

Equity and Recommendations Report  
for the Deputy Mayor for Education  
Washington, DC

February 17, 2012

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## Letter from the Chair

February 17, 2012

De'Shawn A. Wright  
Deputy Mayor for Education  
The John A. Wilson Building  
1350 Pennsylvania Avenue, NW  
Washington, DC 20004

Dear Deputy Mayor Wright:

On July 10, 2010 the DC City Council authorized the creation of the Public Education Finance Reform Commission to produce and deliver to the Mayor and the City Council an “Equity and Recommendations Report” for improvement and reform to the Uniform Per Student Funding Formula (UPSFF). This equity and recommendations report includes:

- 1.** An analysis of the impact of these payments, transfers, in-kind services, and reprogrammings on the uniformity of funding for DCPS and public charter schools;
- 2.** Recommendations for increasing uniformity in the Fiscal Year 2013 budget and subsequent years; and
- 3.** Weaknesses in the UPSFF or in its implementation, if any, which interfere with uniformity of funding.

It has been my privilege to chair this Commission and it is my pleasure to submit this report to the Deputy Mayor of Education. I, along with 14 other esteemed Commissioners, are proud to have served our City in an effort to ensure access to a quality education for all DC students, including procedures to ensure adequate funding for students in both DC Public Schools (DCPS) and DC public charter schools.

This Commission operated with detailed attention to public engagement and transparency in the content and process of our work. We operated with an intentionality that all questions, issues and perspectives surfaced by the Commissioners and the public were addressed by the Commission. All core issues facing the UPSFF, specifically adequacy, uniformity, affordability and transparency, as well as facilities, were given equal time and deliberation by the Commission.

Our purpose in this report is to provide the strongest recommendations for the Mayor’s consideration in the FY2013 budget process as well as to provide recommendations that should be prioritized in subsequent budget cycles. It is important to note that all 15 members of the Commission unanimously approved this report. We hope you will encourage the Commission’s recommendations be adopted by the Mayor and City Council. On behalf of the entire Commission, thank you for the opportunity to serve our City in such a meaningful manner.

Respectfully,



Ed Lazere, Chair

DC Public Education Finance Reform Commission

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## DC Public Education Finance Reform Commission

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\*Opinions expressed by Jennifer Comey are hers and should not be attributed to the Urban Institute, its trustees, or its funders.

\*\*Opinions expressed by Iris Toyer are hers and should not be attributed to A+ Tutor U, its trustees, or its funders.

\*\*\*Opinions expressed by Nakisha Winston are hers and should not be attributed to the DC Public Defender Service.

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## Executive Summary

The District of Columbia Public Education Finance Reform Commission (Commission) was established under the provisions of D.C. Official Code §38-2916 to study and develop an equity report on revisions to the Uniform Per Student Funding Formula (UPSFF) that will lead to improvements in:

1. Equity;
2. Adequacy;
3. Affordability; and
4. Transparency.

This Equity and Recommendations Report is provided pursuant to D.C. Official Code §38-2916, and it is submitted with the approval of the full Commission.

The Commission is made up of 15 members, who represent diverse professional expertise and perspectives on issues related to education funding in DC. The Commission is chaired by Ed Lazere, Executive Director, DC Fiscal Policy Institute. The Commission staff is from Collaborative Communications Group, Inc. and The Finance Project, both independent DC-based organizations with significant experience managing commission activities and deep expertise in education financing systems.

The Commission conducted its work in two phases over approximately three months. The first phase occurred from September 15, 2011, through September 30, 2011, during which the Commission was appointed, the inaugural Commission meeting was held (on September 27, 2011) and an initial assessment of the availability of needed information and budget data from relevant DC agencies was conducted.

The second phase of the Commission's work began on November 20, 2011, and extended through February 17, 2012. In this period, the Commission met five times in person and twice by conference call. These meetings were spent conducting broad and detailed reviews of relevant information related to the equity, adequacy, affordability and transparency of the current UPSFF, including comments and input from members of the public through a systematic public engagement process. The Commission members reviewed and discussed information from all these sources and drew conclusions based on the findings. Accordingly, the Commission offers two sets of recommendations based on the findings: The first set of recommendations is for immediate consideration in the Fiscal Year 2013 (FY2013) budget. The second set of recommendations is for consideration in FY2014 and beyond.

## Guiding Principles

The Commission has determined that an effective and efficient public education funding system must be based on four guiding principles aimed at achieving educational equity and providing equal access to resources. These principles have guided the Commission's inquiry and are fundamental to its recommendations for strengthening the UPSFF:

1. Provide uniform basis to education funding and services;
2. Provide sufficient resources to enable schools to provide an adequate education, including to students with varying needs;
3. Support a transparent and easily understood funding structure and process; and
4. Allow for flexibility in resource use and support innovation in education delivery.

## Recommendations

The Commission came to agreement upon these recommendations through consensus defined as general agreement. All Commissioners agreed whether they could support the recommendation and then voted to include the recommendation in this report. Consensus, for this Commission, did not necessarily mean unanimous, but a general agreement that goes as far as possible toward meeting the interests of all members.

Below is the comprehensive list of recommendations adopted by the Commission for this report. These recommendations are categorized by Equity/Uniformity, Adequacy, Affordability and Transparency and are ordered based on the fiscal year in which the Commission recommends the Mayor and DC Council (Council) take action. All recommendations considered by the Commission, including those that were not approved by consensus, are

discussed in the report. Also included in the report are findings the Commission deliberated on but did not yield recommendations to put forth.

#### Equity/Uniformity Recommendations for Immediate Action in the FY2013 Budget

- The Mayor and Council shall ensure DCPS and public charter schools receive additional funding on a pro rata basis for students identified as special needs (e.g., special education and English language learners) after the December Child Count, to the extent the total number of students in a special needs category is higher than the number upon which the initial UPSFF funding was based.
- DC agencies that provide supplemental services to DCPS and charter schools (e.g., school nurses, mental health officers, school resource officers) shall clarify the criteria on which these services and related resources are allocated. Each agency shall submit an annual plan for allocation of these resources to schools.

#### Equity/Uniformity Recommendations for Action in FY2014 and Beyond

- The Mayor shall revise the basis on which maintenance, utilities, and custodial services are funded. Factors that the Mayor shall consider in the development of a new formula include industry standard rates for maintenance and operations, building age and renovation history and the amount of building space in square feet. The Mayor shall consider including incentives for efficient use of space that are unique to each LEA.
- The Mayor and Council shall study and report on the number of students that transfer from DCPS to a public charter school and vice versa during the school year. If the analysis of this mobility indicates there are significant budgetary implications for any LEA as a result of mobility, the Mayor and Council may consider policies to address the transfer issue, such as requiring funds to be transferred from one LEA to another, or creating a reserve fund to provide funding to the receiving schools on a pro rata basis.
- The UPSFF shall include a weight for students who are both from low-income families and academically behind to ensure they receive the additional supports needed to be academically successful.

#### Adequacy Recommendations for Immediate Action in FY2013 Budget

- The Mayor shall convene a technical work group under the auspices of OSSE to issue annual reports on needed modifications to education funding within and outside the UPSFF. The technical work group shall have adequate resources to seek advice from outside sources, conduct internal analyses and commission external studies as needed.
- The DC public charter school facilities allotment shall remain, for now, at \$3,000 per student. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge. The Commission urges the Mayor and Council to study the facilities allotment further. For the time being, the Mayor and the Council should focus on the stability in the facilities allotment, in recognition of the long-term lease and debt obligations of many public charter schools. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge.
- The Mayor shall, using funds from the FY2013 budget, commission a full-scale adequacy study to be completed within one year of the execution of a contract for an amount up to \$350,000. The study should consider using Professional Judgment and Successful School methods, as well as other approaches, for analyzing the costs of an adequate education in DC and should include study of both system- and school-level data. Additionally, the study should examine the costs of maintaining effective and efficient support to local schools in their efforts to meet the DC academic standards, including the Common Core State Standards once they are implemented.

#### Adequacy Recommendation for Action in FY 2014 and Beyond

- Based on the outcome of an adequacy study, the Mayor and Council shall reassess the structure and level of foundation funding and weightings in the UPSFF and recommend revisions as warranted. In addition to resetting the foundation and weighting based on current concepts of adequacy, this shall include:
  - Providing for periodic adjustment to ensure that the formula is routinely updated to reflect the needs of DC students and factors affecting education funding and expenditures in DC. The study would provide tools that would allow a technical work group or similar body to make recommendations for adjustments.

- Revising the current foundation level to reflect the total per-student costs of providing an adequate education to students who do not require special services because of their specific learning characteristics.
- Considering weightings to account for the needs of students with special learning characteristics (e.g., special education students, ELL, students who are both low-income and academically behind, adult learners, students who are overage for grade and students who have returned to school after dropping out).
- Revising the current weightings to address the lower funding requirements for virtual learning.
- Revising the basis on which maintenance, utilities and custodial services are funded to more closely match the actual facility needs of students and the cost of providing these functions in the DCPS and public charter schools.

#### Affordability Recommendation for Immediate Action in the FY2013 Budget

- The Chief Financial Officer should assess the fiscal implications of all recommendations for immediate action in the FY2013 budget to ensure they can be funded within current budget constraints.

#### Affordability Recommendations for Action in FY2014 and Beyond

- To the extent that it is practical and feasible, the new system for allocating and funding facilities for DCPS and public charter schools shall create incentives and remove barriers related to the co-location of DCPS and public charter schools, with the goal of increasing the efficient use of existing DCPS school space.
- Just as DCPS and public charter schools can receive funding for summer school, other options for adding learning opportunities, such as an extended year or extended day, shall be included by the Mayor and Council as an item for research and discussion in an adequacy study, and considered based on research and best practice.

#### Transparency Recommendations for Immediate Action in the FY2013 Budget

- DCPS and the Office of the Chief Financial Officer and public charter schools shall continue efforts to improve the transparency, consistency and comparability of all LEAs for both system-level and school-level data on educational expenditures, including budgets, enrollment, full-time employees (FTEs) and actual expenditures for operations and capital investments to make this data, at a minimum, as accessible as school-level data is currently.
- The Mayor shall design and adopt measures to inform and engage public stakeholders regarding the flow of education funding from source to student, including easily accessible published materials, community meetings, public hearings, and telephone and email vehicles.
- The Mayor shall create a new panel, comprised of parents, school officials, advocates, and local researchers to review and advise DCPS and public charter schools on outreach and public information related to school funding and the allocation of resources from the City level to the student level.

#### Transparency Recommendation for Action in FY2014 and Beyond

- The Mayor and Council shall hold public hearings before amending the UPSFF laws and regulations.

## Conclusion

The DC Public Education Finance Reform Commission offers a starting point for the design and implementation of a sound and equitable education financing system in the District of Columbia. The findings and recommendations presented in this report provide a solid foundation for addressing a number of high-priority issues immediately in FY2013.

The Commission embraces the need to strengthen the existing education financing system that will support and sustain high-quality educational programs in both DCPS and public charter schools for many years to come. For the two systems to make productive contributions to student achievement, the allocation of funds to DCPS and to public charter schools must be fair to all stakeholders and transparent to parents and the public. To this end, the Commission is submitting this equity and recommendations report that illustrates the findings and recommendations in an effort to increase the equity in funding for all public schools in DC. We hope that it provides significant insight and counsel to the important budget decisions facing the Mayor.

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## Introduction

The District of Columbia Public Education Finance Reform Commission (Commission) was established under the provisions of D.C. Official Code §38-2914 to study and report on revisions to the Uniform Per Student Funding Formula (UPSFF) that will lead to improvements in:

1. Equity;
2. Adequacy;
3. Affordability; and
4. Transparency.

This includes the:

- Maintenance of uniformity in funding between District of Columbia Public Schools (DCPS) and public charter schools, taking into account services provided without charge by other District of Columbia (DC) agencies;
- Determination of the funding level needed by DCPS and public charter schools to provide educational services sufficient to enable public school students, including special education students and English language learners (ELL), to meet the academic standards of DC;
- Fiscal ability of the DC government to provide the necessary funding level; and
- Presentation of the UPSFF and calculations made pursuant to it so the public may clearly understand the basis of the calculations and related budget appropriations.

Under the provisions of the statute, the Commission was required to develop an Equity and Recommendations Report that includes:

- Analysis of the impact of payments, transfers, in-kind services and reprogrammings on the uniformity of funding for DCPS and public charter schools;
- Recommendations for increasing uniformity in the Fiscal Year 2013 (FY2013) budget and succeeding years; and
- Weaknesses in the UPSFF or in its implementation, if any, which interfere with uniformity of funding.

## The Commission and Its Approach

The 15-member Commission included individuals with diverse professional expertise and perspectives on issues related to education funding in DC. These individuals hold positions in city government (including DCPS), the Public Charter School Board (PCSB), public charter schools, and independent non-profit organizations. They include community leaders and parents, who have worked on behalf of students and families in DCPS, public charter schools and independent experts on school reform and financing. The Commission was chaired by Ed Lazere, Executive Director, DC Fiscal Policy Institute. The Commission was staffed by Collaborative Communications Group, Inc. and The Finance Project, both independent DC-based organizations with significant experience managing commission activities and deep expertise in education financing systems.

The Commission conducted its work in two phases over approximately three months. The first phase occurred from September 15, 2011, through September 30, 2011. During this two-week period, the Commission was appointed, the inaugural Commission meeting was held (on September 27, 2011), and an initial assessment of the availability of needed information and budget data from relevant DC agencies was conducted.

The second phase of Commission work began on November 20, 2011, and extended through February 17, 2012, per approval by the Chief of Staff to the Deputy Mayor for Education. In this period, the Commission met five times in-person and twice by conference call. Meeting dates and agendas are presented in Appendix II. All supporting materials presented at Commission meetings for deliberations, as well as all minutes from the meetings and public comments are posted and available on the Commission website at [www.pefr.org](http://www.pefr.org). Based on the contracted deliverable dates as approved by the office of the Deputy Mayor for Education (DME), the Commission was required to deliver a draft Equity and Recommendations report to the DME by February 3, 2012, and to deliver a final Equity and Recommendations report no later than February 17, 2012.

Over the course of its work, the Commission conducted a broad review of relevant information related to the equity, adequacy, affordability and transparency of the current UPSFF. The Commission staff gathered budget and

enrollment data from an array of public sources, including but not limited to staff at DC government agencies, PCSB staff, and individuals with significant knowledge of education funding in DC. The Commission sought an extensive amount of data and most sources were cooperative in providing the data. However, it should be noted that some data are still being compiled and some data were received late in the Commission's work, making it difficult to conduct the level of analysis desired. Additionally, the Commission invited comments and input from members of the public through a systematic public engagement process. The Commission reviewed and discussed information from all these sources and, based on the findings, developed the recommendations presented in this report.

Due to a compressed timeframe and limited resources, the Commission was unable to conduct a deep and complete analysis of the adequacy of the current UPSFF or the affordability of needed revisions to the structure and level of the UPSFF and weightings for students with special learning needs. Accordingly, the Commission offers two sets of recommendations based on the findings: The first set of recommendations is for immediate consideration in the FY2013 budget. The second set of recommendations is for consideration in FY2014 and beyond.

The Commission came to agreement upon these recommendations through a consensus process. Consensus was defined by this Commission as general agreement that goes as far as possible toward meeting the interests of all members. Consensus does not necessarily mean unanimity. This agreed-upon definition is based on the "Consensus Building" section of the Commission Public Engagement Plan, approved by the body on December 1, 2011. For each proposed recommendation, Commissioners agreed they could support the recommendation and then voted whether to include the recommendation in this report. This report also includes findings related to proposed recommendations for which consensus was not reached by the Commission. The Commission believes inclusion of these topics in the report is important as a record of its deliberations and outstanding issues for the City to address. Appendix I of this report presents dissenting statements from Commissioners to specific content of the report.

## **Organization of the Equity and Recommendations Report**

The remaining sections of this report are organized to present:

- The history and legal context of the UPSFF and the differences between DCPS and public charter schools relevant to the formula;
- The fundamental principles that have guided the Commission's inquiry and its recommendations;
- Key findings related to equity/uniformity, adequacy, affordability and transparency;
- Recommendations for immediate action in the Mayor's FY2013 budget, along with an assessment of the fiscal implications where possible; and
- Recommendations for action in the Mayor's FY2014 budget and beyond.

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## History, Legal Context and Differences Between DCPS and Public Charter Schools

The District of Columbia (DC) is one of many states that has adopted a system for allocating funding for school operating expenses that begins with a foundation (base amount for each student) and is augmented with additional “weights” (i.e., percentage increases from the foundation) that address various student needs. The goal is to ensure the fair and transparent allocation of resources and to support strong academic performance for all DC students, regardless of the public school they attend. The Uniform Per Student Funding Formula (UPSFF) was first enacted into the DC Official Code in 1998. The formula was initially developed and updated through recommendations to the Council by a working group of government and community representatives under the auspices of the Council’s Committee on Education.

In 2001, responsibility for research, monitoring and recommending modifications to the UPSFF was shifted from the Council to the newly established State Education Office (SEO), now the Office of the State Superintendent of Education (OSSE).<sup>1</sup> Every year, the SEO submitted annual findings and recommendations to the Mayor based on work conducted by SEO staff and a Technical Working Group (TWG) comprised of public officials and community representatives. The last of these “common practice” studies was developed in 2008. Following the mayoral takeover of DCPS in 2007, the TWG was disbanded. OSSE discontinued its role in annually identifying and prioritizing issues for research and analysis that resulted in recommended changes to the foundation formula and its weightings. In recent years, the Mayor’s office assumed this responsibility. Consequently, the UPSFF has not been re-examined by an external group in more than three years. The creation of the Commission by the Council in 2011 is a direct response to public requests for a thorough re-examination of the uniformity of public education funding.

### Statutes Governing DC Education Funding

The statutes governing education funding in DC require the Mayor and Council to fund DCPS and public charter schools through an enrollment-based formula—the UPSFF. Relevant statutory language can be found in Appendix III. The UPSFF statutes state three basic requirements regarding education funding:

- Uniformity: DCPS and public charter school operations costs must be funded on a uniform per student basis.<sup>2</sup>
- No double funding: Local funding for DC agency services to DCPS and charter schools may be funded either through the UPSFF or through other DC agency budgets but not both (preferably the vast majority of funds would flow through the formula).<sup>3</sup>
- Equal services: DC agency services (e.g., public health and safety services) must be provided on an equal basis to DCPS and public charter schools.<sup>4</sup>

#### Uniformity

The basic concepts of uniformity in DC are that: (1) the funds determined per each student through the UPSFF are allocated to the LEA where s/he is enrolled; and (2) all students should be funded at a uniform level, whether they attend DCPS or public charter schools. The 1995 Congressional legislation that established public charter schools in DC requires that annual payments from the DC General Fund to DCPS and public charter schools be calculated using a formula providing a uniform amount per resident student. This funding level varies for students with specific characteristics that affect the amount and types of services they need, including grade level, special learning needs, failure to meet minimum literacy requirements and enrollment in a residential school.<sup>5</sup>

The UPSFF calculates funding based on students and their characteristics, but not on school or LEA differences or their school system differences. This uniformity requirement only applies to local funding, not to federal or private funding. It only affects DCPS and public charter schools’ operating budgets, not capital budgets and investments. The UPSFF has been the primary mechanism for allocating local operating funds to both DCPS and public charter

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<sup>1</sup> DC Official Code § 38-2602.26, c

<sup>2</sup> DC School Reform Act of 1995. Effective April 26, 1996, (DC Official Code § 38-1800, *et. Seq.*). Official Code § 38-1800, *et. Seq.*

<sup>3</sup> PEFRC Establishment Amendment Act of 2010. Effective July 2, 2010 (DC Law 18-223, DC Official Code §38-2901 *et. Seq.*)

<sup>4</sup> PEFRC Establishment Amendment Act of 2010.

<sup>5</sup> See DC Official Code §38-1804.01.

schools, but it is not the only local source through which either DCPS or public charter schools are or have been funded. DCPS schools have received additional funding from the DC General Fund, usually as supplemental appropriations, or through services from other agencies outside of the UPSFF, and the public charter schools have the facility allotment from the General Fund, which was established to be used for leasing, acquisition and improvements to facilities, but can be used for a variety of purposes—those funded within the UPSFF, or those not.

### No Double Funding

The Budget Support Act of 2010, as amended,<sup>6</sup> mandates that services funded within the UPSFF cannot be funded again in other DC agency budgets.<sup>7</sup> The Council's Committee of the Whole directed that double funding be eliminated in FY2012 and thereafter. It also recommended that funding for all such functions be provided through the DCPS operating budget, with subsequent transfers to agencies that perform services for DCPS but do not provide services for public charter schools.<sup>8</sup>

### Services on an Equal Basis

The FY2011 Budget Support Act mandates that, beginning in FY2013, services provided by DC government agencies to public schools—for example, police protection and school nurses—are to be provided on an equal basis to public charter schools. The legislation does not define “equal basis,” but the language has been interpreted to mean that agencies have flexibility in defining “equal basis” as long as the definition is applied equally to both DCPS and public charter schools.

## Differences Between DCPS and Public Charter Schools

The structure of the DCPS local education agency (LEA) differs significantly from that of public charter school LEAs. DCPS is an executive agency of the DC government. The Chancellor of DCPS reports directly to the Mayor. The Mayor is vested with specific authority (such as closing schools or reducing expenditures) over DCPS that he does not have with respect to public charter schools. The Public Education Reform Act of 2007 (PERA) marked the beginning of mayoral control of DCPS during which time the DC Board of Education, which provided policy and budgetary oversight for DCPS, was eliminated. Provisions were included in PERA to retain some state-level duties carried out by the former DC Board of Education. The DC State Board of Education is now responsible for approving certain policies and advising the State Superintendent of Education on educational matters, including state standards; state policies—including those governing special, academic, vocational, public charter and other schools; state objectives; and state regulations proposed by the Mayor or the State Superintendent of Education.<sup>9</sup> DCPS operates as a centralized LEA with responsibility for the management and oversight of all its schools. It is ultimately the responsibility of the elected members of the Council and the elected Mayor.

