will not end the debate over the DCPS budget proposal; nor will they resolve the difficult choices the Mayor and Council must make among spending proposals for public education, safety, health and welfare, economic development and other important government functions. This Report, however, should provide a constructive, fact-based starting point for that debate. Public education has contributed greatly to America's democratic and economic development. And public schools continue to hold great promise in these respects.

Unfortunately, public schools have yet to fulfill this promise to the young people of the District, where, as this Nation's capital, we should be leading by example. The debate over the proposed budget should be informed by facts, not conventional wisdom, and by a commitment to carry out this promise.

INTRODUCTION

The D.C. Board of Education has proposed an operating budget of \$848 million for FY 2004, an increase of 14.5% over FY 2003. Coming during a period when the District's revenues are stagnant, this DCPS proposal raises obvious questions, such as whether all this money is really needed and whether there is any justification for such a substantial increase. Lurking just behind these questions are longer term issues that have often been advanced in the past, such as whether DCPS already has the highest spending per pupil in the country, has already received enormous budget increases over the last decade, and tends to spend extraordinary amounts on its central bureaucracy. With D.C. Mayor Anthony Williams and the D.C. Council about to begin hearings on the DCPS budget proposal, this Report attempts to address these critical questions.

The answers to these questions may well surprise many people. For example, the District provides *less state and local funding per pupil* than much admired neighboring school districts, such as Fairfax and Montgomery County. Moreover, the District spends comparable amounts on central office functions as do these counties and *less* than other neighboring school systems, such as Arlington County and Alexandria City. Further, in inflation-adjusted dollars, local funding per DCPS and public charter school pupil today is about *equal to FY 1991 funding levels*. Finally, although the \$107 million increase requested by DCPS is plainly substantial, over 80% of the requested additional funds are for much needed pay increases for teachers, other mandatory increases in union contracts, legal mandates, emergency and urgent school building repairs and asbestos abatement. While answers to these questions will not end the debate over the DCPS

budget proposal, we hope that this Report will provide a constructive starting point and context for that debate.

CONVENTIONAL WISDOM: MYTH AND REALITY

Public debate about school funding often turns on conventional wisdom about the D.C. Public Schools. Our research finds that some of the conventional wisdom is correct, but significant parts of it are myth:

- *Common belief:* DCPS has the highest per pupil spending in the nation.

Finding: Myth. Although it is higher than national and most state averages, per pupil spending in D.C. is similar to or lower than spending in its more affluent neighbors and in several other large cities.

Even with federal funding included, DCPS spends less per pupil than neighboring districts Arlington County and Alexandria City. Without the federal funding that supports some of its many low-income pupils, DCPS spends less per pupil than any of its four high-performing neighbors districts -- Fairfax County, Montgomery County, Arlington and Alexandria. (Spending per pupil is a function, in part, of the cost of living in any given area. Because the D.C. metropolitan area is substantially higher than the national average, salaries of teachers and other staff, as well as the cost of most goods and services, are higher than average figures for most other areas of the country).

- *Common belief:* DCPS spends exceptional amounts of money on its central bureaucracy.

Finding: Myth. This statement was true ten years ago, but today DCPS spends about as much per pupil on central office functions as its larger neighbors Montgomery County and Fairfax County and much less than its smaller neighbors Arlington County and Alexandria.

- *Common belief:* DCPS has received large budget increases in recent years.

Finding: Reality, but out of context. In FY 1997, DCPS' local funds expenditures were lower than they had been since FY 1991, and teachers and other employees had gone for several years without pay increases. Much of the subsequent increases paid for private school tuition and transportation for special education students, and catch-up pay increases. In inflation-adjusted dollars, local funding per pupil for pupils within the system dropped by \$2000 per pupil between FY 1991 and FY 1997 and has returned to FY 1991 levels.

- *Common belief:* DCPS does not know how many students it has, and includes non-existent students in its rolls.

Finding: Myth. Independent outside auditors audit DCPS' enrollment every year and report the totals. There is evidence of failure to verify the D.C. residency of a small number of students, and of higher absence rates than usually reported, but the students counted are real.

- *Common belief:* DCPS has a much higher proportion of special needs pupils than its suburbs.

Finding: Largely but not entirely reality. DCPS has a much higher proportion of low-income students than surrounding suburbs, but some suburbs have similar or higher proportions of special education and non-English speaking students. DCPS has many times more special education students in expensive private placements.

- *Common belief:* DCPS spends much more on its special education students than other school systems do

Finding: Reality, for students in private placements; myth, for students within the school system. DCPS' tuition and associated transportation costs in private placements are extremely high – roughly \$30,000 for tuition and \$10,000 for transportation per pupil, but special education spending per special education pupil within DCPS is significantly lower than that in surrounding suburbs.

FINDINGS

Our research and findings cover three broad areas. First, we examine DCPS enrollment and student characteristics, with a particular focus on increases in the proportion of special needs students over the past decade. Second, we analyze DCPS spending on a per pupil basis, with particular focus on two comparisons – changes in DCPS spending over the past decade and comparisons between DCPS spending and spending by neighboring school districts. Third, we review the DCPS proposed budget for FY 2004, with particular focus on the areas in which spending increases are being proposed.

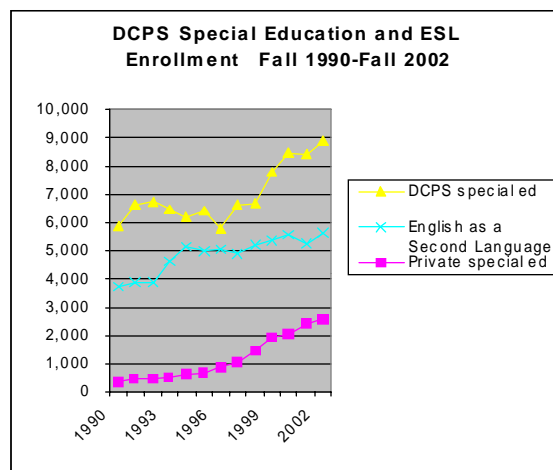
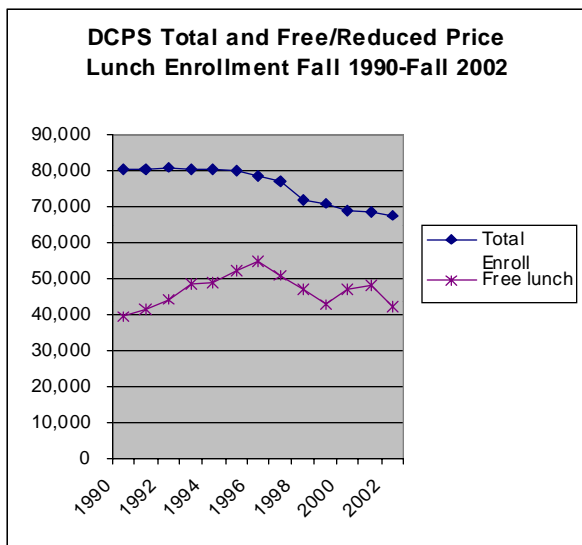
I. DCPS Enrollment and Student Characteristics

