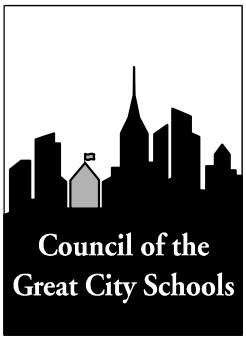
Financing Excellence in the District of Columbia Public Schools

Submitted to the
District of Columbia Public Schools

By the
Council of the Great City Schools



2005

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ACKNOWLEDGEMENTS

The Council of the Great City Schools thanks the many individuals who contributed to this review of the finances, budget operations, and funding of the District of Columbia Public Schools (DCPS). Their efforts were critical to the Council's ability to present the school district with the best possible recommendations.

First, we thank Dr. Clifford Janey, the Superintendent of the District of Columbia Public Schools, who requested this review. We applaud his determination to raise student achievement, make better use of school system resources, and restore public confidence in the school district. And we thank Peggy Cooper-Cafritz, president of the school board, for her leadership, cooperation, and courage in undertaking this kind of review and analysis.

Second, we thank Kathy Patterson, chair of the D.C. Council's education committee. She provided materials and valuable counsel during the process. And we thank Mayor Anthony Williams for his commitment to this effort and his encouragement during the process.

Third, we thank school district staff members who worked with the Council on this project, particularly John Musso, Nicole Conley, and Tom Brady. The city is fortunate having such talent working on its behalf. We also thank the staff members who were interviewed and provided additional background information when requested. Their honesty and cooperation were critical to our understanding of the challenges facing the district.

Fourth, the Council thanks the school districts that contributed staff members to this effort. They included the Boston Public Schools, the Los Angeles Unified School District, and the Norfolk Public Schools. Individuals from these districts, as well as those who have retired from the New York City Public Schools and the Miami-Dade County school system, contributed their expertise *pro bono*. The enthusiasm and generosity of these individuals and their school districts are examples of how the nation's urban public school systems are working together to help each other to improve.

Fifth, I thank Mary Levy for her valuable advice and data.

Finally, I thank David Koch, former Chief Administrative Officer of the Los Angeles Unified School District, who participated on the project team and who drafted portions of this report with me; Bob Carlson, the Council's Director of Management Services, who coordinated the project; and Janice Ceperich and De'Shauna Thornton of the Council staff who analyzed the data. Their work was excellent and critical to the success of this project.

Michael Casserly
Executive Director
Council of the Great City Schools

Financing Excellence in the D.C. Public Schools
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EXECUTIVE SUMMARY OF ISSUES AND PROPOSALS

> *The D.C. school system is facing a critical choice. It can take the steps necessary to substantially improve student achievement, play a central role in the city's economic revitalization, and increase the public's confidence in its schools. Or it can keep things pretty much as they are. The first path is steep and risky and requires energy, skill, and determination. The second path is easy and safe but lined with regrets about what might have been for the next generation of the city's children.*

This choice was laid out starkly by the Council of the Great City Schools in a January 2004 report—*Restoring Excellence to the D.C. Public Schools*. The Council is pleased that the city chose the first, more difficult, path. It hired a well-regarded new Superintendent, Clifford Janey; it developed a new strategic plan;[1] it adopted some of the nation's toughest academic standards and trained all its teachers on their use; it accelerated teacher and principal hiring; it overhauled its strategy for fixing its school buildings; it purchased new reading textbooks; and it reassigned staff and recruited new talent into a school system that was widely regarded as having become too inbred. And city leaders are working together in ways that they sometimes did not do in the past to address chronic school problems.

It is too soon to tell whether the new reforms will yield academic results, but the city seems determined not to let its latest opportunity to improve schools fall into the trash heap of good intentions. The district, for its part, is making progress on the number of schools attaining Adequate Yearly Progress. There is reason to be hopeful, but it will need to rethink how it uses it resources if it ultimately wants better academic results.

This report is a sequel to the Council's 2004 report on the city school system's instructional program. This new report urges the D.C. Public Schools to begin realigning its resources to improve student achievement.

The current report asks a new set of questions—

- Is the school district ready to assume full responsibility for its own budget?
- Does the school district manage its resources appropriately?
- How does the school district spend its money compared with other cities?
- Is the D.C. school system funded adequately?

[1] *Declaration of Education: Keeping Our Promise to the District's Children* (May 2005).

These questions are being asked against the backdrop of a school system and a board of education that has made steady progress over the last few years in getting its financial house in order and building a foundation for stronger public confidence.

Now, it is time to begin thinking about how the school district deploys its resources more effectively to improve student achievement and meet its instructional goals.

This new challenge would have been hard for the district to conceive of in the past. The District of Columbia Public Schools had not articulated clear academic goals or priorities until recently. Those days of confusion are passing, however, as the district begins to develop a clearer set of instructional goals and strategies.

The school district is just beginning to use a "performance-based" budgeting system, but the effort is fragile, tentative, and not always clearly tied to instructional objectives. Until recently, the budget was the victim of "financial drift" in the sense that budgeting priorities waffled from year to year, then were piled one on top of another to form a small mountain of expenditures that stood in the way of effectiveness.

Our main recommendation in this report is that the school district begin using its resources more effectively—over time—to raise student achievement.

And the short answers to the questions posed in this report?

1. Is the school district ready to assume control of its budget? No, the school district is not yet ready to assume full responsibility for its budget. But the team that worked on this report believed that the school district ought to have that responsibility at some point. In fact, the district has made considerable financial progress in the last several years, including having—

- Maintained a balanced budget by projecting and monitoring financial transactions, implementing solutions and controlling actual expenses to meet expectations.

- Received an Unqualified Audit Opinion for FY 04.

- Worked more closely with city officials as the district filed its budget requests. The collaboration resulted in an additional $21 million in local resources for unmet needs and another $15 million to hold staff harmless.

The Strategic Support Team recommends that the Mayor or D.C. Council request that Congress charge the school district's Chief Financial Officer, who reports to the independent city CFO, to develop a transition plan using Government Finance Officers Association standards to rebuild public confidence in school district operations, solve interface problems with other agencies,, and articulate interim and long-range criteria by which full budget authority could be returned to the superintendent.

2. **How well does the district manage its resources?** The school district manages its resources far better than it used to, but not as well as it could. The district continues to have a number of operational weaknesses and is working with a very talented staff to fix them: weak internal controls, poor staff training, weak procedures, redundant processes, poor position control, and out-of-date technology. The district has also made headway on this front, though, including having—

- Cleaned up prior year purchase orders amounting to approximately $20 million and began overhauling its procurement system in tandem with the city's Procurement Automation Support System (PASS) system.

- Collected over $3.0 million in duplicate vendor payments from prior years during the first 10 months of fiscal 2005, paid all vendors in a timely manner, and regained credit worthiness from all vendors.

- Calculated and paid approximately $20 million in past-due salaries and retroactive step payments in FY 2005, and collected more than $500,000 in salary overpayments from prior years. Staff manually reviewed over 13,000 personnel records to ensure payments at the appropriate steps.

The Strategic Support Team has made a series of technical and operational recommendations to the district to improve effectiveness and transparency. Included are proposals for an external financial advisory committee, improving accounts payable, upgrading technology systems, using cross-functional staff teams, augmenting internal auditing, improving budget formatting, and many others.

3. **How does D.C. school spending compare with other major city school districts?** The school district has higher per pupil spending—for both instructional and support purposes—than the vast majority of other big city school districts. The district also spends a larger share of its resources on special education, transportation, and operations than other cities. The district also has more staff members and school buildings than many larger school districts. And it also has to spend resources on functions that other school districts don't have to worry about, such as state oversight. Staff salaries for school-based personnel, moreover, appear to be lower than most cities. Finally, it has little budgetary room to upgrade its antiquated operating systems, or build internal management or instructional capacity. Progress in this area, however, includes having—

- Pursued negotiations with the courts for special education relief under the Blackmun, Petties, and Jones cases.

- Formulated a request of the courts for a transition plan to return operations of district transportation operations to the school system.

- Established an accountability office in the central office to begin aligning organization priorities to results.

- Initiated an overhaul of the Weighted Student formula and district spending with a group of local stakeholders and national experts.

The Strategic Support Team recommends that the district begin rethinking how it can redeploy its resources better over time to support its goal of raising student achievement. This rethinking should include revamping the use of school facilities, the staffing of buildings, the configuration of programming, and the allocation of funds through the Weighted Student Formula and "floor plan" Funds from this realignment should be channeled into the classroom: materials, interventions, tutoring, professional development, reading and math coaches, technology and data systems, more Advanced Placement courses, and higher teacher and staff salaries.

4. **Does the D.C. school system have enough money?** Yes and no. The district has funding that is closer to "adequate" than most big city school districts, but it spends so much on special education, transportation, and its unusually large number of schools for students served that it has little left over to distribute to schools or for regular instruction. It is also clear that the district needs more resources to repair and renovate its buildings, and to upgrade its management systems technology. The district is starting to make some preliminary steps on this front by having—

- Developed a transitional master plan for facilities to repair and renovate a larger number of schools.

- Started development of a systemwide master education plan to tie the district's many new initiatives into a grand strategy for reform.

But, the school district feels poorer than it really is, not because it serves many poor students, but because its resources are tied up in spending—much of it driven by lawsuits and court orders—that won't give it the results that the city wants. This situation has evolved over time—and it will take time to turn it around.

It is tempting for the Council of the Great City Schools to recommend that the district start closing down buildings, releasing staff, streamlining special education and transportation, and plowing the savings back into the instructional program and other capacity-building activities. But the school district and the city should answer these questions themselves based on what they want the schools to look like and where they want the schools to go. They should also think more creatively about the use of its current facilities and staffing patterns. The issues deserve a citywide conversation, not the verdict of a national education group—or of Congress.

Besides, the discussion on spending patterns can be misleading. There are a number of major city school districts—like Boston—that spend their resources in patterns that are very similar to D.C. Boston, which is similar to D.C. in size, governance, demographics, and special education placement, spends about the same amount as D.C. and spends it pretty much the same way. Yet, Boston has higher student achievement, in part, because it has been at its reforms far longer, has sharpened its instructional reforms in ways that D.C. hasn't, and has better data systems to improve decision making. How a district spends its resources, then, on gross functional categories isn't always the point.

This challenge to address the district's use of resources emerges now because of the pressure the system is under to raise student achievement. It is also clear that city hall and Congress are growing increasingly wary of providing substantial new dollars to a system that many people see, correctly or not, as failing to yield results commensurate with past investments. The school district can use its resources as it has been, hoping that the city and Congress will continue providing funding increases in the years to come. Or the district can redeploy its resources, freeing up more dollars to meet student needs. The choices are not easy ones and present a number of dilemmas.

In most communities, for instance, small schools and large staffs are considered assets. Small schools, in particular, are on the leading edge of many school reforms. But nothing in D.C.'s data indicates that the system's small schools get better academic results than do its larger ones or that the district has thought about how to take advantage of its small schools. By and large, most of the city's public schools are small by accident. Their enrollments have declined, but they have not altered their practices to take advantage of their smaller size. In these circumstances, it is not clear that size matters.

There is another consideration, as well. The city's many charter schools—both those chartered by the school board and those that are chartered by the independent authority—often appeal to parents based on their small size, customer orientation, and disciplined environment. There is no indication that these schools, on average, have higher student achievement, but the regular district public schools are in a more competitive environment now than they have ever experienced. In this cutthroat climate, is it wise for the district to enlarge its schools? Or does the district keep the buildings in use and share the excess space with charters or other organizations and earn some additional money at the same time?

The same dilemmas exist with staffing. A fair amount of research indicates that smaller classes help poor students disproportionately. But the sizable teaching force and large support staff in D.C. have not translated into higher test scores. The state of affairs begs the question, "Do we start letting some staff members go, or do we keep those that we have and start demanding more from them?" Either way, the schools are going to have to demand more accountability for results.

Some reasonable explanations exist, of course, for why the system looks the way that it does. Student-teacher ratios are low, in part, because of high rates of students in special education. Maintenance costs are elevated because the school district's buildings are old. Transportation costs are high because so many children are placed outside their neighborhood schools. The community will need to decide whether these explanations still matter or whether they have simply served as excuses for avoiding difficult choices.

Finally, the Council of the Great City Schools suggests that the city, the board of education, and the school system lead a communitywide discussion on how the public wants to use its resources to improve student achievement. The school system is beginning to make progress, in part, because city leaders are collaborating on educational issues in ways that they did not do in the past. This spirit of teamwork will be needed now like never before if the district is to take the next important steps in its reforms.

PROJECT OVERVIEW

The Council of the Great City Schools, the nation's primary coalition of large urban public school systems, has prepared this report to summarize its recommendations to the District of Columbia about improving the budgeting and financial operations of its public schools.

D.C. Schools Superintendent Clifford Janey requested this analysis shortly after he took office and on the heels of the Council's report about the academic status of the school system.

Dr. Janey specifically asked the Council to determine whether the district was ready to assume responsibility for its budget, how well the district's financial and budgeting operations were performing, how the school system spent its money compared with other major urban school systems across the country, and how the district could define a level of funding that might be considered adequate. To carry out this charge, the Council assembled a Strategic Support Team (SST) composed of financial leaders who have worked to address some of the same issues as those faced by the D.C. Public Schools. Each of the team members has a strong reputation for financial and budgetary excellence in his or her district. Council staff accompanied and supported the team and prepared this report summarizing its findings and proposals.

The Council's budget and finance team made its site visit to the D.C. Public Schools from February 27 through March 2, 2005. The team's meetings began with a briefing by Chief Operating Officer Tom Brady on the challenges that the district faces and the efforts its leadership was making to meet them. That briefing was followed by two days of fact-finding and a day devoted to synthesizing the team's findings and proposing preliminary strategies for improving financial operations. The team briefed Dr. Janey and Mr. Brady at the end of the visit and the two men voiced their support for the direction the team was suggesting. Additional time after the site visit was devoted to conference calls, data analysis, and the collection of further information. (See Appendix A for the working agenda for the team during its site visit to the district.)

We commend Superintendent Janey, the school board, and the staff for requesting this review. It is not an easy decision to subject oneself and the institution one leads to the scrutiny that an analysis like this entails.

PROJECT GOALS

Superintendent Janey asked the Council of the Great City Schools to—

- Determine the overall readiness of the school system to assume oversight of its own financial and budgeting affairs.

- Assess the effectiveness of the school system's financial and budgeting operations, and make recommendations for improvement.

- Compare the overall spending pattern of the D.C. Public Schools with that of other major urban school systems across the country.

- Estimate the adequacy of funding for the D.C. Public Schools.