Public charter schools are non-profit corporations, overseen by the PCSB, an independent body appointed by the Mayor. Most public charter schools in DC are independent LEAs, some of which operate multiple campuses under the umbrella of a single LEA. Additionally some public charter schools identify DCPS as their LEA for special education purposes. The PCSB is responsible for authorizing and closing public charter schools but has no management duties and has limited oversight powers. While the Mayor appoints PCSB members, the Mayor does not have any authority over them once they take their positions. The Council, the PCSB's budget authority, affects charters through the UPSFF foundation, weights and the facility allowance, but has no oversight or other authority over how funds are spent by public charter schools.

DCPS and public charter schools are subject to government laws and rules and oversight for education from OSSE, but there are some significant differences between them. Figure 1 below presents a comparison of DCPS and public charter schools. Among the most significant differences are:

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<sup>6</sup> Fiscal year 2012 Budget Support Act of 2011, effective September 14, 2011 (DC Law 19-21, DC Official Code § 38-2914)

<sup>7</sup> DC Official Code §38-2913. As codified, the full name is the Public Education Finance Reform Commission Establishment Amendment Act of 2010.

<sup>8</sup> Report and Recommendations of the Committee of the Whole on the Fiscal Year 2011 Budget for Agencies under Its Purview, May 10, 2010, p. 23. A later amendment extended the start date to FY 2013.

<sup>9</sup> DC State Board of Education, <http://osse.dc.gov/service/state-board-education>

- DCPS is a “system of right” and, therefore, has a legal obligation to enroll any and all students who live in the school’s catchment area (if applicable) and wish to enroll throughout the year, within specified boundaries, or for magnet programs, students who meet certain criteria. Public charter schools, while required to accept any student who is a resident of DC, may set enrollment ceilings and are not obligated to accept students beyond their stated capacity, according to their respective charters or after October 5 each year.
- DCPS has a workforce that is largely unionized and therefore must negotiate salaries, benefits and working conditions through a collective bargaining process. The workforce of public charter schools is not unionized, and their boards have the authority to establish compensation for all school staff and to specify working conditions and expectations independently.
- DCPS schools operate in buildings owned by DC, which they use rent-free and for which DCPS incurs costs associated with legacy capital and grounds. Public charter schools are responsible for securing and funding their own facilities. Public charter schools have the right of first offer for DC building inventory but to date few have been able to secure a lease in City-owned buildings. While a small number of charters are co-located with DCPS schools and have purchased surplus school buildings from the DC government or rent space from the City, most rent space or have purchased commercial space in the private market and converted it for use as a school.
- DCPS capital costs for school renovations and new construction are funded by DC’s capital budget. Public charter schools receive a per-student facilities allotment in addition to UPSFF funds to cover capital costs and against which they can borrow tax-exempt revenue bonds.
- DCPS is responsible for maintaining and managing basic operations of all its schools, such as purchasing, payroll, maintenance and personnel management. Public charter schools manage these functions on their own or in small consortia of schools.
- LEAs and schools vary dramatically in size, with enrollment at DCPS estimated being nearly 20 times larger than the next highest enrolled public charter school LEA, Friendship Charter Academy with 2,500 students at multiple campuses. Schools range from relatively small neighborhood schools that enroll 100 to 250 students to large comprehensive schools that draw as many as 1,500 students from many neighborhoods.<sup>10</sup> Public charter schools tend to be smaller and more similar in size, ranging from 100 to 500 students.<sup>11</sup>
- Public charter schools are not subject to procurement, human resources and other rules that DCPS must follow. For example, public charter schools may locate their facilities anywhere in the City whereas DCPS schools must be accessible by public transportation or within walking distance of a student’s residence, and they are not required to employ licensed or provisionally-licensed teachers.

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<sup>10</sup> DC Public School Profiles, 2011-2012, [www.dcps.dc.gov](http://www.dcps.dc.gov)

<sup>11</sup> Multi-year PCSB Enrollment Data Collection, 1999 through 2012. Provided to Commission staff by Jeremy Williams, PCSB. Most DCPS schools are in the 400-600 enrollment range for enrollment. Most charter schools are in the 100-250 range, but a small number are large.

Figure 1: Differences Between DCPS and Public Charter Schools<sup>12</sup>

	DCPS	Public charter schools
Legal structure	DC executive agency	Non-profit corporation
Authority and accountability	Chancellor to Mayor and Council; schools to Chancellor, plenary authority	Schools to their boards of trustees, and to PCSB, autonomous within charter law and charter terms
Accountability standards	DC academic standards and tests; otherwise per Chancellor	DC academic standards and tests, charter terms; PCSB oversight. Subject to closure for poor academic performance.
Admissions	Must take all, but may operate selective schools	Must take all if room available; lottery if more applicants than space
Area where required to enroll students	Neighborhood zones, except selective schools	City-wide only; geographic limits not allowed
Date when required to enroll students	At all times	Up until October 5
Contracting constraints	DC government rules	Notice in DC Register, approval by PCSB
Fiscal reporting requirements	DC CFO and federal grants requirements	Annual audit and federal grants requirements
Revenue flow	Spring appropriation, accessible October 1 plus July advance	Quarterly payments, starting July 1
Local fund carryover	Not permitted	Permitted
Unionization	Teachers, principals, non-instructional workers unionized	School by school potential but none so far
Teacher certification	Required, but teachers entering Teach for America and similar programs are certifiable.	Not required, but subject to NCLB —highly qualified requirements
Teacher salaries & benefits	Per teachers union contract	Set by each school
Size of LEA	1 LEA, about 46,000 students and 120 facilities	53 LEAs, from 86 to 3,978 students, on 100 campuses
Facilities	City-owned and controlled property, no rent	Charter controlled property, owned or leased, funded by separate per student facilities allowance

<sup>12</sup> Adapted from materials prepared by Mary Levy and presented to the DC Public Education Finance Reform Commission on January 5, 2012. Original table in unpublished paper commissioned by Friends of Choice in Urban Schools and the DC Association of Chartered Public Schools, January 13, 2012.

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## Guiding Principles for Public Education Funding

The Commission has determined that an effective and efficient public education funding system must be based on four guiding principles aimed at achieving educational equity and providing equal access to resources. These principles have guided the Commission's inquiry and are fundamental to its recommendations for strengthening the UPSFF:

1. Provide uniform basis to education funding and services;
2. Provide sufficient resources to enable schools to provide an adequate education, including to students with varying needs;
3. Support a transparent and easily understood funding structure and process; and
4. Allow for flexibility in resource use and support innovation in education delivery.

**Provide uniform basis to education funding and services.** As provided by law, the allocation of direct funding to DCPS and public charter schools through the UPSFF must be made on a uniform basis. Resources provided by DC agencies outside the formula must also be allocated on a uniform basis. Recognizing that DCPS and public charter schools operate differently and face different opportunities and challenges, funding for education in DC should be made equitable to the extent possible to ensure that all DC students, regardless of the school they attend, have an equal opportunity to receive an "adequate regular education."<sup>13</sup> In general, the best way to ensure that both DCPS and public charter schools receive adequate funding is to allocate direct funding to DCPS and public charter schools through a per-student basis, using the UPSFF. The Commission recognizes that in some cases, such as funding for facility maintenance, providing resources on a uniform basis requires examining the circumstances of individual school systems and their differing needs. For example, the maintenance needs of DCPS and public charter schools vary greatly, in part due to the large amount of space maintained by DCPS. Similarly, when DC agencies provide services to schools, such as mental health, the Commission agrees these services should be based on the needs of individual schools according to the needs of students in each school and should not be provided on a proportional basis tied to enrollment. The criteria for allocating these services should be clear and should be provided to both DCPS and public charter schools under these criteria.

**Provide sufficient resources to enable schools to provide an adequate education, including to students with varying needs.** There should be a direct link between what is expected of DCPS and public charter schools and the level of funding they receive. Ultimately, the proper model for education funding should be founded on the projected costs associated with meeting DC student performance standards, including the additional costs of providing necessary services to students with special learning needs (e.g., low-income students who are performing below/far below basic, identified special education students, and English language learners (ELL)).

**Support a transparent and easily understood funding structure and process.** Funds should be generated and allocated through a system that follows clearly established procedures with opportunities for public input. DC should produce timely and accurate fiscal data that allow policymakers and residents to follow the allocation of all funds from the source to the student.

**Allow for flexibility in resource use and support innovation in education delivery.** Schools should be able to use funds flexibly, so long as they meet the needs of their students through innovative educational programs and approaches in an efficient and effective manner.

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<sup>13</sup> DC Official Code §38-2901. (5) Definitions.

## Equity/Uniformity

The UPSFF employs the same approach to per-student foundation funding and weightings that many states use to calculate state aid for school districts, as a supplement to education revenues from their local tax base. Unlike states, DC state-type and local-type taxes are both levied by the City and combined, and the UPSFF provides all state-local funding to DCPS and public charter schools. The UPSFF establishes a minimum foundation, or, base cost per student, which is intended to provide an adequate general education for students without special needs at the least-costly grade levels. The FY2012 foundation is \$8,945 per student. The UPSFF is then augmented, based on applied weightings aimed to increase the percentages of the base funding for students at other grade levels and for students with special learning needs that require services that entail additional costs. These weightings are provided for special education students, English language learners (ELL or limited English proficiency), summer school students, and students in residential schools. Weightings are cumulative.

### How the Foundation Funding Level is Set

In DC, the foundation funding level is set based on estimates of the cost of a set of goods and services in an educational “market basket” for students in proto-typical schools at different grade levels.<sup>14</sup> The set of goods and services include specific class sizes, ratios of students to specialty teachers, counselors, librarians, instructional coaches, principals and other school office personnel, costs of substitute teachers, texts, supplies, technology, athletics, maintenance and other facilities operating costs, security, and all central office costs, including central management, instructional support, business and other non-instructional services. The funding level is intended to reflect:

- Current salary, benefit and non-personnel costs;
- Compliance costs associated with compliance with federal law and agreements for special education and ELL;
- Practices in other states and cities for determining per student amounts used in state aid and minimum spending requirements;
- Studies in various states attempting to determine the costs of supporting students to achieve state academic standards; and
- Research literature on best practices.<sup>15</sup>

The methods for counting students that are used to set the funding levels for DCPS and public charter schools differ somewhat. Prior to FY2009, DCPS was funded for a given school year using audited enrollment from the prior school year; starting in FY2009, the Mayor and Council changed the formula so that DCPS is funded for a given year based on enrollment projections for that school year. The projections are made in the prior spring. In FY2011, independent consultants and an intergovernmental committee recommended that public charter schools be funded based on a projection of audited enrollment, as DCPS is, but this was not adopted. Public charter school funding is initially based on projected audited enrollments. If the subsequent audit on October 5 is lower than initial projections, subsequent quarterly payments are reduced to reflect the audited enrollment. If it is higher, subsequent quarterly payments are increased utilizing an enrollment fund managed by the Office of the Chief Financial Officer (OCFO).

If special education students are identified after October 5, DCPS does not receive additional funding beyond its initial projections to cover the additional expenditures related to educating those students. However, public charter schools are able to collect a pro rata share of additional funding for these enrolled students based on the timing of their identification during the school year. Similar to DCPS, public charter schools do not receive funding for general education or special education students who enroll after the October 5 count date.<sup>16</sup>

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<sup>14</sup> The Uniform Per Student Funding Formula: Recommendations for FY 2009. PowerPoint presentation by Deborah A. Gist, State Superintendent of Education, District of Columbia, January 30, 2008.

<sup>15</sup> Ibid.

<sup>16</sup> At the time this report was completed, the Deputy Mayor for Education was still working to confirm the process for funding special education students after the October 5 enrollment count.

Figure 2: DC Uniform Per Student Funding Formula and Weightings, FY 2012 (budgeted)<sup>17</sup>

UPSFF Foundation Level Per Pupil			\$8,945	
General Education	Weighting Factor	FY 2012 Budgeted Enrollment	Per Pupil Allocation (Rounded)	Total Budget (Rounded)
Pre-Kindergarten 3	1.34	2,236	\$11,986	\$26,801,000
Pre-Kindergarten 4	1.30	3,336	\$11,629	\$38,793,000
Kindergarten	1.30	3,952	\$11,629	\$45,956,000
Grades 1-3	1.00	10,193	\$8,945	\$91,176,000
Grades 4-5	1.00	6,328	\$8,945	\$56,604,000
Grades 6-8	1.03	6,973	\$9,213	\$64,245,000
Grades 9-12	1.16	11,690	\$10,376	\$121,298,000
Alternative	1.17	98	\$10,466	\$1,026,000
Special Education School	1.17	400	\$10,466	\$4,186,000
Adult	0.75	2,041	\$6,709	\$13,693,000
<b>Subtotal General Education</b>		<b>47,247</b>	<b>\$9,816</b>	<b>\$463,778,000</b>
<i>Average</i>				
<b>Special Education</b>				
Level 1	0.58	2,633	\$5,188	\$13,660,000
Level 2	0.81	2,333	\$7,245	\$16,903,000
Level 3	1.58	399	\$14,133	\$5,639,000
Level 4	3.10	1,522	\$27,730	\$42,205,000
Special Education Capacity Fund	0.40	6,887	\$3,578	\$24,642,000
Special Education Compliance Fund	0.16	6,887	\$1,431	\$9,855,000
<b>Subtotal for Special Education</b>		<b>20,661</b>		<b>\$112,904,000</b>
<b>Other Categories</b>				
LEP/NEP	0.45	4,418	\$4,025	\$17,784,000
Summer School	0.17	10,867	\$1,521	\$16,525,000
ESY Allowance				\$826,320
<b>Subtotal for Other Categories</b>				<b>\$35,135,320</b>
<b>Total FY 2012 Proposed Local Budget</b>				<b>\$611,817,320</b>

<sup>17</sup> Table prepared by Mary Levy.

## Access to Other Sources of Funding

Both DCPS and public charter schools receive shares of federal education funding in the form of grants and appropriations that flow into DC and are administered by OSSE. These funds must be allocated in accordance with the federal regulations and guidelines governing allowable uses of the funds, eligible beneficiaries and any other specified conditions (e.g., the formation of public-private partnerships). Additionally, both DCPS and public charter schools have the option of soliciting private funding from foundations and individual donors.

## Enrollment

Mirroring DC's population decline, for nearly 40 years total public school enrollment in DC declined steadily until the 2009-2010 school year. For the 2010-11 and 2011-12 school years, enrollment increased, in large part driven by expansion of early childhood seats, with the greatest share of this increase in public charter schools. Today, approximately 40 percent of DC public school students are enrolled in public charter schools. In the 2011-2012 school year, total DC enrollment for all publicly funded schools<sup>18</sup> was approximately 80,000 with approximately 50,000 students enrolled in DCPS and 30,000 enrolled in public charter schools.<sup>19</sup>

DC's special education enrollment as of the October 5 count has remained at about 11,000 students since FY2008. More than 20 percent of these students are in private special education placements. The proportion of special education students has remained at about 13 percent of total DCPS enrollment over the past four years, compared with about 10 percent for public charter school enrollment.<sup>20</sup>

The needs of students who are generally more severely disabled, and thus more expensive to educate, are classified at levels 3 or 4 in DC. Both levels are recognized by the UPSFF special education weights, which provide approximately \$14,000 in additional funding, above the \$8,945 foundation funding level, per Level 3 student and approximately \$25,500 additional per Level 4 student. DCPS student data indicate that the number of students at Levels 1, 2, and 4 is about one-percentage point more than public charter schools as a group, and both enroll about the same percentage at Level 3. The number of ELL students in DC's public schools has increased by almost 1,000 students over the last four years. As a percentage of enrollment DCPS usually enrolls eight to 10 percent of students who are classified as ELL and public charter schools collectively enroll six to seven percent of ELL students.<sup>21</sup>

## Findings on Issues Related to Uniformity in School Funding

For functions covered by UPSFF:

- ***Supplemental appropriations for DCPS:*** DCPS and public charter schools receive local funding through the UPSFF. But the City has a recent history of providing additional funding to DCPS for functions funded under the UPSFF. Occasionally, additional funding provided to DCPS is part of the initial budget. But often it is provided through supplemental appropriations, reprogrammings or mid-year coverage of overspending or shortfalls in non-local revenues. The supplemental appropriations have ranged from \$14 million to \$77 million between FY2008 and FY2012. For FY2012, the Mayor requested a \$25.2 million supplemental appropriation for DCPS.
- ***Supplemental support for facilities maintenance:*** In recent years, DC has funded facilities maintenance for DCPS through the Office of Public Education Facilities Modernization (OPEFM), now the Department of General Services (DGS). Over the past five years this amount of additional spending annually has ranged from \$26.5 million in previous fiscal years to \$46.5 million in the most recent FY2012 budget, although some of these funds are used to plan capital construction projects rather than facility maintenance. Public charter schools often use their facility allotment to cover facility operations costs. The current UPSFF budgets for general maintenance, custodial services and utilities are based on outdated industry standards, assumptions of space efficiencies that could only be reached with new construction (not with the

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<sup>18</sup> For the purposes of this report, enrollment numbers include all special education students.

<sup>19</sup> See Appendix IV for greater detail. Information provided by OSSE and DCPS, January 2012.

<sup>20</sup> Information provided by OSSE, January 2012.

<sup>21</sup> See Appendix IV for greater detail. Note that Commission staff utilizing OSSE and DCPS data conducted this analysis, but this analysis should not be considered final or complete given the timing constraints on the Commission.

existing inventory of buildings), no provisions for civic use or for the care and maintenance of grounds. Therefore, facilities maintenance costs are generally under-budgeted in the UPSFF relative to actual costs. This is true for both DCPS and some public charter schools, but it is especially true for DCPS, because of the design of the historic and older buildings and the inefficiencies of using facilities for reduced enrollments. The maintenance funding gap for DCPS was structured into the basic formula at 35 percent below actual costs.<sup>22</sup> Accordingly, the OPEFM payments for maintenance established in 2007 may be seen as an effort to overcome the effects of under-funding through the UPSFF or simply the fact that the buildings are owned by DC government which attempts to properly maintain its assets for current and future use. DCPS uses these funds to cover excess utility, property maintenance and repair costs that are under-budgeted in the UPSFF.

- ***Supplemental support for legal services:*** The DC Office of the Attorney General (OAG) provides legal services to DCPS and to DC public charter schools related to special education claims and suits. OAG also provides legal support to DCPS on a wide array of other matters, such as employment disputes and liability claims. As a City agency, DCPS must use OAG as its legal counsel. DCPS cannot retain outside legal counsel or the counsel of its choosing. Legal services (other than special education claims) are intended to be funded under the UPSFF. Consequently, DCPS can retain funds for these functions through the UPSFF and use them for other purposes. Public charter schools do not have access to OAG for legal supports beyond special education claims and lawsuits but, unlike DCPS, public charter schools are able to purchase insurance.
- ***DCPS funding based on enrollment projections:*** DCPS funding based on projections is consistently higher than OSSE's audited enrollments. In three of the past five years, the amount of extra funding for general education has been very small — particularly when DC used an independent entity to make enrollment projections. In FY2009, DCPS closed 23 schools and changed grade configurations in elementary schools, the projection was off by 3,000 students, or about a \$31 million overpayment to DCPS based on per student funding. In FY2012 — as OSSE tried to implement the new projections itself, it was off by 1,000 students, or an estimated \$10 million of overfunding—depending on audited findings which are not yet available.
- ***Audit for special education weights:*** The largest component of the differential between what DCPS projects and its audit is for students needing special education services, but this may reflect an undercount of special education students in the audit. Reporting on special education students in December typically includes many special education students newly identified after October 5. Since public charter schools can obtain funding for such students, this may not be such a disparity. Currently, data are not available to reconcile the budgeted and actual amounts of spending.
- ***Public charter school funding based on audited student count:*** Public charter school funding is based on audited enrollment data confirmed by OSSE post the October 5 count date and may result in funding reductions for public charter schools if the spring projections proved to be too high, even though fixed educational costs are unlikely to decline proportionately. For example, losing two percent of students through dropouts results in a two percent decrease in a public charter school's annual share of UPSFF funding, although it is not likely to result in teacher layoffs or reduced payments for equipment, supplies, rent, mortgages, maintenance and utilities. If a public charter school's audited enrollment is higher than had been projected, the school receives additional funding.

For functions not covered by the UPSFF:

- ***Criteria for the allocation of services by other DC agencies are unclear:*** When services are provided and paid for from other agency budgets (e.g., school nurses, mental health counselors, and school resource officers), they are expected to be provided on an equitable basis, using standardized criteria. The total of DC agency funding for services not covered by the UPSFF is between \$2 million and \$7 million annually.
- ***Payments to meet DCPS teacher pension requirements:*** Retirement funding for DCPS teachers and public charter school teachers is paid somewhat differently. Currently, DCPS teacher retirement is paid into the DC teacher retirement system. Most of the costs are provided through deductions from teacher salaries,

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<sup>22</sup> DC Public School and Public Charter School Capital Budgeting, 21<sup>st</sup> Century School Fund, April 2005.

which means that they are paid through the UPSFF. But since current teachers are paying for former teachers, there are times when additional funding is needed to meet pension obligations for these former DCPS teachers, and this occurs outside the UPSFF. These payments are irregular, and have ranged significantly. In FY2012, the added contribution was \$3 million, but in previous years has ranged from \$0-\$15 million. Public charter school teachers are not eligible to participate in the DC teacher retirement system, and retirement contributions are not paid separately for them with local funds. DCPS, as a large public school system with a unionized workforce, has a pension system with defined benefits, while it is likely that most or all public charter schools have defined contribution pension plans.