Enrollment trends. Our analysis begins with current DCPS enrollment figures, including the number of “special needs pupils,” who are generally identified as students entitled to high-cost additional services. As of fall 2002, DCPS total enrollment and special needs pupils were as follows:

	Number	Percent of Total Enrollment
Low income (free/reduced price lunch)	42,172	67%
Total special education	11,439	16.9%
Special education in DCPS	8,876	13.1%
Special education in private schools	2,563	3.8%
Language minority	8,215	12.6%
Limited or non-English proficient	5,642	8.7%
Total enrollment	67,522	

Over the last decade, the DCPS student population has become needier. That is, at the same time total enrollment has declined, the number of special needs students has climbed. As depicted in the following two charts, since fall 1990, total enrollment has declined by about 13%,

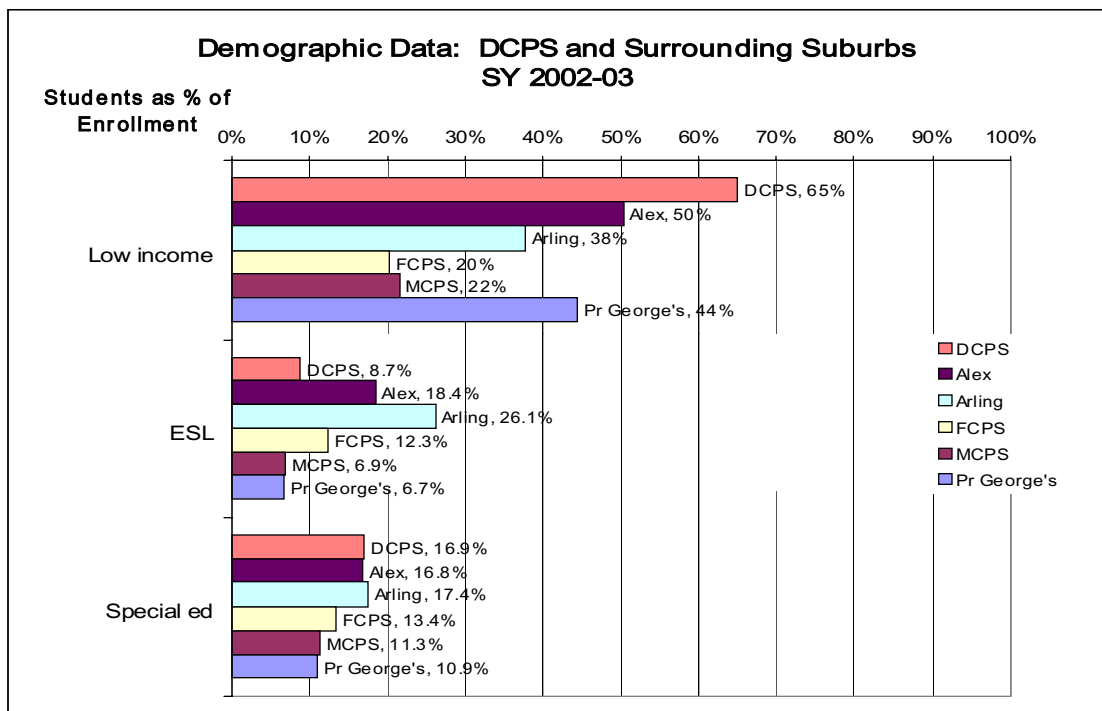
but the number of special needs pupils has increased dramatically: limited or non-English proficient students by 50%; special education students within DCPS by 50%; and special education students in private school placements by almost six hundred percent. The number of DCPS students eligible for free and reduced price lunch (the available indicator of low-income status) has also increased.



Reliability of enrollment data. In analyzing DCPS enrollment data, we are mindful of frequent reports in the past that DCPS does not even know how many students are in the system. DCPS and public charter school enrollment are audited each year by an outside firm contracted and directed by the State Education Office, a part of the Mayor’s Office. The auditors go into the schools, and match students by name with enrollment lists. For students who are not present, the auditors require the production of evidence (for example, roll books with indicators of assignments, tests, or grades) that they are enrolled and have come to school on other days. The auditors check evidence that all students’ D.C. residency has been verified through documentation and that the number of ESL and special education students is documented and

accurately reported. Although proof of several hundred students' D.C. residence has been found not to have been checked, audits for recent years have found that the number of students reported is generally accurate. Audit reports are available to the public in the State Education Office.

Enrollment in DCPS vs. surrounding suburbs. DCPS' total enrollment, at about 67,500, falls between that of large neighbors, Fairfax County (162,600), Montgomery Count (138,800) and Prince George's County (137,800) and smaller neighbors, Arlington County (19,400) and Alexandria City (11,300).



Although the percentages of low-income students in the surrounding suburbs have risen in recent years, as the above chart shows, they are still substantially below the levels in the District. The District has a higher percentage of limited or non-English proficient (LEP/NEP) students than surrounding Maryland districts but a lower percentage than surrounding Virginia districts. In

its percentage of special education students, the District is higher than its large neighbors, but comparable to Alexandria City and Arlington County. Almost four percent of DCPS' total official enrollment is in private special education placements for which DCPS pays tuition; the percentage in surrounding suburbs is a fraction of one percent.

II. DCPS Per Pupil Spending

Public discussion about the D.C. Public Schools frequently invokes per pupil spending figures. Spending per pupil is a measure to put school budgets into perspective. It facilitates comparisons over time and among school systems, and relates the overall budget to the central purpose of public schools – the education of their students. But because of the many assumptions that may or may not be incorporated in per pupil calculations, the public is presented a confusing array of figures all purporting to represent “per pupil spending in the D.C. Public Schools.”

These different figures may be based on one or more differences in:

- Revenue sources: state/local funds only vs. all funds, including federal, cafeteria sales and the like (D.C. local funds are the equivalent of state/local funds elsewhere)
- Budget phase: requested budget vs. approved budget vs. revised budgets vs. actual expenditures
- Special purpose funds included: for example, teacher retirement, food service, and certain kinds of grants may or may not be included
- Inclusion of capital budget or expenditures
- Pupils included: pre-kindergarten, adult and special education students in private placements may or may not be included
- Years included

To be meaningful, any per pupil spending figure must match the pupils and the funds – funds in the numerator should include all and only all dollars spent for students in the denominator. For comparisons among districts to be valid, the elements must be consistent throughout – same year, same definitions of funds and pupils, same revenue sources, and same budget phase.

