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Testimony for the Committee on Education and Committee of the Whole

Budget Oversight Hearing
on the
District of Columbia Public Schools

Emily Mechner, PhD

Good morning/afternoon, Council Members, staff and listening public. My name is Emily Mechner. I am a Ward 1 resident and parent of three DCPS students.

To help provide some context for the DCPS budget shortfalls that people are talking about, I'd like to discuss a broad and systematic pattern of discrepancies between what the Funding Formula says schools should be receiving and what DCPS actually gives them. DC's Uniform Funding law distributes operating funds to school agencies –LEA's– according to student characteristics. But within DCPS, funds are allocated according to its own model.

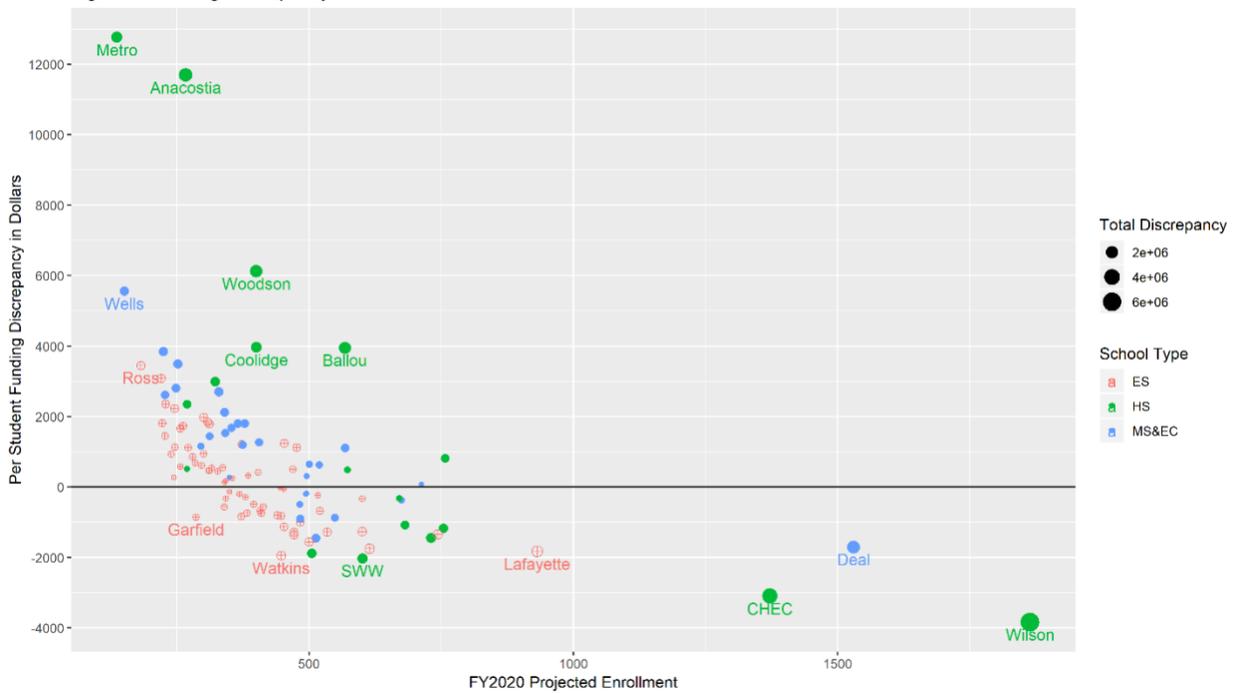
The difference is very clear. I'd like to present a few pictures that show what I believe are the main contours of the cross-subsidies within the DCPS system. These cross-subsidies are imposed because DCPS is obligated to cover costs that are not provided for in the Formula; it can only do so at the expense of students elsewhere in the system.

For each school, I have estimated what funds the school would receive under the formula as a matter of its enrollment and student characteristics.¹ I calculate the discrepancy between that amount and the DCPS proposed budget. Figure 1 shows the strong negative relationship between that funding discrepancy and the size of the school (measured by projected enrollment²). On the vertical axis, the per-student dollar transfer is shown—above the line, schools are getting more than the predicted formula funds; below the line, they are getting less. Small, or under-scaled, schools are more likely to receive extra funds. Larger schools are more likely to be donors.

¹ The key calculation I have made in order to construct this statistic is to compute the “formula funds equivalent”—the budget that each school's enrolled population would entitle it to if it were funded as an independent LEA, less a fraction for centralized expenses. Using information from DCPS about projected enrollment, detailed at the level of grade band and at-risk status, and DCPS provisions for required ELL and SPED services, I have calculated a benchmark that each school's budget can be compared with. Many thanks to Mary Levy and C4DC's budget tool project that compiled and made these data available for public use. <http://dcpsbudget.ourdcschools.org/>.

²It may be that DCPS' systematic errors in enrollment projections play a role in the way funds are diverted. I do not address that possibility here, and instead take enrollment figures at face value.