#### Equity/Uniformity Recommendations for Immediate Action in the FY2013 Budget

- The Mayor and Council shall ensure DCPS and public charter schools receive additional funding on a pro rata basis for students identified as special needs (e.g., special education and English language learners) after the December Child Count, to the extent the total number of students in a special needs category is higher than the number upon which the initial UPSFF funding was based.
  - **Fiscal impact:** To be determined by the Mayor and Council.
- DC agencies that provide supplemental services to DCPS and charter schools (e.g., school nurses, mental health officers, school resource officers) shall clarify the criteria on which these services and related resources are allocated. Each agency shall submit an annual plan for allocation of these resources to schools.
  - **Fiscal impact:** No material financial increase in FY2013.

#### Equity/Uniformity Recommendations for Action in FY2014 and Beyond

- The Mayor shall revise the basis on which maintenance, utilities, and custodial services are funded. Factors that the Mayor shall consider in the development of a new formula include industry standard rates for maintenance and operations, building age and renovation history and the amount of building space in square feet. The Mayor shall consider including incentives for efficient use of space that are unique to each LEA.
- The Mayor and Council shall study and report on the number of students that transfer from DCPS to a public charter school and vice versa during the school year. If the analysis of this mobility indicates there are significant budgetary implications for any LEA as a result of mobility, the Mayor and Council may consider policies to address the transfer issue, such as requiring funds to be transferred from one LEA to another, or creating a reserve fund to provide funding to the receiving schools on a pro rata basis.
- The UPSFF shall include a weight for students who are both from low-income families and academically behind to ensure they receive the additional supports needed to be academically successful.

#### Equity/Uniformity Recommendation Deleted via Commission Consensus

The Commission agreed not to include the following recommendation:

- To improve the effectiveness, efficiency and cost-benefit of space allocation for educational purposes, the Mayor and Council shall recommend a structure to create a new system for providing and funding facilities for both DCPS and public charter schools. The goals are to 1) ensure that quality schools are located in areas of the City where there is high demand, and 2) ensure all DC students can receive an adequate education in facilities that are safe, secure and arranged to accommodate current educational programs. The new system shall consider the upcoming long-range Strategic Facilities Plan, which will be developed over the next year and is scheduled for release in December 2012. This long-range plan will look closely at all K-12 public education assets in the District and will build a framework to deploy facilities and capital resources efficiently while improving educational outcomes.

#### Equity/Uniformity Recommendations that Did Not Receive Commission Consensus

- When making mid/year supplemental changes to appropriations (increase or decrease) the need to provide comparable supplemental changes for DCPS and public charter schools should be considered. Notwithstanding the need for DC agencies to comply with anti-deficiency laws, there may be instances in which public charter schools should be afforded the same option.

The Commission expressed concern about providing supplemental funding to DCPS but not to public charter schools, but did not ultimately reach consensus that supplemental funding should be provided in a proportional way to both.

- The Mayor and Council shall draft legislation and regulatory language to clarify current laws and regulations in the following areas:
  - Education funding within and outside the UPSFF;
  - Expenditures under the facilities allotment;
  - Identification and disposition of surplus DCPS buildings and property, and charter schools right of first offer for the lease or purchase of surplus DC-owned property; and
  - Maintenance and operations for all schools.

## Adequacy

As previously described, DC uses a foundation formula for the purpose of distributing funds to DCPS and public charter schools. To ensure that the city provides an adequate level of support, the foundation must be set at an appropriate level—one that has meaning in terms of either the amount of services that can be delivered to students or the level of performance students achieve. Once the foundation level has been established, it is common practice to adjust the level to take account of cost pressures beyond the control of individual schools, including the cost-related characteristics of students with special learning needs.

Like many states, DC is implementing a standards-based approach to education to improve student performance. This approach requires the State Superintendent of Education to specify expectations for student performance, develop procedures to measure how well students are meeting those expectations and hold LEAs accountable. This approach also implies that the City will ensure that sufficient resources are available to schools so they can reasonably be expected to meet the current student performance standards and the Common Core State Standards when they are implemented in DC. Accordingly, the foundation level should reflect the per student spending that any DC school—DCPS or public charter school—needs to ensure students without special needs can meet the performance expectations.

### Funding for Education Programs, Students and School Operations Through the UPSFF

Beginning in 2001, a number of common practice studies were prepared for DC. These studies calculated the costs of a “market basket” of educational goods and services in proto-typical schools to justify the UPSFF foundation amount. They illustrated, but did not fully define, functions that should be covered by uniformity, and they did not base their findings on a rigorous analysis of cost pressures that affect the differences in resource requirements in a range of DC schools (e.g., schools at different grade levels). Moreover, the common practice studies did not take account of educational requirements to adequately prepare students with different characteristics to meet the DC academic standards. While there have been changes to the UPSFF in recent years, according to OSSE since 2009 there has been no interagency or interdisciplinary group convened within OSSE to review issues related to education funding within and outside the UPSFF and to recommend annual changes in policy and practice to improve the uniformity, adequacy, affordability and transparency of education financing in DC.

### Key Findings Related to the Adequacy of Education Funding Within the UPSFF

The Commission was not tasked with, nor did it have sufficient time or resources to undertake, a full-scale adequacy study. However, several key findings underscore the need for a rigorous study to determine the amount of resources required to meet the needs of all students, regardless of which school they attend. A proper model for funding schools should be based on the projected costs associated with meeting the DC academic performance standards, including the additional costs associated with serving students with special learning needs. The UPSFF foundation level and weightings should be aligned to reflect the findings from a rigorous adequacy study.

- ***Weighting for low-income students at risk of academic failure:*** The Commission acknowledges that many DC students require additional support in order to be academically successful. Currently, the UPSFF does not weight for students from low-income families (defined as eligible for free or reduced-price lunches) and/or for students who are performing at basic or below basic levels on standardized achievement tests but have not been designated as special education students or both. Other jurisdictions that have completed adequacy studies typically take into account the additional costs associated with serving students who are significantly at-risk of academic failure and dropping out of school, beyond those costs met through federal Title I funding. Enrollment data provided by OSSE suggests that approximately 72 percent of students in DCPS and public charter schools are from low-income families. Data reported by OSSE to the U.S. Department of Education under the requirements of the No Child Left Behind Act show that, among students who were tested, between 13 percent and 22 percent of third graders through tenth graders performed below basic in reading in FY2010.<sup>23</sup>

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<sup>23</sup> Washington DC, State No Child Left Behind Report Card, 2009-2010.

- **Weighting for students in early learning programs:** The UPSFF weights more heavily for the needs of educating students in the early years (pre-school and pre-K) than for education in the elementary grades. The higher weight allows for required lower teacher-student ratios in early learning programs.
- **Weighting for gifted and talented students:** The UPSFF does not weight for the additional costs of meeting the educational needs of gifted and talented students.
- **Weighting for students returning to DCPS and charter schools after leaving the public education system:** The UPSFF does not weight for the additional costs associated with meeting the educational needs of students who have dropped out of school and are returning, those who have served time in a juvenile detention center or prison and are returning to DC schools, or those who are in foster care and are subject to frequent transfers from one school to another as their foster placements change.
- **Weighting for adult education, alternative education and summer school programs:** The UPSFF weightings for adult education, alternative education and summer school have not been studied for several years and do not take account of changes in educational practice and needs, including more time on task and more time in school. Similarly, virtual education is not addressed in the UPSFF.
- **Adjustment to update the cost basis for the UPSFF:** The UPSFF does not have an adjustment mechanism that takes account of changes in the local cost of living or the costs of addressing the educational needs DC's diverse student population.

### Funding Capital Investments for DCPS and Public Charter Schools

As described previously, DC provides an additional per student allotment to public charter schools to offset the costs of rent and capital investments in buildings and land. Relevant expenditures include the following costs, which are not expected to be funded through the UPSFF:

- Direct payments for the purchase of or major renovations on facilities, including leasehold improvements;
- Loan/interest payments for purchase of, or major improvements on, facilities, including leasehold facilities;
- Rent payments for facilities, excluding utilities, custodial, and maintenance to the extent that these are part of rent;
- Property taxes and property insurance; and
- Debt reserve funds.

The amount of the allotment has ranged from \$685 to \$3,109. Starting in FY2010, as a response to budgetary pressures, the Mayor and Council reduced local funding for the allowance to \$2,800. The local amount was supplemented by roughly \$200 per student from federal funding awarded to DC to “expand quality charter schools,”<sup>24</sup> bringing the total facilities allotment \$3,000 per student per year, and has remained at that level since. Public charter schools that do not need to use all of their allotment to cover rent, mortgages and bond payments have the discretion to reallocate these funds to other budgetary costs or to save for future property acquisition.

### Key Findings Related to the Adequacy of the Charter School Facilities Allotment

- **Funding level for public charter school facilities allotment:** The level at which the facilities allotment is set is theoretically based on a five-year rolling average of DCPS capital expenditures per student. However, in practice it seems to be a somewhat arbitrary process that is affected by the City's overall budget priorities. An unstable facilities allotment can be a challenge for public charter schools, whose rental rates, mortgages and other capital costs may be pegged to a specific facilities allotment. When the facilities allotment is unstable, many lenders are reluctant to make mortgage and construction loans because the ability of the borrowers to repay these loans from local funds is uncertain.
- **Disposition of surplus DC school buildings and grounds:** Legally, public charter school operators have a first right of offer for surplus school buildings. But in practice, the process of leasing or purchasing DC-owned property has been time consuming and difficult for many public charter school leaders who would like to locate their schools in unused DCPS buildings. A 2011 Government Accountability Office (GAO) study highlighted the lack of transparency in the process by which the DC government disposes of surplus

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<sup>24</sup> Senate Committee Report 112-79, p.62.

property and the need to develop clearer and more effective policies, regulations, and protocols for public announcements of requests for offers as well as follow-up for unsuccessful bidders.<sup>25</sup>

Assessing the adequacy of DC school property occupied by DCPS and public charter schools, as well as policies governing the allocation of space in DC school buildings and capital investments in renovations and new construction, was beyond the scope of the Commission's mandate. However, there was broad agreement among Commissioners that space and capital investment are among the most significant, complicated and urgent education financing issues facing City leaders. Financially, DC government needs to invest in the maintenance and modernization of aging school buildings and school grounds while constructing new facilities to meet changing educational needs and ensure high-quality programs are located in all neighborhoods across the City. DC government also needs to create and manage more effective, efficient, timely and transparent processes for making the best use of excess space currently available in DC school buildings and grounds.

The Commission did not reach consensus on a specific recommendation for action by the Mayor as it related to the source of funding for the facilities allotment. However, it did discuss the importance and urgency of these issues and the need for more effective, efficient and cost-beneficial use of existing city-owned buildings and grounds to ensure that all DC students attend schools that are safe, secure and meet their educational needs.

#### Adequacy Recommendations for Immediate Action in FY2013 Budget

- The Mayor shall convene a technical work group under the auspices of OSSE to issue annual reports on needed modifications to education funding within and outside the UPSFF. The technical work group shall have adequate resources to seek advice from outside sources, conduct internal analyses and commission external studies as needed.
  - **Fiscal impact:** \$100,000 to \$150,000 annually, depending on the amount of resources available to the technical work group to commission external studies.
- The DC public charter school facilities allotment shall remain, for now, at \$3,000 per student. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge. The Commission urges the Mayor and Council to study the facilities allotment further. For the time being, the Mayor and the Council should focus on the stability in the facilities allotment, in recognition of the long-term lease and debt obligations of many public charter schools. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge.
  - **Fiscal impact:** \$0 if current local/federal funding is maintained; \$6.6 million in FY2013 if allotment is fully funded with local funds.
- The Mayor shall, using funds from the FY2013 budget, commission a full-scale adequacy study to be completed within one year of the execution of a contract for an amount up to \$350,000. The study should consider using Professional Judgment and Successful School methods, as well as other approaches, for analyzing the costs of an adequate education in DC and should include study of both system- and school-level data. Additionally, the study should examine the costs of maintaining effective and efficient support to local schools in their efforts to meet the DC academic standards, including the Common Core State Standards once they are implemented.
  - **Fiscal impact:** \$350,000 in FY2013
  - The specifications for the Adequacy Study can be found in Appendix V.

#### Adequacy Recommendation for Action in FY 2014 and Beyond

- Based on the outcome of an adequacy study, the Mayor and Council shall reassess the structure and level of foundation funding and weightings in the UPSFF and recommend revisions as warranted. In addition to resetting the foundation and weighting based on current concepts of adequacy, this shall include:
  - Providing for periodic adjustment to ensure that the formula is routinely updated to reflect the needs of DC students and factors affecting education funding and expenditures in DC. The study

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<sup>25</sup> Government Accountability Office (GAO) Study: District of Columbia Charter Schools: Criteria for Awarding School Buildings to Charter Schools Needs Additional Transparency. March 2011.

would provide tools that would allow a technical work group or similar body to make recommendations for adjustments.

- Revising the current foundation level to reflect the total per-student costs of providing an adequate education to students who do not require special services because of their specific learning characteristics.
- Considering weightings to account for the needs of students with special learning characteristics (e.g., special education students, ELL, students who are both low-income and academically behind, adult learners, students who are overage for grade and students who have returned to school after dropping out).
- Revising the current weightings to address the lower funding requirements for virtual learning.
- Revising the basis on which maintenance, utilities and custodial services are funded to more closely match the actual facility needs of students and the cost of providing these functions in the DCPS and public charter schools.

#### Adequacy Recommendation Deleted via Commission Consensus

The Commission agreed not to include the following recommendation but decided to include the language in the specification for an adequacy study (See Appendix V):

- Based on the outcome of an adequacy study, the Mayor and Council shall create a plan for ongoing review of the District's achievement of the needed level of education funding and regularly reassess the adequacy of existing revenue structures to meet these needs over time.

## Affordability

The declining economy since 2008 has had an adverse impact on DC's fiscal condition. Although more insulated from revenue and budget pressures than many states and cities, the fiscal outlook for DC in FY2013 is not positive. Accordingly, the Commission recognizes that any decisions by the Mayor and Council concerning education spending in FY2013 and beyond must be made within the context of DC's fiscal realities.

Based on the outcomes of a rigorous adequacy study, the Commission anticipates the Mayor and Council will have a clearer projection of the amount of revenue that will be required to maintain an adequate and equitable public school finance system that efficiently aligns the needs of our children and youth educationally with costs in coming years; and one in which the funding available to DCPS and public charter schools is measurably related to enabling students, including those with special learning needs, to achieve academic performance consistent with the new Common Core State Standards and the City's tax revenues. Testing the feasibility and ramifications of proposed modifications in the DC education finance system, including expenditures within and outside the UPSFF, will require analysis based on projections of future enrollment, inflation rates, the wealth base and education funding under current law. Based on this analysis, the Mayor and Council will be able to develop a roadmap for moving toward a plan for education funding that can ensure all students attend schools with access to the resources needed to provide an adequate education.

The Commission recognized that any funding enhancements, which may be called for based on the outcome of an adequacy study, would need to be phased in over several years as a matter of affordability. Nevertheless, determining how to make these necessary investments should be a significant priority for the City's leaders.

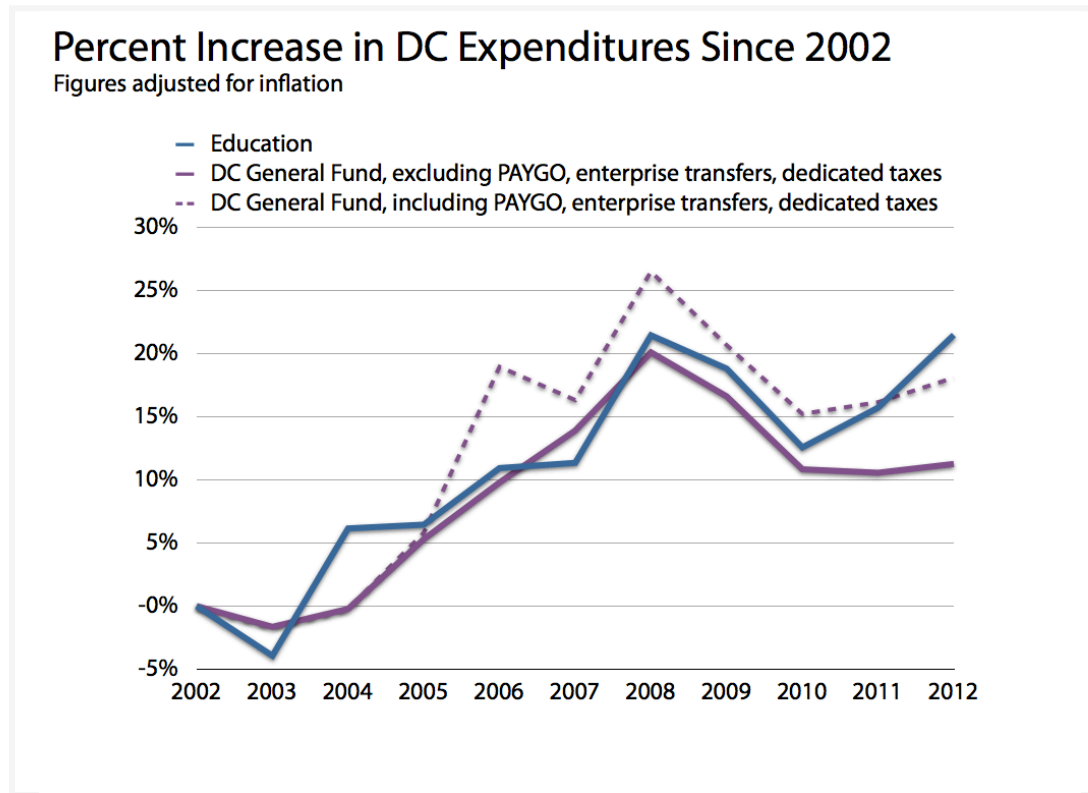
### Education Funding in the District of Columbia

Most public funding for education in DC comes from local revenues through the General Fund. DC also receives federal education funding through a number of categorical programs that direct resources to low-income students and others at risk of academic failure, including funding for special education and ELL (e.g., Title I, Title II, Title IV, and Title V of the Elementary and Secondary Education Act (ESEA), and charter school programs). These funds are distributed to DCPS and public charter schools in accordance with federal regulations governing the use of funds and eligible recipients. Additionally, DC has received a number of grants through special American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funding during FY2009 through FY2012, including Race to the Top, School Improvement Grants, the Investing in Innovation (i3) Fund and a special Congressional appropriation. Both DCPS and public charter schools are able to apply for and receive private funding from foundations and individual donors to supplement public funding.

It was beyond the scope of the Commission to undertake a thorough assessment of the adequacy of the DC revenue system to determine the affordability of education spending. However, in order to understand current spending in context, the Commission examined patterns of education spending from local funds over the past 10 years (FY2002 through FY2012) and compared them to overall spending from the General Fund, personal income and school enrollment. Additionally, the Commission compared the level of per-student spending in DC to that of neighboring jurisdictions. These analyses examined DC education spending based only on local public spending; federal and private revenues were excluded. Similarly, the Commission examined only expenditures for school operations, not capital investments in new facilities or the renovation of existing ones. Detailed information on the Commission's findings related to trends in education spending is available in Appendix VI.

## Key Findings Related to the Affordability of Education Spending

- Growth in education expenditures:** Education expenditures in DC have increased about 23 percent over the FY2002 through FY2012 period, or about 2.1 percent per year, adjusted for inflation and enrollment change. The total student population, in DCPS and public charter schools combined, increased less than two percent during this period.

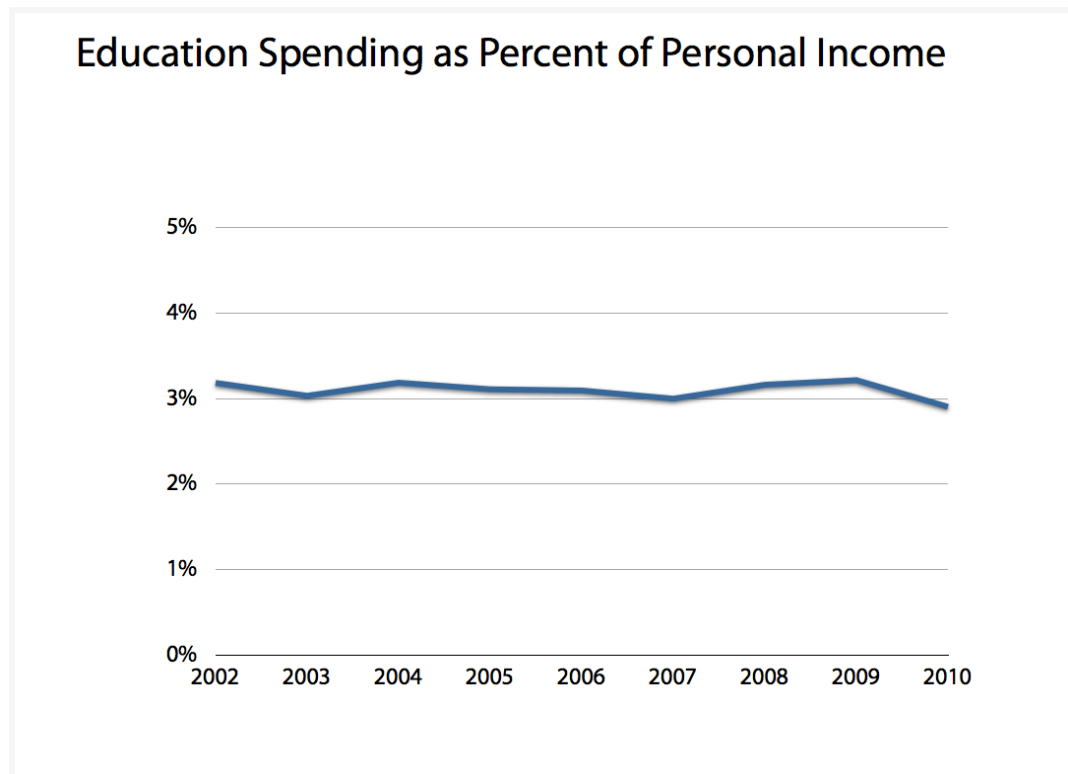


**Sources:** Agency expenditures/budget – Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency; Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds; & Enrollment: Annual independent audits. Note: Data reflect all DC elementary and secondary education spending. See Appendix VI for detailed figures.

