

The fiscal future of public education in the District of Columbia



D.C. POLICY CENTER
Education Policy Initiative

In school year 2024-25, public schools in D.C. will likely face a fiscal cliff as pandemic recovery funding comes to an end. What is the size of the funding gap, how will schools be impacted, and what can schools do now to prepare?

2019 to 2024

The COVID-19 pandemic drastically changed the fiscal landscape of the District of Columbia and its public education.

D.C.'s budget grew by **34%** with the support of a substantial federal aid package and growing reserves while revenues grew half as fast, at **17%**.

The budget for District of Columbia Public Schools (DCPS) and public charter schools increased by an estimated **56%**.

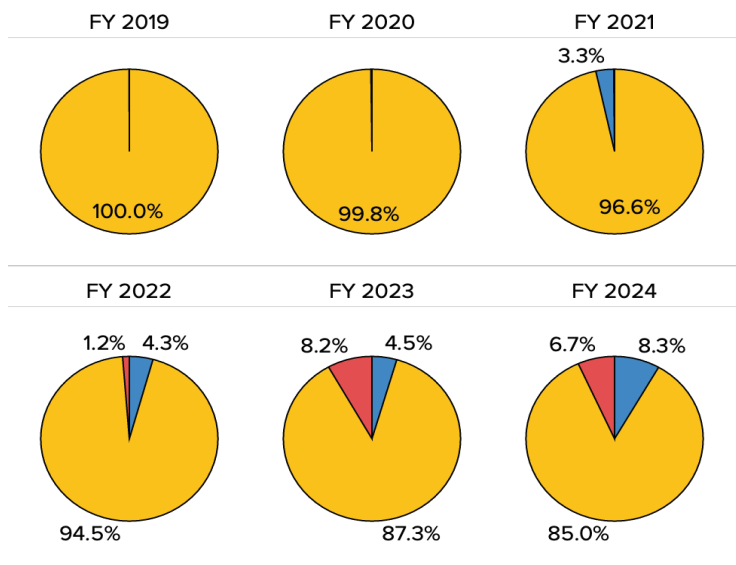
Schools are projected to receive an additional **\$226 million** in ESSER funds (equivalent to 20% of their funding formula resources) that must be committed or spent by September 2024, with an 18-month extension allowed for some purposes.

1/3 of the public education funding growth has come from sources outside the funding formula:

- ✓ Federal grants, specifically ESSER funds (4% of school budgets between fiscal years 2022 and 2024) for pandemic recovery.
- ✓ Local money to support budget stabilization, teacher pay, pandemic supplements, and other activities.

Share of non-formula funds has increased from 0% to 15%
Fiscal years 2019 through 2024

■ Formula
■ ESSER
■ Other local



Source: Budget extracts for public education in D.C., Office of the Chief Financial Officer

The wide gap between what schools receive through the funding formula and what has been available temporarily could create a FISCAL CLIFF

For DCPS, this is a 13% gap of 2024 UPSFF-driven funding.

For public charter schools, this is a 15% gap of 2024 UPSFF-driven funding.

Low enrollment growth and large staff increases indicate future fiscal distress.

Between years 2020-21 and 2021-22, schools saw an average **0.7%** drop in enrollment and an **18.2%** increase in spending.

- ➔ Schools serving a large share of economically disadvantaged students, especially earlier grades, are most likely to be impacted by funding cuts. Enrollment declines, most significant in schools in Wards 5, 7, and 8, will exacerbate this impact.
- ➔ At the elementary level, a typical school lost **12** students, but added **2** new staff members, including **1** teacher.

The rapid growth in staffing relative to the decreases in enrollment has been fueled by ESSER funds.

- ➔ Between school years 2019-20 and 2022-23, enrollment at ESSER-receiving LEAs grew by **333** students (0.4%), but their full-time equivalent employees (FTEs) surged by **1,631** (11%).
- ➔ Among the **47** public charter LEAs for which data is available, **25** have used over **80%** of their ESSER funds for staff salaries and benefits, and **13** used all (DCPS has used 5% of ESSER money for staff and benefits).

While the federal recovery funds are expiring, education recovery is still not complete.

Math and ELA achievement has decreased to levels of 9 and 5 years ago, respectively.

44% of students are chronically absent, compared to 29% pre-pandemic.

Economic conditions and other fiscal pressures in D.C. will create a challenging budget environment for fiscal year 2025.

\$ In fiscal year 2025, the District's local revenue is projected to increase by **2.8%**, a rate that is less than **1/3** of the recent annual growth in public school budgets.

\$ The District is facing additional fiscal pressures, like the Washington Metropolitan Area Transit Authority (WMATA) budget shortfall.

KEY TAKEAWAY: SCHOOLS SHOULD PREPARE FOR THE FISCAL CLIFF NOW

Prepare pragmatically and focus on early and clear communication to families and staff about the changing fiscal environment, loss of resources, and potential budget shifts in school year 2024-25.

Prioritize the use of remaining ESSER funds and spend them in ways that do not create future fiscal distress (for example, one-time expenditures over recurring ones), adopt smart retention policies, implement new programs, and contemplate service sharing for smaller LEAs.



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Read the full report

The fiscal future of public education in the District of Columbia is available online:

dcpolicycenter.org/publications/dc-fiscal-future-in-education