Finally, school districts differ over time and from each other in characteristics that affect cost, especially:

Geographic cost differentials. Costs of education are especially high in the northeastern and mid-Atlantic states and DCPS' stiffest competition for teachers and principals is with the surrounding suburbs. Some cities elsewhere in the country have comparably high costs, but many do not. The ACCRA Cost of Living Index, the standard index of geographical differences, for Washington, D.C. is 133.2 – one third higher than the national average and higher than all but a handful of cities in the index.¹ A higher cost of living requires schools in this metropolitan area to pay higher salaries – which form the bulk of their budgets – and higher prices for locally provided goods and services.

Recognized student needs, notably special education, non-English proficient and low-income pupils, are much higher in the District than in the suburbs. Special education services on the average across the nation double per pupil costs for the students served.² Low-income pupils are long recognized as needing more adult attention – smaller classes and support services, for

¹ Third quarter, 2002. Reproduced in infoplease.com, an on-line almanac.

² Jay G. Chambers, Thomas B. Parrish & Jenifer J. Harr, What Are We Spending on Special Education Services in the United States, 1999-2000, Special Education Expenditure Project, Center for Special Education Finance, American Institute for Research, September 2002, p. vi.

example, and subsidized or free goods, such as supplies and meals. Federal grants for these students increase DCPS revenues but not by as much as the services cost.

For purposes of this study, which compares DCPS expenditures and budget allocations with those of neighboring school districts, DCPS per pupil spending this year (FY 2003) is \$8,536 per pupil from local funds and \$10,031 per pupil if federal grants are included.³

A. DCPS Local Per Pupil Spending: Comparisons Over Time

DCPS budgets and per pupil spending underwent some dramatic changes over the last ten to twelve years, due primarily to two factors, (1) the District’s fiscal crisis, which left the DCPS budget in 1997 lower in absolute dollars than at any other point in the decade, and (2) the enormous growth of tuition and transportation for special education students in private placements that started about 1997. The latter make up most of the state-level expenditures reflected below (\$\$ in millions).

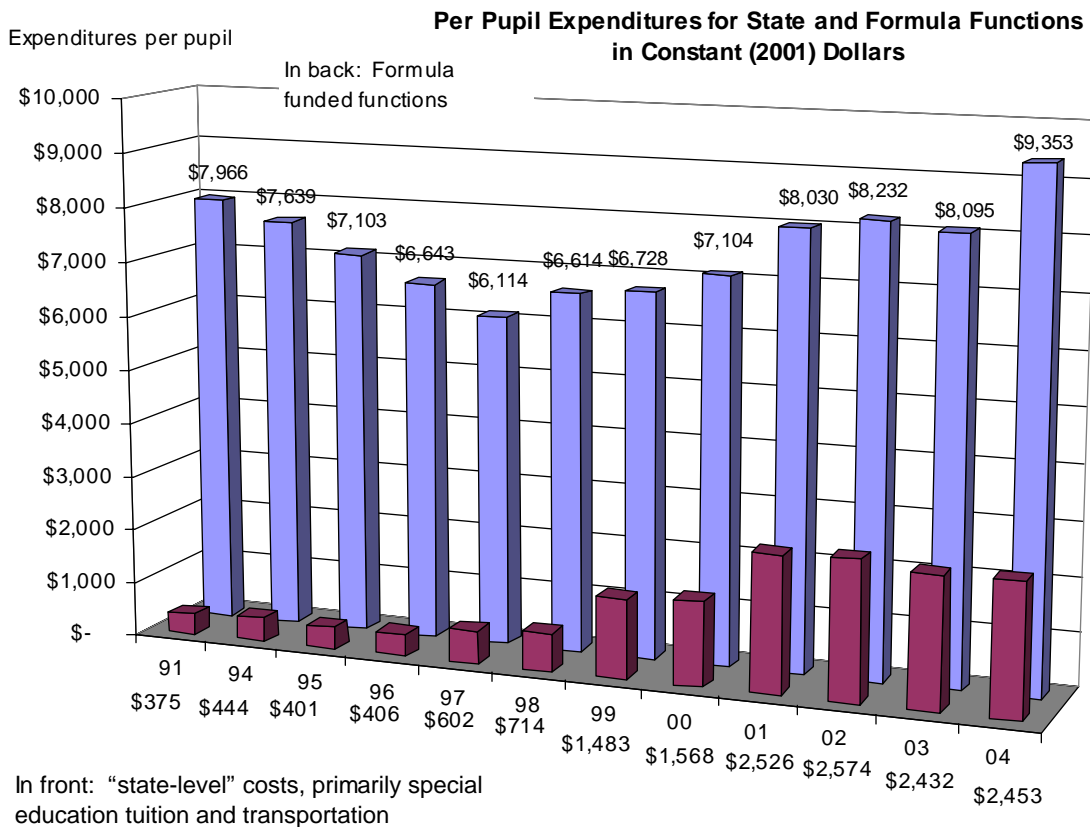
	FY 1991	FY 1994	FY 1997	FY 2000	FY 2001	FY 2002	FY 2003
State Level	\$ 23.3	\$ 30.0	\$ 42.9	\$ 106.0	\$ 174.1	\$ 179.1	\$ 171.0
Formula	\$ 494.3	\$ 515.7	\$ 435.8	\$ 498.2	\$ 553.5	\$ 572.7	\$ 569.4
Total	\$ 517.5	\$ 545.7	\$ 478.7	\$ 604.2	\$ 727.6	\$ 751.8	\$ 740.4

These numbers do not take into account two important factors: enrollment decline and inflation.

The chart below factors out both these elements by showing Formula vs. state level expenditures per pupil in inflation-adjusted dollars:⁴

³ As explained in more detail in Appendix A, the District government funds both DCPS and public charter schools through a “uniform per student” formula, under which the average per student funding for DCPS is \$8,652 per pupil. The difference between this figure and that used in the suburban comparison is the elimination of several non-comparable items. These figures do not include special education tuition and transportation and several other functions not performed by public charter schools and not comparable with suburban budgets.