- Growth in education expenditures as a share of the DC budget:** Preschool through grade 12 funding, as a share of overall spending from local funds, increased from approximately 23 percent of expenditures in FY2002 to approximately 26 percent of expenditures in FY2012. (Note: This calculation of all General Fund spending does not include PAYGO, transfers to enterprise funds and dedicated taxes. If these items were included, the rate of growth would be nearly equal.)
- Rate of growth in education spending related to growth in overall spending from local revenues:** Education spending grew faster than the growth in General Fund spending, as a whole, between FY2002 and FY2012. While unadjusted education expenditures rose 5.3 percent per year, overall spending rose 4.2 percent annually. It is worth noting that local government expenditures have grown from year-to-year, even for the same services, due to factors such as personnel pay increases and rising health care costs for DC government employees. Education spending has grown somewhat faster than overall spending.
- Spending on education facilities for public charter schools:** Additionally, the growth in public education spending over the past decade includes the creation of a facilities allotment for public charter schools, which is expected to cost more than \$80 million in local funds in 2012 (\$2,800 x 30,000 students).

Excluding the facilities allotment, the growth in education spending would be closer to the overall growth of the DC budget for spending from local funds.<sup>26</sup>

- ***Education spending as a proportion of personal income:*** As a proportion of personal income, education spending has remained steady at three percent throughout the 10-year period.



**Sources:** Agency expenditures/budget – Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency; Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds; & Enrollment: Annual independent audits. Note: Data reflect all DC elementary and secondary education spending. See Appendix VI for detailed figures.

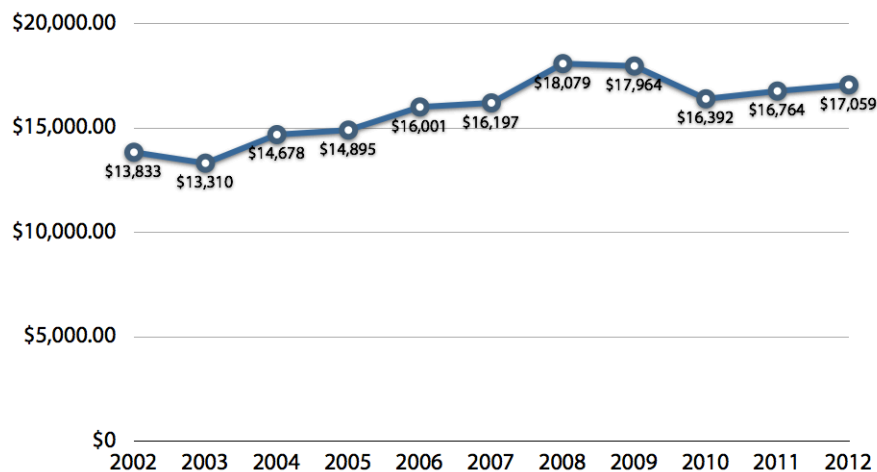
- ***Drivers of increased education spending:*** The primary drivers of increased spending during the past 10 years appear to be core education functions, as well as increased funding on special education tuition and transportation. However, it is also important to note that the latter also grew more slowly than the entire education budget. Between FY2002 and FY2010 (actual), special education funding, or the two categories combined, increased approximately 66 percent.
- ***Spending on DCPS facilities maintenance outside the UPSFF:*** OPEFM (now DGS) budgeted spending on DCPS facilities in the current fiscal year, FY2012, is more than double the amount spent by DCPS on maintenance in 2002.

<sup>26</sup> This function would normally appear either in the DC capital budget or in the debt service portion of the DC operating budget, but not in the City's education operating budget.

- **Growth in per student education spending:** Because total enrollment held relatively steady throughout the 10-year period — despite the decline in DCPS enrollment and the increase in public charter school enrollment—the growth in public charter schools does not appear to be a significant factor contributing to the increase in spending per student. As noted, however, the amount spent per student for both DCPS and public charter schools has grown notably—from approximately \$13,800 in FY2002 to an estimated \$17,000 in FY2012. Moreover, the growth of public charter schools has likely contributed to increases in facility expenses, since each public charter school receives a per-student facility allotment.

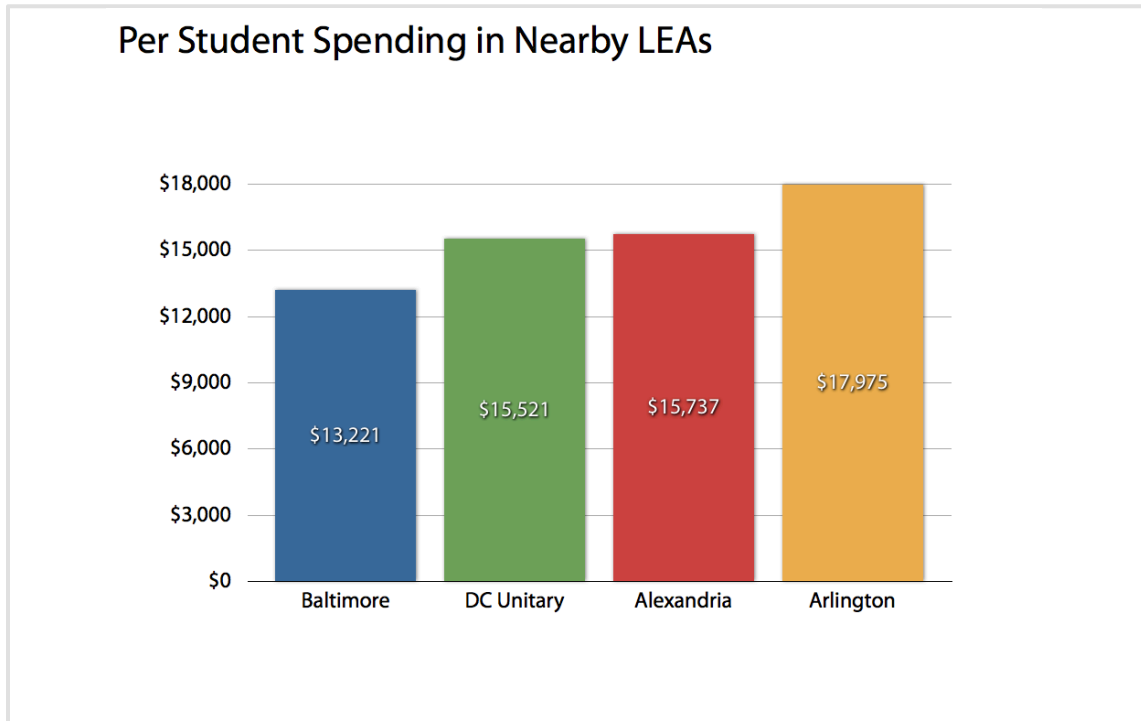
### DC Per Student Expenditure

Figures adjusted for inflation to equal 2010 dollars



**Sources:** Agency expenditures/budget – Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency; Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds; & Enrollment: Annual independent audits. Note: Data reflect all DC elementary and secondary education spending. See Appendix VI for detailed figures.

- **DC education spending compared to neighboring jurisdictions:** DC education spending per student in FY2010 (the last year for which actual expenditure data are available) was approximately \$15,500 per student. This rate of spending is comparable to Alexandria City Public Schools, a neighboring jurisdiction in Virginia with a relatively similar demographic and socio-economic profile. It is lower than that of Arlington Public Schools, also in Virginia, which has a higher socio-economic profile and higher than that of Baltimore, Maryland, which has a similar demographic and socio-economic profile to DC, but a lower cost of living.<sup>27</sup>



**Source:** Data collected and presented by Commissioner Siegel to the DC Public Education Finance Reform Commission on January 5, 2012. Note: The \$15,521 figure varies from the amount in the previous table of \$17,059 due to calculations that removed factors such as special education private school tuition for comparability purposes.

<sup>27</sup> Presentation to the Commission by Commissioner Michael Siegel, January 17, 2012. Note: The \$15,500 approximate figure varies from the amount in the previous table of \$17,059 due to calculations that removed factors such as special education private school tuition for comparability purposes.

#### Affordability Recommendation for Immediate Action in the FY2013 Budget

- The Chief Financial Officer should assess the fiscal implications of all recommendations for immediate action in the FY2013 budget to ensure they can be funded within current budget constraints.
  - **Fiscal impact:** None

#### Affordability Recommendations for Action in FY2014 and Beyond

- To the extent that it is practical and feasible, the new system for allocating and funding facilities for DCPS and public charter schools shall create incentives and remove barriers related to the co-location of DCPS and public charter schools, with the goal of increasing the efficient use of existing DCPS school space.
- Just as DCPS and public charter schools can receive funding for summer school, other options for adding learning opportunities, such as an extended year or extended day, shall be included by the Mayor and Council as an item for research and discussion in an adequacy study, and considered based on research and best practice.

## Transparency

In its Guiding Principles, the Commission noted its support for a transparent and easily understood funding structure, one through which the public can trace funds from the City agency to the school and, ultimately, to the child.

The Commission found a number of states and localities address the issue of transparency in their budget processes and in the presentation of budget and expenditure information through administrative and legislative action. A common strategy is the creation of online budget transparency pages where the public can see at-a-glance information regarding budgeted expenditures and other pertinent financial information. In its deliberations, the Commission noted that DCPS has made significant positive progress with its recent format change for reporting individual school-level budget data clearly and accessibly on the system's website.

### Findings Related to the Transparency of DCPS and DCPCS Financial Reporting and Budgeting Processes

In order to instill confidence in school leaders, families and the public at-large, the DC system for allocating education resources needs must be clear, accessible and transparent. In the course of the Commission's work, a number of findings surfaced:

- ***Inconsistent laws and regulations:*** Much of DC law and regulation governing the allocation of funding and other resources within and outside the UPSFF has been promulgated in a fragmented way over time. Many provisions passed as amendments or language attached to appropriations and other legislation. As a result, much of the current code is confusing or out of date, and some of it may be conflicting. The laws and regulations are difficult for DC officials and interested parties outside the government to understand and to follow.
- ***Tracking dollars from source to student:*** Although the provisions of the UPSFF seem to be well understood by many, there is a prevalent view that, as funds are allocated from the government to the school/student level, there is less transparency about the flow of funds and the use of resources. The Commission found this to be a salient issue for parents and taxpayers who want to understand how monies are being spent in DCPS and public charter schools.
- ***Policy implementation and accountability:*** Given the changes in authority and responsibility since the Mayor took over the public school system in 2008, an array of functions formerly managed within DCPS has now shifted to other agencies reporting directly to the Mayor. The Commission's work revealed that it is difficult to know where to go to obtain information on education budgeting and resource allocation—even for officials within the DC government.
- ***Uniform chart of accounts for public charter schools:*** Currently no detailed uniform chart of accounts exists for public charters schools. Such a template would allow DC residents, parents, and other interested parties to access clear financial and budget data for all public charter schools and would facilitate understanding of how public charter schools are sourcing their programs, operations and facilities costs. The Commission deliberated extensively on this issue and ultimately came to consensus that PCSB should work with OSSE to develop a recommended uniform chart of accounts to increase transparency of education finance in the City.
- ***Policy on surplus facilities:*** The process by which decisions are made concerning the disposition of surplus DC buildings and land is unclear. The 2011 GAO report highlighted the need for greater clarity and an update to the DC Official Code to specify the process so that it is transparent to all. In particular, GAO investigators urged actions to:
  - Ensure that requests for offers on former school buildings clearly indicate all the factors that may be considered by a selection panel; and
  - Inform public charter schools, in writing, of the reasons their offers were rejected or offer the opportunity to request a briefing to obtain such information.<sup>28</sup>

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<sup>28</sup> GAO Study: District of Columbia Charter Schools: Criteria for Awarding School Buildings to Charter Schools Needs Additional Transparency. March, 2011.

Although the Commission did not reach consensus on a specific recommendation, Commissioners expressed concern over a lack of clarity in the language in DC Official Code and regulations governing education spending within and outside the UPSFF; expenditures under the facilities allotment; identification and disposition of surplus DC-owned school buildings and property; public charter schools' right of first offer for the lease or purchase of surplus facilities; and maintenance and operations of all schools.

#### Transparency Recommendations for Immediate Action in the FY2013 Budget

- DCPS and the Office of the Chief Financial Officer and public charter schools shall continue efforts to improve the transparency, consistency and comparability of all LEAs for both system-level and school-level data on educational expenditures, including budgets, enrollment, full-time employees (FTEs) and actual expenditures for operations and capital investments to make this data, at a minimum, as accessible as school-level data is currently.
  - **Fiscal impact:** \$50,000
- The Mayor shall design and adopt measures to inform and engage public stakeholders regarding the flow of education funding from source to student, including easily accessible published materials, community meetings, public hearings, and telephone and email vehicles.
  - **Fiscal impact:** To be determined by the Mayor and Council.
- The Mayor shall create a new panel, comprised of parents, school officials, advocates, and local researchers to review and advise DCPS and public charter schools on outreach and public information related to school funding and the allocation of resources from the City level to the student level.
  - **Fiscal impact:** To be determined by the Mayor and Council.

#### Transparency Recommendation for Action in FY2014 and Beyond

- The Mayor and Council shall hold public hearings before amending the UPSFF laws and regulations.

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## Conclusion

The Public Education Finance Reform Commission offers a starting point for the design and implementation of a sound and equitable education financing system in DC. In less than three months, the Commission and staff gathered information, analyzed pertinent data and took account of the breadth of professional and public perspectives on critical issues and crafted recommendations to the Mayor. The recommendations presented in this report, unanimously approved by the Commission, provide a solid foundation for addressing a number of high priority issues immediately in FY2013 and beyond. They provide a basis for supporting ensuring the necessary educational resources to meet the Common Core State Standards when they are implemented in 2014.

The District of Columbia has a long, proud history of educating students in its public schools. DCPS and public charter schools are working hard to deliver high quality schools for all DC public school students. By law, DCPS and public charter schools are to be funded uniformly through the UPSFF. However, differences between the two systems and the need for the City to address spending pressures when they arise have led to funding practices that are not uniform on a per-student basis in some instances. The Commission has highlighted these areas, and where possible, has quantified the magnitude. The Commission also has recommended steps to achieve greater equity and uniformity.

The Commission also recognizes that in some cases, such as funding for facility maintenance, providing resources on a uniform basis requires examining the circumstances of individual school systems and their varying needs. For example, the maintenance needs of DCPS and public charter schools vary greatly, in part due to the large amount of space maintained by DCPS. Similarly, when DC agencies provide services to schools, such as mental health, the Commission agrees these services should be based on the needs of individual schools according to the needs of students in each school and should not be provided on a proportional basis tied to enrollment. The criteria for allocating these services should be clear, and services should be provided under these criteria to both DCPS and public charter schools. While the Commission believes that every student should receive adequate funding whether they attend a traditional DCPS school or public charter school, the Commission also found that achieving complete uniformity is difficult, and sometimes not practicable. For example, while many Commissioners recognized the problems with and inequities of DCPS receiving supplemental funding mid-year, there was not consensus that such funding should be done in a way that also provides supplemental funding to public charter schools.

Ultimately, the Commission embraces the need to strengthen the existing education financing system in ways that will support and sustain high-quality educational programs in both DCPS and public charter schools for many years to come. For the two sectors to make productive contributions to student achievement, the allocation of funds to DCPS and to public charter schools must be fair to all stakeholders and transparent to parents and the public.

## Approved:

Commission Chair Ed Lazere	Commissioner Allison Kokkoros	Commissioner Mike Siegel
Commissioner Jennifer Comey	Commissioner Hosanna Mahaley	Commissioner Iris Toyer
Commissioner Justin Constantino	Commissioner Lisa Raymond	Commissioner Jeremy Williams
Commissioner Celine Fejeran	Commissioner Lisa Ruda	Commissioner Nakisha Winston
Commissioner Mary Filardo	Commissioner Irasema Salcido	Commissioner Yesim Yilmaz

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## Appendix I: Dissenting Statements by Commissioners

### Statement by Commissioner Jeremy Williams

Commissioners Allison Kokkoros and Irasema Salcido concur with this statement.

I approve the report, but I offer dissenting opinions with regard to the following recommendations and findings.

#### Recommendations

"DC agencies that provide supplemental services to DCPS and charter schools (e.g., school nurses, mental health officers, school resource officers) shall clarify the criteria on which these services and related resources are allocated. Each agency shall submit an annual plan for allocation of these resources to schools." – pg. 21

Supplemental services should be expanded to include maintenance services provided by DGS, retirement contributions, public safety, public health, and legal services. As a step toward uniformity, the value of maintenance services delivered by the Department of General Services (DGS) should be unified under the UPSFF in FY 2013.

"The Mayor shall revise the basis on which maintenance, utilities, and custodial services are funded. Factors that the Mayor shall consider in the development of a new formula include industry standard rates for maintenance and operations, building age and renovation history and the amount of building space in square feet. The Mayor shall consider including incentives for efficient use of space that are unique to each LEA." – pg. 21

While I agree with the concept that maintenance funds should be recalculated based on actual factors relating to the cost of maintenance, my position is that maintenance costs continue to be allocated on a per-student basis under the UPSFF. To allocate maintenance costs in any other fashion creates unhealthy incentives toward inefficient use of space and wasteful energy usage. All maintenance expenditures, including those by DGS, should be included in the pool of allocable maintenance expenditures.

"The DC public charter school facilities allotment shall remain, for now, at \$3,000 per student. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge. The Commission urges the Mayor and Council to study the facilities allotment further. For the time being, the Mayor and the Council should focus on the stability in the facilities allotment, in recognition of the long-term lease and debt obligations of many public charter schools. The Commission will not make detailed recommendations on the facilities allotment because this was not part of its formal charge." – pg. 25

Generally, I support the Commission's recommendation. However, it falls short in specificity. To introduce a measure of the stability to the facilities funding process, the minimum level of funding should be firmly established at \$3,000 per student for fiscal years 2013 and beyond; consisting entirely of local funds. Additionally, I feel that the \$3,000 amount should be increased in future years to account for inflation.

#### Recommendations that Did Not Receive Commission Consensus

"When making mid/year supplemental changes to appropriations (increase or decrease) the need to provide comparable supplemental changes for DCPS and public charter schools should be considered. Notwithstanding the need for DC agencies to comply with anti-deficiency laws, there may be instances in which public charter schools should be afforded the same option. The Commission expressed concern about providing supplemental funding to DCPS but not to public charter schools,

but did not ultimately agree that supplemental funding should be provided in a proportional way to both. The Commissioners noted the need for supplemental funding in DCPS could reflect a variety of factors—such as the high costs of maintaining under-utilized facilities, the need to use space more efficiently, or inefficiencies in budgeting. These suggest that efforts should be made to provide adequate maintenance funding, a subject addressed separately by the Commission, or to improve the budgeting process at DCPS. The Commission did not come to agreement that these factors would warrant providing additional funding to public charter schools.” – pg. 21

Like DCPS, public charter schools routinely endure budget pressures resulting from escalating facilities costs and/or increased employee compensation requirements. As such, my position is that any locally-provided supplemental funding afforded to DCPS should also be provided to public charter schools on a pro-rata basis.

## Findings

“DCPS funding based on projections is consistently higher than OSSE’s audited enrollments. In three of the past five years, the amount of extra funding for general education has been very small — particularly when DC used an independent entity to make enrollment projections. In FY2009, DCPS closed 23 schools and changed grade configurations in elementary schools, the projection was off by 3,000 students, or about a \$31 million overpayment to DCPS based on per student funding. In FY2012 — as OSSE tried to implement the new projections itself, it was off by 1,000 students, or an estimated \$10 million of overfunding—depending on audited findings which are not yet available.” – pg. 20

“Public charter school funding is based on audited enrollment data confirmed by OSSE post the October 5 count date and may result in funding reductions for public charter schools if the spring projections proved to be too high, even though fixed educational costs are unlikely to decline proportionately. For example, losing two percent of students through dropouts results in a two percent decrease in a public charter school’s annual share of UPSFF funding, although it is not likely to result in teacher layoffs or reduced payments for equipment, supplies, rent, mortgages, maintenance and utilities. If a public charter school’s audited enrollment is higher than had been projected, the school receives additional funding.” – pg. 20

The report describes how DCPS is funded based on enrollment projections, while public charters are funded based on an October enrollment audit. The report also describes systematic over-projections made by DCPS relative to the actual number of students served. My position is that although it is appropriate to use spring enrollment projections to develop budgets for both sectors, ultimate funding for both DCPS and public charter schools should be based on an October enrollment audit.