THE WORK OF THE STRATEGIC SUPPORT TEAM

The Strategic Support Team made its site visits to the D.C. Public Schools from February 27 through March 2, 2005. The team was composed of current and former chief financial officers from urban school systems with strong reputations for financial integrity and effectiveness. The team included representatives of districts that were financially dependent on city hall for their revenues, as is case with the D.C. Public Schools, and districts that were independent. Council staff accompanied and supported the team, conducted the analysis of spending and funding adequacy, and prepared this report.

The team began its work with a detailed briefing on the status of the D.C. schools from Chief Operating Officer Tom Brady. The review that followed focused on the broad financial and budgeting practices of the school system and included extensive interviews with D.C. school staff, city officials, court monitors, principals, teachers, and others. The team also reviewed numerous documents and reports and analyzed data before and after their visit to the school district.

The team briefed Superintendent Janey and Chief Operating Officer Brady on its preliminary findings and proposals at the end of the site visit. Team members and members of the Council staff then conducted conference calls, gathered additional information, analyzed data, refined their initial recommendations, and circulated drafts of this report to each other for final review. In addition, considerable time was devoted to having the district reanalyze some of its own data. The report was then delivered to the Superintendent and the school board for review and discussion.

This approach to providing technical assistance to urban school districts that are confronting instructional and operational problems is unique to the Council and its members, and is proving effective for a number of reasons.

First, the approach allows a superintendent to work directly with a pool of talented and successful practitioners from other urban school systems that have established strong track records for excellent performance. Team members are also available after the site visits to help with implementing the recommendations.

Second, the recommendations developed by these peer teams have validity because the individuals who developed them have faced some of the same problems confronting the school system in question. Team members also know how to develop proposals that are

realistic and feasible. These individuals know what working in an urban school system is like, so their proposals are based on real-world experience.

Third, using senior urban school managers from other communities is faster and less expensive than retaining a private firm. Team members know all the ways that school systems operate. It does not take long for the teams to determine what is going on and why. This rapid learning curve permits services to be delivered in a less expensive manner than could be secured with experts who are less versed in the folkways of urban education.

Finally, the teams allow for the spread of best practices as they work in each other's districts to solve problems and share solutions. The reports generated by these reviews are often critical, but they have also helped improve the operations, organization, instruction, and management of many urban school systems.

Members of the Strategic Support Teams included the following individuals—

STRATEGIC SUPPORT TEAM MEMBERS

Beverly Donohue Chief Financial Officer (Retired) New York City Schools	Ken Gotsch Chief Financial Officer Los Angeles Unified School District
Richard Hinds Chief Financial Officer (Retired) Miami-Dade County Public Schools	David Koch Chief Administrative Officer (Retired) Los Angeles Unified School District
John McDonough Chief Financial Officer Boston Public Schools	Frederick Schmitt Chief Financial Officer Norfolk Public Schools

CONTENTS OF THIS REPORT

This report begins with an Executive Summary of the issues facing the D.C. Public Schools as it works to improve its financial operations and an outline of the recommendations that the Council and its Strategic Support Team are making. Chapter I presents a brief overview of the characteristics, structure, student achievement, and budget of the D.C. Public Schools. Chapter II summarizes the findings of the Strategic Support Team and its recommendations for improving financial operations. Chapter III presents comparisons of the school district's spending with that of other major urban school districts. Chapter IV analyzes the adequacy of the district's resources.

The appendices of this report include a number of items that may be of interest to the reader. Appendix A presents the working agenda for the team during its site visit to the school district. Appendix B lists the documents that the teams reviewed. Appendix C lists the people with whom the team talked during the site visit. Appendix D presents brief biographical sketches of team members. Appendix E describes what a curriculum-driven

budget process looks like in one major city school district. Appendix F shows the survey that the Council developed to compare the district's budgeted expenditures with those of other major urban school systems across the country. Appendix G presents a glossary of finance terms used by the National Center for Education Statistics (NCES). Appendix H presents federal data comparing per pupil spending in the D.C. school system with that in other major urban school systems. Appendix I presents other key federal data on major urban school systems. Appendix J presents federal data comparing D.C. per pupil spending with that in its suburbs. Appendix K lists the recommendations that the Council made to the Control Board in 1999 to improve the financial operations of the D.C. Public Schools. Appendix L lists all of the Strategic Support Teams that the Council has conducted over the last several years to improve urban education across the country. And Appendix M presents a brief description of the Council of the Great City Schools.

The Council has provided more than 115 Strategic Support Teams to 35 major cities over the last several years, but the organization does not use a template to guide its fact-finding or its recommendations. Instead, the organization is guided by the questions that each district asks it to address and the expertise of the team members, and the reports are specifically tailored to each district and the particular challenges that it faces.

The Council does not consider these reviews to be audits and does not analyze everything that could conceivably be examined. For example, we did not look at the district's financial compliance with federal laws or various audit standards (although the team did review audit reports). We did not look at the city's funding of charter schools. We also did not look at budget data on or staffing patterns at each individual school. And we did not conduct random tests of various purchase orders. Our focus in this report is exclusively on the issues that the district asked the team to review.

PROJECT STAFF

Council staff working on this project included—

Michael Casserly Executive Director	Robert Carlson Director of Management Services
Janice Ceperich Research Specialist	De'Shauna Thornton Research Specialist

CHAPTER I. DISTRICT OVERVIEW

The District of Columbia Public Schools encompasses a 63 square mile metropolitan area with a diverse population of 572,000 (in 2000). The school district is an independent, but not legally separate, agency of the District of Columbia government, and is included in the city's budgetary request to Congress. The school budget is subject to approval by the D.C. Council and is funded through congressional appropriation as part of the overall budget appropriation for the city. The city approves tax appropriations, the total budget, the borrowing of funds, and the issuance of bonds.

LEADERSHIP

The governance structure of the school system has undergone a number of revisions over the last 10 years. The city was placed under the aegis of the District of Columbia Financial Responsibility and Management Assistance Authority (Control Board) in 1996. In that same year, the Control Board named a Board of Trustees, which operated alongside an 11-member elected school board for a time. (The elected board had three at-large members and eight members elected by ward.) The Board of Trustees was replaced on January 1, 2000, by the current school board (formally called the Board of Education).

The District of Columbia Public Schools is now governed by a nine-member school board, with four members elected by area of the city to staggered four-year terms and four appointed by the Mayor. The President of the school board is elected citywide. The board meets twice monthly to plan, set policy, and establish rules and regulations for the organization.

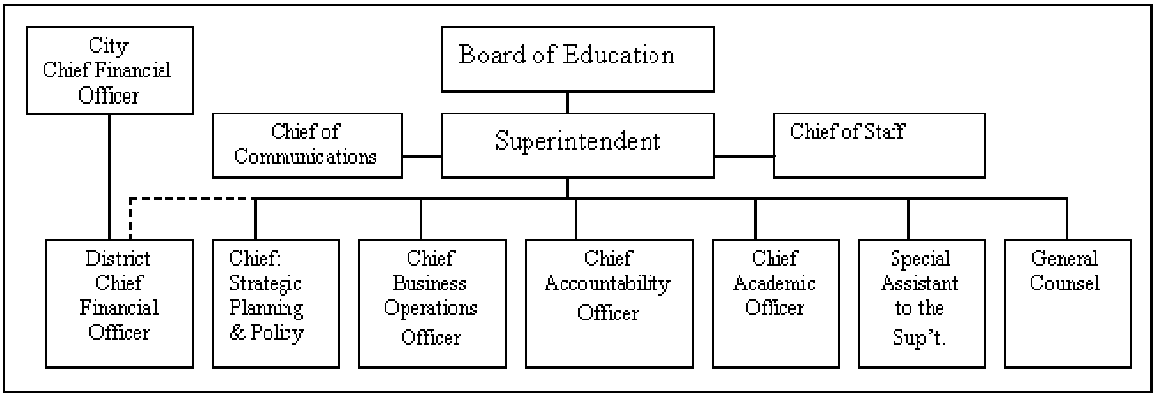
ADMINISTRATION

The school board appoints the Superintendent. Over the past 24 years, the district has had 10 Superintendents, or about one new CEO every 2.4 years—a tenure below the national average.

- Floretta McKenzie 1981-1988
- Andrew Jenkins 1988-1990
- William Brown (Acting) 1990-1991
- Franklin Smith 1991-1996
- Julius Becton 1996-1998
- Arlene Ackerman 1998-2000
- Paul Vance 2000-2003
- Elfreda Massie (Acting) 2003-2004
- Robert Rice (Acting) 2004
- Clifford Janey 2004-present

Clifford Janey was appointed Superintendent of the D.C. Public Schools in August 2004, following the resignation of Paul Vance and the appointment of two acting Superintendents, Elfreda Massey and Robert Rice. Dr. Janey had previously served as the Superintendent of the Rochester, New York, public school system. Seven units report directly to the Superintendent ("direct reports"): instruction, business operations, support services, communications, legal affairs, planning, and governmental affairs. The school district's Chief Financial Officer (CFO) is an employee of the city and reports to the city's Chief Financial Officer. The CFO of the school district is an *ex-officio* member of the Superintendent's staff, is housed in the school district's headquarters, and is funded from the school district's budget. (See Exhibit 1 for administrative structure.)

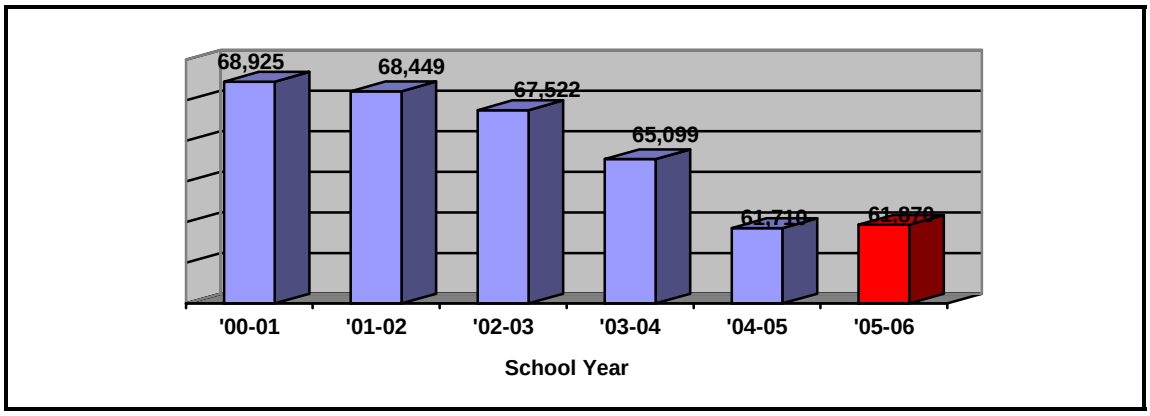
Exhibit 1. School District Administrative Structure



STUDENT CHARACTERISTICS

The D.C. Public Schools, the nation's 48th largest school system, is projecting an enrollment of about 61,870 students in the 2005-2006 school year. Enrollment has declined steadily over the last several years as the population of the city has dropped and the school district has faced increasing competition from charter schools, public and private. (See Exhibit 3.) Public charter school enrollment, on the other hand, grew from 6,980 to 13,575 over the same period (2000-2005)—a gain of 94.5 percent.

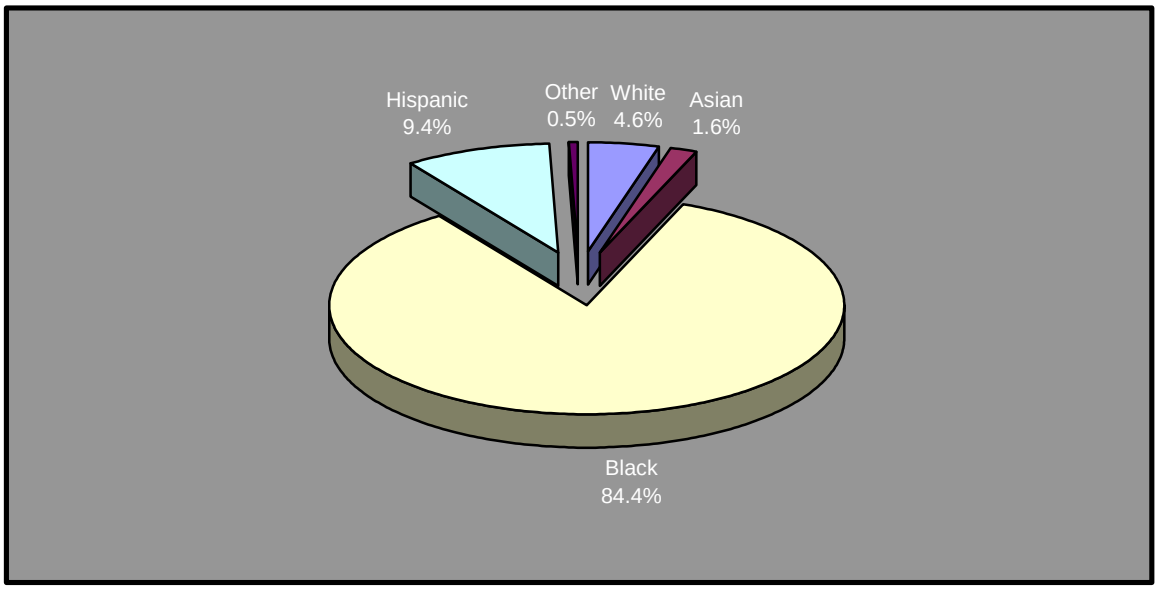
Exhibit 3. Student Enrollment



Of the district's total enrollment, 84 percent is African-American and some eight percent is made up of English language learners (ELLs). In all, the district serves students who represent 138 nationalities speaking 112 languages. (See Exhibit 4.)

Some 60.8 percent of the district's students were eligible for free or reduced price lunches in 2002-2003 and 16.8 percent were identified as disabled.

Exhibit 4. Racial Composition of DCPS Students



In general, the D.C. school system more closely resembles other major urban school systems across the country than it does the average school district in the nation.[2] But the D.C. school system also is unlike the average city school system. (See Exhibit 5.)

Exhibit 5. Comparison of the D.C. Schools with the Great City Schools and National Averages, 2002-03[3]

	D.C. Schools	Great City Schools	National
Enrollment	67,522	7,457,832	48,202,324
% African-American	84.0	38.3	17.3
% Hispanic	9.6	32.5	17.8
% White	4.7	22.4	59.5
% Other	1.7	6.8	5.5

[2] Great City School figures are drawn from the National Center for Education Statistics' data on school districts that are members of the Council of the Great City Schools.