⁴ Per pupil figures from FY 1991 to FY 2001 are actual expenditures; FY 2002 figures are the final revised budget; FY



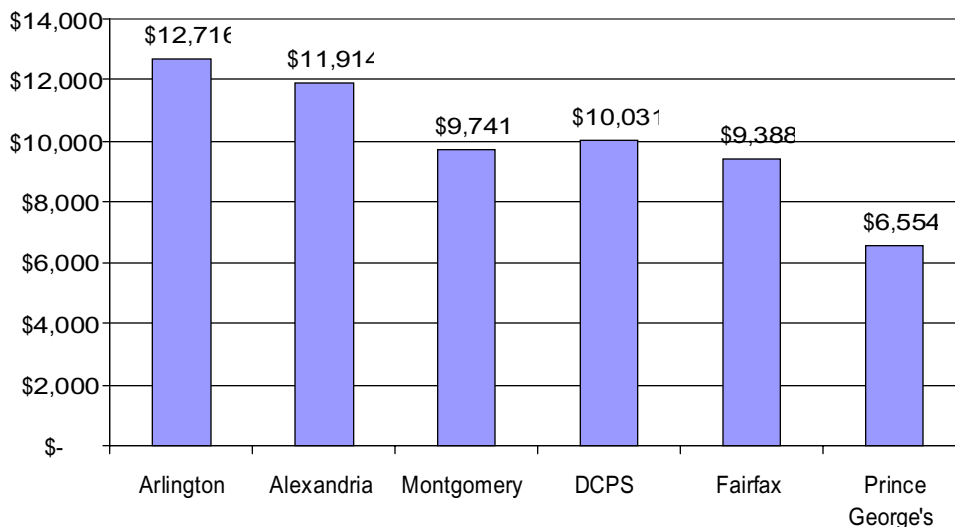
These numbers include all local fund expenditures and all pupils in DCPS enrollment, including those in non-public special education placements. The chart shows that, in constant dollars, expenditures for state level functions rose from \$375 per pupil in 1991 to over \$2,500 per pupil in 2002 – a six-fold increase, almost all of which has occurred since 1997. Meanwhile, spending for Formula-funded functions dropped by almost \$2,000 per pupil between 1991 and 1997, and is now only at the 1991 level. The new funding since 1997 has been absorbed by (1) inflation (including pay increases for staff, who went without raises for several years), (2) special education tuition and transportation, and (3) restoration of earlier cuts.

2003 figures are approved budget; and FY 2004 figures are the Board of Education's proposed budget.

B. DCPS Per Pupil Funding Compared With That of Surrounding Suburbs

Total Operating Funding. Despite the greater needs of its student enrollment and even with the inclusion of federal grant funds, the District spends less per pupil than two of its five neighbors and only marginally more than two more. The chart below depicts the FY 2003 per pupil budgets of DCPS and its surrounding school districts. The suburban numbers are calculated annually by the Metropolitan Area Boards of Education (MABE) by a standardized methodology, which we have applied to the DCPS budget and enrollment. The MABE methodology excludes summer school, special education tuition and other expenditures of the kind in DCPS' "state-level" budget, but includes most federal grant funds.

Per Pupil Operating Budget: DCPS vs. Surrounding Suburbs FY 2003



DCPS' per pupil spending under this methodology is a little over \$10,000 per pupil.⁵

Under the MABE methodology, DCPS is spending almost \$2,600 less per pupil than Arlington

⁵ About \$8,600 comes from D.C. local funds and about \$1,400 comes from federal funding. D.C. local funding is the equivalent of state plus local funding elsewhere.

County, almost \$1,800 less than Alexandria City, much more than Prince George's County, and a few hundred dollars more than Montgomery and Fairfax Counties.⁶

Higher per pupil spending under the MABE methodology is due to higher federal funding per pupil in the District. Federal funding is granted largely for special programs, especially those for low-income, low-achieving pupils, and is restricted to uses prescribed by the granting legislation and agency. As set forth above, enrollment in Fairfax and Montgomery Counties is about 20% low-income, compared to the District's 67%, and the District enrolls a higher percentage of special education students than either (16.9% in D.C. versus 13.4% in Fairfax and 11.3% in Montgomery).

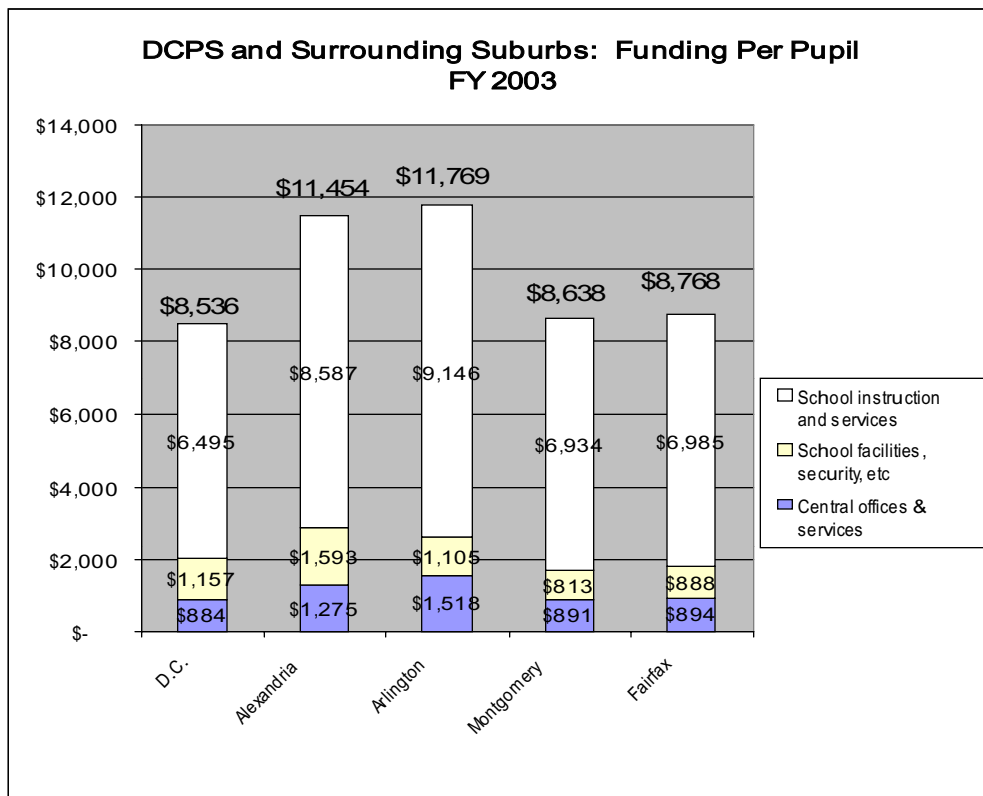
Federal grants do not cover all the extra services needed for economically disadvantaged students; they cover only a fraction of the costs of federally mandated special education and ESL services. In the District, federal funds cover about 15% of special education and 11% of ESL/language minority spending. Federal funding is about 15% of DCPS' total operating budget, and a lesser percentage of suburban budgets.