## Statement by Commissioner Mike Siegel

Commissioners Jennifer Comey, Mary Filardo, Ed Lazere and Yesim Yilmaz concur with this statement.

"The Mayor shall revise the basis on which maintenance, utilities, and custodial services are funded. Factors that the Mayor shall consider in the development of a new formula include industry standard rates for maintenance and operations, building age and renovation history and the amount of building space in square feet. The Mayor shall consider including incentives for efficient use of space that are unique to each LEA." – pg. 21

This is offered as a clarifying statement and not as a statement of dissension. The Commission recommends that the District develop a new method to fund school maintenance starting in FY 2014, and we strongly support that. In our opinion, however, the report's discussion of this issue does not fully reflect the Commission's deliberations and the intent behind this recommendation.

The Commission found that the current method for funding maintenance has likely contributed to chronic under-funding for DCPS and some charters, in part because the UPSFF is not based on recognized building maintenance schedules.

Equally important, the Commission recognized that the characteristics of the building stock, utilization, and grounds differ substantially between DCPS and most charter LEA's. For this reason, funding maintenance with a per-pupil amount is not an effective way to meet each LEA's maintenance requirements adequately. There is simply not a good correlation between the number of students and maintenance requirements from one LEA to the next.

To address these problems, the Commission recommended a new funding method based not on the number of students but instead on actual maintenance costs and requirements for adequate maintenance of the actual facilities and grounds for which LEA's are responsible. The Commission found that this method would correct the chronic under-funding that contributes to deferred maintenance of DCPS's buildings and grounds while fully funding all charter LEA's requirements. This method also would self-adjust maintenance funding levels as charters migrate to new facilities and as DCPS accomplishes its modernization and right-sizing program.

The Commission also urged the District to develop appropriately designed incentives for LEA's to maintain and utilize their space and utilities more efficiently, such as allowing LEAs to retain a portion of any maintenance cost savings achieved as a result of efficiency gains.

## Statement by Commissioner Lisa Raymond

"The Mayor shall revise the basis on which maintenance, utilities, and custodial services are funded. Factors that the Mayor shall consider in the development of a new formula include industry standard rates for maintenance and operations, building age and renovation history and the amount of building space in square feet. The Mayor shall consider including incentives for efficient use of space that are unique to each LEA." – pg. 21

I do not feel this recommendation accurately captures the belief of the majority of Commission members. While I certainly would support encouraging the Mayor to consider this issue moving forward, I do not believe there is consensus on this recommendation, and I cannot personally support it at this time. I would prefer for this statement to be "The Commission recognizes there are challenges with funding maintenance, custodial services and utilities on a per-student basis, and urges the Mayor to consider this issue with regard to student needs moving forward."

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## Appendix II: Schedule and Topics Addressed in Commission Meetings and Conference Calls

### Meeting #1

Tuesday, September 27, 2011 – 4:30 to 6:30 p.m.

Martin Luther King Jr. Memorial Library, Room A-10

901 G Street NW, Washington, DC 20001

### Agenda

#### 4:30 p.m. Introduction, Goals, and Process of the Commission

*Commission Staff*

- Legislative charge
- Commission structure, composition and leadership
- Processes for deliberation and decision making
- Work plan and timeline

#### Welcoming Remarks

*De'Shawn Wright, Deputy Mayor for Education*

#### Defining the Scope & Focus of the Commission's Study of Education Finance in the District of Columbia

*Chair Lazere; Commission Staff*

- Setting the parameters: Identification of key issues and priorities to be addressed by the Commission
- Scope of analysis: Clarifying the focus and breadth of the study (uniformity/equity, adequacy, affordability and transparency)
- Data needs and availability

#### Opportunity for Public Comments

*Commission Staff*

#### Summary and Next Steps

#### 6:30 p.m. Adjourn

## Meeting #2

Thursday, December 1, 2011 – 6:00 to 9:00 p.m.

Town Hall Education Arts Recreation Campus, Community Meeting Room

1901 Mississippi Avenue SE, Washington, DC 20020

### Agenda

#### 6:00 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners
- Review legislative charge for the Commission
- Introduce Commission staff
- Present meeting procedures

#### Addition of New Commissioners

*Ed Lazere, Commission Chair*

- Introduce Commission nominees
- Voice vote on nominees
- New members join the Commission

#### Define Key Terms and Determine the Scope of Work for the Commission

*Chair Lazere; Commission Staff*

- Presentation and discussion of Uniform Per Student Funding Formula (UPSFF)
- Present and discuss proposed common definitions for equity/uniformity, adequacy, affordability and transparency
- Present the full scope of work and discuss what is necessary and possible to accomplish at a high level of quality within the limited timeframe

#### Commission Work Process and Public Engagement

*Chair Lazere; Commission Staff*

- Agree on communications protocols and norms
- Present processes for deliberation and decision making
- Present strategies for public engagement

#### Next Steps

*Ed Lazere, Commission Chair*

- Post-meeting opportunity for public comment
- Review plan and preparation for December 14 meeting
- Interim Commission communications as needed

#### 9:00 p.m. Adjourn

## Meeting #3

Wednesday, December 14, 2011 – 5:30 to 6:30 p.m.

This meeting was held via open teleconference.

### Agenda

#### 5:30 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Conduct a roll call of Commissioners
- Welcome members of the Public

#### 5:35 p.m. Scope of Work and Timeline for the Commission

*Chair Lazere; Commissioners; Commission Staff*

- Discuss realistic goals for recommendations on each topic to be addressed by the Commission (equity, adequacy, affordability, and transparency; also uniformity and facilities)
- Review proposed meeting schedule and agendas
- Agree on points to include in the letter to the Deputy Mayor for Education

#### 6:15 p.m. Commission Consensus-Building

*Chair Lazere; Commissioners*

- Affirm the role of the Commission as a body
- Discuss how Commissioner perspectives are essential to deliberation and building consensus

#### 6:30 p.m. Adjourn

*Ed Lazere, Commission Chair*

- Public comments, input and suggestions are welcome following the conference call

## Meeting #4

Wednesday, December 21, 2011 – 6:00 to 9:00 p.m.

Friendship Chamberlain Charter School

1345 Potomac Avenue SE, Washington, DC 20003

### Agenda

#### 6:00 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners and the Public
- Review areas of agreement and outstanding issues from December 14 meeting

#### The Current UPSFF and Other Funding Sources

*Chair Lazere; Commissioners; Commission Staff*

- What services are funded by the UPSFF?
- What services are included in the UPSFF but receive funding outside the formula?
- What services are provided by DC agencies and paid for by DCPS and PCS, but may be subsidized by the agencies?
- What services are provided to schools that are not funded through the formula?

#### Student Enrollment and Mobility Issues

*Chair Lazere; Commissioners; Commission Staff*

- Brief background on how enrollment is measured for purposes of setting DCPS and PCS funding
- Issues raised by enrollment measurement practices
- Impact of student mobility on DCPS and PCS funding

#### Next Steps

*Ed Lazere, Commission Chair*

- Data and information needs for January 5, 2012, Commission meeting
- Letter from the Commission to the Deputy Mayor for Education
- Opportunity for public comment on the meeting until 4:00 p.m. on Friday, December 23

#### 9:00 p.m. Adjourn

## Meeting #5

Thursday, January 5, 2012 – 5:30 to 8:30 p.m.

Anacostia Public Library

1800 Good Hope Road SE, Washington, DC 20020

### Agenda

#### 5:30 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners and the Public
- Review areas of agreement and outstanding issues from December 21 meeting

#### Adequacy Issues in DC Education Spending

*Chair Lazere; Commissioners; Commission Staff*

- Review how the UPSFF foundation payment structure and weightings compare to education financing in other relevant jurisdictions
- Review information on how other jurisdictions have determined what constitutes adequacy to determine whether to recommend further analysis to inform decisions by the Mayor and Council to revise the amount of the UPSFF, weightings and process for periodic adjustments

#### Capital Investments in School Facilities

*Chair Lazere; Commissioners; Commission Staff*

- Review relevant legal and policy issues governing capital investments in DCPS and DCPCS
- Review the financial implications of current law and policy governing capital investments in school facilities
- Identify issues related to equity, efficiency, affordability and consistency with “constitutional intent” in capital investment policies and practices for public schools and publicly-funded charter schools

#### Next Steps

*Ed Lazere, Commission Chair*

- Data and information needs for January 17, 2012, Commission meeting
- Opportunity for public comment on the meeting until 4:00 p.m. on Monday, January 9

#### 8:30 p.m. Adjourn

## Meeting #6

Tuesday, January 17, 2012 – 6:00 to 9:00 p.m.

Columbia Heights Education Campus

3101 16<sup>th</sup> Street NW, Washington, DC 20010

### Agenda

#### 6:00 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners and the Public
- Review areas of agreement and outstanding issues from January 5 meeting
- Additional meeting added to schedule be held via conference call, date and details pending

#### Affordability of the UPSFF

*Chair Lazere, Commissioner Michael Siegel, Commission and Commission staff*

- Review and discuss historical trends and future projections for education spending in the District
- Review and discuss comparative data on education spending under per-student formulas in other cities of similar economic and demographic make-up, including some with similar charter laws, as time allows

#### Transparency of the UPSFF and Education Spending

*Chair Lazere, Commission and Commission staff*

- Review and discuss information related to the transparency of the UPSFF to key audiences and other issues, such as budget, related to transparency in education spending in DC

#### Recommendations for the Mayor

*Chair Lazere, Commission and Commission staff*

- Review list of suggested recommendations from all previous Commission meetings by topic area (equity/uniformity, adequacy, affordability, transparency)
- Begin to develop recommendations for the Commission report to the Mayor

#### Next Steps

*Chair Lazere*

#### 9:00 p.m. Adjourn

## Meeting #7

Wednesday, January 25, 2012 – 5:30 to 8:30 p.m.

Petworth Public Library

4200 Kansas Avenue NW, Washington, DC 20011

### Agenda

#### 5:30 p.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners and the Public
- Overview of plan for tonight's meeting and January 27 conference call

#### Review and Consensus on Commission Recommendations

*Chair Lazere, Commission, Commission Staff*

- Review findings from Commission survey on recommendations
- Deliberate on and approve recommendations for Fiscal Year 2013 related to equity/uniformity, adequacy, affordability and transparency issues in and related to the Uniform Per Student Funding Formula (UPSFF)
- Deliberate on and approve recommendations for future work as well as broader issues of school budget transparency and other education finance issues deemed necessary for the Commission to address

#### Next Steps

*Chair Lazere*

- Opportunity for public comment on the meeting until 4:00 p.m. on Friday, January 27
- Commission conference call on January 27, 9:00 to 11:00 a.m.
- Review and approve via email the draft Equity Report to be delivered to the Deputy Mayor for Education on Tuesday, January 31

#### 8:30 p.m. Adjourn

## Supplemental Conference Call

Friday, January 27, 2012 – 9:00 to 11:00 a.m.

This meeting was held via open teleconference.

### Agenda

#### 9:00 a.m. Call to Order

*Ed Lazere, Commission Chair*

- Welcome Commissioners and the Public
- Overview of plan for the conference call

#### 9:05 a.m. Logistics for the Conference Call

*Chris Given, Commission Staff*

- Using the WebEx conference features
- Listening by members of the Public

#### 9:10 a.m. Continue Deliberation and Consensus on Commission Recommendations

*Chair Lazere and Elizabeth Partoyan, Commission Staff*

- Continue to deliberate on and approve recommendations for Fiscal Year 2013 related to equity/uniformity, adequacy, affordability and transparency issues in and related to the Uniform Per Student Funding Formula (UPSFF)
- Continue to deliberate on and approve recommendations for future work as well as broader issues of school budget transparency and other education finance issues deemed necessary for the Commission to address

#### 10:50 a.m. Final Steps

*Elizabeth Partoyan*

- Opportunity for public comment about the call until 12:00 p.m. on Monday, January 30
- On Monday, January 30, Commissioners will submit comments on the draft Equity Report to staff and Chair Lazere via email
- By 2:00 p.m. on Tuesday, January 31, Commissioners will approve the draft Equity Report via email

#### 11:00 a.m. Adjourn

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## Appendix III: Uniform Per Student Funding Formula in DC Official Code

DC Code D. VI, T. 38, Subt. X, Ch. 29

Current through September 13, 2011

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### § 38-2901. Definitions.

For the purposes of this chapter, the term:

- (1) “Adult education” means services or instruction below the college level for adults who:
  - (A) Lack sufficient mastery of basic educational skills to enable them to function effectively in society;
  - (B) Do not have a certificate of graduation from a school providing secondary education and who have not achieved an equivalent level of education; or
  - (C) Have limited ability in speaking, reading, writing, or understanding the English language and whose native language is a language other than English.
- (1A) “Alternative program” means specialized instruction for students under court supervision or on short- and long-term suspension, or who have been chronically truant or expelled from a regular District of Columbia Public School or public charter school academic program. To qualify as an alternative program, a school must meet the criteria and rules set by the State Education Office. An alternative program may describe an entire school or a specialized program within a school.
- (2) Repealed.
- (3) “Consumer Price Index” (“CPI”) means the Consumer Price Index for all urban consumers for Washington, DC-MD-VA, Index Base Period 1982-84 or its successor, as issued by the United States Department of Labor, Bureau of Labor Statistics.
- (4) “District of Columbia Public Schools” (“DCPS”) means the public local education system under the control of the Board of Education or of the Emergency Transitional Education Board of Trustees in its function. The term does not include Public Charter Schools.
- (5) “Foundation” or “foundation level” means the amount of funding per weighted student needed to provide adequate regular education services to students. Regular education services do not include special education, language minority education, summer school, capital costs, state education agency functions or services funded through federal and other non-appropriated revenue sources.
- (6) “Full-time equivalent” means student enrollment the equal of:
  - (A) Five hours or more per school day for a minimum of 180 school days for students enrolled in grades pre-school through 12; or
  - (B) Three hours per day for a minimum of 4 days per week for 36 weeks per school year for adult enrollment.
- (6A) “Intensive Program of Special Education Services” means specialized special education services of at least 30 hours per student per week for students with one or more disabling conditions in a self-contained setting during regular school hours.
- (7) “Limited English Proficient/Non-English Proficient”(“LEP/NEP”) means students identified in accordance with federal law as entitled to English as a second language or bilingual services on the basis of their English language proficiency.
- (8) “Per student funding formula” (“Formula”) means the formula used to determine annual operating funding for DCPS and Public Charter Schools on a uniform per student basis, pursuant to § 38-1804.01.
- (9) “Public Charter School” means a publicly funded school established pursuant to subchapter II of chapter 18 of this title; and except as provided in §§ 38-1802.12(d)(5) and 38-1802.13(c)(5), is not a part of the DCPS.
- (10) “Residential school” means a DCPS or Public Charter School that provides students with room and board in a residential setting, in addition to their instructional program.

(10A) “Resident student” means a minor enrolled in a District of Columbia public school or public charter school who has a parent, guardian, or custodian residing in the District of Columbia or an adult enrolled in a District of Columbia public school or a public charter school who resides in the District of Columbia as determined pursuant to Chapter 3 of this title.

(10B) “Self-Contained (Dedicated) Special Education School” means a school that has the capacity to provide all the facilities and services needed to meet the educational and therapeutic needs of its students, which may share a campus or only a building with a general education school.

(11) “Special education” means specialized services for students identified as having disabilities, as provided in section 101(a)(1) of the Individuals with Disabilities Education Act, approved April 13, 1970 (84 Stat. 175; 20 U.S.C. § 1401(a)(1)), or students who are individuals with a disability as provided in section 7(8) of the Rehabilitation Act of 1973, approved September 26, 1973 (87 Stat. 359; 29 U.S.C. § 706(8)).

(11A) “Special Education School” means a separate DCPS or public charter day school or residential school dedicated exclusively to serving special education students at levels 4 or 5.

(12) “State level costs” means costs incurred by the DCPS in its function as a state education agency, including the census of minors pursuant to § 38-204, impact aid surveys, issuance of work permits, conduct of hearings and appeals, employee certification, administration of federal aid to agencies or institutions outside of the DCPS or Public Charter Schools administration. For purposes of the Formula, transportation of students with disabilities and payment of tuition for private placements of children with disabilities are considered state level costs.

(13) “Summer school” means an accelerated instructional program provided outside the regular school year of 180 days for students in targeted grades or grade spans pursuant to promotion policies of the District of Columbia Public Schools and public charter schools.

(14) “Weighting” is a multiplication factor applied to the foundation cost for student counts in certain grade levels or special needs programs to account for differences in the cost of educating these students.

Mar. 26, 1999, D.C. Law 12-207, § 102, 45 DCR 8095; Oct. 1, 2002, D.C. Law 14-190, § 3402(a), 49 DCR 6968; Apr. 13, 2005, D.C. Law 15-348, 101(a), 52 DCR 1991; Mar. 2, 2007, D.C. Law 16-192, § 4002(a), 53 DCR 6899; Apr. 24, 2007, D.C. Law 16-305, § 57(a), 53 DCR 6198; Sept. 18, 2007, D.C. Law 17-20, § 4002(a), 54 DCR 7052.

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## § 38-2902. Applicability of Formula.

(a) The Formula shall apply to operating budget appropriations for District of Columbia resident students in DCPS and Public Charter Schools of the District of Columbia. The student count to which the Formula is applied shall not include students enrolled in private institutions providing special education services paid by the District of Columbia or to nonresident students subject to the requirement of paying tuition pursuant to Chapter 3 of this title.

(b) The Formula shall apply only to operating budget appropriations from the District of Columbia General Fund for DCPS and for Public Charter Schools. It shall not apply to funds from federal or other revenue sources, or to funds appropriated to other agencies and funds of the District government.

(c) The Formula shall apply only to Public Charter Schools until the DCPS student enrollment count is verified by an independent contractor who shall perform a census on the student enrollment of the DCPS. The count shall include the information provided in § 38-1804.02(b).

Mar. 26, 1999, D.C. Law 12-207, § 103, 45 DCR 8095.

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## § 38-2903. Foundation level.

The foundation level or cost of providing public education services is \$8,770 per student for fiscal year 2011 and subsequent fiscal years. The foundation level may be revised in subsequent years in accordance with provisions for inflation, revenue unavailability, and periodic review and revision of the Formula, pursuant to §§ 38-2909, 38-2910, and 38-2911.

Mar. 26, 1999, D.C. Law 12-207, § 104, 45 DCR 8095; Oct. 1, 2002, D.C. Law 14-190, § 3402(b), 49 DCR 6968; June 5, 2003, D.C. Law 14-307, § 102(a), 49 DCR 11664; Nov. 13, 2003, D.C. Law 15-39, § 312(a), 50 DCR 5668; Dec. 7, 2004, D.C. Law 15-205, § 4002(a), 51 DCR 8441; Oct. 20, 2005, D.C. Law 16-33, § 4012(a), 52 DCR 7503; Mar. 2, 2007, D.C. Law 16-192, § 4002(b), 53 DCR 6899; Sept. 18, 2007, D.C. Law 17-20, § 4002(b),

## § 38-2904. Weightings applied to counts of students enrolled at certain grade levels.

The student counts at certain grade levels and in certain programs shall be weighted to provide an amount per student differing from the basic foundation level in accordance with the following schedule:

Grade Level	Weighting	Per Pupil Allocation in FY 2011
Pre-School	1.34	\$11,752
Pre-Kindergarten	1.30	\$11,401
Kindergarten	1.30	\$11,401
Grades 1-3	1.00	\$8,770
Grades 4-5	1.00	\$8,770
Ungraded elementary school	1.00	\$8,770
Grades 6-8	1.03	\$9,033
Ungraded middle school/junior high school	1.03	\$9,033
Grades 9-12	1.16	\$10,173
Ungraded senior high school	1.16	\$10,173
Alternative program	1.17	\$10,261
Special education school	1.17	\$10,261
Adult	0.75	\$6,578

Mar. 26, 1999, D.C. Law 12-207, § 105, 45 DCR 8095; Oct. 1, 2002, D.C. Law 14-190, § 3402(c), 49 DCR 6968; June 5, 2003, D.C. Law 14-307, § 102(b), 49 DCR 11664; Nov. 13, 2003, D.C. Law 15-39, § 312(b), 50 DCR 5668; Dec. 7, 2004, D.C. Law 15-205, § 4002(b), 51 DCR 8441; Oct. 20, 2005, D.C. Law 16-33, § 4012(b), 52 DCR 7503; Mar. 2, 2007, D.C. Law 16-191, § 61, 53 DCR 6794; Mar. 2, 2007, D.C. Law 16-192, § 4002(c), 53 DCR 6899; Sept. 18, 2007, D.C. Law 17-20, § 4002(c), 54 DCR 7052; Aug. 16, 2008, D.C. Law 17-219, § 4016(b), 55 DCR 7598; Mar. 3, 2010, D.C. Law 18-111, § 4002(a), 57 DCR 181; Sept. 24, 2010, D.C. Law 18-223, § 4022(b), 57 DCR 6242; Apr. 8, 2011, D.C. Law 18-370, § 402(b), 58 DCR 1008.

## § 38-2905. Supplement to foundation level funding on the basis of the count of special education, LEP/NEP, summer school, and residential school students.

(a) In addition to grade level allocations, supplemental allocations shall be provided on the basis of the count of students identified as entitled to and receiving:

- (1) Special education;
- (2) English as a second language or bilingual education services;
- (3) Summer school instruction for students who do not meet literacy standards pursuant to promotion policies of the DCPS or Public Charter Schools as defined in § 38-1804.01(b)(3)(B)(ii); and
- (4) Extended school days.