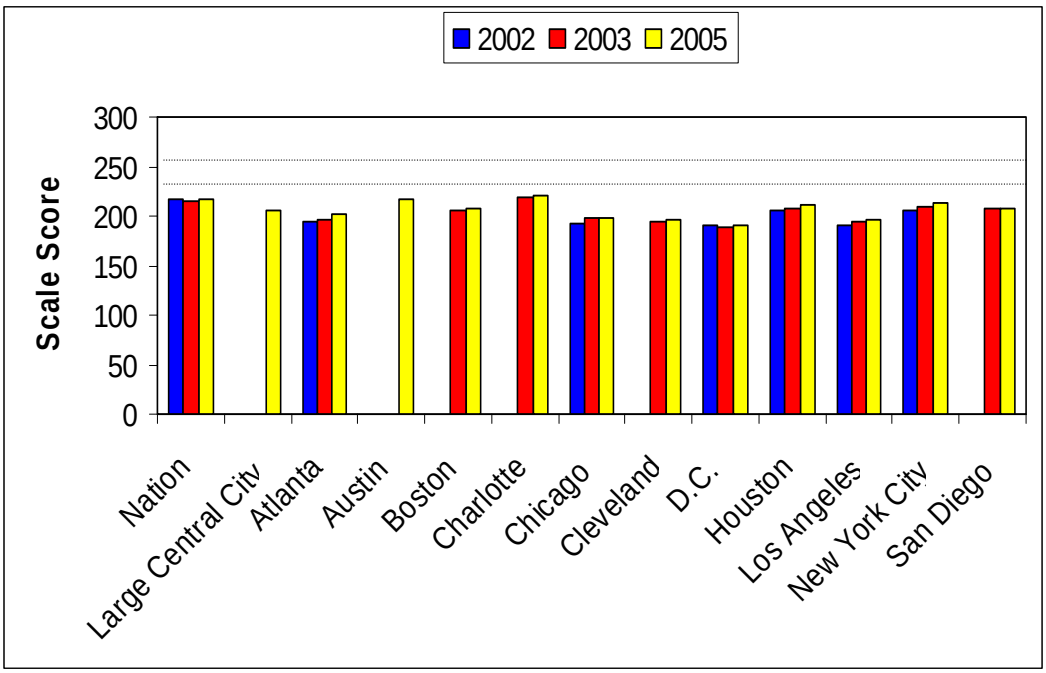
[3] Source: U.S. Department of Education, National Center for Education Statistics (NCES), Common Core of Data, "Public Elementary and Secondary School Universe Survey," 2002-2003.

% Free/Reduced Price Lunch	60.8	64.2	35.2
% English language learners	7.9	16.7	8.4
% with Disabilities	16.8	13.0	13.4
Pupil/Teacher Ratio	13.5	16.9	15.9

STUDENT ACHIEVEMENT

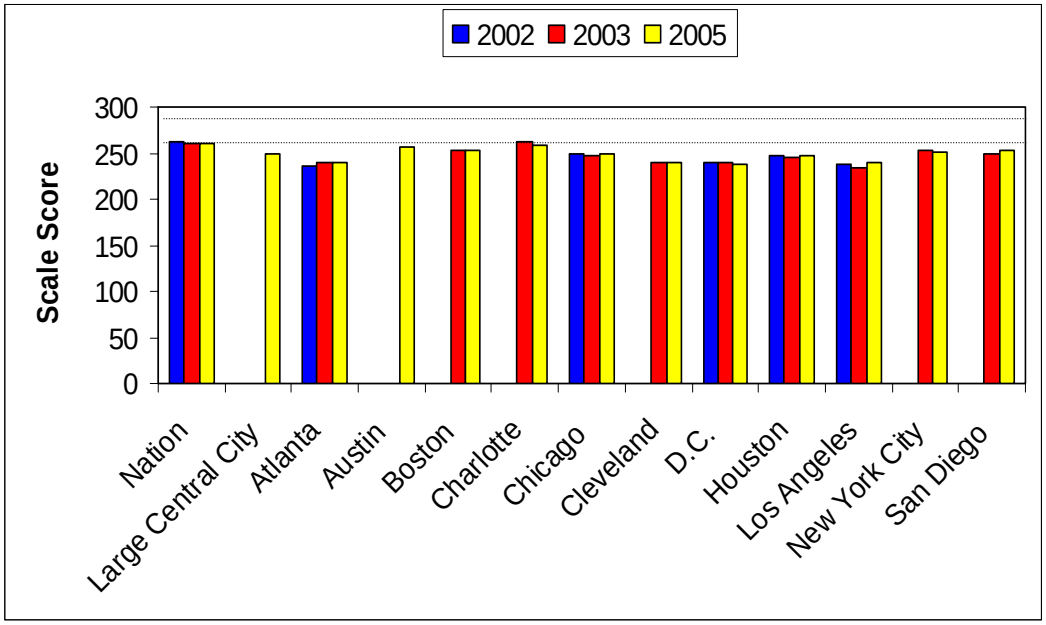
Student achievement in the D.C. Public Schools is below national averages on a key indicator of performance—the National Assessment of Educational Progress (or NAEP.) The exhibits that follow (Exhibits 6-9) show that D.C. students score below students in other major urban school systems, below students in large central cities in general, and below national averages in reading and math. Average D.C. school district reading and math scores were below basic levels of achievement in both the fourth and eighth grades.

Exhibit 6. Comparison of D.C. Schools' 4th-Grade NAEP Reading Scores with Those of Other Large Cities and the Nation[4]



[4] The NAEP Trial Urban District Assessment (TUDA) was administered only in reading and writing in 2002, and in reading and math in 2003 and 2005.

Exhibit 7. Comparison of D.C. Schools' 8th-Grade NAEP Reading Scores with Those of Other Large Cities and the Nation



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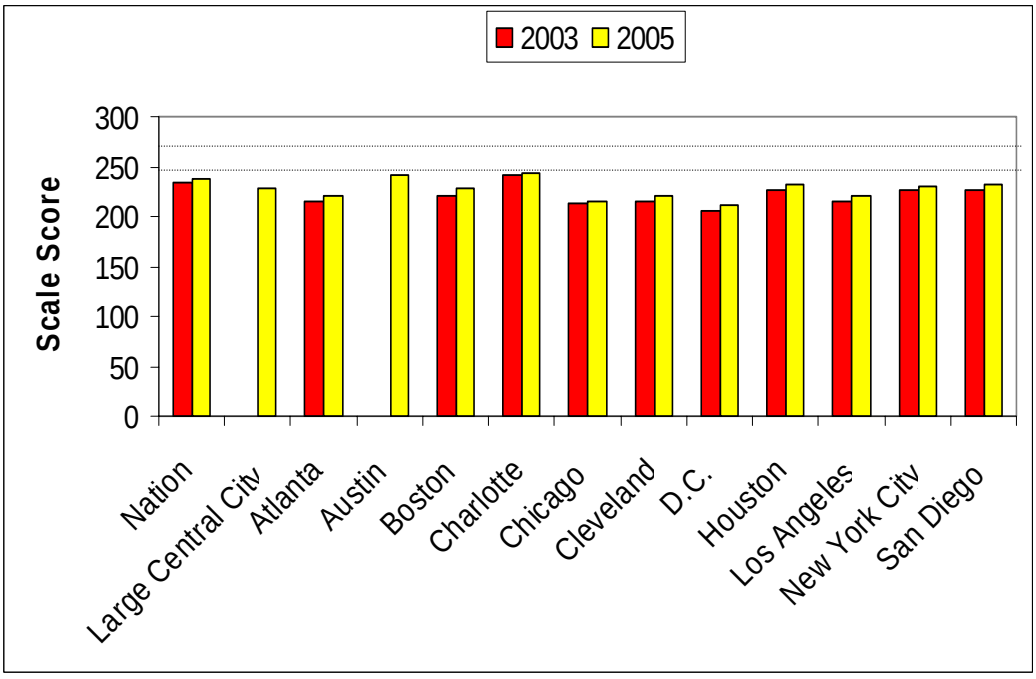
Basic=243

Exhibit 8. Comparison of D.C. Schools' 4th-Grade NAEP Math Scores with Those of Other Large Cities and the Nation



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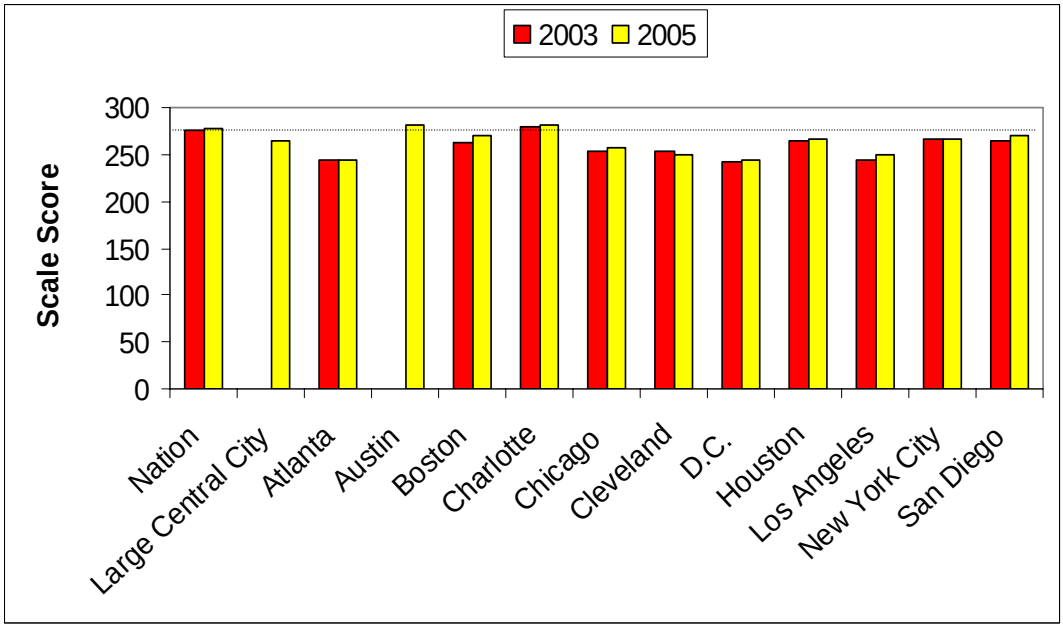
Basic=214

Exhibit 9. Comparison of D.C. Schools' 8th-Grade NAEP Math Scores with Those of Other Large Cities and the Nation



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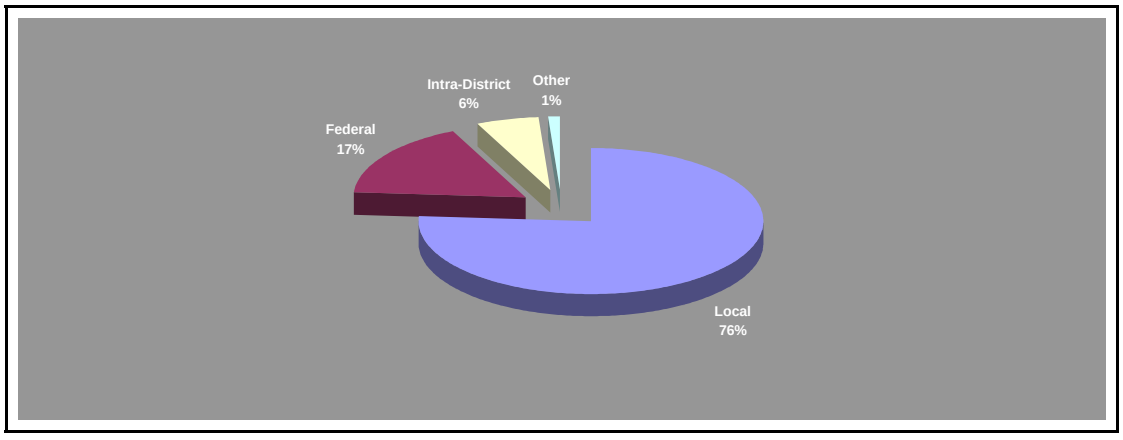
BUDGET

The FY 2006 budget estimates revenues of about $1.024 billion, about 76 percent of which would come from local sources. Federal funds constitute about 17 percent of the budget.[5] Intra-district sources make up almost 6 percent, and private and other sources contribute slightly more than 1 percent. (See Exhibit 10.)

Exhibit 10. General Fund Projected Revenues, FY 2005-06



[5] This pattern of revenues in D.C. is significantly different from that of the average school district in the U.S. because of the district's lack of a state funding source. The average school system nationally garnered 42.8 percent of total revenues from local sources, 48.7 percent from state sources, and 8.5 percent from federal sources in the 2002-03 school year. Source: National Center for Education Statistics. *Revenues and Expenditures for Public Elementary and Secondary Education, School Year 2002-2003*.

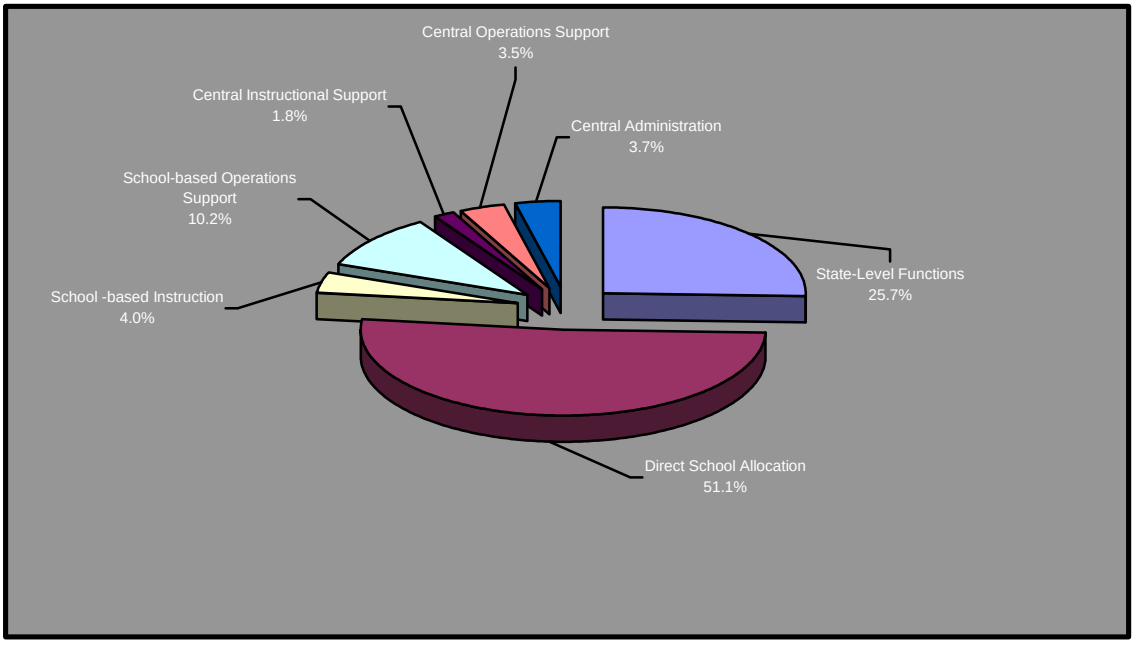
Over the last 10 years, according to the budget, the school district's total operating budget has increased by an average annual rate of 6 percent. The local share of the budget has increased at a rate of about 4 percent over the same period. Federal funding has also increased significantly. The budget assumes an increase of about 8.5 percent between FY 2005 and FY 2006, with the largest revenue increases coming from federal funding. Local revenues are assumed in the budget to increase by only about 2.0 percent between FY 2005 and FY 2006. (See Exhibit 11.)