State/Local Funding. We have also completed a more detailed study benchmarking state/local spending per pupil, by function, in the District with that in four high-performing

⁶ The United States Department of Education collects, standardizes and publishes expenditure data nationwide. These include revenue from federal grants and other sources in addition to state/local funding. However, the process takes several years, so current data are not available from this source. The most recent fiscal year for which USDE figures are published by state is SY 1999-2000, issued in April 2002, showing the District spending \$10,107 per pupil from all revenue sources for current expenditures, compared to a national average of \$6,911. The highest spending state was New Jersey at \$10,337 per pupil, followed by New York State at \$9,846 and Connecticut at \$9,753. District level data for the 100 largest districts, issued in August 2002, are from SY 1998-99, and show the District spending \$9,645 per pupil, compared to a national average of \$6,278; the highest spending of the 100 districts were Boston at \$11,040 per pupil, Buffalo \$9,681, and Minneapolis \$9,625. These figures include federal grant funds, tuition for children in nonpublic special education placements, and state level functions. They are not adjusted for geographic cost differences and do not consider differing needs based on numbers of special education, ESL or low-income pupils.

neighboring districts. The methodology underlying this study is described in Appendix C.

Overall, it demonstrates that without federal funding, spending per pupil in the District is less than in any of its neighbors except Prince George’s County, slightly less than in Montgomery and Fairfax Counties and much less than in Arlington and Alexandria: \$8,536 per pupil in the District compared to \$8,638 in Montgomery, \$8,768 in Fairfax County, \$11,454 in Alexandria, and \$11,769 per pupil in Arlington.⁷



⁷ The District per pupil number in this comparison is slightly less than the revenue and budget figures given above because of elimination of expenditures from state and local funding that cannot be compared across all four school districts. We did not include Prince George’s County in this benchmarking exercise because we limited the comparison to high-performing districts, but it is clear that per pupil spending there would be significantly lower than in the District even without considering federal funds. We did not include federal funds because suburban budgets generally provide little detail on how they are spent and because they are restricted to special purposes.

C. DCPS Budget Allocations Compared to Suburban Benchmarks

The chart above and table below show the results by major functional areas. (Full detail appears in Appendix B, which shows the specific functions that make up each major area.)

DCPS spends less per pupil on central offices and services than any of the other three districts.

The difference from Fairfax and Montgomery is very slight, but those districts, at over twice the size of DCPS, have advantages of scale. Arlington, a smaller district, spends almost twice as much per pupil.

DC AND SURROUNDING SUBURBS: BUDGET BY FUNCTION

Local/State Budgets

	Dollars Per Pupil				
	D.C.	Alexandria	Arlington	Montgomery	Fairfax
Central Offices and Services					
Administration	\$ 292	\$ 418	\$ 420	\$ 180	\$ 231
Instructional support	\$ 231	\$ 584	\$ 745	\$ 421	\$ 307
Non-instructional services	\$ 361	\$ 273	\$ 354	\$ 290	\$ 357
Subtotal	\$ 884	\$ 1,275	\$ 1,518	\$ 891	\$ 894
Schools/Direct Services to Students					
Instruction/student services	\$ 6,495	\$ 8,587	\$ 9,146	\$ 6,934	\$ 6,985
Non-instructional services	\$ 1,157	\$ 1,593	\$ 1,105	\$ 813	\$ 888
Subtotal	\$ 7,652	\$ 10,179	\$ 10,251	\$ 7,747	\$ 7,874
Total per Pupil Spending	\$ 8,536	\$ 11,454	\$ 11,769	\$ 8,638	\$ 8,768

Within the central offices and services area, DCPS falls in between its larger and smaller neighbors in administration, but is very low in central instructional support and roughly comparable in central non-instructional services.

In the schools, which account for roughly 90% of expenditures, DCPS spends less on instructional and student services than the suburbs – almost \$500 a pupil less than Fairfax and Montgomery, about \$2,000 less than Alexandria, and about \$3,000 a pupil less than Arlington.

DCPS spends more on non-instructional services than Fairfax and Montgomery, the differences lying in much higher per pupil costs for utilities and security.

We have tried to identify per pupil spending by specific function, and have also pulled out spending in five areas of concern (technology, facilities, security, special education and language minority education) where central and school-level spending are hard to separate. These data are presented in Appendix B. Based on this analysis, we have identified the following spending categories in which DCPS is spending more, less and comparable amounts per pupil to the amounts spent in neighboring school districts.

Where DCPS Spends Less Per Pupil

- Improving the quality of teaching. DCPS spends relatively little per pupil on teacher and other employee training, curriculum, instructional supervision and related areas.
- The general instructional program per student delivered in schools.
- Special education services for students enrolled within the system (in contrast to tuition payments, which are enormously higher than in the suburbs). When central and school special education costs are combined, DCPS spends about \$8,850 on special education services per special education student within the system, compared with about \$10,000 in Montgomery, \$10,250 in Arlington and \$11,650 in Fairfax.
- Technology, both instructional and management, as compared with Arlington and Fairfax. Spending is comparable (this year at least) with Montgomery County.
- Student services and athletics.

Where DCPS per pupil spending is comparable

- Central offices and services generally
- English as a Second Language and other language minority services are funded at about suburban levels per ESL pupil.
- Facilities maintenance and custodians. However, suburban schools are often crowded and buildings are newer, while students in DCPS have more square feet per student and

older, poorly maintained buildings. Spreading these services much thinner in older buildings means they are inadequate.

Where DCPS per pupil spending is higher

- Security. DCPS spends \$243 per pupil compared to \$33 in Arlington, \$63 in Montgomery, and \$18 in Fairfax.
- Utilities. DCPS spends \$443 per pupil compared to \$177 in Montgomery and \$233 in Fairfax. Higher costs result from old, poorly maintained, energy-inefficient buildings and having more square footage per student. These costs are offset by low spending per square foot on maintenance and custodians.

III. Proposed DCPS Budget Increase for FY 2004

The proposed \$107.4 million increase in the FY 2004 DCPS budget can be broken down roughly into four categories: (1) a 9% increase in teacher salaries; (2) school building repairs and asbestos abatement; (3) other mandatory increases; and (4) instruction and management improvements.