Figure 1. Funding Discrepancy and School Size



The cross-subsidies are quite large—ranging from a penalty of close to \$4,000 per student in the case of Wilson, for a total of over \$7 million³, up to around \$12,000 per student subsidies for Anacostia and Metropolitan.⁴ The size of the dots in Figure 1 represents the total dollar discrepancy in each school’s budget—the difference between my “formula funds equivalent” benchmark and the actual proposed DCPS budget.⁵

The relationship is even more distinct when you look at grade bands separately. High schools are both the largest donors and the largest recipients, though all grade bands generally follow this take-from-the-big-to-give-to-the-small transfer program.⁶

³ Consider in this context that Wilson this year was denied the staff needed to continue offering Latin as a world language.

⁴ Compare this figure with a proposed UPSFF foundation under \$11,000.

⁵ Of course DCPS central office provides schools with system leadership, logistics, personnel, curriculum, training, and other services. They pay for school meals, utilities, and facility management. I have accounted for the value of these services by reducing the “formula funds equivalent” by a fixed proportion. The results I describe here use an 8% deduction for centralized expenditures. Although this is only about half of the 17% that DCPS actually uses for centralized expenditures, federal and other non-formula funds make 8% the rate at which subsidies are approximately balanced—the average subsidy here is constructed to be 0.

⁶ One caveat in this analysis is that it uses generic grade shares for all schools in a given grade band, whereas schools vary, in reality, in what fraction of an elementary school or education campus is in ECE versus grades 1-5, or elementary grades versus middle grades, which are compensated at different rates in the formula. It is possible that this assumption might bias the results and exaggerate the discrepancies in these grade bands. Refinements of this research using more detailed data could provide a more accurate estimate.

How does this affect at-risk students and at-risk funds? Figure 2 shows, in brief, that there are large transfers between different groups of at-risk students at different schools. The cross-subsidies within DCPS truly rob Peter to pay Paul.



Most recipient schools have relatively high concentrations of at-risk students. Do the DCPS transfers generally increase support for at-risk students? Yes, a little, on average. But the larger story is large transfers between different groups of at-risk students. Large numbers of at-risk students attend schools like Bancroft, Beers, and Tubman, where DCPS budgets are substantially below the formula funds equivalent. Many schools that have among the highest concentrations of at-risk students are also donors. Below the line, to the right, are schools with large shares of at-risk students: Dunbar, Eastern, and Roosevelt High Schools are among them. Boone, Turner, Stanton, and Garfield Elementary Schools are, too.

The largest donor schools, though they do not have the highest at-risk percentages, also have large numbers of at-risk students. In Figure 2, the size of each school’s dot represents the number of at-risk students. You can see CHEC, for example, has the largest population of at-risk students in the system. Yet they are getting shorted by about \$3,000 per student.

On one level, we can take these observations as a critique of the Formula and look for insights about how to tweak its numbers next time it is revised.⁷ But the greater rebuke to the

⁷ Namely, the pattern here suggests that at-risk funds should be larger; that high at-risk concentrations in high school have much more expensive needs than the formula provides for; and that middle schools students in general need more support.

formula is the way DCPS finds it necessary to divert resources into schools not because of the characteristics of the students in them at all, but rather because of a characteristic of the school itself: its size. Inefficient scale of a school is a major driver of average cost. The formula does not provide for the fixed costs of running the smaller schools that are a necessary, integral part of the traditional public school system. So DCPS has to make up for it by squeezing larger schools.⁸

To fix this, you have to set aside the idea of parity with charter schools. The premise of the Formula is that charter schools and traditional schools are supposed to be on an equal financial footing so that they can compete fairly on their educational merits. But the traditional schools face costs—the burden of being schools of right—that charters don't. Charter schools have the freedom to choose their location and enrollment target. DCPS' neighborhood schools need to stay open even when their enrollment is too low or too high for them to operate at an efficient scale, because the city has an obligation to provide schools of right in every neighborhood. If a Charter school's enrollment is too low for its educational model to be cost-effective, it can close (witness Cesar Chavez).⁹ DCPS schools have to keep operating at higher average cost when they have low enrollment, or when they are simply small due to constraints of their facility.¹⁰ The funding formula has no mechanism to account for this.

So who foots the bill? Students in larger DCPS schools must not be held responsible for the cost of inefficient or high-cost schools any more than those in Charter schools should be. The broader public has an interest in the continued existence and viability of a comprehensive traditional public school system across the city. The broader public must find a way to support the system and yet hold more-efficient DCPS schools harmless.

Council must not allow a budget to stand that leaves so many of our traditional public schools, and so many of that system's most vulnerable students, with school funding so far below the standard set by the Uniform Funding law. This raiding of the budgets of larger and stronger schools needs to be stopped and rolled back. Raising the Formula foundation is necessary and can help in the short run, but the deeper problem is that another layer of funding is needed to adequately provide for the costs of running smaller and more problematic schools; of raising up new programs; and of keeping a by-right option viable in every neighborhood.

You need to think about changing the school funding law. There is no other fair and logical way to address this problem.

⁸ Part of the cost is also extracted from students at the smaller schools themselves, in so far as the budget transfers do not fully offset the higher costs disadvantaged schools face.

⁹ And, of course, Charter schools can cap enrollment at whatever they consider is the ideal level for their situation, while DCPS schools are subject to crowding and the vagaries of unexpected changes in demand.

¹⁰ The closing of high-cost schools as an alternative to providing the resources to sustain them would be an unacceptable abdication of the city's fundamental obligation to provide equitable schooling for all.