Exhibit 11. Projected Revenues for FY 2005 and FY 2006

Fund	FY 2005 Approved Budget	FY 2006 Proposed Budget	% Δ
Local	$760,494,705	$775,509,000	2.0
Federal	117,450,000	145,146,793	23.6
Federal Carryover	0	28,200,000	--
Private	3,670,000	4,665,602	27.1
Other	7,328,000	7,909,830	7.9
Intra-district	54,406,000	62,377,537	14.7
	$943,348,705	$1,023,808,762	8.5

The district's budget estimates that it will allocate about 51.2 percent of its local funds (or about $397 million) down to the school level using its Weighted Student Formula. Some 25.7 percent of the budget will be devoted to what the school district describes as state functions that it must carry out in its role as both a Local Education Agency (LEA) and a State Education Agency (SEA). About 10.2 percent of local funding is devoted to school-based operational support; 4.0 percent to school-based instructional resources; 3.7 percent to central administration; 3.5 percent to central operational support; and 1.8 percent to central instructional support. (See Exhibit 12.)

Exhibit 12. Projected Local Fund Budget FY 2006



The D.C. Public Schools devoted a great deal of time and energy crafting an FY 2006 budget that addressed four broad concerns raised at the Citizen Summit III held in December 2003: trust, accountability, partnership, and shared ownership.

The budget document, *Keeping Our Promise to the District's Children*, was clear in admitting that the district's schools "operate in an isolated and detached manner." The budget goes on to state that—

> *The school system must restore its tattered credibility, adopt system wide standards of learning, and, in effect, change its institutional culture. After many years of uncertainty, changing leadership, and declining morale, DCPS finds itself at a crossroads. Difficult choices must be made if our children are to advance their achievement. The status quo must yield to new and radical changes if the school system is to arrest the current malaise. The proposed operating budget for FY 2006 begins that important process.*

It was a bold statement by a school system that is struggling to right itself with new dynamic leadership, higher academic standards, and smoother operations. The new budget took the first steps in the system's long journey towards reform and improvement.

The district announced a number of new initiatives in its FY 2006 budget that the system's leadership hopes will improve district performance. The initiatives included—

- Adopting First-Class Standards
- Upgrading Science Facilities and Curriculum
- Providing Comprehensive Art and Music Instruction
- Expanding Vocational Programs
- Offering More School Library and Media Services
- Improving Textbook Management
- Providing Reading and Math Interventions
- Implementing an Effective School Initiative
- Establishing a Summer Bridge Program
- Providing Advanced Placement and International Baccalaureate
- Providing Extended Learning Opportunities
- Raising Graduation Standards
- Expanding Parent/Family Resource centers
- Improving Teacher Recruitment
- Providing Principal Leadership Academies
- Establishing a Professional Development Institute

The new initiatives would be phased in over three years and would cost $38.5 million in FY 2006, $34.6 million in FY 2007, and $24.0 million in FY 2008. The new programs would be paid for by central-office consolidations, reduced outside legal fees, special education efficiencies, revenue enhancements, operational efficiencies, and other actions. The school district is also facing some $23.5 million in pay raises agreed to in various collective bargaining agreements.

Finally, the D.C. Schools' budget presents its expected spending by program area and activity level. Exhibit 13 summarizes the FY 2005 and proposed FY 2006 spending for the school district. In general, the budget proposes to spend somewhat more in FY 2006 than in FY 2005 for instructional support, special education, student support, non-instructional support, state functions, management, and operations. In contrast, the district proposes to spend somewhat less for instructional programming. Most of the decrease would be seen in general education, vocational education, and textbooks.

Exhibit 13. DCPS Program and Activity-Level Budget for FY 2005 and FY 2006[6]

Code	Program & Activity Area	FY05	FY06	% Change
	Instructional Programs			
2100	General Education	235,621,921	227,169,859	-3.6
2150	Gifted & Talented	910,309	1,383,750	52.0
2160	International Education	139,032	155,708	12.0
2200	Early Childhood	23,992,537	25,099,956	4.6
2300	Bilingual Education	20,760,974	21,630,911	4.2
2400	Vocational Education	9,660,928	9,525,846	-1.4
2500	After-School Programs	9,399,489	13,212,371	40.6
2600	Summer School	2,440,952	3,240,952	32.8
2700	Textbook Program	13,056,630	6,708,737	-48.6
2750	Library & Media	2,267,912	2,297,827	1.3
2900	Instructional Technology	13,077,332	14,436,977	10.4
	Other	1,047,630	1,243,010	18.6
	Subtotal	$332,375,646	$326,105,904	-1.9
	Instructional Support			
4200	Curriculum Development	3,415,849	3,604,626	5.5
4300	Professional Development	6,178,227	5,517,303	-10.7
4600	Local Grants Admin	10,706,279	43,007,107	301.7
4700	Parent Engagement	384,507	387,500	0.8
	Subtotal	$20,684,862	$52,516,536	154.9
	Special Education-Local			
3100	Special Education-Local	110,283,478	117,021,341	6.1
3200	Special Education-Admin	9,853,314	10,002,130	1.5
	Subtotal	$120,136,792	$127,023,471	5.7
	Student Support Services			
5100	Guidance Counseling	17,446,483	17,829,553	2.2
5200	Health Services	1,545,110	1,548,802	0.2
5300	Intervention Services	1,852,860	2,757,185	48.8
5400	Transitory Services	1,423,719	1,731,327	21.6
5500	Athletics	3,077,695	3,079,345	0.1
5600	Truancy Services	409,530	255,882	-37.5
5700	Extracurricular Activities	1,296,770	1,292,523	-0.3
5800	Student Affairs	230,716	234,891	1.8
5900	Student Hearings	271,725	491,260	80.8
	Other	9,630,585	11,800,108	22.5

[6] Amounts include the totals of local funds, federal funds, private funds, revenue funds, and intra-district funds.

	Subtotal	$37,185,193	$41,020,876	10.3
	Non-instructional Support			
6100	Custodial Services	29,346,254	29,654,129	1.1
6200	Facilities & Infrastructure	31,765,555	34,891,449	9.8
6300	Food Services	25,405,438	24,493,758	-3.6
6400	Security Services	13,600,580	13,751,819	1.1
6600	Public Utilities	32,700,123	35,702,599	9.2
6800	CAPPS/Support Operations	1,600,000	2,000,000	25.0
	Subtotal	$134,417,950	$140,493,754	4.5
	Special Education			
7100	Special Ed Litigation	9,823,226	6,823,226	-30.5
7200	Special Education-State	6,900,824	6,580,059	-4.6
7300	Special Ed Transportation	61,952,006	61,952,006	0.0
7350	Swing School Transport	3,307,856	3,178,085	-3.9
7400	Special Ed Tuition Pay	90,856,907	105,443,000	16.1
	Subtotal	$172,840,279	$183,976,376	6.4
	Other State Functions			
8100	Assessment	7,153,491	8,371,076	17.0
8300	Correction System Instruct	2,586,813	5,073,835	96.1
8400	General Ed Tuition Pay	48,695	3,840,335	7,786.5
8500	State Grants Admin	27,687,521	41,630,960	50.4
	Other	0	360,000	--
	Subtotal	$37,476,520	$59,276,206	58.2
	School System Mngmt			
1510	School-based Admin	42,022,965	42,463,338	1.1
1520	School Ops Support	2,261,496	2,285,270	1.1
1530	Governance	1,265,648	1,773,260	40.1
1540	Management Oversight	2,079,729	2,614,671	25.7
	Subtotal	$47,629,838	$49,136,539	3.2
	Agency Management			
1010	Office of Personnel	8,352,697	11,068,436	32.5
1030	Training & Staff Develop	4,356,600	4,401,640	1.0
1040	Labor Management	194,000	196,896	1.5
1040	Contracting	1,963,459	2,760,939	40.6
1055	Property Management	2,551,164	4,057,867	59.1
1080	Information Technology	4,478,800	6,410,271	43.1
1095	Financial Services	1,468,061	1,165,893	-20.6
1120	Legal	4,293,295	2,496,476	-41.9
1140	Fleet Management	98,948	1,125,477	1,037.4
1160	Communications	1,513,911	1,761,905	16.4
1200	Customer Service	149,549	153,980	3.0
	Other	3,466,747	3,125,071	-9.9
	Subtotal	$32,887,231	$38,724,851	17.8
	Agency Financial Ops			
110F	Budget Operations	4,533,821	5,025,016	10.8
120F	Accounting Operations	3,658,907	3,167,712	-16.2
	Subtotal	$8,192,728	$8,192,728	0.0
	Totals	$943,348,705	$1,023,808,762	8.5%

The FY 2006 proposed budget of the school district also projects staffing levels for each of its activity areas. (See Exhibit 14.) Authorized staffing levels would increase by about 2.5 percent between FY 2005 and FY 2006 to a level of 11,460 FTEs.

Exhibit 14. Budgeted Staffing Levels (in FTE) in FY 2005 and FY 2006[7]

	Program Area	FY05	FY06	% Δ
	Instructional Programs	7,187.5	7,255.7	0.9
	Instructional Support	57.9	57.9	0.0
	Special Education-Local	657.6	657.6	0.0
	Student Support Services	380.2	379.8	-0.1
	Non-instructional Support	633.0	746.0	17.9
	Special Education-State	1,173.3	1,173.3	0.0
	Other State Functions	117.0	144.0	23.1
	School System Management	612.0	620.0	1.3
	Agency Management	305.2	365.8	19.9
	Agency Financial Operations	60.0	60.0	0.0
	Totals	11,183.7	11,460.1	2.5

The school district's proposed FY 2006 budget was approved by the D.C. Council in May and augmented with an extra $15 million to avert local school staff reductions and another $12.2 million to cover debt services for additional capital funding. Congress approved the proposed budget request in December 2005.

After all is said and done, the public still often asks the question, "How much does the D.C. Public Schools spend per pupil?" The answer sometimes depends on the budgetary philosophy, and maybe the political agenda, of the person answering. The following is a list of some of the ways in which the FY 2006 budget figures could be translated into a per pupil metric—

- $16,548 (all funds per student for an estimated 61,870 students)[8]
- $12,901 (all funds minus $225.6 million in DCPS-calculated state costs)
- $12,534 (local funds per student).
- $11,094 (all funds excluding transportation and other)[9]
- $9,516 (average total formula allocation per student).
- $8,888 (local funds minus $225.6 million in DCPS-calculated state costs).
- $7,116 (foundation level per student).

[7] Positions are supported by local funds, federal funds, private funds, revenue funds, and intra-district funds.
[8] The Council calculated an FY2004-05 APPE of $14,560 for DCPS.
[9] This figure is taken from: Mary Levy (2005). "Per Student Cost Figures for the District of Columbia Public School System": Washington Lawyers' Committee for Civil Rights and Urban Affairs, February 2005. The figure is calculated using the Washington Area Boards of Education (WABE) methodology and excludes food services, construction/capital, debt service, summer school, adult education, special education tuition and transportation, other state-level costs, federal funding for state agency functions, and private grants and intra-district transfers—and includes teacher retirement and federal LEA funds.

CHAPTER II. FINANCE AND BUDGET OPERATIONS

This chapter presents the findings and recommendation of the Council and its Strategic Support Team on financial and budget operations. The chapter is designed to answer two broad but important questions—

- Is the school district ready to assume full responsibility for its own budget?
- Does the school district manage its resources appropriately?

The Council's team gave special recognition to the District of Columbia Public Schools (DCPS) for its work in the following areas—

★ The district has recruited a number of very skilled finance and operational leaders who are working hard to correct years of accumulated problems.

★ The FY 2006 budget document is much improved over budget documents of previous years and presents the school district with a good communications tool.

★ The school district has taken substantial steps to establish a more effective capital improvement plan that is likely to assist more schools.

★ Procurement procedures are improving with the district's online purchasing system.

MAJOR ACCOMPLISHMENTS

The D.C. schools have improved its financial operations substantially over the last several years, including having—

- Maintained a balanced budget by projecting and monitoring financial transactions, implementing solutions and controlling actual expenses to meet expectations.
- Received an Unqualified Audit Opinion for FY 2004.
- Worked more closely with city officials as the district filed its budget requests. The collaboration resulted in an additional $21 million in local resources for unmet needs and another $15 million to hold staff harmless.
- Initiated training for all staff on internal controls and the importance of maintaining them.
- Collected over $3.0 million in duplicate vendor payments from prior years during the first 10 months of fiscal 2005.

- Paid all vendors in a timely manner and regained credit worthiness from all vendors.

- Initiated staff cross-training to improve operating efficiencies and reduce cost and increase productivity in the financial unit.

- Re-configured the quarterly and annual closing process to provide earlier and better understanding of the district's financial position. Also, successfully submitted all closing packages in a timely manner.

- Established policies and procedures in the handling of student activity funds, central investment accounts, returned check procedures, accounts payable, and petty cash.

- Developed a draft policy in the area of administrative premiums.

- Developed an expended role in the General Ledger to permit the payroll default to be fully reconciled monthly (rather than quarterly or annually).

- Introduced several innovations in the bank reconciliation process, leading to a reduction in open unreconciled items and improved financial reporting.

- Streamlined and improved business practices, including e-business, and improved service levels with better tracking, faster services, and lower costs.

- Calculated and paid approximately $20 million in past-due salaries and retroactive step payments in FY 2005, and collected more than $500,000 in salary overpayments from prior years. (The staff manually reviewed over 13,000 personnel records to ensure payments at the appropriate steps.)

- Ensured that teachers received their annual step payments on time in September 2004 and 2005, and paid all summer school teachers on time for the first time in several years.

