



D.C. POLICY
CENTER

PUBLIC OVERSIGHT HEARING ON

**Bill 24-570 “Schools First in Budgeting
Amendment Act of 2021”**

and

Bill 24-571 “Schools Full Budgeting Amendment Act of 2021”

Before the Committee of the Whole

Chairman Phil Mendelson

Thursday, January 20, 10:30 AM

Virtual Hearing via Zoom

Testimony of Dr. Yesim Sayin Taylor

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Good morning, morning Chairman Mendelson and members of the Committee of the Whole. My name is Yesim Sayin Taylor, and I am the Executive Director of the D.C. Policy Center—an independent non-partisan think tank advancing policies for a strong and vibrant economy in the District of Columbia. I thank you for the opportunity to testify on the two DCPS budgeting bills the Council is considering.

In my testimony, I will offer comments and suggestions separately on the two bills.

Bill 24-571, “The Schools Full Budgeting Amendment Act of 2021” aims to prove schools budget stability by ensuring that schools will have at least the same budget as they got in the previous year unless the school loses a grade level, is poised for closure or must absorb students from a school poised for closure, or there is a systemwide shock that reduces total DCPS formula funding by more than 5 percent.

First, this bill, as drafted, will not provide budget stability. In a low inflation year, the 100 percent safe harbor provision might indeed provide some assurance to parents and principals that their schools will not lose any money or positions. But in an inflationary year like this one, when the recorded inflation is 7 percent, schools that receive the full amount of their previous year’s budget will still experience a 7 percent decline in their actual purchasing power. So, the hold harmless provision will neither relieve angst nor preserve budgets. This can, of course, be addressed by changing the bill to include an inflationary adjustment, but that would likely create a deficit in the financial plan and a future liability for the city to increase the per pupil funding formula by the recorded inflation.

Second, this bill focuses on school budgets, but to achieve true stability, it should focus on actual expenditures. Given how much attention published school budgets receive during the budget season, this is understandable. But remember that school budgets are published for the first time nearly eight months before the beginning of the school year. Many things change when schools open, shifting needs from one thing to another. So, it is common to see many reprogrammings within school budgets as well as across the entire school system. For example, I looked at the Fiscal Year 2017 data—it is

dated, but it is what I had—and observed that for every DCPS school, the actual expenditures recorded at the school were different from the school’s published budget (as revised by the Council during the budget season. These differences varied between an increase of 9.4 percent and a decline of 14.4 percent in actual expenditures compared to the published budget for that (see Appended Figure 1).

Rather than legislating in this way to achieve budget stability, we recommend to the Committee to consider a public expenditure tracking study to see where schools begin with their budgets, and where they end the year with their actual expenditures. This will not only focus stabilization efforts on the right metric but will put in context the discussions around how budgets should be formulated.

Third, this bill will permanently bake in place existing inequities in funding. School budgets are driven by need and enrollment, but there are historic inequities, amplified by historic budgeting, that result in more resources for some schools and fewer resources for others. I examined the Fiscal Year 2021 budgets for all DCPS elementary schools and found that per pupil spending schools had in their budgets, after subtracting at risk funding, could be as high as \$19,500 and as low as \$10,405. Variations can be great even among similarly sized schools. For example, across 13 elementary schools with 400 to 450 students, one school had \$10,405 budgeted for each enrolled student, and one had \$17,804. These differences can partly be the result of varying special education needs or other needs in these schools, but my point is that we do not know this for sure. Therefore, we should not adopt a policy that would permanently preserve such differences.

The second bill, B24-570 first requires the DCPS to separate its budget into three big areas: central administration, local schools, and school supports. It then limits central administration spending to 3 percent of the overall budget and provides various rules that the Chancellor will have to follow in determining school budgets such as increasing personnel spending by the maximum of inflation, WTU required increases, increases in

UPSSF, or 2 percent, and increasing nonpersonnel spending by inflation, and then making adjustments to reflect changes in personnel needs and other spending needs.