Increase in Teachers' Salaries. As a result of the collective bargaining agreement reached between DCPS and the AFT/WTU, the proposed budget increase necessarily includes the money required to cover a 9% increase in the salaries of DCPS teachers in FY 2004. This proposed line item amounts to **\$31.7 million**, constituting approximately **30% of the proposed increase**. Mayor Williams announced and endorsed this increase, and it has already been approved by the D.C. Council. D.C. Council Res. 14-432 (May 7, 2002). The rationale behind this increase was to reduce the significant flight of teachers from DCPS to its neighboring suburban school districts because of the lack of salary parity between the DCPS and those districts. Although this increase narrows the gap between DCPS and suburban school district teachers' salaries, DCPS will continue to lag behind the average suburban salary for experienced

teachers in 2004. The 9% increase is an obligation to which DCPS is currently bound under the collective bargaining agreement that has been approved by the Council.

School Building Repairs and Asbestos Abatement. Approximately **\$24.3 million**, or **23% of the proposed budgetary increase**, is earmarked for needed repairs to school buildings, as well as asbestos abatement during such repairs. DCPS has recently classified 70% of its schools as being in poor physical condition, while classifying only 5% of its schools as being in good condition. See D.C. Board of Educ., *District of Columbia, The Citizen’s Budget, FY 2004: Reaching for Academic Excellence*, p. 40. As recently as 1998, there were more than 20,000 open work orders, which were primarily the result of chronic under-funding. *Id.* These repairs are needed not only to create school environments more conducive to learning, but also to ensure that DCPS is in compliance with local building, fire and health laws. See, e.g., D.C. Code §§ 6-701.1, 6-701.03-.10, 6-711.01, 6-751.01-.09 (fire safety); D.C. Code §§ 6-801-804 (unsafe structures); D.C. Code §§ 6-901, 904, 907 (insanitary buildings).

Other Mandatory Cost Increases. Another **\$31.1 million**, or **29% of the proposed budgetary increase**, is earmarked for expenditures attributable to unavoidable cost increases and legal mandates. These include increases in principals’ and other employees’ salaries, compliance with both D.C. and federal law, and anticipated inflation. These increases are detailed below:

Line Item	Source of Mandate (if applicable)	Proposed Amount
7% increase in principals’ salary	Pursuant to collective bargaining agreement.	\$4,225,598
Pay increases for other unionized staff	Pursuant to collective bargaining agreement.	\$8,561,215
1.8% step increases	D.C. Code § 1-611.13; D.C. Mun. Regs., tit. 5, § 1113.	\$7,999,062
Increase in utilities costs	Fixed cost, per determination by Chief Financial Officer	\$1,900,000
2.5% inflation	N.A.	\$5,929,340

Line Item	Source of Mandate (if applicable)	Proposed Amount
Payment of small court settlements and judgments	Anticipated orders issued by D.C. and federal courts	\$2,000,000
Compliance with Americans With Disabilities Act	American with Disabilities Act, <i>codified at</i> 42 U.S.C. §§ 12101-12213. Section 504 of the Rehabilitation Act of 1973, <i>codified at</i> 29 U.S.C. § 794.	\$362,415
Truancy and DC Residency Enforcement	Police Truancy Amendment Act of 1994, D.C. Code § 38-251 Compulsory School Attendance Law, D.C. Code §38-201	\$162,571
Bussing for students whose school buildings are under construction	Fixed cost, per determination by Chief Financial Officer	\$1,458,071

The significant increase in teachers’ salaries, the long deferred (and, to a large extent, legally mandated) expenditures toward school building repair, and expenditures earmarked to fulfill DCPS’ other legal, contractual and otherwise mandatory cost obligations comprise approximately 81% of the proposed budgetary increase. In other words, **almost 81% of the proposed increase in funding is committed to expenditures that DCPS will have to make.**

Instruction and Management Improvements. The remaining 19% of the proposed budgetary increase (approximately \$20.3 million) is earmarked for new academic initiatives aimed at improving educational services. Comprising the bulk of this last category are: advanced courses and other curricular initiatives for high school seniors (\$1,554,868), summer school and after school expansion (\$6,200,000), teacher and principal training (\$2,205,000), accountability and diagnostic assessment (\$1,549,000) and the opening of McKinley Technological High School (\$3,454,000).⁸

In sum, of the approximately \$107 million proposed budgetary increase, less than 19% is attributable to spending that is squarely within the discretion of the Superintendent and Board of

⁸ Even within this category, several of the proposed expenditures stem from federal legal mandates, such as gender parity requirements in DCPS’ athletic program under Title IX, *see* Title IX of the Education Amendments of 1972, Pub. L. No 92-318, 86 Stat. 235, 373, *codified at* 20 U.S.C. §§ 1681 *et seq.* (1994), and annual English language testing of Limited English Proficient and Non-English Proficient students, *see* Leave No Child Behind Act, 20 U.S.C. §

Education. While we have not studied these specific proposals in sufficient detail to judge their merits, they cannot be characterized as “frills.”

CONCLUSION

The proposed increases in the DCPS budget come at a time when District revenues are stagnating and when at least some conventional wisdom suggests that DCPS is already well-funded and has tended to spend extraordinary amounts on central bureaucracy. With this as our backdrop, this Report has focused on essentially two issues: the current level of DCPS spending per pupil in relation to neighboring school systems, and the causes underlying the DCPS request for significant additional funding in FY 2004.

With respect to the first issue, we have found that the District provides *less local funding per pupil* than all four high-performing neighboring school districts, such as Fairfax and Montgomery Counties. Moreover, the District spends comparable amounts on central office functions as do these two districts and *less* than neighboring school systems, Arlington County and Alexandria City. Further, in inflation-adjusted dollars, local funding per DCPS and public charter school pupil today is about *equal to FY 1991* funding levels

With respect to the second issue, the \$107 million increase requested by DCPS is plainly substantial, and we have not had the time to review the details of every last dollar associated with the proposed increase. However, it appears that over 80% of the requested additional funds are for much needed pay increases for teachers, other mandatory increases in union contracts, legal mandates, emergency and urgent school building repairs and asbestos abatement. We cannot expect schools to function properly without effective classroom instruction and strong administrative leadership, and the District cannot hope to hire and retain high quality personnel without paying salaries and benefits competitive with the amounts paid by neighboring school

districts. Nor can we expect our young people to learn in dilapidated and deteriorating, much less unsafe, schools.

As we stated in the Introduction, we have no illusion that this Report will end the debate over the DCPS budget proposal. Unfortunately, given current economic conditions, even a conclusion that *all* of the proposed increase proposed by DCPS is justified leads only to painful choices among spending proposals for public education, public safety, public health and welfare, economic development and a host of other important government functions. While again, we have not studied the trade-offs inherent in these choices, we close with two observations.