- Completed the FY 2005 budget in PBB format.

- Developed a manual process to reconcile and update Schedule A's.

- Developed and implemented an electronic budget instrument.

- Developed a Website (http://dcps.cfo.dc.gov/main) for the Office of the Chief Financial Officer, providing information to stakeholders and improving fiscal transparency.

- Developed and implemented an anti-deficiency referral report to the Superintendent and Chief of Accountability Officer.

- Implemented invoice guidelines and requirements for non-public tuition vendors pursuant to the requirements of the Petties court order.

- Cleaned up prior year purchase orders amounting approximately $20 million that were affecting the current fiscal year budget.

- Introduced the concept of multi-year budgeting to the D.C. Council to provide greater stability in spending over time.

- Reduced overpayments to health providers by $1.4 million.

- Began implementation of the Procurement Automation Support System (PASS) to improve operational efficiency. This move is part of a larger procurement overhaul.

- Devoted substantial staff time and resources working on a number of financial audits and "freedom of information" requests.

FINDINGS

The Strategic Support Team also had a number of concerns about the budget and financial operations of the D.C. Public Schools. These concerns are presented below in the following categories: organizational structure, leadership and management, business systems and procedures, internal controls, and communications.

Organizational Structure

The team found that the District of Columbia Public Schools was not yet ready to assume full responsibilities for its budget and finances, but could be ready with additional work.[10] The team also found that management of school district's finances was better than it was several years ago, but was not as good as it could be. Third, the team found that the division of responsibilities for the school district's finances across so many different agencies and organizations ultimately makes it harder than in most big city school districts to align and use resources to meet the school district's instructional responsibilities and blurs lines of accountability in such a way that few people feel accountable for the results. Almost everyone with whom the team talked gave this general assessment of the school system and how its financial operations were run.

- **"City" vs. "School District" Responsibilities**

  - The DCPS's current financial structure was created by the Financial Responsibility and Management Assistance Authority (the "Control Board") in the mid-1990s to build public confidence in the school district's financial management and to strengthen the school district's financial systems. The

[10] Full responsibility means having the CFO report to the superintendent.

structure divides responsibility, authority, and accountability for the school system's financial affairs, systems, and operations between the Superintendent and a Chief Financial Officer, who is a city employee reporting to the Chief Financial Officer of the city rather than to the Superintendent.

- The city's Chief Financial Office reports to the Mayor, D.C. Council, and Congress. There was broad consensus among those with whom the team talked that the city's CFO was well-qualified and had been doing an excellent job keeping the city's books balanced and the city itself in good financial health.

- The city has emerged from its crisis status in the mid-1990s in no small part because of the Mayor, who was once the city's CFO. The city's most recent Comprehensive Annual Financial Report (CAFR) indicates that the city is running a positive fund balance and that its financial statements earn an unqualified "clean" audit from independent auditors.[11] The result is that the city has improved its bond rating and avoided being placed again under the authority of a Control Board, a situation that the city is determined to avoid.

- The school system's Chief Financial Officer—who everyone the team talked with agreed was very skilled—is an employee of the city, reports to the city's Chief Financial Officer, sits as an *ex-officio* member on the Superintendent's cabinet, oversees about 10 direct staff reports, and a total staff of about 60, is physically located in the school district's administrative headquarters, and is funded from the school district's budget.

- The D.C. Council and Congress eventually approve and/or modify the school system's budget.[12] (Congress, in fact, may line-item veto DCPS expenditures—and/or expenditures in the city's budget, for that matter—or mandate certain other spending without DCPS or city concurrence.) The Mayor, the U.S. Department of Education, and the state education office also play varying roles in the formation and implementation of the school district's budget.

- The Superintendent of the DCPS is responsible for school operations and for the direct allocation of the school system's financial resources, but lacks ultimate control over the system's financial and budget operations, given the large number of actors in the budget-setting process.

- The unusual structural arrangement makes it more difficult than in other city school systems for the Superintendent to align the school district's financial resources with instructional priorities, to develop and maintain effective business

[11] Government of the District of Columbia. *Comprehensive Annual Financial Report (CAFR)*. Washington, D.C.: Office of the Chief Financial Officer, 2003 and 2004.

[12] D.C. Delegate Eleanor Holmes Norton proposed that Congress be eliminated from the D.C. budget approval process some years ago.

systems across the organization, and to build strong accountability systems within the school district.[13] (The Superintendent does have control, however, over H.R. procurement, information technology, and instruction.)

- The lack of effective business systems across the organization has sometimes contributed to problems in several operational areas, including-—

  - Resolution of payroll issues on a timely basis. (At the same time, payroll issues are directly linked to problems in H.R. And incomplete or inaccurate information in the H.R. systems affects the accuracy of the payroll.)

  - Timely payments to vendors for goods and services. (The success or failure of this area is also dependent on schools following accepted procurement practices and establishing purchase orders before services are procured. Timely payment of vendors will also depend on staff members at the schools providing the accounts payable unit with receiving reports.)

  - Effective and efficient administration of federal grants funds.

  - Timely processing of budget transfers and approvals for expenditures. (This issue is largely out of the hands of the school district, however.)

  - Routing routine employee-benefits inquiries and transactions through city government. (The proper functioning of the H.R. unit, not just finance, impacts this issue.)

  - Long-term planning.

- The Superintendent's Office has developed its own analytical capacity to obtain critical management information to resolve operational problems. This capacity, in conjunction with that of the city, creates the potential for redundant analytical functions within district and city offices. However, to date, there is no indication that this situation has had a negative practical impact on district operations and relationships with the city's Chief Financial Office. In fact, the new capacity appears to help relations between the school district and the office of the city's CFO.

- **The School District's Chief Financial Office**

  - The organizational structure of the district's finance office is shown in Exhibit 15 below. The unit has authorization for 61 positions, but several critical positions were vacant when the team made its visit to the district, including those of Director of Budget, Senior Budget Analyst, and Internal Auditor. (All critical positions have now been filled.)

[13] This observation was also made in the September 1999 report, *Reforming the D.C. Board of Education: A Building Block for Better Public Schools*. Washington, D.C.: DC Appleseed Center.

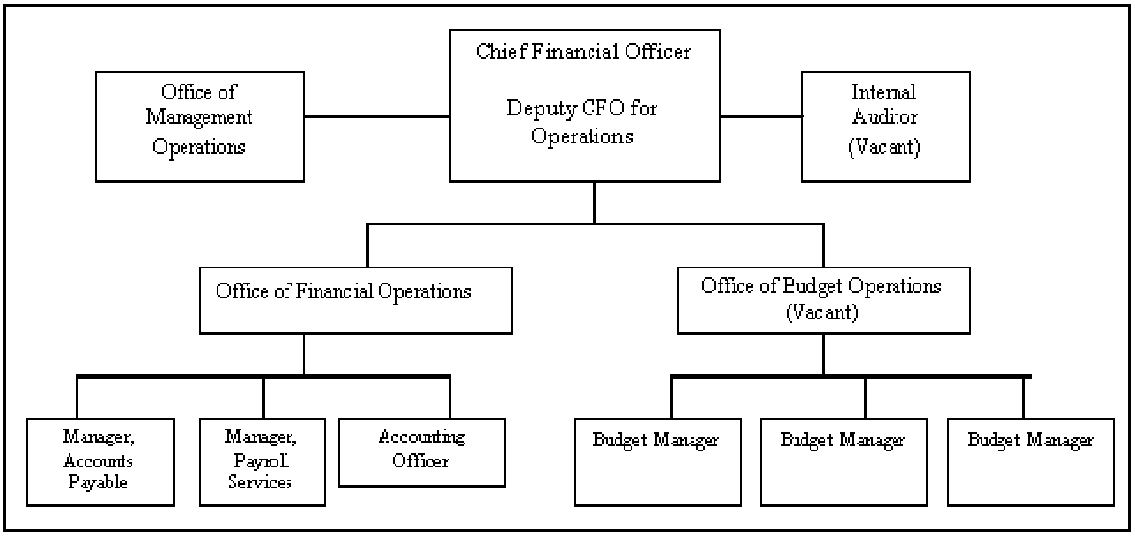
- The lines of responsibility and authority within the school district's Chief Financial Office were not necessarily followed in practice, when the team made its site visit. The payroll unit, for example, reported to the Deputy CFO, even though the unit was represented on the school district CFO's organizational chart as reporting to the Office of Financial Operations. Payroll has been subsequently moved to report to financial operations.

- The Office of Management Operations appears to operate as a "customer service center" for payroll and accounts payable inquiries, but lacks clear lines of responsibility for customer communications and problem resolution.

- The Office of Budget Operations employs about 10 people. The Superintendent has one person on this staff who develops the budget in concert with the school system's CFO and his budget staff.

- A number of financial analysts who are assigned to various program offices throughout the district, particularly in special education, could be reassigned to build more centralized and coordinated budget capacity.

Exhibit 15. Finance Office Administrative Structure



- **State vs. Local Functions**

  - The D.C. Council established a State Education Office (SEO) in 2000[14] under the Office of the Mayor to handle a variety of functions: federal child nutrition programs, fall enrollment counts for all DCPS and public charter schools, documentation and verification of district residency for all public school students, and periodic revisions to the Uniform Per Student Funding Formula (described in a subsequent section).

[14] The State Education Office Establishment Act of 2000 (D.C. Act 13-387)

- The district school system operates as both a Local Education Agency (LEA) and a State Educational Agency (SEA) and maintains two organizational charts and two budgets to represent each role. Although the same individuals staff many of the positions, these organizational charts and budgets give an appearance of a redundant bureaucracy.

- The school district counts about one-quarter of its expenditures as state-oriented. Most other urban school districts, however, would count most of these expenditures as local. For instance, the DCPS counts nearly all of its special education, transportation, nonpublic school tuition payments, and Juvenile Justice educational services as a state-level (SEA) administrative and budgetary responsibility. The rationale, in part, is that the costs are court-mandated and the city, which acts as the state, is a party to some of the suits. The team, however, agreed that most of these costs would be considered local in their own jurisdictions, no matter who mandated the costs or was party to them. The Council estimated that about 10 percent of local and about 6 percent of federal funds were state expenditures, as understood in most systems.[15]

- The roles of staff members in the grants offices of the SEA and the LEA are unclear and may, in fact, be redundant.

Recommendations

1. Ask Congress and the D.C. Council to charge the school district's Chief Financial Officer (CFO) with developing, in collaboration with the city, a management transition plan that would allow the school district to re-establish full fiscal authority to the Superintendent within three to five years. This plan should include targets, timelines, budgetary estimates, responsibility centers, and measures of success (using Government Finance Officers Association standards) to address deficient business systems (including payroll, human resources, procurement, accounts payable, and general accounting functions). If performance standards cannot be met, then the current structure should be retained.

   The school district and the city might form a task force to develop and agree on standards, benchmarks, and timelines for restoring CFO reporting lines to the superintendent.

2. Ask Congress to charge the school board and the D.C. Council with monitoring the implementation of a transition plan.

3. In the meantime, reassign the management, staff, analytical resources, and reporting responsibilities of the district's budget operations from the CFO to the

[15] The Council would include as local all LEA special education costs ($8.6m), special education hearings ($1.4m), special education nonpublic tuition $71.6m), attorney's fees ($9.8m), the 7-Point Plan ($3.5m), all transportation ($61.2m), the transportation administrative executive ($749k), and transportation overage ($3.3m). (See subsequent section for additional discussion.)

Superintendent. The reassignment would create two major areas of financial responsibilities—

a. The Superintendent would be responsible for budget preparation, adoption, execution, and amendments that align resources with the district's instructional priorities.

b. The district's CFO would maintain controller (expenditure) functions of the payroll, accounts payable, and accounting units to ensure their independence, as required by law, and would monitor overall compliance of the Superintendent's office with the budgetary constraints and limits of the city.

4. Clarify the distinct functions of the Local Education Agency (LEA) and the State Education Office (SEO); recast their organizational, administrative and budgetary responsibilities; and make the LEA responsible for functions normally associated with a large urban school district.

Leadership and Management

The Strategic Support Team generally found that current finance and budget staff was very well-qualified, but that the system has been crippled over the years by the high turnover of senior staff. This high rate of turnover has resulted in inconsistent and redundant practices, instability, and poor staff morale at lower levels. The issue is not restricted to the leadership of the finance and budget unit, however. The district's general misalignment of instructional goals and resources suggests a broader instability in the school system's leadership over the years.

- **Management and Supervision**

  - The high turnover rate among management and supervisory staff in the district's Chief Financial Office—and across the school system—over the years has meant that people who work in the office are sometimes inexperienced, are often unfamiliar with the financial history of the organization, unclear about who they are reporting to, and unsure about where the organization is heading. This uncertainty sometimes impedes productivity and efficiency in day-to-day operations or leads people to spending time recreating data that already exists. And it can splinter the district's sense of purpose and direction.

  - The instability and turnover at key management and supervisory levels over the years appears to be attributed to at least three factors—

    - District organizational "transformations" (reorganizations) that have involved requested employee resignations and reapplications for the same positions. (It was not clear to the team how many times this has happened since the Control Board era.)

  - The "at will" employment status in the district's finance office, which expedites the resignation and rehiring process. At the same time, "at will" status affords the CFO's office the flexibility to let people go when they do not have the skills needed for the job.

  - The lack of salary increases among nonunion management and supervisory employees since 2000. The district's Office of the CFO uses a pay scale that is different from the city's pay scale.

- Inexperienced managers are sometimes pursuing oversimplified methods to solve problems, e.g., the reorganization of the accounts payable unit to eliminate vendor specific payers. The effort appears doomed to repeat past errors.[16]

- **Accountability**

  - The school district—not the CFO's office specifically—appears to lack a meaningful process to sanction staff members who do not follow rules established to provide internal financial controls. Until recently, the school district appeared to have an organizational climate that overlooked transgressions and lapses in internal controls. The result has undermined employee morale and undercut public confidence in the school district when stories hit the press (e.g., procurement-card (p-card) abuse and spending by principals).

  - The district—not the CFO's office specifically—has experienced both political and management difficulties in "right-sizing" its workforce to reflect declining student enrollment. Apparently, the school district has made little systemic effort over the years to adjust its workforce or the number of facilities it operates to reflect changes in the numbers of students in the district. (See subsequent budget analysis.)

  - The district has been reluctant to implement year-to-year or mid-year staffing adjustments or to reconcile estimated-to-actual enrollments that result in over-staffing and additional costs,[17]even when these steps are built into the budget assumptions.

- **Training**

  - The district seems to lack a formal or systemic program to train the school system's central-office staff or school-level staff on how to manage resources or

[16] The team found no indication that district staff had any knowledge of the 1999 findings and recommendations of the Council's External Transition Work Group on Financial Management and Procurement.