This bill is intended to create transparency and transfer resources from the central office to schools, but it may end up increasing inequities.

The bill treats the central office as purely overhead, similar to a back-office accounting operation. In fact, there are many programs that are traditionally budgeted in the central office that directly impact the success of schools and students. For example, the Multi-Tiered Systems of Support team (previously SEL), provides technical assistance, capacity building, observation, coaching, data analysis, and other supports which are responsive to schools' needs. Would they be considered school supports or central office? We do not know.

Even central office programs that are budgeted in ways that are not correlated with enrollment counts may be serving the important goal of equalizing opportunity. For example, the college and career readiness program at DCPS provides information to each student so they can be informed about what opportunities await them after graduation. If this program is cut back because there is no room for it under the 3 percent allotment, then every school will have to provide these supports on their own, and some, with greater capacity, will provide better services to their students, and others, with less capacity, will not. This is one example where a program organized and budgeted at the central office can better serve DCPS students compared to an alternative where every school is on its own. And this bill might just kill it.

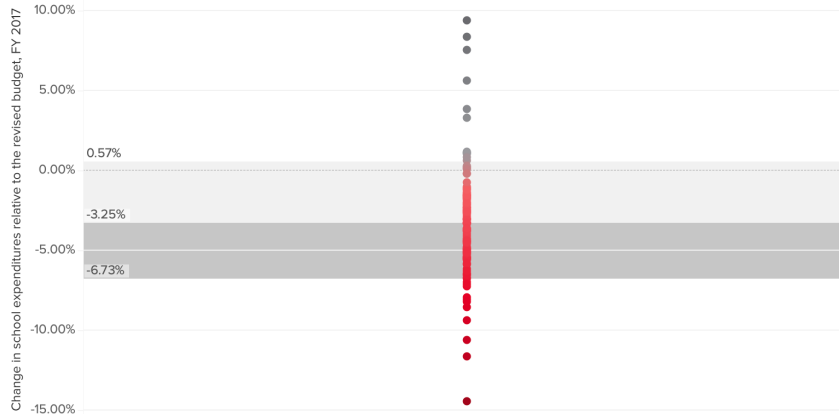
There needs to be more transparency in school funding, and safe haven provisions are important for stability, but we need to know more about actual spending, capacity differences across schools, and the relationship between needs and programs before making such significant changes as proposed by these two bills.

Thank you for the opportunity to testify, and I welcome your questions.

Appendix Figure 1 – How school budgets and actual expenditures could vary:

The difference between revised school budget and actual spending, relative to revised school budget, Fiscal Year 2017

DCPS



Source: SOAR data for fiscal year 2017, D.C. Chief Financial Officer
 Note: The bars depict the 10th, 50th, and 90th percentiles.



Appendix Figure 2 – How per pupil budgeted funds differences across similarly sized DCPS schools (excludes at risk funding)

Per pupil budgeted funds at DCPS elementary schools in FY 2021
 Minimum and maximum amounts observed across similarly sized schools

| School size | Number of schools | Min. budgeted funds per student | Maximum budgeted funds per student |
|-------------|-------------------|---------------------------------|------------------------------------|
| 150 to 200 | 6 | \$13,519 | \$18,789 |
| 201 to 250 | 9 | \$15,354 | \$19,289 |
| 251 to 300 | 13 | \$13,710 | \$19,564 |
| 301 to 350 | 8 | \$11,781 | \$16,935 |
| 351 to 400 | 6 | \$11,906 | \$17,383 |
| 401 to 450 | 13 | \$10,405 | \$17,801 |
| 451 to 500 | 5 | \$11,494 | \$19,331 |
| 501 to 550 | 1 | \$15,936 | \$15,936 |
| 600 to 650 | 3 | \$11,123 | \$14,372 |
| 700 to 750 | 2 | \$10,440 | \$14,143 |

Source: DCPS submitted budget information for Fiscal Year 2021
 Note: The table only includes enrollment buckets where there are more than one schools.