(b) Supplemental allocations shall be provided for each student in full-time residence at a residential DCPS or Public Charter School.

(c) The supplemental allocations shall be calculated by applying weightings to the foundation level as follows:

### General Education Add-ons:

Level/ Program	Definition	Weighting	Per Pupil Supplemental FY 2011
LEP/NEP	Limited and non-English proficient students	0.45	\$3,947
Summer	An accelerated instructional program in the summer for students who do not meet literacy standards pursuant to promotion policies of the District of Columbia Public Schools and public charter schools	0.17	\$1,491
Extended school day	Extended learning time beyond the regular school day	0.1	n/a

### Special Education Add-ons:

Level/ Program	Definition	Weighting	Per Pupil Supplemental FY 2011
Level 1: Special Education	Eight hours or less per week of specialized services	0.52	\$4,560
Level 2: Special Education	More than 8 hours and less than or equal to 16 hours per school week of specialized services	0.79	\$6,928
Level 3: Special Education	More than 16 hours and less than or equal to 24 hours per school week of specialized services	1.56	\$13,681
Level 4: Special Education	More than 24 hours per week which may include instruction in a self contained (dedicated) special education school other than residential placement	2.83	\$24,819
Residential	D.C. Public School or public charter school that provides students with room and board in a residential setting, in addition to their instructional program	1.70	\$14,909

### Residential Add-ons:

Level/ Program	Definition	Weighting	Per Pupil Supplemental FY 2011
Level 1: Special Education -- Residential	Additional funding to support the after-hours level 1 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.374	\$3,280

Level 2: Special Education -- Residential	Additional funding to support the after-hours level 2 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	1.360	\$11,927
Level 3: Special Education -- Residential	Additional funding to support the after-hours level 3 special education needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	2.941	\$25,793
Level 4: Special Education -- Residential	Additional funding to support the after-hours level 4 special education needs of limited and non-English proficient students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	2.924	\$25, 643
LEP/NEP -- Residential	Additional funding to support the after-hours Limited and non-English proficiency needs of students living in a D.C. Public School or public charter school that provides students with room and board in a residential setting	0.68	\$5,964

**Special Education Add-ons for Students with Extended School Year (“ESY”) Indicated in Their Individualized Education Programs (“IEPs”):**

Level/ Program	Definition	Weighting	Per Pupil Supplemental FY 2011
Special Education Level 1 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.064	\$561
Special Education Level 2 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.231	\$2,026
Special Education Level 3 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.500	\$4,385
Special Education Level 4 ESY	Additional funding to support the summer school/program need for students who require extended school year (ESY) services in their IEPs	0.497	\$4,359.

(d) The above weightings shall be applied cumulatively in the counts of students who fall into more than one of the above categories.

(e)(1) The summer school weighting of 0.17 shall apply to DCPS and public charter school students enrolled for at least 6 weeks for the purpose described in § 38-2901(13). Summer school students enrolled for a lesser period shall be funded for the number of days in that period on a pro-rata basis.

(2) To receive funding, a DCPS or public charter school summer school program must offer at least 60 hours of instruction outside the regular school year.

(3) To receive full funding, a summer school program must offer at least 4 hours of instruction per day, 5 days a week, for 6 weeks, or its equivalent, for a total of at least 120 hours of instruction outside the regular school year for the purpose described in § 38-2901(13).

(4) The fully funded summer school weighting of 0.17 shall apply for summer school programs that meet the requirements of paragraph (3) of this subsection.

(5) Summer school programs that enroll students for less than 120 hours but more than 59 hours shall be funded on a pro-rata basis.

(f)(1) Funding for special education students enrolled in summer school whose Individual Education Plans require extended school year or summer school services shall be calculated using the add-on weights corresponding to their special education service levels as defined in subsection (c) of this section.

(2) Special education add-on weights for summer school shall apply only to summer programs that deliver the specialized services required by the Individual Education Plans of their enrolled special education students.

(g) The supplemental allocation for the extended school day shall be subject to the inclusion of its fiscal effect in an approved budget.

Mar. 26, 1999, D.C. Law 12-207, § 106, 45 DCR 8095; Oct. 19, 2000, D.C. Law 13-172, § 2702, 47 DCR 6308; Oct. 3, 2001, D.C. Law 14-28, § 502, 48 DCR 6981; Oct. 1, 2002, D.C. Law 14-190, § 3402(d), 49 DCR 6968; June 5, 2003, D.C. Law 14-307, § 102(c), 49 DCR 11664; Nov. 13, 2003, D.C. Law 15-39, § 312(c), 50 DCR 5668; Dec. 7, 2004, D.C. Law 15-205, § 4002(c), 51 DCR 8441; Apr. 13, 2005, D.C. Law 15-348, § 101(b), 52 DCR 1991; Oct. 20, 2005, D.C. Law 16-33, § 4012(c), 52 DCR 7503; Mar. 2, 2007, D.C. Law 16-192, § 4002(d), 53 DCR 6899; Sept. 18, 2007, D.C. Law 17-20, § 4002(d), 54 DCR 7052; Aug. 16, 2008, D.C. Law 17-219, § 4016(c), 55 DCR 7598; Mar. 3, 2010, D.C. Law 18-111, § 4002(b), 57 DCR 181; Sept. 24, 2010, D.C. Law 18-223, § 4022(c), 57 DCR 6242; Apr. 8, 2011, D.C. Law 18-370, § 402(c), 58 DCR 1008.

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## § 38-2906. Pupil count.

(a) Annual appropriations for DCPS pursuant to the Formula shall equal the total estimated costs for the number of resident students projected to be enrolled in DCPS during the fiscal year for which the appropriation is made; provided, that for fiscal year 2008, the projected change in enrollment shall equal the average annual change in enrollment for the preceding 3 years. Beginning in fiscal year 2012, the base for the projections shall be the audited enrollment for the school year preceding the fiscal year for which the appropriation is made.

(b) Annual appropriations for public charter schools pursuant to the Formula shall equal the total estimated costs for the following:

(1) The number of resident students projected to be enrolled in all public charter schools combined during the fiscal year for which the appropriation is made, plus;

(2) The total estimated costs for the per pupil public charter school facilities allotment for the fiscal year for which the appropriation is made.

(3) Repealed.

(c) Repealed.

(d)(1) The student counts reported for October 5 of each year shall be verified by an independent contractor commissioned by the Office of the State Superintendent of Education. The independent contractor shall perform an audit on the student enrollment of each DCPS school and of each public charter school to:

(A) Verify the accuracy of the information contained in the membership report; and

(B) Identify any material weaknesses in the systems, procedures, or methodology used by the DCPS system and public charter schools in:

(i) Determining the number of students, including non-resident students, enrolled in the DCPS and in public charter schools and the number of students whose tuition for enrollment in other school systems is paid for by funds available to the District of Columbia public schools; and

(ii) Assessing and collecting fees and tuition from non-resident students.

(2) The verification process shall begin no later than one week following the day on which the count is taken. The verification shall cover the information required by § 38-1804.02, and shall be transmitted by the Mayor to the Council, the Comptroller General of the United States, and the appropriate congressional committees no later than the following December 31. Until the verification is transmitted, the unaudited October count shall serve as the basis for quarterly payments.

(e) Preliminary projections of public charter school enrollment shall be made by each eligible chartering authority for the public charter schools under its supervision, and submitted to the Mayor by the date on which the Chancellor is required to submit his or her budget request to the Mayor. The eligible chartering authorities may submit revisions of the projections to the Mayor and the Council at any time before the Council committee with oversight responsibilities for the public education budget reports its recommendations on that budget to the Council.

Mar. 26, 1999, D.C. Law 12-207, § 107, 45 DCR 8095; Dec. 7, 2004, D.C. Law 15-205, § 4002(d), 51 DCR 8441; Apr. 13, 2005, D.C. Law 15-348, § 101(c), 52 DCR 1991; Oct. 20, 2005, D.C. Law 16-33, § 4012(d), 52 DCR 7503; Mar. 2, 2007, D.C. Law 16-192, § 4002(e), 53 DCR 6899; Sept. 18, 2007, D.C. Law 17-20, § 4002(e), 54 DCR 7052; Mar. 3, 2010, D.C. Law 18-111, § 4002(c), 57 DCR 181; Sept. 24, 2010, D.C. Law 18-223, § 4022(d), 57 DCR 6242.

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## § 38-2906.01. Payments for District of Columbia Public Schools.

Repealed.

Mar. 26, 1998, D.C. Law 12-207, § 107a, as added Apr. 13, 2005, D.C. Law 15-348, § 101(d), 52 DCR 1991; Mar. 3, 2010, D.C. Law 18-111, 4002(d), 57 DCR 181.

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## § 38-2906.02. Payments to public charter schools.

(a) The Mayor shall make payments to each public charter school from the escrow account established under § 38-1804.03 to a bank designated by each school. The annual payment shall be made in the form of 4 equal quarterly payments calculated in accordance with this section; provided, that the entire annual payment for facilities calculated pursuant to § 38-2908 shall be included in the first payment of the fiscal year and that any payment for new charter schools determined pursuant to § 38-1804.03 shall also be included in the first payment of the fiscal year. The first payment shall be made no later than July 15. Subsequent payments shall be made no later than October 15, January 15, and April 15.

(b) Each payment shall be one-fourth of each public charter school's entitlement, determined as follows:

(1) The basis of the July 15 payment to a public charter school shall be the estimate used in the June 30 quarterly reports submitted by the eligible chartering authorities pursuant to § 38-1804.02(a).

(2) The basis of the October 25 and January 15 payments shall be the unaudited October enrollment numbers for that school contained in the reports submitted by the eligible chartering authorities on October 5.

(3) The basis of the April 15 payment shall be the audited October enrollment numbers; provided, that these amounts shall be adjusted in accordance with the provisions of subsection (c) of this section.

(c) Payments shall not be reduced or delayed pending the conduct and results of the audit prescribed by § 38-2906(d). If the audit finds that the number of verified resident students enrolled at any public charter school differs from that on which its July 15 and October 15 payments were based, the Mayor shall recalculate the appropriate amount of subsequent payments accordingly, adjusting them by the amount of the discrepancy.

(d) Payments for special education, limited English proficient students, and other add-on components of the Funding Formula shall be included in the quarterly payments to public charter schools. Payments shall reflect one-quarter of the annual per student amount for each add-on; provided, that add-ons for special education and limited English proficient students shall be added on a pro-rata basis from the date on which a public charter school begins to provide add-on services for such students.

(e) Prior to, or concurrent with, any payment made pursuant to this section, the Chief Financial Officer of the District of Columbia shall provide to each public charter school an accounting indicating the purpose of the payment and how the payment was calculated.

(f) During any period in which payments to public charter schools become due on a date when District funding is authorized pursuant to a continuing resolution rather than pursuant to an appropriations act, the Chief Financial Officer of the District of Columbia shall provide payments for new public charter schools and increased enrollments in other public charter schools from any unexpended and unobligated funds.

(g) Upon application to the Chief Financial Officer of the District of Columbia, charter schools offering alternative education or special education services may receive payment for eligible students enrolling after October 5, on a pro-rata basis from the date on which the school begins to provide services to that student; provided, that the student represents a net increase to the school's enrollment as of October 5. The pro-rata payments for special education students enrolling after October 5 based on the public charter school's predetermined enrollment schedule shall be disbursed in addition to the quarterly payments at the discretion of the Chief Financial Officer.

Mar. 26, 1998, D.C. Law 12-207, § 107b, as added Apr. 13, 2005, D.C. Law 15-348, § 101(d), 52 DCR 1991; Oct. 20, 2005, D.C. Law 16-33, § 4012(e), 52 DCR 7503; Mar. 2, 2007, D.C. Law 16-192, § 4002(f), 53 DCR 6899.

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## § 38-2907. Education costs excluded from the Formula payments.

(a) The cost of transportation for students with disabilities, tuition payments for private placements for students with disabilities, and the cost of performing state education functions for the District of Columbia are not covered by the Formula and shall be allocated by the Mayor and Council to the Office of the State Superintendent of Education ("OSSE"), or to another agency as considered appropriate by the Mayor, in addition to the amount generated by the Formula.

(b) The OSSE, as the state education agency for the District of Columbia, shall perform all state education functions for public charter schools and for DCPS, which are local education agencies.

Mar. 26, 1999, D.C. Law 12-207, § 108, 45 DCR 8095; Apr. 24, 2007, D.C. Law 16-305, § 57(b), 53 DCR 6198; Mar. 25, 2009, D.C. Law 17-353, § 172(d), 56 DCR 1117; Mar. 3, 2010, D.C. Law 18-111, § 4002(e), 57 DCR 181.

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## § 38-2908. Facilities allowance for Public Charter Schools.

(a) Except as provided in subsections (b) and (b-1) of this section, the fiscal year facility allowance for Public Charter Schools shall be determined as follows: DCPS approved capital budget shall be divided by the previous school year ("SY") DCPS total pupil count, as defined in § 38-2906, to determine the DCPS per pupil facility cost.

(b) For fiscal year 2004 through fiscal year 2008, the facility allowance for Public Charter Schools shall be determined as described in subsection (a) of this section, except that the DCPS per pupil facility cost for all previous years shall be averaged with the current year's DCPS per pupil facility cost to determine the Public Charter School per pupil facility allowance. The facility allowance shall then be multiplied by the number of students estimated to be attending each Public Charter School to determine the actual facility allowance payments to be received by each Public Charter School. For each year after FY 2004, this "moving average" shall only include the most recent 5-year's DCPS per pupil facility cost.

(b-1) For fiscal year 2009 and succeeding fiscal years, the per pupil facility allowance for Public Charter Schools shall be \$3000. The facility allowance shall then be multiplied by the number of students estimated to be attending each Public Charter School to determine the actual facility allowance payments to be received by each Public Charter School.

(c) The entire annual payment for facilities shall be included in the first payment of the fiscal year and that any payment for new charter schools shall also be included in the first payment of the fiscal year.

(d) For DCPS or Public Charter Schools that provide students with room and board in a residential setting, in addition to their instructional program, the facilities allowance determined pursuant to this section shall be multiplied by 2.7 for those students in residence at the school.

(e) The facilities allowance shall only apply to students receiving instruction at a Public Charter School educational facility or as otherwise approved by the Office of the State Superintendent of Education.

Mar. 26, 1999, D.C. Law 12-207, § 109, 45 DCR 8095; Oct. 1, 2002, D.C. Law 14-190, § 3402(e), 49 DCR 6968; Mar. 2, 2007, D.C. Law 16-192, § 4002(g), 53 DCR 6899; Aug. 16, 2008, D.C. Law 17-219, § 4016(d), 55 DCR 7598; Mar. 3, 2010, D.C. Law 18-111, § 4011, 57 DCR 181; Sept. 24, 2010, D.C. Law 18-223, § 4022(e), 57 DCR 6242.

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## § 38-2909. Cost of education adjustment.

Repealed.

Mar. 26, 1999, D.C. Law 12-207, § 110, 45 DCR 8095; Mar. 3, 2010, D.C. Law 18-111, 4002(h), 57 DCR 181.

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## § 38-2910. Procedure for adjusting appropriation in case of revenue unavailability.

If in any given fiscal year the Council finds that full funding of the Formula from local revenues is inconsistent with legal requirements for a balanced budget, the following shall apply:

- (1) The Council shall reduce the foundation level accordingly, and set a schedule for achieving or restoring full funding, however, funding shall not be less than 95% of the previous fiscal year's funding; and
- (2) The Mayor, Council, Superintendent/CEO, and Board of Education shall use their best efforts to obtain temporary supplemental funding from other revenue sources.

Mar. 26, 1999, D.C. Law 12-207, § 111, 45 DCR 8095; Mar. 2, 2007, D.C. Law 16-192, § 4002(h), 53 DCR 6899.

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## § 38-2911. Periodic revision of Formula.

(a) The Mayor and Council, in consultation with representatives of DCPS and of the Public Charter Schools, shall review and revise this Formula within 2 years of its establishment, within 2 years after this initial review and revision, and once every 4 years subsequently. Revisions shall be based upon information and data including study of actual costs of education in the District of Columbia, consideration of performance incentives created by the Formula in practice, research in education and education finance, and public comment.

(b) The study of actual costs of education pursuant to subsection (a) of this section shall include but not be limited to the following:

- (1) The relation of funding levels to student outcomes;
- (2) Maintenance of effort in specified areas of focus to promote continuity of effective practices;
- (3) Improved techniques for determining specific levels of funding needed to provide adequate special education services; and
- (4) Improved measures of change in the cost of education.

(c) The State Education Office shall make recommendations to revise and review the formula as described in subsection (a) of this section for submission to the Mayor and the Council.

Mar. 26, 1999, D.C. Law 12-207, § 112, 45 DCR 8095; Mar. 2, 2007, D.C. Law 16-192, § 4002(i), 53 DCR 6899.

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## § 38-2912. Variations in per pupil allocations.

Variations from uniformity in the Formula are not intended as an exercise of the Council's line-item authority over the DCPS budget. Allocations by the count of students in certain grade levels and programs are intended only to generate total appropriation amounts on a per student basis.

Mar. 26, 1999, D.C. Law 12-207, § 113, 45 DCR 8095.

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## § 38-2913. Services.

Beginning in fiscal year 2013, services provided by District of Columbia government agencies to public schools shall be provided on an equal basis to the District of Columbia Public Schools and public charter schools. Any services

that are funded apart from the Uniform per Student Funding Formula shall not also be funded by the Uniform Per Student Funding Formula.

Mar. 26, 1999, D.C. Law 12-207, § 115, as added Sept. 24, 2010, D.C. Law 18-223, § 4062, 57 DCR 6242; Apr. 8, 2011, D.C. Law 18-370, § 402(d), 58 DCR 1008.

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## § 38-2914. Public Education Finance Reform Commission.

(a)(1) An independent organization shall be retained by the Mayor of the District of Columbia to convene and staff an independent commission on public education finance reform in the District of Columbia, to be known as the Public Education Finance Reform Commission ("Commission").

(2) The Commission shall:

(A) Be conducted according to the standard procedures of the independent organization, with full cooperation of the:

(i) Council;

(ii) Mayor;

(iii) Chancellor;

(iv) State Superintendent of Education; and

(v) Other government personnel;

(B) Establish a process by which the public may participate in providing information, opinion, and reaction to Commission proceedings and reports; and

(C) Post all documents that it produces on the Internet.

(3) All Commission meetings and deliberations shall be open to the public.

(b) The Commission shall study and report on revisions to the Uniform Per Student Funding Formula with regard to improvements in:

(1) Equity;

(2) Adequacy;

(3) Affordability; and

(4) Transparency, including:

(A) The maintenance of uniformity in funding between District of Columbia Public Schools ("DCPS") and public charter schools, taking into account services provided without charge by other District of Columbia agencies;

(B) The determination of the funding level needed by DCPS and the public charter schools to provide educational services sufficient to enable public school students, including special education students and English-language learners, to meet the academic standards of the District of Columbia;

(C) The fiscal ability of the District of Columbia government to provide the necessary funding level; and

(D) The presentation of the Uniform Per Student Funding Formula and calculations made pursuant to it so that the public may clearly understand the basis of the calculations and related budget appropriations.

(c)(1) No later than March 31, 2011, the Commission shall provide to the Mayor an equity report detailing for fiscal years 2009 and 2010:

(2) The equity report shall include:

(A) An analysis of the impact of these payments, transfers, in-kind services, and reprogramming on the uniformity of funding for DCPS and public charter schools;

(B) Recommendations for increasing uniformity in the 2013 budget and succeeding years; and

(C) Weaknesses in the Uniform Per Student Funding Formula Act or in its implementation, if any, that interfere with uniformity of funding.

(d) No later than September 30, 2011, the Commission shall provide the Mayor and Council with a final report and its recommendations for consideration in the development of the fiscal year 2013 budget.

Mar. 26, 1999, D.C. Law 12-207, § 116, as added Sept. 24, 2010, D.C. Law 18-223, § 4062, 57 DCR 6242; Apr. 8, 2011, D.C. Law 18-370, § 402(e), 58 DCR 1008.

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## § 38-2931. Distribution of TANF or Health and Human Services funds for after-school programs.

The District of Columbia Public Schools (“DCPS”) shall distribute any TANF or Health and Human Services funds that it receives that are designated for after-school programs, on an equitable basis, to DCPS and Public Charter Schools serving students with after-school programs, that receive funding based on the Uniformed Per Pupil Funding Formula.

Oct. 1, 2002, D.C. Law 14-190, § 3472, 49 DCR 6968.

## Other Relevant Statutory Excerpts

DC Code D. VI, T. 38, Subt. IV, Ch. 18

Subchapter IV. Per Capita District of Columbia Public School and Public Charter School Funding.

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### § 38-1804.01. Annual budgets for schools.

(a) In general. -- For fiscal year 1997 and for each subsequent fiscal year, the Mayor shall make annual payments from the general fund of the District of Columbia in accordance with the formula established under subsection (b) of this section.

(b) Formula. --

(1) In general. -- The Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, shall establish not later than 90 days after April 26, 1996, a formula to determine the amount of:

(A) The annual payment to the Board of Education for the operating expenses of the District of Columbia public schools, which for purposes of this paragraph includes the operating expenses of the Board of Education and the Office of the Superintendent; and

(B) The annual payment to each public charter school for the operating expenses of each public charter school.

(2) Formula calculation. -- Except as provided in paragraph (3) of this subsection the amount of the annual payment under paragraph (1) of this subsection shall be calculated by multiplying a uniform dollar amount used in the formula established under such paragraph by:

(A) The number of students calculated under § 38-1804.02 that are enrolled at District of Columbia public schools, in the case of the payment under paragraph (1)(A) of this subsection; or

(B) The number of students calculated under § 38-1804.02 that are enrolled at each public charter school, in the case of a payment under paragraph (1)(B) of this subsection.