[17] The school system goes through the exercise of adjusting staff without actually taking corrective action. Some staff members interviewed by the team claimed that favoritism was a factor in certain schools being held harmless from staffing adjustments. The team had no evidence about the veracity of this claim.

operate business systems effectively. It is not clear, moreover, that the district has any internal certification system or required training for its school-based business managers or new hires.

- The organization's apparent lack of training opportunities is exacerbated by the lack of procedural manuals or guidelines for even the most basic business operations.[18] Procedures in human resources and payroll are particularly unclear.

- While school principals have electronic access to finance and budget information at their sites, many do not take advantage of this access because they have not been trained, lack the skills to manage resources, or are unable to use basic software tools, such as Excel.

Recommendations

6. Set a tone of heightened professionalism and accountability from the Superintendent's office down that promotes stability, integrity, transparency, and high standards throughout the district.

7. Refrain from additional reorganizations of the finance department so that it can further stabilize its operations and can gain some additional momentum behind its reforms.

8. Institute a competitive salary schedule for non-union managerial staff commensurate with roles and responsibilities and with union salary increases going forward.

9. Develop a comprehensive and mandatory training program and internal certification process for school business managers and new hires in the finance office. The program should include a focus on procurement (including payment processing), as well as budget development, implementation, and adjustment processes.

10. Review the recommendations from the Council's 1999 External Transition Project—"Rebuilding the D.C. Schools." Many of the recommendations continue to be applicable to the district's financial, procurement, management information services, and technology operations. (See Appendix F.)

Business Systems and Procedures

The Strategic Support Team found that the D.C. Public Schools lacks the policies, standard operating procedures, manuals, training, systems, and technology it needs to support its human resources, payroll, purchasing, and other business functions. The result is weak position control, retroactive pay issues, loss of federal funds, and the inability to align resources with the school district's strategic priorities.

[18] The team was told that the CFO's policies, procedures, and guidelines were in draft form.

- **Budget Processes**

  - District of Columbia law requires the Board of Education to submit a proposed budget to the mayor in December of each year, requires the Board to hold hearings prior to that transmittal, and requires the mayor to include a budget for DCPS in the annual budget submitted to the D.C. Council. The Council is required to hold hearings on the full city budget, including proposed spending on the school system, and to approve the budget within 50 days of its submission by the mayor. The mayor and the council typically complete work on the annual budget by the end of May each year and then transmit it to the U.S. Congress as part of its annual appropriations process for the subsequent fiscal year.

    Though not required by law and as a recent addition to the annual budget process, the city CFO develops a "baseline" budget prior to the mayor completing work on the proposed budget. The baseline budget is designed to serve as a first step in the budget, taking into account historical spending patterns and legal and court requirements.

  - The District of Columbia Public Schools has made notable business improvements during the past year, including the following—

    - The content and presentation of the district's FY 2006 budget document is an excellent communications and policy tool.

    - The implementation of an online, Web-based procurement process enables principals to purchase office supplies from their school office computers.

  - The school district is moving towards the development of a "performance-based budgeting" system. So far, the budget lists the kinds of indicators that such a system might use, but there are no baseline data presented on most of these indicators and there is little evidence that the benchmarks were developed across functional units or in a collaborative fashion. In addition, little evidence exists that individuals outside the immediate budget development process have any appreciation of why the district is moving in this direction or how the district and city will use the data.

  - The school district's annual budget is not built from the ground up. In other words, the annual budget provides proposed spending in broad activity categories, but it is not backed up with detailed estimates within each activity. Detailed budget estimates are calculated only after Congress approves the final budget.

  - The district's FY 2006 budget document does not display basic summary information on year-to-year enrollment trends, staffing level trends, or actual expenditure data for prior years (except the most recent year). It is generally difficult to track D.C. school spending by function over time because of constantly changing definitions and organizational restructuring.

- The district's FY 2006 budget contains $30 million in items relating to "Maximizing and Redirecting Internal Resources" that appear to rely on "soft" and overly optimistic estimates of additional revenue and cost savings, representing a risky approach to budget construction. Examples of these items include—

  - $13 million in additional unspecified federal funds.

  - $5.4 million from unspecified special education efficiencies.

  - $5 million each from a payroll audit and the relocation of the central headquarters.

- A 1998 report by the U.S. General Accounting Office (GAO) found that the district was not applying for all the federal grants that were available for it, and an FY 2006 study shows that the DCPS is receiving Title I funds in about the amount expected, given the system's size and poverty rate.[19] The Council's most recent review indicates that the district is taking better advantage of federal grants than before, but is carrying over an unusually large amount of federal funding from FY 2005 to FY 2006, approximately $28.2 million, or 24 percent of FY 2005 allocations. The district does not appear to have a specific revenue maximization unit.

- The school district has increased its third-party billing under Medicaid from about $9 million in FY 1998 to about $25 million currently. However, in a 2002 report, the Office of the District of Columbia Auditor found that the DCPS was losing substantial funding because of staff turnover, weak policy implementation, incomplete Individualized Education Program (IEP) data, poor record-keeping, and inaccurate records. Some of the auditors' initial recommendations are still pending.

- The financial impact of declining enrollment is not felt immediately because district revenues are based on the prior year's enrollment. In the past, the district has not been successful in recognizing or dealing with the need to adjust staffing to reflect reduced enrollments.

- DCPS expenditures of over $1.0 million require approval by the D.C. Council.

- Modifications to the school district's budget, even for minimal amounts, require approval of the city CFO and D.C. Council. Budget transfers require notification of the CFO, the Mayor, D.C. Council, and Congress. This process often adds time and complexity to transactions that most city school systems consider routine and can delay access to federal program spending authority, which, in turn, can lead to larger amounts of federal carryover funds.

[19] Government of the District of Columbia (2005). *FY2006 Proposed Budget and Financial Plan: Special Studies—Human Services and Education*. Office of the Mayor, April 18, 2005.

- The city retains the interest on revenues otherwise flowing to the school system. It was unclear to the team how much money was involved.

- The school district budgets on an annual basis, making it difficult to do long-term strategic planning about where the school district is going. Not all big city school districts across the country have multiyear budgeting, but there are some that do.[20]

- Individual schools, through their Local School Restructuring Teams (LSRT), develop an annual Local School Plan (LSP) that describes their academic plans, their Weighted Student Formula budget plans, and their staffing plans. The site-based budgeting process is fairly well-developed (although it does not include an online budget preparation system), but it lacks the systems or procedures to ensure that the results are aligned with the district's instructional priorities—a key feature of a true performance-based budgeting process. The district is working to correct this situation by having a One-Year LSP for the 2005-06 school year that will phase in the new standards in reading, language arts, and math.

- School principals have very limited control of their budgets and their ability to hire staff.

- The district has two basic formulas by which it distributes aid to its public schools. The first is the Uniform Per Student Funding Formula, which is used to determine the amount of D.C.-appropriated funds needed to support current operating costs of the DCPS and each public charter school in the city. The second formula is the Weighted Student Formula, which is used to distribute to each DCPS school its share of the funds provided to the district by the Uniform Per Student Funding Formula.

- The Uniform Per Student Funding Formula proposes to distribute a foundation amount of $7,116 per student in FY 2006 to its regular and public charter schools, based on a series of weights ranging from 1.17 to 1.3, depending on grade span and type of setting. Additional weighting is provided for special education, limited English proficiency, and summer school participation. There is no weight in the formula for poverty.

- The Weighted Student Formula would distribute FY 2006 funds to regular schools in the district according to a "floor-plan" that includes staffing ratios for each school and for class sizes. Each school is allotted an allocation sufficient to fund a principal, assistant principal (depending on school size), administrative aid, clerk, librarian, counselor, business manager (for high schools), custodians, custodial foremen, teachers, paraprofessionals, and other non-personnel expenses. Each position also carries an assumed average salary level. The team did not find any of the salary levels to be out of line with what other school systems pay. If anything, salaries appeared low. The formula is then adjusted to account for

[20] Buffalo, Columbus, Los Angeles, Louisville, Portland, and San Diego are examples of urban school districts with some form of multiyear budgeting. New York City uses a four-year plan.

numbers of free/reduced price lunches, special education, and limited English proficient students in each building. The student portion of the formula is largely overwhelmed, however, by the "floor plan" portion of the formula.

- Schools receiving funds under the Weighted Student Formula do not have to spend staffing dollars in the way that the formula allocates them. Nor are schools required to spend monies on each category of child in the proportion in which they generated the dollars in the formula. Federal funds, moreover, are added to the individual school allocations according to the rules of each program.

- A number of patterns are clear in the current Weighted Student Formula: a) small schools typically receive higher per pupil allocations than do large schools; b) elementary schools typically receive higher per pupil allocations than do middle or high schools; and c) schools with lower concentrations of poor students typically receive higher per pupil allocations than do schools with higher concentrations of poor students—all creating equity concerns across the district. In addition to the fact that allocations are now twice as large in some schools as in others, these patterns appear to be due largely to a number of other factors. These include the growing impact of the floor plan, which nullifies the student weights since it is a staffing-ratio formula, and the declining enrollments of many schools.

- The district's Weighted Student Formula is currently being evaluated by a diverse group of stakeholders who are scheduled to report back to the school system.

- There is no alignment of the district's reform agenda and increases in school budgets in the FY 2006 budget proposal. Site-based budgets through the Weighted Student Formula were increased by $4 million, while the district's budget enumerates a substantial number of unfunded needs and program improvements. The school district misses an opportunity to ensure that some or all of the increase is devoted to unmet needs.

- The task of formatting the school district's budget to conform to the city's budget is time-consuming and does not appear to add much value to the school system's budgeting process, although it may add some to the city's. For example, the school district's annual budget is quartered and presented to the Anti-Deficiency Board as the district's cash flow projections. This method of projecting cash flow does not reflect the realities of a school system's operations or spending patterns. The result is that the school district is considered "deficient" during the first quarter of each school year—a violation of the Anti-Deficiency Act.

- The district lacks the resources and technology systems to perform basic analytical tasks and calculations without overloading available staff. The team could not obtain ready information, for instance, on the costs of step-increases (which cannot be done automatically with the current system), savings from attrition, costs of retroactive payments, or average salary costs. The district had

approximately 3,800 retroactive payments that it was attempting to reduce when the team made its site visit.

- Congress recently allowed the school district to change its fiscal year from October 1-to-September 30 to July 1-to-June 30. The district's budget includes funding for a transition period. The previous system had staff opening schools and closing the books on the previous fiscal year during the same month.

- **Accounting Systems**

  - The city's accounting policies and practices sometimes create hurdles for establishing or modifying school district grants in the accounting system. These hurdles are estimated to cause the annual loss of an estimated $2 million in grant funds because of delays in establishing spending authority. The delays also result in hasty and last-minute procurement activities.

  - The team also encountered recurring issues of inaccurate accounting records that involved charging expenditures for some specially funded positions to incorrect locations, programs, and funding sources. Staff members have to move expenses into the correct accounts by journal entries rather than having them automatically charged to the right categories.

- **Payroll , Position Control, and Employee Benefits**

  - The district does not have an adequate or automated position control system. The problem is a leading contributor to—

    - Misspent funds for health and medical benefits for terminated former employees.

    - Phantom employees, overstaffing, overspending, failure to recover reimbursable costs, inaccurate accounting records, and missing data. The Office of Compliance has uncovered a number of these cases.

  - The district's payroll rosters on the Comprehensive Automated Personnel Payroll System (CAPPS) are not always purged of terminated or transferred employees are not purged in a timely fashion, leaving the district open to fraud, waste, and abuse. Each person hired by the system should be linked to a position control code and funding source, but currently that is not the case.

  - Principals interviewed by the team indicated that there were numerous examples of people on payroll for their schools who were not supposed to be there and people who were supposed to be on payroll who were not.

- Transferred or grants-funded personnel are not always charged to the appropriate programs because the district does not properly maintain the account code fields attached to each person. (See Accounting Systems above.)

- The district's payroll system is driven by a "positive" time reporting process for regular work time that is inefficient and labor intensive.[21] The system probably contributes to high error rates, which are exacerbated by the limitations of the legacy payroll software.

- The district provides little training for timekeepers at the school-site level and has no procedural manuals for central-office staff or school-based personnel.

- The district had great difficulty processing and calculating employees' retroactive payroll adjustments (some of which date back 10 years). Some of this problem was caused by retroactive collective-bargaining agreements that were approved by the Mayor, D.C. Council, and the Board of Education without agreement on the source of funds and some is the result of errors in the Human Resources Department's "rating-in" system. Much of the work on these payroll adjustments is being done manually.

- While some plans, status reports, and general timelines exist to clean up the backlog of retroactive payroll payments, the district does not appear to have a proactive plan or effort to avoid the reoccurrence of these problems. In addition, there appears to be little support from the district's Information Technology Department in providing short-term assistance to address the retroactive pay situation.

- **Computer Systems**

  - The district lacks an adequate technology infrastructure to support its business operations effectively, including payroll, human resources, procurement, accounts payable, and general accounting functions. The district's strategic plans for acquiring, deploying, or implementing modern financial and business technologies remain sketchy and preliminary.

  - Efforts to replace the obsolete human resources/payroll legacy system (CAPPS) with a new software system (PeopleSoft) were abandoned after considerable time, effort, and expense. The result was that—

    - The district's old legacy system continues to plague current operations with inconsistent data. Basic operations such as step advancements or the loading of collective bargaining agreements cannot be accomplished automatically.

[21] A "positive" time reporting system requires the entry of all time worked or benefited, as opposed to an "exception" reporting system, which only requires the entry of atypical data.

  - The district pays out about $2 million annually in contracts to patch the current legacy system just to keep it running.

- **Accounts Payable Systems**

  - The district has difficulty meeting its 30-day bill-payment targets because of the failure of schools and offices to complete receiving documents on a timely basis. When sites fail to transmit receiving documents, the accounts payable staff cannot complete the three-way match (of purchases orders, invoices, and receivers) required to authorize payments. The problem appears to be the result of poor training, the lack of procedural manuals, and the failure of principals to complete receiving documents on a timely basis. Further affecting the 30-day payment target is the fact that payments must be routed through the city, a process that can take up to 14 days.

  - The Controller's plan to monitor accounts payable technicians' productivity is good as far as it goes, but his proposal to abandon the unit's staffing structure by vendor-type is simplistic, unsophisticated, and does not address real issues of adequate systems, training, policies, and procedures**.** Staff members should normally specialize in various categories of vendors, particularly when the system lacks the necessary procedures.