First, adequately investing in our public school system is consistent with District's *long-term* economic welfare. A high-quality school system in the District of Columbia will ultimately improve the higher education and employment prospects of our children and attract more families to live here, thereby strengthening the District's tax base. Moreover, improving the quality of the school system will undoubtedly translate into savings in the future for law enforcement, housing, health care, and other forms of government assistance needed to address problems associated, at least in part, with educational failure. Adequately funding public education in the short-term could even decrease public education costs in the long-term, if fewer students require remedial education, special education services, and other services that address students' educational deficiencies. In sum, an adequately funded public school system is a necessary investment in our economic future.

Finally, any debate about public school funding in the District must recognize the value of a strong public school system and what Mayor Williams recently characterized as our "moral obligation to all of our children, wherever they attend school." Our Nation's strong tradition of

public education has contributed greatly to America's intellectual and economic development. And public schools continue to hold great promise in these respects. They can teach our young people the knowledge and analytical skills necessary to function in a constantly changing, information-driven economy. They can prepare our young people to become valued participants in a democratic and diverse society. They can arm our young people with the most vital tools for functioning as free-thinking and conscientious members of their communities. Unfortunately, public schools have yet to fulfill this promise to the young people of the District, where, as this Nation's capital, we should be leading by example. The debate over the proposed budget should be informed by a commitment to carry out this promise. In the words of Mayor Williams, "[o]ur future demands no less."

APPENDIX A

Following are DCPS local budget per pupil spending figures for FY 2003 for general, ESL and special education as funded by the D.C. Government and as allocated by the Superintendent and Board of Education. Per pupil funding, excluding “state” functions is about \$8,600 per student this year in D.C. Public Schools, and is similar in the Public Charter Schools.

The District’s Uniform Per Student Funding Formula. The D.C. government funds operating costs of DCPS and public charter school on the same per student basis each year by a per pupil formula. Formula funding does not include tuition for non-public special education students, special education transportation, or other “state-level” costs that flow to children in non-DCPS schools.

FY 2003 average per pupil local funding for:

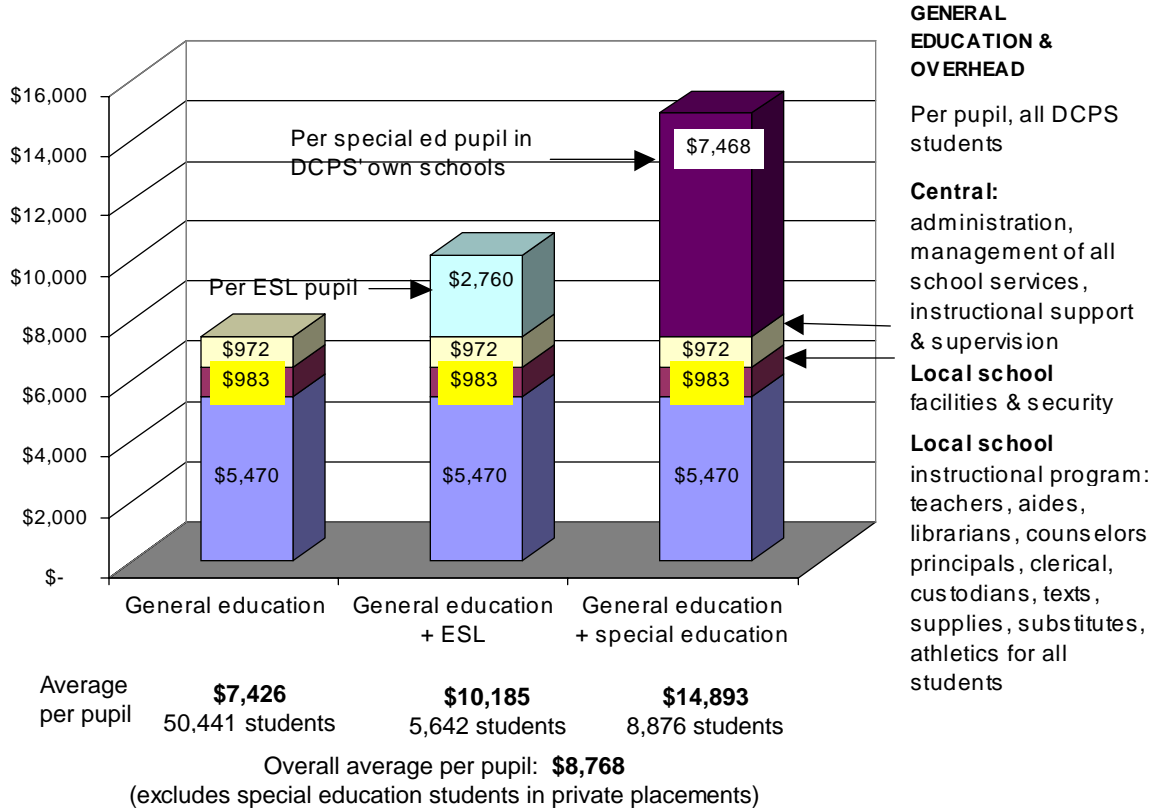
General education	\$7,057 per pupil (<u>not</u> special education, ESL instruction or summer school)
Special education (add on)	\$8,624 per special education pupil
English as a Second Language (add on)	\$2,622 per ESL pupil
Overall average per pupil (including ESL and special education students).....	\$8,652 per student

DCPS Local Funds Budget as Allocated Among General, ESL and Special Education. Our analysis finds that DCPS allocates its Formula funding largely, but not entirely, as the city’s formula provides it, averaging \$8,768 per student.⁹

⁹ The Home Rule Charter makes allocation the responsibility of the Superintendent and Board of Education, who are much more familiar with actual instruction and operations. Thus revenues need not be spent as they are allocated by the District Government Formula, which is based on general assumptions made well in advance of the fiscal year without information on current details of DCPS program.