(3) Exceptions. --

(A) Formula. -- Notwithstanding paragraph (2) of this subsection, the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, may adjust the formula to increase or decrease the amount of the annual payment to the District of Columbia public schools or each public charter school based on a calculation of:

(i) The number of students served by such schools in certain grade levels; and

(ii) The cost of educating students at such certain grade levels.

(B) Payment. -- Notwithstanding paragraph (2) of this subsection, the State Superintendent of Education, with the advice and consent of the District of Columbia Council, may adjust the amount of the annual payment under

paragraph (1) of this subsection to increase the amount of such payment if a District of Columbia public school or a public charter school serves a high number of students:

- (i) With special needs;
- (ii) Who do not meet minimum literacy standards; or
- (iii) To whom the school provides room and board in a residential setting.

(C) Adjustment for facilities costs. -- Notwithstanding paragraph (2) of this subsection, the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, shall adjust the amount of the annual payment under paragraph (1) of this subsection to increase the amount of such payment for a public charter school to take into account leases or purchases of, or improvements to, real property, if the school, not later than April 1 of the fiscal year preceding the payment, requests such an adjustment.

(D) Notwithstanding paragraph (2) of this subsection:

(i) The Office of the State Superintendent of Education shall develop a plan to address deficiencies in the current uniform per student funding formula assumptions funding students requiring an intensive program of special education services and to support improved services and the expanded availability of appropriate programs for these students in the public schools and public charter schools, including in self-contained and non-self-contained settings.

(ii) The OSSE shall study and recommend, prior to the beginning of school year 2007-2008, alternative approaches for funding such students that support the actual costs of services required by a student's Individual Education Plan.

(iii) The OSSE may provide supplemental funding, in accordance with the plan, in addition to the uniform per pupil funding formula amount to a special education school serving students in need of an intensive program of special education services who have been diagnosed as having one or more disabling conditions for which the students' Individual Educational Plans require services in a self-contained setting during the regular school day; provided, that the amount of the total per student funding shall not exceed the negotiated rate for education and related services approved for such students by the Maryland Department of Education.

(E) Notwithstanding paragraph (2) of this subsection, for fiscal year 2011, supplemental funding in addition to the supplemental allocations authorized by § 38-2905 may be provided to local education agencies ("LEAs") for special education services, including programs that increase the capacity of the LEA to provide special education services.

Apr. 26, 1996, 110 Stat. 1321 [256], Pub. L. 104-134, § 2401; Nov. 19, 1997, 111 Stat. 2191, Pub. L. 105-100, §§ 170, 171; Sept. 18, 2007, D.C. Law 17-20, § 4032(c), 54 DCR 7052; Aug. 16, 2008, D.C. Law 17-219, § 4002, 55 DCR 7598; Apr. 8, 2011, D.C. Law 18-370, § 403(a), 58 DCR 1008.

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## § 38-1804.02. Calculation of number of students.

(a) Quarterly reporting requirement. -- On June 30, October 15, December 15, and March 30 of each year the District of Columbia public schools and each eligible chartering authority shall submit a report to the the Mayor and the Council containing the information described in subsection (b) of this section that is applicable to the schools under their respective authorities.

(b) Calculation of number of students. -- Not later than 30 days after April 26, 1996, and not later than October 15 of each year thereafter, the Office of the State Superintendent of Education shall calculate the following:

(1) The number of students, including nonresident students and students with special needs, enrolled in each grade from kindergarten through grade 12 of the District of Columbia public schools and in public charter schools, and the number of students whose tuition for enrollment in other schools is paid for with funds available to the District of Columbia public schools;

(2) The amount of fees and tuition assessed and collected from the nonresident students described in paragraph (1) of this subsection;

(3) The number of students, including nonresident students, enrolled in preschool and prekindergarten in the District of Columbia public schools and in public charter schools;

(4) The amount of fees and tuition assessed and collected from the nonresident students described in paragraph (3) of this subsection;

(5) The number of full time equivalent adult students enrolled in adult, community, continuing, and vocational education programs in the District of Columbia public schools and in public charter schools;

(6) The amount of fees and tuition assessed and collected from resident and nonresident adult students described in paragraph (5) of this subsection;

(7) The number of students, including nonresident students, enrolled in nongrade level programs in District of Columbia public schools and in public charter schools;

(8) The amount of fees and tuition assessed and collected from nonresident students described in paragraph (7) of this subsection; and

(9) The number of enrolled students who have dropped out since the date of the previous report.

(c) Annual reports. -- Not later than October 30 of each year the Mayor shall prepare and submit to the Authority (during a control year), the Council, the Comptroller General of the United States, and the appropriate congressional committees a report containing a summary of the calculations made pursuant to subsection (b) of this subsection, including the 4 immediately prior reporting periods specified in subsection (a) of this section.

(d) Audit of initial calculations. --

(1) In general. -- The Office of the State Superintendent of Education shall provide for the conduct of an independent audit of the initial calculations described in subsection (b) of this subsection.

(2) Conduct of audit. -- In conducting the audit, the independent auditor:

(A) Shall provide an opinion as to the accuracy of the information contained in the report described in subsection (c) of this subsection; and

(B) Shall identify any material weaknesses in the systems, procedures, or methodology used by the Office of the State Superintendent of Education:

(i) In determining the number of students, including nonresident students, enrolled in the District of Columbia public schools and in public charter schools, and the number of students whose tuition for enrollment in other school systems is paid for by funds available to the District of Columbia public schools; and

(ii) In assessing and collecting fees and tuition from nonresident students.

(3) Submission of audit. -- Not later than 60 days after the date on which the Council receives the initial annual report from the Office of the State Superintendent of Education required under subsection (c) of this subsection, the Office of the State Superintendent of Education shall submit to the Mayor, the Council, and the appropriate congressional committees, the audit conducted pursuant to this subsection.

(4) Cost of the audit. -- The Office of the State Superintendent of Education shall fund the independent audit solely from amounts appropriated to the Office of the State Superintendent of Education for staff, stipends, and non-personal services of the Office of the State Superintendent of Education by an act making appropriations for the District of Columbia.

Apr. 26, 1996, 110 Stat. 1321 [257], Pub. L. 104-134, § 2402; Oct. 21, 2000, D.C. Law 13-176, § 8(c), 47 DCR 6835; Apr. 13, 2005, D.C. Law 15-348, § 102(b), 52 DCR 1991; Sept. 24, 2010, D.C. Law 18-223, § 4092, 57 DCR 6242.

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## § 38-1804.03. Payments.

(a) In general. --

(1) Escrow for public charter schools. -- Except as provided in subsection (b) of this section, for any fiscal year, not later than 10 days after the date of enactment of an act making appropriations for the District of Columbia for such fiscal year, the Mayor shall place in escrow an amount equal to the aggregate of the amounts determined under § 38-1804.01(b)(1)(B) for use only by District of Columbia public charter schools.

(2) Transfer of escrow funds. --

(A) Initial payment. --

(i) In General. -- Except as provided in sub-subparagraphs (ii) and (iii) of this subparagraph, no later than July 15, October 15, January 15, and April 15 of each year, the Mayor shall transfer, by electronic funds transfer, the quarterly payments for each public charter school as prescribed in § 38-2906.02 to a bank designated by such school.

(ii) Reduction in case of a new school. -- In the case of a public charter school that has received a payment pursuant to subsection (b) of this section in the fiscal year immediately preceding the fiscal year in which a transfer pursuant to sub-subparagraph (i) of this subparagraph is made, the amounts transferred to the school under sub-subparagraph (i) of this subparagraph shall be reduced by an amount equal to 25% of the amount of the payment made pursuant to subsection (b) of this section.

(iii) Funds received from the Education Jobs Fund, established by section 101 of An Act To modernize the air traffic control system, improve the safety, reliability, and availability of transportation by air in the United States, provides for modernization of the air traffic control system, reauthorizes the Federal Aviation Administration, and for other purposes, approved August 10, 2010 (Pub. L. No.111-226; 124 Stat. 2389) ("Act"), shall be disbursed to public charter schools at such times as are consistent with the requirements of the Act, its implementing regulations, and other applicable federal regulations.

(B) Repealed.

(C) Pro rata reduction or increase in payments. --

(i) Pro rata reduction. -- If the funds made available to the District of Columbia Government for the District of Columbia public school system and each public charter school for any fiscal year are insufficient to pay the full amount that such system and each public charter school is eligible to receive under this subchapter for such year, the Mayor shall ratably reduce such amounts for such year on the basis of the formula described in § 38-1804.01(b).

(ii) Increase. -- If additional funds become available for making payments under this subchapter for such fiscal year, amounts that were reduced under subparagraph (A) of this paragraph shall be increased on the same basis as such amounts were reduced.

(D) Unexpended funds. -- Any funds that remain in the escrow account for public charter schools on September 30 of a fiscal year shall revert to the general fund of the District of Columbia.

(b) Payments to public schools and public charter schools.

(1) Establishment of fund. -- The fund previously established in the General Fund of the District of Columbia as the "Charter School Fund" shall be redesignated the Student Enrollment Fund. Amounts deposited in the Student Enrollment Fund shall be available for expenditure without further appropriation and shall remain available until expended for the purposes described in paragraph (3) of this subsection. Amounts remaining unobligated or unexpended at the end of a fiscal year shall not revert to the General Fund of the District of Columbia.

(2) Contents of fund. -- The Student Enrollment Fund shall consist of:

(A) Unexpended and unobligated amounts appropriated from local funds for public charter schools for each fiscal year that reverted to the General Fund of the District of Columbia, together with any other local funds that the Chief Financial Officer certifies are necessary to effect the purposes of the fund during the fiscal year; provided, that the amount of funds deposited shall not exceed \$8 million in any fiscal year; and

(B) Any interest earned on such amounts.

(3) Purposes of fund. -- The Student Enrollment Fund shall be used to assist public schools and public charter schools in the District of Columbia by providing funding in cases where the total audited enrollment, including enrollment in special needs categories, exceeds the projected student enrollment on which the annual appropriation is based in that fiscal year.

(4) Expenditures from fund. --

(A) Expenditures from the Student Enrollment Fund for enrollment in excess of the annual public charter school projection for any public charter school operating in that fiscal year shall be authorized in cases where the total audited actual enrollment, including enrollment in special needs categories, exceeds the projected student enrollment on which the annual appropriation is based in that fiscal year.

(B) Expenditures from the Student Enrollment Fund for enrollment in excess of annual public school projections shall be authorized in cases where the total audited actual enrollment exceeds that of the student enrollment on which the annual appropriation is based in that fiscal year.

(5) Form of payment. -- Payments under this subsection shall be made by electronic funds transfer from the Student Enrollment Fund to a bank designated by a public charter school.

(6) Authorization of appropriations. -- There are authorized to be appropriated to the Chief Financial Officer such sums as may be necessary to effect the purposes of this subsection for each fiscal year.

(c) Assignment of payments. -- A public charter school may assign any payments made to the school under this section to a financial institution for use as collateral to secure a loan or for the repayment of a loan.

Apr. 26, 1996, 110 Stat. 1321 [259], Pub. L. 104-134, § 2403; Nov. 19, 1997, 111 Stat. 2191, Pub. L. 105-100, § 172; Nov. 22, 2000, 114 Stat. 2440, Pub. L. 106-522, § 120(d); Feb. 20, 2003, 117 Stat. 132, Pub. L. 108-7, Div. C, title III, § 146(a); Oct. 18, 2004, 118 Stat. 1347, Pub. L. 108-335, § 335(a), (b); Apr. 13, 2005, D.C. Law 15-348, § 102(c)(1), 52 DCR 1991; Mar. 2, 2007, D.C. Law 16-191, § 59, 53 DCR 6794; Sept. 18, 2007, D.C. Law 17-20, § 4032(d), 54 DCR 7052; Apr. 8, 2011, D.C. Law 18-370, § 403(b), 58 DCR 1008.

## **Uniformity Requirement Under Federal Law**

104th Congress Public Law 134.

Subtitle D. Per Capita District of Columbia Public School and Public Charter School Funding.

SEC. 2401. ANNUAL BUDGETS FOR SCHOOLS.

(a) In General.--For fiscal year 1997 and for each subsequent fiscal year, the Mayor shall make annual payments from the general fund of the District of Columbia in accordance with the formula established under subsection (b).

(b) Formula.--

(1) In general.--The Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, shall establish not later than 90 days after enactment of this Act, a formula to determine the amount of--

(A) the annual payment to the Board of Education for the operating expenses of the District of Columbia public schools, which for purposes of this paragraph includes the

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operating expenses of the Board of Education and the Office of the Superintendent; and

(B) the annual payment to each public charter school for the operating expenses of each public charter school.

(2) Formula calculation.--Except as provided in paragraph (3), the amount of the annual payment under paragraph (1) shall be calculated by multiplying a uniform dollar amount used in the formula established under such paragraph by--

(A) the number of students calculated under section 2402 that are enrolled at District of Columbia public schools, in the case of the payment under paragraph (1)(A); or

(B) the number of students calculated under section 2402 that are enrolled at each public charter school, in the case of a payment under paragraph (1)(B).

(3) Exceptions.--

(A) Formula.--Notwithstanding paragraph (2), the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, may adjust the formula to increase or decrease the amount of the annual payment to the District of Columbia public schools or each public charter school based on a calculation of--

(i) the number of students served by such schools in certain grade levels; and

(ii) the cost of educating students at such certain grade levels.

(B) Payment.--Notwithstanding paragraph (2), the Mayor and the District of Columbia Council, in consultation with the Board of Education and the Superintendent, may adjust the amount of the annual payment under paragraph (1) to increase the amount of such payment if a District of Columbia public school or a public charter school serves a high number of students--

(i) with special needs; or

(ii) who do not meet minimum literacy standards.

SEC. 2402. CALCULATION OF NUMBER OF STUDENTS.

(a) School Reporting Requirement.--

(1) In general.--Not later than September 15, 1996, and not later than September 15 of each year thereafter, each District of Columbia public school and public charter school shall submit a report to the Mayor and the Board of Education containing the information described in subsection (b) that is applicable to such school.

(2) Special rule.--Not later than April 1, 1997, and not later than April 1 of each year thereafter, each public charter school shall submit a report in the same form and manner as described in paragraph (1) to ensure accurate payment under section 2403(a)(2)(B)(ii).

(b) Calculation of Number of Students.--Not later than 30 days after the date of the enactment of this Act, and not later than October 15 of each year thereafter, the Board of Education shall calculate the following:

(1) The number of students, including nonresident students and students with special needs, enrolled in each grade from kindergarten through grade 12 of the District of Columbia

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public schools and in public charter schools, and the number of students whose tuition for enrollment in other schools is paid for with funds available to the District of Columbia public schools.

(2) The amount of fees and tuition assessed and collected from the nonresident students described in paragraph (1).

(3) The number of students, including nonresident students, enrolled in preschool and prekindergarten in the District of Columbia public schools and in public charter schools.

(4) The amount of fees and tuition assessed and collected from the nonresident students described in paragraph (3).

(5) The number of full time equivalent adult students enrolled in adult, community, continuing, and vocational education programs in the District of Columbia public schools and in public charter schools.

(6) The amount of fees and tuition assessed and collected from resident and nonresident adult students described in paragraph (5).

(7) The number of students, including nonresident students, enrolled in nongrade level programs in District of Columbia public schools and in public charter schools.

(8) The amount of fees and tuition assessed and collected from nonresident students described in paragraph (7).

(c) Annual Reports.--Not later than 30 days after the date of the enactment of this Act, and not later than October 15 of each year

thereafter, the Board of Education shall prepare and submit to the Authority, the Mayor, the District of Columbia Council, the Consensus Commission, the Comptroller General of the United States, and the appropriate congressional committees a report containing a summary of the most recent calculations made under subsection (b).

(d) Audit of Initial Calculations.--

(1) In general.--The Board of Education shall arrange with the Authority to provide for the conduct of an independent audit of the initial calculations described in subsection (b).

(2) Conduct of audit.--In conducting the audit, the independent auditor--

(A) shall provide an opinion as to the accuracy of the information contained in the report described in subsection (c); and

(B) shall identify any material weaknesses in the systems, procedures, or methodology used by the Board of Education--

(i) in determining the number of students, including nonresident students, enrolled in the District of Columbia public schools and in public charter schools, and the number of students whose tuition for enrollment in other school systems is paid for by funds available to the District of Columbia public schools; and

(ii) in assessing and collecting fees and tuition from nonresident students.

(3) Submission of audit.--Not later than 45 days, or as soon thereafter as is practicable, after the date on which the Authority receives the initial annual report from the Board of Education under subsection (c), the Authority shall submit to the Board of Education, the Mayor, the District of Columbia

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Council, and the appropriate congressional committees, the audit conducted under this subsection.

(4) Cost of the audit.--The Board of Education shall reimburse the Authority for the cost of the independent audit, solely from amounts appropriated to the Board of Education for staff, stipends, and other-than-personal-services of the Board

of Education by an Act making appropriations for the District of Columbia.

#### SEC. 2403. PAYMENTS.

(a) In General.--

(1) Escrow for public charter schools.--Except as provided in subsection (b), for any fiscal year, not later than 10 days after the date of enactment of an Act making appropriations for the District of Columbia for such fiscal year, the Mayor shall place in escrow an amount equal to the aggregate of the amounts determined under section 2401(b)(1)(B) for use only by District of Columbia public charter schools.

(2) Transfer of escrow funds.--

(A) Initial payment.--Not later than October 15, 1996, and not later than October 15 of each year thereafter, the Mayor shall transfer, by electronic funds transfer, an amount equal to 75 percent of the amount of the annual payment for each public charter school determined by using the formula established pursuant to section 2401(b) to a bank designated by such school.

(B) Final payment.--

(i) Except as provided in clause (ii), not later than May 1, 1997, and not later than May 1 of each year thereafter, the Mayor shall transfer the remainder of the annual payment for a public charter school in the same manner as the initial payment was made under subparagraph (A).

(ii) Not later than March 15, 1997, and not later than March 15 of each year thereafter, if the enrollment number of a public charter school has changed from the number reported to the Mayor and the Board of Education, as required under section 2402(a), the Mayor shall increase the payment in an amount equal to 50 percent of the amount provided for each student who has enrolled in such school in excess of such enrollment number, or shall reduce the payment in an amount equal to 50 percent of the amount provided for

each student who has withdrawn or dropped out of such school below such enrollment number.

(C) Pro rata reduction or increase in payments.--

(i) Pro rata reduction.--If the funds made available to the District of Columbia Government for the District of Columbia public school system and each public charter school for any fiscal year are insufficient to pay the full amount that such system and each public charter school is eligible to receive under this subtitle for such year, the Mayor shall ratably reduce such amounts for such year on the basis of the formula described in section 2401(b).

(ii) Increase.--If additional funds become available for making payments under this subtitle for such

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fiscal year, amounts that were reduced under subparagraph (A) shall be increased on the same basis as such amounts were reduced.

(D) Unexpended funds.--Any funds that remain in the escrow account for public charter schools on September 30 of a fiscal year shall revert to the general fund of the District of Columbia.

(b) Exception for New Schools.--

(1) Authorization.--There are authorized to be appropriated \$200,000 for each fiscal year to carry out this subsection.

(2) Disbursement to mayor.--The Secretary of the Treasury shall make available and disburse to the Mayor, not later than August 1 of each of the fiscal years 1996 through 2000, such funds as have been appropriated under paragraph (1).

(3) Escrow.--The Mayor shall place in escrow, for use by public charter schools, any sum disbursed under paragraph (2) and not paid under paragraph (4).

(4) Payments to schools.--The Mayor shall pay to public charter schools described in paragraph (5), in accordance with this subsection, any sum disbursed under paragraph (2).

(5) Schools described.--The schools referred to in paragraph

(4) are public charter schools that--

(A) did not operate as public charter schools during any portion of the fiscal year preceding the fiscal year for which funds are authorized to be appropriated under paragraph (1); and

(B) operated as public charter schools during the fiscal year for which funds are authorized to be appropriated under paragraph (1).

(6) Formula.--

(A) 1996.--The amount of the payment to a public charter school described in paragraph (5) that begins operation in fiscal year 1996 shall be calculated by multiplying \$6,300 by  $\frac{1}{12}$  of the total anticipated enrollment as set forth in the petition to establish the public charter school; and

(B) 1997 through 2000.--The amount of the payment to a public charter school described in paragraph (5) that begins operation in any of fiscal years 1997 through 2000 shall be calculated by multiplying the uniform dollar amount used in the formula established under section 2401(b) by  $\frac{1}{12}$  of the total anticipated enrollment as set forth in the petition to establish the public charter school.

(7) Payment to schools.--

(A) Transfer.--On September 1 of each of the years 1996 through 2000, the Mayor shall transfer, by electronic funds transfer, the amount determined under paragraph (6) for each public charter school from the escrow account established under subsection (a) to a bank designated by each such school.

(B) Pro rata and remaining funds.--Subparagraphs (C) and (D) of subsection (a)(2) shall apply to payments made under this subsection, except that for purposes of this subparagraph references to District of Columbia public schools in such subparagraphs (C) and (D) shall be read to refer to public charter schools.

Subtitle E--School Facilities Repair and Improvement

SEC. 2550. DEFINITIONS.

For purposes of this subtitle--

(1) the term ``facilities'' means buildings, structures, and real property of the District of Columbia public schools, except that such term does not include any administrative office building that is not located in a building containing classrooms; and

(2) the term ``repair and improvement'' includes administration, construction, and renovation.