  - Much of the accounts payable system is not automated and must be handled manually.

- **Procurement**

  - The school district is moving to implement a new automated procurement plan—the Phoenix Project—that will allow schools and offices to get the goods and services they need more easily and quickly. The system, called PASS (for Procurement Automated Support System) is being developed in conjunction with the city.

  - The current district procurement system literally takes months from the time goods and services are ordered initially to the time that they are received. The team was also told that there were often substantial discrepancies between what was ordered and what was received.

  - The district's current procurement system does not automatically check purchase requests for the availability of budgeted funds.

  - The current procurement system also requires that the finance office approve each purchase request twice—once as a requisition and once as a purchase order. The process should be done only once, at the requisition stage. (The current process requires a requisition to go from a principal or an office to a budget analyst, then

to procurement and on to a purchase order, then back to budget, back to procurement, and finally to the vendor.)

- It is unclear why issues related to the district's procurement-card (p-card) were not corrected, so that the system could be operated effectively, rather than abandoning it outright when a number of abuses were uncovered.[22] There are several very good Web-based systems available that provide automated workflow, tracking, approval, and reporting capabilities that could be used as models for the school system. (The district is considering a partnership with American Express to allow online ordering of supplies and speed delivery times.)

- The current procurement system is outdated, redundant, slow, bureaucratic, and governed by overlapping city and school district procedures and rules that date back decades. The city should revisit its procurement rules and analyze the potential for additional reform in how city and school procurement processes interface.

- **Facilities**

  - The district has taken dramatic steps to revise its FY 2006-2011 capital improvement plan to address its facilities needs more effectively. The newly proposed plan (Option D) reduces the district's emphasis on new construction and renovation projects to focus more resources on a systemwide facilities rehabilitation effort. This reprogramming of resources to deferred maintenance needs should spread capital improvement funds to more schools and reduce the waiting time for renovations.

  - Major renovations or modernizations have been completed or are in the works at a number of DCPS schools, including Oyster, Barnard, Cleveland, Key, McKinley, Miner, Noyes, Patterson, Randle Highlands, Kelly Miller, Thomson, Bell, Lincoln, Brightwood, and Luke Moore.

  - The district undertook a major maintenance program over the summer that involved painting, gym repairs, grounds improvements, landscaping, and cleaning at several dozen schools.

  - The school district continues to lack the financial instruments available to other major city school systems nationwide to raise funds to improve the condition of

[22] District of Columbia Public Schools (2003). *Procurement Cards: Review of Selected Reports and Transactions*. Washington, D.C.: District of Columbia Public Schools, Office of Compliance, November, 2003 (Report 04-02); *Noncompliance with Policies Places DCPS Funds at Significant Risk*. Washington, D.C.: District of Columbia Public Schools, Office of Compliance, August, 2003 (Report 03-09); and *Procurement Card Program: Review of Internal Controls and Transactions for Fiscal Year 2002*. Washington, D.C.: District of Columbia Public Schools, Office of Compliance, March, 2003 (Report 03-05). See also Office of District of Columbia Auditor (2003). *Mismanagement, Noncompliance, and Ineffective Internal Controls Exposed School System Funds to a Significant Risk of Fraud, Waste, and Abuse*. Washington, D.C.: Office of the District of Columbia Auditor, June 16, 2003.

its school buildings.[23] The District of Columbia Public Schools rely on either appropriated local funds from the D.C. Council or borrowing authority under the city's debt limits. The city schools, however, need some $2.5-to-$3.0 billion in deferred repairs and renovations, and are in very poor physical condition.

Recommendations

11. Amend the Weighted Student formula by removing or lowering the effect of the floor plan and increasing the weights given to student needs.

12. Enhance the flexibility of principals to manage their own budgets and hire staff, but do so within a framework of accountability for financial integrity and academic results. (See subsequent recommendations on training and auditing of school-based funds.)

13. Move expeditiously to install new computer systems to support the district's finance and business operations, starting with an initial deployment of a new payroll and human resources system to replace CAPPS that would incorporate an automated position control system to meet the district's most critical need. The team also suggests revisiting the decision on PeopleSoft or a similar system, and considering a reporting system such as the Galaxy program used in New York City to track school-level budgeting and spending.

14. Augment the management, staff, and analytical capabilities and management decision-making processes of the district's budget office so that—

    a. Critical budget projections are based on a strong foundation of "hard' data.

    b. Fundamental financial data are presented in a logical and consumable fashion.

    c. Budget allocations and funding increases are aligned with the district's instructional priorities and meet programmatic improvement needs.

15. Eliminate the current system of double approval of purchase requests by the district's finance office and revise city policies and practices that warp or slow the district's budget processes (e.g., quarterly cash flow projections, budget transfer policies that appear to be delaying federal grant expenditures, and uniform budget formatting).

16. Create a cross-functional team of appropriate staff from the district's Chief Finance Office, the Department of Human Resources, and the Department of Information Technology Departments to retire the current backlog of retroactive payroll

[23] The Philadelphia Public Schools, for instance, have its own authority to issue capital bonds on their own without city approval under Pennsylvania's Local Government Unit Debt Act of 1972. The Portland Public Schools draw on the expertise of a Portland School District Real Estate Trust that was formed to produce revenue from district property for the benefit of the schools. The Oklahoma City Metropolitan Area Public Schools Trust was set up in the 1990s to renovate many of that city's schools.

payments. The district might also consider conducting or contracting for a complete payroll audit.

17. Require the participation of the school district's Chief Financial Officer and Human Resources Director in the settlement of collective bargaining agreements that give rise to finance and business issues, such as retroactive pay.

18. Request from the D.C. Council or Congress permission to move to a two or three-year multiyear budgeting or budget forecasting system.

19. Create the legal authority for the school district or the city (on the school district's behalf) to borrow against the federal public debt limit in order to finance school capital projects and major repairs and renovations, or levy additional taxes whose proceeds would be dedicated to major infrastructure upgrades. There are a number of ways to finance the rebuilding and repair of the city's school buildings, but the team suggests that the city's political leaders pick or develop one that finally garners the resources necessary to tackle this problem.

20. Consider establishing a quasi-independent facilities unit or oversight or advisory board to help manage proceeds from any new repair and renovation funds. The panel should be composed of experts in education and instruction, facilities, finance, and real estate. The district could be given the option of contracting out project management but doing so under the oversight of a quasi-independent group. The history of totally independent building authorities suggests that their work is too often disconnected from the instructional mission of the schools; the history of school board management of facilities funding suggests a record of mismanagement, project politicalization, and micromanagement. Striking a balance is critical.

21. Apply for an outstanding budget presentation award for the FY 2006 budget document from one of the major professional organizations in government and school district business management, such as the Government Finance Officers Association or the Association of School Business Officials. Applying for such an award can serve as an excellent communications and policy tool and the process required for recognition can be an excellent mechanism for "continuous improvement."

22. As the district moves toward a "performance-based budgeting" process, begin aligning district resources explicitly to specifically defined academic goals and objectives.[24] (See Appendix E for one example of how to do this.)

Internal Controls

The Strategic Support Team generally found that the D.C. Public Schools has unusually weak internal controls over its spending and few checks and balances to ensure staff compliance with district procedures. The result is a lack of public confidence in the district's ability to manage its own affairs effectively.

[24] This recommendation is based on the Charlotte-Mecklenburg curriculum-driven budgeting process.

- **Internal Audit Functions**

  - Senior management has not demonstrated any sense of urgency historically to correcting the public perception that there is widespread malfeasance in the school system. The team found no evidence of irregularities but made note of the public perceptions about them.

  - The newly created internal audit position in the district's finance office is vacant; and the number of staff members in the Superintendent's audit compliance unit is inadequate to provide a full-fledged internal audit function. However, the Office of Compliance is headed by a skilled director who has developed a regular schedule of audits. FY 2005 planned audits, for instance, included an examination of the Office of Facilities Management, the Office of Professional Credentialing, the Office of Information Technology, the Office of Human Resources, the Office of Grants Management, the Office of Realty, and other offices.[25]

  - The school district has no formal follow-up procedures or feedback mechanisms for compliance audits.

  - No Electronic Data Processing (EDP) internal audit capability exists to review or evaluate the district's financial and business computer controls.

  - The Board of Education does not have an audit committee and does not receive compliance reports for information or action. The board eliminated its audit committee when it eliminated its entire committee structure in 2004.

  - There are no audits of fixed-asset inventories at school sites, and school activity funds, always a high-risk area, are only audited on an average of once every 10 years, according to what the team was told. Audits should be performed at least once every two or three years or when principals are changed.

  - Principals have created "work-arounds" to get people paid, hire staff, and order supplies because the district lacks systems and procedures to enable principals to run schools effectively.

- **Contracts**

  - The district lacks adequate internal controls over high-volume contract expenditures and other high-risk areas. For example—

    - The team noted weaknesses in the internal controls over Special Education (SPED) contract expenditures. The accounts payable unit does not have copies

[25] District of Columbia Public Schools (2004). *Fiscal Year 2005 Audit Plan: Planned Audits and Evaluations of District of Columbia Public Schools' Divisions, Offices, Schools, Programs, and Functions.* Washington, D.C.: District of Columbia Public Schools, Office of Compliance, October, 2004 (Report No. 05-01-AP)

of SPED contracts with which to compare vendor invoices for amounts, rates, and terms. In addition, third-party reviews of SPED contracts appear to be nonexistent.

- It appears that the Army Corps of Engineers can approve facilities construction and repair payments without appropriate review by the school district.

- The district's award to Watkins Security was apparently flawed by poor internal controls, a weak RFP development process, and lack of compliance with city regulations.

- The district's contracts with seven different wireless telephone providers that included unnecessary and expensive services were made possible by a lack of written policies and procedures governing cellular telephones.

- The district's contract with Washington Gas was apparently used as a mechanism for obtaining a broad array of renovation services. The DCPS also was apparently charged incorrectly for a number of utility costs incurred by other agencies. (The team knows that this is part of a larger citywide issue.)

Recommendations

23. Augment the internal audit function with appropriate management staff and resources to—

    a. Ensure compliance with district policies, directives, best practices, and the appropriate use of funds.

    b. Follow up on exceptions and comments to compliance audits.

24. Create an external audit advisory committee composed of business, finance, accounting and government experts from the region's foremost businesses and universities to review and evaluate the annual audit plan, review district procedures and business practices, receive copies or summaries of the audits performed, and provide technical assistance where needed in order to further strengthen management reporting, accountability, and transparency.[26]

25. Conduct an examination of the expenditure review procedures in the accounts payable unit to ensure that there is adequate support and validation of special education (SPED), the Army Corps of Engineers, and other high-value contract payments.

[26] The committee might meet quarterly. The school systems in St. Paul, New York City, Palm Beach, Austin, Miami-Dade County, Chicago, and Broward County have used external audit committees. (The Council made this recommendation to the district in its 1999 report.)

Communications

The Strategic Support Team found that, in general, communications across units of the district are inadequate to ensure efficient and effective financial operations.

- **District Office Communications**

  - The school district is hampered generally by weak or nonexistent communications across units and the lack of cross-functional teaming. These inadequacies result in organizational "silos" that contribute to inefficient and ineffective operations and poor support of schools.

  - The finance office apparently was not included in discussions related to collective bargaining settlements and their impact on the district's payroll and business operations, e.g., the district's ability to make retroactive payments.

  - Efforts by the district's Payroll and the Human Resources Departments to communicate openly about retroactive payroll payment issues have only recently yielded some productive outcomes. There are continuing issues, however, that need to be resolved, including—

    - The Payroll Department blaming the Human Resources (HR) Department for retroactive payment circumstances without recognizing the proactive efforts taken by HR to resolve the issues involved.

    - The failure to assign specific individuals in the Information Technology Department to assist the Human Resources and Payroll Departments in resolving the issues.

  - Inter-agency collaboration and communication were inadequate when the city required the district to develop performance-based budgeting and failed to recognize that district staff would need additional training to fully implement it.

  - An opportunity exists currently for the school district CFO to develop a strategic and comprehensive financial training program for principals and school-site business managers as part of a new master calendar of professional development for principals.

  - The district makes limited use of cross-functional teams, meetings, communications and training to address multi-departmental issues within the school system.

- **School-Site Communications**

  - The district lacks coordinated communications channels with its schools, resulting in principals and schools receiving frequent and redundant requests for

information from the central office. This is due partly to the lack of coordination and data systems that are able to talk with one another and due partly to weak communications.

- The district does not use focus groups of principals or other panels to preview and refine potential new policies and directives to obtain customer feedback.

Recommendations

26. Conduct a comprehensive review of the district's communication practices, including identification of the methods it uses to gather, process, and disseminate information, with the goals of improving the exchange and enhancing the knowledge of information at each level of the organization.

27. Establish cross-functional teams as a standard business practice to resolve multi-departmental issues, and coordinate communications channels and databases to streamline the flow of information between the central office and school sites.

28. Convene customer focus groups and advisory panels (e.g., of principals) to preview and refine new policies and directives before they are approved, and use customer surveys and other feedback tools to determine the impact or consequences of policies after they are issued.

29. Open and formalize interagency communication channels so that the consequences of city and district actions upon one another can be anticipated.

30. Develop a comprehensive and coherent financial and business management training program for central-office, principals, and school-site business managers as part of a districtwide master calendar of professional development.

CHAPTER III. SPENDING COMPARISONS

D.C. School Superintendent Clifford Janey also asked the Council of the Great City Schools to compare the spending of the D.C. Public Schools with that of other urban school districts. Thus, this chapter was designed to answer a single broad question—

- How does the school district spend its money compared with other cities?

MAJOR ACCOMPLISHMENTS

We will see in this chapter that the school district spends its money in substantially different ways than most urban school districts across the country. Some of these differences are the result of court orders, outsourcing, legal constraints, and other factors, some within the control of the district and some not. The school district is attempting to correct some of these imbalances, and over the last year has—

- Pursued new negotiations with the courts for special education relief under the Blackmun, Petties, and Jones cases.

- Formulated a request of the courts for a transition plan to return operations of district transportation operations to the school system.

- Established an accountability office in the central office to begin aligning organization priorities to results.

- Initiated an overhaul of the Weighted Student Formula with a group of local stakeholders and national experts.

FINDINGS

The Strategic Support Team analyzed the budget of the D.C. Public Schools and compared it with spending, salaries, and staffing patterns in other urban school districts.