DCPS Per Pupil Budget for General, ESL and Special Education FY 2003

(does not include state agency costs or private placement tuition and transportation for special education)



APPENDIX B

DC AND SURROUNDING SUBURBS: BUDGET BY DETAILED FUNCTION

Local/State Budget

Function	Dollars Per Pupil				
	D.C.	Alexandria	Arlington	Montgomery	Fairfax
<u>Central Offices and Services</u>					
<i>Administration</i>					
Board of Education	\$ 16	\$ 20	\$ 16	\$ 7	\$ 5
Superintendent's	\$ 39	\$ 35	\$ 24	\$ 17	\$ 13
External relations	\$ 21	\$ 38	\$ 39	\$ 26	\$ 22
Legal	\$ 23	\$ 27	\$ 6	\$ -	\$ 19
School supervision	\$ 31	\$ 56	\$ 34	\$ 20	\$ 31
Finance & budget	\$ 62	\$ 103	\$ 91	\$ 27	\$ 45
Human resources	\$ 62	\$ 97	\$ 157	\$ 55	\$ 86
Procurement	\$ 29	\$ 33	\$ 52	\$ 6	\$ 9
Other	\$ 9	\$ 10	\$ -	\$ 21	\$ 2
Subtotal	\$ 292	\$ 418	\$ 420	\$ 180	\$ 231
<i>Instructional Support</i>					
General program	\$ 76	\$ 326	\$ 249	\$ 243	\$ 142
Language minority	\$ 18	\$ 34	\$ 49	\$ 22	\$ 10
Special education	\$ 65	\$ 59	\$ 101	\$ 67	\$ 84
Other specialized programs	\$ 14	\$ 27	\$ 75	\$ 47	\$ 23
Student services	\$ 20	\$ 41	\$ 39	\$ 23	\$ 16
Educational accountability	\$ 20	\$ 54	\$ 49	\$ 19	\$ 16
Instructional technology	\$ 18	\$ 43	\$ 182	\$ -	\$ 16
Subtotal	\$ 231	\$ 584	\$ 745	\$ 421	\$ 307
<i>Non-instructional Services</i>					
Administration & general	\$ 23	\$ -	\$ -	\$ 13	\$ 10
Facilities management	\$ 81	\$ 82	\$ 118	\$ 93	\$ 93
Logistics	\$ 91	\$ 1	\$ 59	\$ 57	\$ 60
Security	\$ 20	\$ 4	\$ 6	\$ 13	\$ 1
Management technology	\$ 145	\$ 186	\$ 170	\$ 114	\$ 192
Subtotal	\$ 361	\$ 273	\$ 354	\$ 290	\$ 357
Total Central	\$ 884	\$ 1,275	\$ 1,518	\$ 891	\$ 894

Schools/Direct Services to Students

Instruction and Student Services

General education	\$ 4,984	\$ 6,844	\$ 6,084	\$ 5,373	\$ 4,763
Language minority	\$ 222	\$ 342	\$ 708	\$ 204	\$ 276
Special education	\$ 1,144	\$ 1,275	\$ 1,691	\$ 1,069	\$ 1,500
Other specialized programs	\$ 74	\$ 60	\$ 558	\$ 182	\$ 343
Student services, athletics	\$ 62	\$ 61	\$ 0	\$ 106	\$ 101
Technology	\$ 9	\$ 5	\$ 104	\$ -	\$ 2
Subtotal	\$ 6,495	\$ 8,587	\$ 9,146	\$ 6,934	\$ 6,985

Non-Instructional Support

Facilities	\$ 472	\$ 980	\$ 777	\$ 554	\$ 492
Utilities	\$ 443	\$ 257	\$ 197	\$ 177	\$ 233
Technology	\$ 18	\$ 345	\$ 104	\$ 32	\$ 146
Security	\$ 223	\$ 11	\$ 27	\$ 50	\$ 17
Subtotal	\$ 1,157	\$ 1,593	\$ 1,105	\$ 813	\$ 888

Total Schools \$ 7,652 \$ 10,179 \$ 10,251 \$ 7,747 \$ 7,874

Total Comparable Expenditures \$ 8,536 \$ 11,454 \$ 11,769 \$ 8,638 \$ 8,768

Excluded

- Special education tuition
- State special education other
- Food service
- Transportation
- Adult education
- Summer school
- Unattributable by function
- Pass-through/state
- Not applicable

SELECTED PROGRAMS

Technology per pupil	\$ 190	\$ 578	\$ 561	\$ 146	\$ 356
Facilities per pupil	\$ 996	\$ 1,319	\$ 1,092	\$ 824	\$ 818
Security per pupil	\$ 244	\$ 15	\$ 33	\$ 63	\$ 18
Special education per special ed. student	\$ 8,847	\$ 7,884	\$ 10,260	\$ 9,994	\$ 11,652
Language minority education per LEP/NEP student	\$ 2,550	\$ 1,593	\$ 2,706	\$ 2,649	\$ 2,207

The per pupil numbers for specific functions above should be viewed as suggestive rather than definitive, since differing organization and budget practice sometimes lump expenditures for specific functions into larger groupings, making it impossible to separate them, or requiring estimates based on staff job titles and estimated average salaries. Such functions are almost always within the same major functional areas, making them much less susceptible to such problems.

APPENDIX C

Methodology of Suburban Comparison Study

We examined the published budgets of DCPS and each suburban district line by line, and classified each budget item functional areas used by DCPS in recent years. (These are similar to those used in school budgets elsewhere.) Where available we used the FY 2003 budget numbers from each district's FY 2004 proposed budget. Where the FY 2004 proposed budget was not yet available, we used the approved FY 2003 budgets. (Differences between the two are generally minimal.)

The main divisional functions are central offices and services, schools and other direct services to children, and state-level and other functions not comparable across all districts. In identifying non-comparable items, we were guided both by the criteria used by the Metropolitan Area Boards of Education in preparing their annual comparative cost data, and by the division in District funding between Formula funds that flow to DCPS and the public charter schools and "state-level" funds that flow only to DCPS for functions not performed by public charter schools.

- Central offices and services include all administration, instructional support, business services and management of instruction and non-instructional services, for example
 - Administration: Superintendent's office, associate and assistant superintendents, communications, legal, payroll, accounting, budget, procurement, personnel, information systems
 - Instructional support: curriculum, professional development, educational accountability, central direction of all instructional programs and student services, including special education, bilingual education, vocational education, attendance services, drug and violence prevention, health programs
 - Non-instructional: warehouse, mail, print shop, technology, equipment maintenance, management of all operations, including facilities and security
- Schools/Direct services to children expenditures are divided among:
 - Instructional and student support services: teachers and aides, including special education and ESL teachers and aides, librarians, counselors, principals, clerical and custodians, school supplies, equipment and contract services, textbooks, athletics, school computers, substitute teachers
 - Schools—non-instructional: security guards, telecommunications, gas, oil, electric, building repairs, networks

In identifying the functions we read the accompanying budget explanations and where necessary, consulted school district websites for additional clarification.

Adjustments: In some instances we broke functions out from larger units by identifying the positions and non-personnel lines particular to those functions and multiplying the positions

by the estimated average salary for the appropriate pay plans and grades. We followed the same process where necessary in separating central from school-based activities.