PART 1--SCHOOL FACILITIES

SEC. 2551. TECHNICAL ASSISTANCE.

(a) In General.--Not later than 90 days after the date of enactment of this Act the Administrator of the General Services Administration shall enter into a Memorandum of Agreement or Understanding (referred to in this subtitle as the ``Agreement'') with the Superintendent regarding the terms under which the Administrator will provide technical assistance and related services with respect to District of Columbia public schools facilities management in accordance with this section.

(b) Technical Assistance and Related Services.--The technical assistance and related services described in subsection (a) shall include--

(1) the Administrator consulting with and advising District of Columbia public school personnel responsible for public schools facilities management, including repair and improvement with respect to facilities management of such schools;

(2) the Administrator assisting the Superintendent in developing a systemic and comprehensive facilities revitalization program, for the repair and improvement of District of Columbia public school facilities, which program shall--

(A) include a list of facilities to be repaired and improved in a recommended order of priority;

(B) provide the repair and improvement required to support modern technology; and

(C) take into account the Preliminary Facilities Master Plan 2005 (prepared by the Superintendent's Task

Force on Education Infrastructure for the 21st Century);

(3) the method by which the Superintendent will accept donations of private goods and services for use by the District of Columbia public schools without regard to any law or regulation of the District of Columbia;

(4) the Administrator recommending specific repair and improvement projects in District of Columbia public school facilities to the Superintendent that are appropriate for completion by members and units of the National Guard and the Reserves in accordance with the program developed under paragraph (2);

(5) upon the request of the Superintendent, the Administrator assisting the appropriate District of Columbia public school officials in the preparation of an action plan for the performance of any repair and improvement recommended in

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the program developed under paragraph (2), which action plan shall detail the technical assistance and related services the Administrator proposes to provide in the accomplishment of the repair and improvement;

(6) upon the request of the Superintendent, and if consistent with the efficient use of resources as determined by the Administrator, the coordination of the accomplishment of any repair and improvement in accordance with the action plan prepared under paragraph (5), except that in carrying out this paragraph, the Administrator shall not be subject to the requirements of title III of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq., and 41 U.S.C. 251 et seq.), the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), nor shall such action plan be subject to review under the bid protest procedures described in sections 3551 through 3556 of title 31, United States Code, or the Contract Disputes Act of 1978 (41 U.S.C. 601 et seq.);

(7) providing access for the Administrator to all District of Columbia public school facilities as well as permitting the Administrator to request and obtain any record or document regarding such facilities as the Administrator determines necessary, except that any such record or document shall not

become a record (as defined in section 552a of title 5, United States Code) of the General Services Administration; and

(8) the Administrator making recommendations regarding how District of Columbia public school facilities may be used by the District of Columbia community for multiple purposes.

(c) Agreement Provisions.--The Agreement shall include--

(1) the procedures by which the Superintendent and Administrator will consult with respect to carrying out this section, including reasonable time frames for such consultation;

(2) the scope of the technical assistance and related services to be provided by the General Services Administration in accordance with this section;

(3) assurances by the Administrator and the Superintendent to cooperate with each other in any way necessary to ensure implementation of the Agreement, including assurances that funds available to the District of Columbia shall be used to pay the obligations of the District of Columbia public school system that are incurred as a result of actions taken under, or in furtherance of, the Agreement, in addition to funds available to the Administrator for purposes of this section; and

(4) the duration of the Agreement, except that in no event shall the Agreement remain in effect later than the day that is 24 months after the date that the Agreement is signed, or the day that the agency designated pursuant to section 2552(a)(2) assumes responsibility for the District of Columbia public school facilities, whichever day is earlier.

(d) Limitation on Administrator's Liability.--No claim, suit, or action may be brought against the Administrator in connection with the discharge of the Administrator's responsibilities under this subtitle.

(e) Special Rule.--Notwithstanding any other provision of law, the Administrator is authorized to accept and use a conditioned gift made for the express purpose of repairing or improving a District of Columbia public school, except that the Administrator shall not be required to carry out any repair or improvement

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under this section unless the Administrator accepts a donation of private goods or services sufficient to cover the costs of such repair or improvement.

(f) Effective Date.--This subtitle shall cease to be effective on the earlier day specified in subsection (c)(4).

#### SEC. 2552. FACILITIES REVITALIZATION PROGRAM.

(a) Program.--Not later than 12 months after the date of enactment of this Act, the Mayor and the District of Columbia Council in consultation with the Administrator, the Authority, the Board of Education, and the Superintendent, shall--

(1) design and implement a comprehensive long-term program for the repair and improvement, and maintenance and management, of the District of Columbia public school facilities, which program shall incorporate the work completed in accordance with the program described in section 2551(b)(2); and

(2) designate a new or existing agency or authority within the District of Columbia Government to administer such program.

(b) Proceeds.--Such program shall include--

(1) identifying short-term funding for capital and maintenance of facilities, which may include retaining proceeds from the sale or lease of a District of Columbia public school facility; and

(2) identifying and designating long-term funding for capital and maintenance of facilities.

(c) Implementation.--Upon implementation of such program, the agency or authority created or designated pursuant to subsection (a)(2) shall assume authority and responsibility for the repair and improvement, and maintenance and management, of District of Columbia public schools.

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## Appendix IV: Audited Enrollment (FY2008 – FY2012)<sup>29</sup>

### DC Total Enrollment by Sector, FY2008–FY2012 School Year

	FY2008	FY2009	FY2010	FY2011	FY2012
DCPS	49001	44681	44467	45631	45191
Charter schools	21866	25614	27617	29366	31562
Private/county tuition	2224	2219	2573	2357	2062
Total	71273	70666	72454	75346	77099
DCPS	69%	63%	61%	61%	59%
Charter schools	31%	36%	38%	39%	41%
Private/county tuition	3%	3%	4%	3%	3%

### DC Special Education Enrollment by Sector, FY2008–FY2012 School Year

	FY2008	FY2009	FY2010	FY2011	FY2012
DCPS	6557	5838	5748	6567	7019
Charter schools	2307	2582	2823	3183	3659
Private/county tuition	8864	8420	8571	9750	10678
Total	10817	10388	10836	11898	12494
DCPS	61%	56%	53%	55%	56%
Charter schools	21%	25%	26%	27%	29%
Private/county tuition	82%	81%	79%	82%	85%
Share of DCPS enrollment	13.38%	13.07%	12.93%	14.39%	15.53%
Share of charter enrollment	10.55%	10.08%	10.22%	10.84%	11.59%

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<sup>29</sup> Data provided by the Office of Special Education at OSSE, 2/13/2012.

**DC Special Education Students as Percent of Total Audited Enrollment by Sector and Level of Service, FY2008–FY2011 School Year**

**DCPS**

	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
<b>DCPS Level 1</b>	3%	3%	3%	4%
<b>Level 2</b>	5%	5%	5%	8%
<b>Level 3</b>	2%	2%	1%	1%
<b>Level 4</b>	4%	4%	3%	3%

**Charter Schools**

	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>
<b>PCS Level 1</b>	2%	3%	3%	3%
<b>Level 2</b>	4%	4%	4%	4%
<b>Level 3</b>	2%	2%	2%	2%
<b>Level 4</b>	3%	2%	2%	2%

**DC Limited English Proficient Audited Student Enrollment by Sector, FY2008–FY2011 School Year**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>DCPS</b>	4,110	4,273	4,341	4,316
<b>Charter schools</b>	1,240	1,630	1,933	1,922
<b>Total</b>	5,350	5,903	6,274	6,238
<b>DCPS</b>	77%	72%	69%	69%
<b>Charter schools</b>	23%	28%	31%	31%
<b>Share of DCPS enrollment</b>	8%	10%	10%	9%
<b>Share of charter enrollment</b>	6%	6%	7%	7%

Source: Information provided by OSSE; tables prepared by Mary Levy.

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## Appendix V: Specifications for a Study of the Costs of Providing an Adequate Education in the District of Columbia

### Purpose

The DC Public Education Finance Reform Commission (Commission) recommends the Mayor commission a study of the costs of providing an adequate education in the District of Columbia. The purpose of the study would be to:

1. Develop a data-driven estimate of the cost of an “adequate” pre-K-12 education;
2. Recommend changes in the structure and level of foundation funding level in the Uniform Per Student Funding Formula (UPSFF) and weightings for students with learning needs that require services, which entail additional costs.

### Scope of Work

Researchers would be required to present a detailed plan for the study, including a description of how they would undertake each part of the study and then use the results to make recommendations for changes to the UPSFF, including:

1. Deriving a recommended foundation funding level for all students regardless of whether they attend DCPS or public charter schools;
3. Recommending needed changes in the structure and level of weightings for students with special learning needs which require services that entail additional costs, including special education students, ELL and students who are both low-income families and behind grade level/at risk of academic failure; and
4. Identifying other resources that are key to helping schools meet the DC academic performance standards; and
5. Clarifying the expected fiscal impact of these changes over a period of approximately five years.
6. Establishing an advisory group to review and recommend updates to the adequacy study on a regular basis. The advisory group will coordinate with the technical working group established by the Mayor under the auspices of the Office of the State Superintendent of Education (OSSE) to ensure sharing of information key to decision-making, ongoing review of the District’s achievement of the needed level of education funding and regularly reassessing the adequacy of existing revenue structures to meet these needs over time.

Researchers would be required to submit a report to the Mayor presenting their findings and recommendations and describing their approach to the study.

### Required Level of Effort

Based on the experience of other states that have commissioned similar adequacy studies, the Commission recommends that the Mayor allocate a minimum of 12 months for the completion of the work and provide funding up to \$350,000 depending on the final research design that is selected.

## Appendix VI: Trends in Education Spending Related to Overall Spending, Personal Income and Student Enrollment (FY2002 – FY2012)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 02-FY 10	FY 02-FY 12
<b>District of Columbia Local Fund Expenditures for Public Education Pre-School-Grade 12 FY 2002-FY 2012 \$ in thousands</b>													
DCPS	\$570,399	\$536,605	\$556,701	\$562,714	\$599,010	\$595,830	\$660,257	\$576,049	\$517,674	\$544,819	\$611,817	-9%	7%
DCPS Medicaid write-off							\$26,601						
DCPCS	\$97,145	\$113,694	\$161,309	\$187,574	\$226,215	\$276,184	\$316,675	\$385,896	\$375,845	\$427,839	\$483,667	287%	398%
Teacher Retirement	\$ -	\$ -	\$ -	\$9,147	\$15,431	\$14,540	\$5,964	(\$3)	\$3,000	\$3,000	\$3,000		
SEO/OSSE	\$4,216	\$5,247	\$11,283	\$10,056	\$12,684	\$14,423	\$33,989	\$36,878	\$35,102	\$37,083	\$29,982		
OPEFM	\$20,507	\$20,785	\$21,184	\$21,363	\$32,204	\$34,797	\$34,981	\$24,720	\$28,761	\$26,203	\$46,460	40%	127%
DCPCBS	\$480	\$589	\$660	\$750	\$975	\$975	\$1,719	\$1,660	\$1,605	\$1,321	\$1,076		
Special Education Transportation	\$56,900	\$48,400	\$68,400	\$76,000	\$70,066	\$73,654	\$78,160	\$87,779	\$93,381	\$93,604	\$88,760	64%	56%
Non-public Tuition	\$92,900	\$106,100	\$123,100	\$121,300	\$114,493	\$109,621	\$129,724	\$165,911	\$166,568	\$158,017	\$150,237	79%	62%
Deputy Mayor for Education							\$2,467	\$4,479	\$823	\$1,227	\$1,912		
School Transit Subsidy	\$2,894	\$3,803	\$4,309	\$4,657	\$5,169	\$5,092	\$5,420	\$7,003	\$6,326	\$6,058	\$6,058	119%	109%
<b>Total: \$845,441</b>		<b>\$835,223</b>	<b>\$946,946</b>	<b>\$993,561</b>	<b>\$1,076,247</b>	<b>\$1,125,116</b>	<b>\$1,295,957</b>	<b>\$1,290,372</b>	<b>\$1,229,085</b>	<b>\$1,299,171</b>	<b>\$1,422,969</b>	<b>45%</b>	<b>68%</b>
<b>Percent change:</b>		<b>-1%</b>	<b>13%</b>	<b>5%</b>	<b>8%</b>	<b>5%</b>	<b>15%</b>	<b>0%</b>	<b>-5%</b>	<b>6%</b>	<b>10%</b>		
DCPS + PCS	\$667,544	\$650,299	\$718,010	\$750,288	\$825,225	\$872,014	\$976,932	\$961,945	\$893,519	\$972,658	\$1,095,484	34%	64%
DCPS UPSFF Special Ed Allocation	\$68,726	\$72,560	\$68,498	\$82,046	\$86,804	\$83,884	\$76,626	\$77,641	\$80,921	\$78,294	\$112,904		
PCS UPSFF Special Ed Allocation	\$15,999	\$11,428	\$10,047	\$16,710	\$22,693	\$26,542	\$29,205	\$29,964	\$32,003	\$32,274	\$54,786		
UPSFF Special Ed Allocation	\$84,726	\$83,988	\$78,545	\$98,756	\$109,497	\$110,426	\$105,831	\$107,605	\$112,924	\$110,568	\$167,690	33%	98%
<b>DC General Fund Total Local Expenditures</b>													
General fund operating (excludes PAYGO, enterprise transfers, dedicated taxes)	\$3,629,431	\$3,671,026	\$3,830,000	\$4,203,496	\$4,563,618	\$4,944,380	\$5,519,293	\$5,409,575	\$5,164,291	\$5,283,911	\$5,486,682	42%	51%
<b>Percent change:</b>		<b>1%</b>	<b>4%</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>	<b>12%</b>	<b>-2%</b>	<b>-5%</b>	<b>2%</b>	<b>4%</b>		
<b>Total General Fund: \$3,629,431</b>		<b>\$3,671,026</b>	<b>\$3,830,000</b>	<b>\$4,224,046</b>	<b>\$4,966,641</b>	<b>\$5,126,672</b>	<b>\$5,900,231</b>	<b>\$5,712,923</b>	<b>\$5,452,694</b>	<b>\$5,630,255</b>	<b>\$5,924,084</b>	<b>50%</b>	<b>63%</b>
<b>Sources:</b>													
Agency expenditures/budget: Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency.													
General Fund expenditures/budget: Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds Component													
Enrollment: Annual independent audits.													
<b>Notes:</b>													
Per student funding for FY 2011 and FY 2012 is not comparable to that of prior years, due to lack of data on special education and other tuition students, and lack of audited numbers for FY 2012. Correction would lower per student funding for FY 2011, and perhaps in FY 2012.													
FY 2010 and FY 2011 local funding was affected by the use of ARRA stimulus funds to replace local funds.													
DCPCSB was funded under Public Charter Schools prior to FY 2008.													
Special Education Transportation and Non-public Tuition were funded in DCPS prior to FY 2009.													
OPEFM functions were funded in DCPS prior to FY 2008.													
The totals above slightly over-estimate PreS-12 spending, because a relatively small percentage of OSSE and DME local funding is spent on higher education functions, and in one or two years a relatively small percentage of OPEFM local operating funding was spent on a few projects for the Department of Parks & Recreation.													

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 02-FY 10	FY 02-FY 12
<b>Enrollment, including students in private placements, verified residency only</b>													
											(Reported)		
DCPS schools	64,250	63,369	60,950	58,394	54,601	52,191	49,001	44,681	44,467	45,630	46,191	-31%	-28%
DC public charter schools	10,471	11,012	13,576	15,338	17,395	19,662	21,866	25,614	27,617	29,366	32,009	164%	206%
Special ed tuition & other students	2,197	2,420	2,251	2,586	2,272	2,166	2,212	2,773	2,895	N/A	N/A	32%	
<b>All Public + Tuition Students</b>	<b>76,918</b>	<b>76,801</b>	<b>76,777</b>	<b>76,318</b>	<b>74,268</b>	<b>74,019</b>	<b>73,079</b>	<b>73,068</b>	<b>74,979</b>	<b>74,996</b>	<b>78,200</b>	<b>-3%</b>	<b>2%</b>
<b>Percent change</b>		<b>0%</b>	<b>0%</b>	<b>-1%</b>	<b>-3%</b>	<b>0%</b>	<b>-1%</b>	<b>0%</b>	<b>3%</b>	<b>N/A</b>	<b>4%</b>		
Per student expenditures PreS-12	\$10,991	\$10,875	\$12,334	\$13,019	\$14,491	\$15,200	\$17,734	\$17,660	\$16,392	\$17,323	\$18,197	49%	66%
<b>Percent change</b>		<b>-1%</b>	<b>13%</b>	<b>6%</b>	<b>11%</b>	<b>5%</b>	<b>17%</b>	<b>0%</b>	<b>-7%</b>	<b>N/A</b>	<b>5%</b>		
PreS-12 as percent of General Fund operating	23.30%	22.80%	24.70%	23.60%	23.60%	22.80%	23.50%	23.90%	23.80%	24.60%	25.90%		
<b>Personal Income</b>													
Personal income (thousands of dollars)	\$26,564,377	\$27,544,363	\$29,728,668	\$31,964,976	\$34,786,968	\$37,525,123	\$40,995,409	\$40,138,076	\$42,338,254			59%	
Population (persons) <sup>1</sup>	573,158	568,502	567,754	567,136	570,681	574,404	580,236	592,228	604,453			5%	
Per capita personal income (dollars) <sup>2</sup>	\$46,347	\$48,451	\$52,362	\$56,362	\$60,957	\$65,329	\$70,653	\$67,775	\$70,044			51%	
<b>Percent change</b>		<b>5%</b>	<b>8%</b>	<b>8%</b>	<b>8%</b>	<b>7%</b>	<b>8%</b>	<b>-4%</b>	<b>3%</b>				
Per student personal income	\$345,360	\$358,646	\$387,208	\$418,839	\$468,398	\$506,966	\$560,974	\$549,325	\$564,668			64%	
<b>Percent change</b>		<b>4%</b>	<b>8%</b>	<b>8%</b>	<b>12%</b>	<b>8%</b>	<b>11%</b>	<b>-2%</b>	<b>3%</b>				
PS-12 spending as percent of personal income	3%	3%	3%	3%	3%	3%	3%	3%	3%				
Ratio of PS-12 per student spending to per student personal income	31.42	32.98	31.39	32.17	32.32	33.35	31.63	31.11	34.45				
<b>Sources:</b>													
Agency expenditures/budget: Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency.													
General Fund expenditures/budget: Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds Component													
Enrollment: Annual independent audits.													
<b>Notes:</b>													
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The totals above slightly over-estimate PreS-12 spending, because a relatively small percentage of OSSE and DME local funding is spent on higher education functions, and in one or two years a relatively small percentage of OPEFM local operating funding was spent on a few projects for the Department of Parks & Recreation.													

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 02-FY 10	FY 02-FY 12
<b>Adjustment for inflation*</b>													
Wash-Balt CPI-U	113	116.2	119.5	124.3	128.8	133.464	139.499	139.814	142.218	146.958	151.698	26%	34%
Wash-Balt CPI-U Base 10	79.5	81.7	84	87.4	90.6	93.8	98.1	98.3	100	103.3	106.7	26%	34%
Total PreS-12 spending Base FY 10	\$1,064,044	\$1,022,235	\$1,126,969	\$1,136,784	\$1,188,367	\$1,198,913	\$1,321,217	\$1,312,558	\$1,229,085	\$1,257,269	\$1,334,047	16%	25%
Percent Change		-4%	10%	1%	5%	1%	10%	-1%	-6%	N/A	6%		
Per student expenditures Base FY 10	\$13,833	\$13,310	\$14,678	\$14,895	\$16,001	\$16,197	\$18,079	\$17,964	\$16,392	\$16,764	\$17,059	18%	23%
Percent Change		-4%	10%	1%	7%	1%	12%	-1%	-9%	N/A	2%		
Personal income Base FY 10	\$33,433,032	\$33,711,740	\$35,380,349	\$36,572,767	\$38,410,971	\$39,986,423	\$41,794,458	\$40,828,221	\$42,338,254			27%	
Per student personal income Base FY 10	\$434,658	\$438,949	\$460,820	\$479,215	\$517,194	\$540,218	\$571,908	\$558,770	\$564,668			30%	
Percent Change		1%	5%	4%	8%	4%	6%	-2%	1%				
*CPI-U 11 est'd based on Jan-Nov; CPI-U 12 est'd straight line from FY 11													
<b>Sources:</b> Agency expenditures/budget: Annual DC Congressional budget submissions, Agency volumes, Table 1 for each agency. General Fund expenditures/budget: Annual DC Congressional budget submissions, Executive Summary, Chapter 3 (Financial Plan), Table 3-2, General Fund-Local Funds Component Enrollment: Annual independent audits.													
<b>Notes:</b> Per student funding for FY 2011 and FY 2012 is not comparable to that of prior years, due to lack of data on special education and other tuition students, and lack of audited numbers for FY 2012. Correction would lower per student funding for FY 2011, and <u>perhaps</u> in FY 2012. FY 2010 and FY 2011 local funding was affected by the use of ARRA stimulus funds to replace local funds. DCPCSB was funded under Public Charter Schools prior to FY 2008. Special Education Transportation and Non-public Tuition were funded in DCPS prior to FY 2009. OPEFM functions were funded in DCPS prior to FY 2008. The totals above slightly over-estimate PreS-12 spending, because a relatively small percentage of OSSE and DME local funding is spent on higher education functions, and in one or two years a relatively small percentage of OPEFM local operating funding was spent on a few projects for the Department of Parks & Recreation.													