



DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chancellor

July 12, 2019

Chairman Phil Mendelson
Council of the District of Columbia
1350 Pennsylvania Avenue NW, Suite 504
Washington, DC 20004

Councilmember David Grosso
Council of the District of Columbia
1350 Pennsylvania Avenue NW, Suite 402
Washington, DC 20004

Dear Chairman Mendelson and Councilmember Grosso,

Thank you for your letter in follow-up to the hearing on Bill 23-239, the "School Based Budgeting and Transparency Amendment Act of 2019," and Bill 23-46, the "At-Risk School Funding Transparency Amendment Act of 2019." My responses to your questions are as follows:

1. **By law, Central Office spending is capped at 5% DCPS's operating budget. What percentage of DCPS's budget is "School Support that is Centrally Managed"?**
 - a. **How much of that is funded through at-risk funding?**
 - b. **How much of that is funded through increased money DCPS receives due to the SPED weight of UPSFF?**
 - c. **How much that is funded through federal funding?**
 - d. **How much of that is funded through grant funding?**

DCPS is committed to investing resources in our schools to support student success. Based on that goal, we invest the majority of funds in schools through the Comprehensive Staffing Model, and in support of schools through central services provided through the Central Office. The role of the Central Office is to promote equity, set a clear standard for excellence, and support our schools in meeting those expectations.

Consistent with D.C. Official Code § 38–2907.01, DCPS consistently allocates no more than five percent of its operating budget to central administration. As defined in D.C. Official Code § 38–2901:

“Central administration” means the functions necessary for the governance of a school district as a whole, including general oversight and management of support services such as procurement, human resources, and financial administration. The term “central administration” does not include any functions that are:

- (A) Budgeted at the individual school level; or*
- (B) Budgeted centrally and which support costs associated with programs and services provided at the school level or directly to students.*

DCPS' Central Office supports schools in three ways:

- Central administration functions (CY): These allocations support district functions including procurement, human resources, and financial administration.
- School support functions (SY): These allocations support functions including curriculum and instruction and management and technical assistance (e.g. staff assigned to cluster support teams).
- Centrally-funded school-based functions (ZZ): These allocations support functions including cafeteria service, athletics, and related service delivery for students with disabilities, such as social workers and psychologists.

In FY20, DCPS will invest \$32.1 million, or three percent of our total operating budget, in personnel fulfilling core district functions. For FY20, DCPS will invest \$144.6 million, or 13 percent of our total operating budget in school supports. DCPS reviews its budget codes annually with the Office of the Chief Financial Officer (OCFO) to ensure accuracy and proper use of funds.

Regarding questions 1a-1d, DCPS and OCFO do not distinguish investments across Central Office by UPSFF weights or funding streams. For each fiscal year, DCPS Central Office receives its local funds pooled then allocates investments. Separating local funding streams would increase accounting burden without adding value for our students. Last, DCPS notes that there is a benefit to pooling local and non-local funds in school district central administrations, as allowable. This is a common practice, supported by [the federal Department of Education](#), to achieve economies of scale and efficiencies that help ensure funds are best leveraged to have a system-wide impact.

Please refer to the [Mayor's District of Columbia Public Schools Agency Budget Guide for FY 2020](#) for federal and private funding resources.

- 2. During your responses to questions from Council, you mentioned DCPS is experiencing "spending pressure" in FY 19. Please provide to Council the following:**
 - a. The year to date deficit as reported by the OCFO;**
 - b. The cause(s) of the current deficit;**
 - c. The estimated end-of-year deficit, at this time, without reprogramming;**
 - d. The DCPS plan for closing the deficit; and**
 - e. The estimated FY 20 deficit, if any.**

DCPS is fully committed to ensuring a balanced budget on an annual basis, and we work closely with OCFO to monitor spending and make any necessary course corrections to achieve this goal. OCFO's Quarter 2 Financial Review Process (FRP) indicated that DCPS was projected to face a spending pressure of approximately \$28.6 million, or about 2.9 percent, of our total operating budget. Since the most recent FRP, DCPS has taken steps to streamline spending to ensure that FY19 will be balanced at closing. Note, the \$28.6 million figure represents OCFO's estimates as of March 2019 and does not reflect recent spending adjustments. DCPS is currently working with OCFO on the Quarter 3 FRP and anticipates a reduction in spending pressures.

DCPS is proud to be a district that is bold about programming in our schools and that has intentionally invested in human capital. Our investments in teacher compensation ensure that outstanding DCPS educators are supporting our students. At the same time, as I noted at our Budget Oversight hearing, we have identified rising personnel costs in schools as a key challenge that we must address to ensure long-term financial sustainability. DCPS and OCFO have seen rising costs associated with salaries, benefits,

and leave of absence costs; and representatives from both offices continue to meet regularly to review data and ensure a balanced FY19budget.

As a steward of public dollars, DCPS is fully prepared to contain these rising costs. Our strategies include:

- *Strategic Hiring:* DCPS has prioritized hiring for school-based positions, as well as positions that support our 1- and 2-Star schools. We have implemented a hiring moratorium on many locally-funded central office FTEs where it makes sense to limit hiring until the new fiscal year.
- *Preserving Student-Facing Resources:* While we have maintained student-facing non-personnel spending, such as school supplies and curriculum needs, we have limited spending on other items, including travel related to central office professional development and central office purchases.
- *Identifying Other Savings Opportunities:* On an ongoing basis, DCPS reviews our budget for opportunities to consolidate and better support students. This includes the strategic use of some federal funding and private grants. As an example, DCPS has identified FTE positions that were eligible for funding through federal grants.

Based on our ongoing work to ensure long-term financial sustainability, DCPS does not anticipate spending pressures in FY20. The FY20 budget was built with increases to salaries and benefits costs, reflecting increases that have emerged during our FY 2019 spending. We will continue to partner closely with OCFO to monitor spending and make any needed adjustments. Please note that OCFO recently certified the FY20 budget, signifying that allocations are sufficient.

I appreciate and share your commitment to ensuring a sound, equitable, and transparent budget process. We will continue to listen and engage with students, teachers, parents, and our school leaders to ensure that students and school communities are best served. DCPS remains committed to prioritizing fiscal stewardship across the agency.

Thank you for your interest on this important topic. Please contact me should you have any further questions or concerns.

Sincerely,



Lewis D. Ferebee
Chancellor