Spending

While the intent of this chapter is to present the comparisons necessary to answer the question about how D.C.'s school expenditures compare with other major cities, in actuality, there is no completely satisfactory way to match up how school districts spend their resources.[27] It is also not clear that the comparisons always matter. School districts everywhere count their expenditures in vastly different ways. Some tally federal monies; others do not. Some include charter schools; others do not. Some count adult students; others do not. Moreover, school districts' spending on particular items can vary from year

[27] A discussion of this difficulty can be found in Mary Levy (2005). "Per Student Cost Figures for the District of Columbia Public School System" Washington Lawyers' Committee for Civil Rights and Urban Affairs, February 2005.

to year. For example, spending on books and materials can spike in a year in which a district has made a major adoption but may drop the year after. Maintenance costs can depend on the age of school buildings and the weather. Interest payments can vary according to how a district has structured its debt. The variations and anomalies are almost endless. And the D.C. school system appears to have more anomalies than most. Finally, it is not clear that spending patterns on broad functional categories correspond perfectly to improvements in student achievement.

Still, the question about how a school system's spending patterns compare with other districts is a common and important one.

We have attempted to answer the question, in part, by gathering data from two different sources and comparing the results to see if they point to the same conclusions. First, we directly surveyed urban school systems throughout the country belonging to the Council of the Great City Schools—including D.C.—with an instrument adapted specifically for this project. The Council asked the Chief Financial Officer from each city's school system to provide data on his or her district's budgeted spending for the 2004-2005 school year, including spending on instruction (i.e., classroom instruction, special education, books and materials, instructional technology, auxiliary instruction, and professional development); student services (i.e., health and attendance, transportation, food services, and student activities); central and regional services (i.e., school board and executive administration); business services and operations (i.e., fiscal services, business services, maintenance, energies and utilities, and insurance); school-site leadership and support (i.e., leadership and support staff); and debt services.

The reader should note that the amounts asked for include budgeted figures, not actuals. Actual spending may be higher or lower depending on whether budgeted staff positions are filled, programs operate within budget, or many other circumstances. Each category, in turn, has a number of subcategories that provide more detail than one can see using data from our second source, the National Center for Education Statistics (NCES). A summary of the results from the Council's survey is shown in Exhibit 16 and data from NCES for the 2002-2003 school year The most recent available) are found in Appendices G-K. These data included spending on instruction, support services, and other elementary/secondary programs.[28]

The spending categories in the Council's survey and the NCES forms are not the same, although they are roughly comparable. We have attempted to minimize the lack of comparability, where it exists, by clarifying the information asked on each survey and the categories that are included or excluded. In addition, cities often will report spending in one category that another city would report as spending in another. We have attempted to minimize this problem by going over the data with the districts individually and asking them to revise their submissions in cases where they misinterpreted instructions or placed figures in the wrong categories. Still, there is no way to ensure that everyone completed the forms in exactly the same way.

[28] Source: Common Core of Data, National Center for Educational Statistics.

Exhibit 16. Comparing D.C. Schools' Budgeted Spending per Pupil with Urban School Averages, 2004-2005[29]

Budget Category	D.C. Average	Percent of Current	Urban Average	Percent of Current
Total Current Expenditures	$14,560[30]	100.0	$8,834	100.0
Instructional Expenditures				
• Classroom Instruction	4,683	32.2	3,775	42.7
• Special Education	3,699	25.4	1,114	12.6
• Books & Materials	287	2.0	211	2.4
• Instructional Technology	89	0.6	44	0.5
• Auxiliary Instructional Services	339	2.3	359	4.1
• Curriculum & Staff Development	408	2.8	284	3.2
• Other Instructional Expenditures	87	0.6	164	1.9
Subtotal	$9,592	65.9	$5,951	67.4
Student Services				
• Health & Attendance	95	0.7	186	2.1
• Transportation	1,066	7.3	341	3.9
• Food Services (net costs)	115	0.8	64	0.7
• Student Activities (net costs)	20	0.1	23	0.3
• Other Student Services	25	0.2	29	0.3
Subtotal	$1,321	9.1	$643	7.3
Central & Regional Services				
• Board of Education	16	0.1	29	0.3
• Executive Administration	297	2.0	161	1.8
Subtotal	$313	2.1	$190	2.1
Operations				
• Fiscal Services	137	0.9	73	0.8
• Business Services	501	3.4	205	2.3
• Maintenance & Facilities	1,083	7.4	603	6.8
• Energy & Utilities	525	3.6	191	2.2
• Insurance	0	0.0	72	0.8
Subtotal	$2,246	15.3	$1,144	12.9
School-Site				
• Leadership	290	2.0	375	4.2
• Support	424	2.9	207	2.3
Subtotal	$714	4.9	$582	6.5
Other				
• Other Current Expenditures	$374	2.6	$325	3.7

[29] Source: Council of the Great City Schools. Note: Figures reflect budgeted, not actual, amounts.

[30] Amount based on DCPS budget for 2004-2005 of $943,348,705 minus $44,850,418 in state-related expenses not incurred by other urban school districts. Net current spending equaled $898,498,287. Per pupil amount is based on an audited student count of 61,710 for 2004-2005.

Total Current Expenditures

The Council of the Great City Schools found that the D. C. Public Schools spends more money per pupil than does any other big city school district in the nation, except for Newark and Boston. These results are corroborated by data from the NCES.[31] (See Appendix I.)

- The Great City School survey estimated that the district's "current" spending per pupil was $14,560 in the 2004-2005 school year, compared with $8,834 in the average urban public school system nationally.[32]

- The NCES survey showed that the district spent $13,363 in the 2002-2003 school year, compared with $8,677 in the average urban school system. (The difference between the two sets of numbers—the Council and NCES numbers—can be explained largely by two years worth of inflation.)

Instructional Expenditures

The Council found that the D.C. Public Schools budgets more money per student on instruction than does the average urban school system, but that the spending constitutes a somewhat smaller share of total costs than that in other big city school districts. These results are consistent with those from the NCES survey.

- The D.C. Public Schools budgeted $9,592 per student for various instructional purposes in 2004-2005, considerably more than the $5,951 per student budgeted by the average urban school system.

- Some 65.9 percent of the district's budgeted expenditures were devoted to total instructional costs (including special education), compared with about 67.4 percent in the average big city school district.

- Data from the NCES showed the same pattern—the D.C. school system spent more for overall instructional purposes than did other major urban school systems, but the amount constituted a smaller share of total dollars budgeted.

- **Classroom Instruction**

  - The D.C. Public Schools devoted about $4,683 per student of its total instructional spending on direct classroom costs, compared with about $3,775 per student in the average urban school district.[33]

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[31] A recent analysis by *Education Week* also ranked the D.C. Schools as having the highest per pupil spending of any state in 2002-2003: *No Small Change: Targeting Money Toward Student Performance*. Bethesda, MD Editorial Projects in Education, January 6, 2005.

[32] The figures are not adjusted for regional differences in the cost of living.

[33] Classroom instruction includes costs for pre-K-12 teachers, paraprofessionals, instructional coaches, and clerical personnel working with teachers in the classroom. It also includes the costs for after-school

- The amount that the D.C. Public Schools budgeted for direct classroom instruction constituted about 32.2 percent of all current per pupil dollars, compared with about 42.7 percent in the average urban school system.

- **Special Education**

  - The D. C. Public Schools budgeted about $3,699 per pupil on special education, compared with about $1,114 in the average big city school district.[34] (Expenses per pupil were calculated by dividing total special education expenses by the district's total number of students, not just special education students.)

  - The amount budgeted for special education in D.C. constituted about 25.4 percent of the school district's total current expenditures, compared with about 12.6 percent in the average urban school district. The system places an unusually large portion of students in private facilities both inside and outside the city at a very high cost per pupil; it has insufficient controls on IEPS; it is unable to resolve disputes in a timely fashion; it has an ineffective due process and mediation system; it has not developed sufficient internal program capacity; it has weak diagnostic processes; and many other factors. At the root of the problem is a school board policy (3030.3) that places the burden of proof in due process hearings on the school system to prove that its services are adequate to address the needs of children, a practice that few other school districts nationally use. This issue was the subject of a recent U.S. Supreme Court decision (*Schaeffer v. Weast)* that reaffirmed that the burden of proof was on the challenging party.

    In general, the district's special education costs—shaped in part by various court orders and past practice that will be hard and time-consuming to reverse—are warping the school system's overall pattern of expenditures more than any other category of spending.

  - The district also has a higher rate of students categorized as disabled (16.8 percent) than does the average big city school district (13.0 percent).

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instructional programs, but excludes all special education spending. (The D.C. amount also includes visiting instructors.)

[34] Special education includes costs for special education teachers, paraprofessionals, clinical staff, and clerical personnel assigned to work with students classified as eligible for special education services, as well as services contracted to outside agencies or private schools to which the district sends special education students. The category excludes all costs for transporting special education students (see transportation) and the costs for principals, office support, and custodians at special education schools and centers.

- **Books and Materials**
  - The D.C. Schools budgeted $287 per pupil for books and materials in 2004-2005, compared with about $211 per student in the average urban school district.[35]
  - The amount that the D.C. Schools budgeted for books and materials constituted about 2 percent of total current expenditures, compared with about 2.4 percent in the average big city.
- **Instructional Technology**
  - D.C. Schools budgeted $89 per pupil for instructional technology in 2004-2005, compared with $44 per student in the average urban school district.[36]
  - The amount that the D.C. Schools budgeted for instructional technology constituted about 0.6 percent of its total current expenditures, compared with about 0.5 percent in the average big city school district.
- **Auxiliary Instruction**
  - The D.C. Schools devoted $339 per pupil for auxiliary instructional expenses in 2004-2005, compared with $359 per student in the average urban school district.[37]
  - The amount that the D.C. Schools budgeted for auxiliary instruction constituted about 2.3 percent of its current expenditures, compared with about 4.1 percent in the average big city.[38]
- **Curriculum and Professional Development**
  - The D.C. Schools budgeted $408 per pupil for professional development and curriculum supervision and support in 2004-2005, compared with about $284 in the average urban school district.[39]

[35] Books and materials include the costs of textbooks, library books, audiovisuals, instructional software, and other instructional materials, but excludes the costs of in-class computers (see instructional technology).
[36] Instructional technology includes the costs of computers and other related or auxiliary technology that is used for the delivery of instruction.
[37] Auxiliary instruction includes the costs of counselors, librarians, and their support staff. The D.C. figure also includes computer lab coordinators and parent coordinators.
[38] Data from the NCES indicated that the district spent more dollars and a higher share of dollars on instructional support (the category that includes counselors, librarians, and their support staffs) than did the average urban school district, but the grouping did not correspond exactly with the grouping used in the Council's survey.
[39] Curriculum and professional development includes the costs of curriculum development, instructional supervision, in-service and professional development of staff, and leadership training and principal academies.

- The amount that the D.C. Schools budgeted for curriculum and professional development constituted about 2.8 percent of total expenditures, compared with about 3.2 percent in the average big city school district.

- The D.C. Schools also budgeted about $87 per pupil for various other instructional expenses in 2004-2005, compared with $164 per student in the average urban school district.[40]

- The amount that D.C. budgeted for other instructional expenses constituted about 0.6 percent of the district's expenditures, compared with about 1.9 percent in the average big city school district.

Student Services

The Council found that the D.C. Schools budgeted more money for student services than did the average urban school system, and that the funding for these services constituted a somewhat larger share of dollars than that in other urban school districts.

- The D.C. Public Schools budgeted $1,321 per student for various student services in 2004-2005, compared with $643 in the average urban school system.

- About 9.1 percent of the district's expenditures were devoted to student services, compared with 7.3 percent in the average big city.

- Data from the NCES also showed that D.C. spent more than did other major urban school systems on pupil support—the closest category to the Council's "student services"—and devoted a larger share of its dollars than did other cities for this purpose—a spending pattern that corroborated the findings from the Council's survey.

- **Health and Attendance**

  - The D.C. Schools budgeted $95 per pupil for health and student attendance services in 2004-2005, compared with about $186 in the average urban school district.[41]

  - The amount that the D.C. Schools budgeted for health and attendance constituted about 0.7 percent of total current expenditures, compared with 2.1 percent in the average big city school district.

[40] Other instructional expenses include other instructional services, for example, those that are contracted to outside agencies such as regional service agencies but are not prorated to the functions above. Costs exclude contracts for special education or transportation.

[41] Health and attendance includes the costs of physical and mental health staff and services, such as nurses, psychologists, social workers, related paraprofessional and clerical staff and materials. The amount for D.C. also includes attendance counselors and aides.

- The NCES data, in contrast, indicated that the district spent more than did the average urban school district on pupil support services, the category that includes student health and attendance costs, but the spending categories on the NCES survey did not correspond exactly with those used in the Council's survey.

- **Transportation**

  - The D.C. Schools budgeted $1,066 per pupil for transportation in 2004-2005—or about $61.9 million, compared with about $341 per student in the average urban school district.[42] (Includes all students enrolled, not just transported students.) The district eventually spent approximately $75 million.

    The district's transportation system is operated by a court appointed Transportation Administrator who has improved operations but exceeded district-budgeted amounts by substantial margins. The school board has limited latitude to control costs relating to routing, purchasing, bus deployments, personnel hiring, and the like.

  - The Council estimates that the district is spending approximately $18,190 per student transported—a level many times higher than that of other urban school districts.

  - The amount that the D.C. Schools budgeted for transportation constituted about 7.3 percent of total current expenditures, compared with about 3.9 percent in the average big city.

  - The NCES data corroborated the finding from the Council's survey, showing that the district devoted more dollars and a higher share of dollars to transportation costs than did other urban school districts.

- **Food Service**

  - The D.C. Schools budgeted a net $115 per pupil for food services in 2004-2005, compared with $64 per student in the average urban school district.[43]

  - The amount that the D.C. Schools budgeted for food services constituted about 0.8 percent of total current expenditures, compared with about 0.7 percent in the average big city school district.

[42] Transportation costs include the costs of staff, drivers, maintenance and operation of equipment, fuel, and contracts, for transporting public school pupils, even if a separate transportation fund is maintained. Also included are costs for special education transportation and transportation for nonpublic and charter schools. The amount for D.C. also includes the costs of field trips built into the OTPS (Other Than Personal Services) budget.

[43] Food service includes the net costs to the district of operating the food service program (may be $0 if self-supporting) and excludes costs offset by income from cash sales and state and/or federal subsidies. These food service numbers should be interpreted cautiously because the district appears to have provided gross figures rather than net expenditures, thereby inflating the dollar results.

- Data from the NCES—reported in gross rather than net dollars—indicated that D.C.'s gross costs for food service were generally in line with those seen in other urban school districts, but the district ran an apparent deficit of about $7.1 million annually in its school lunch program.

- **Student Activities**

  - The D.C. Schools budgeted $20 per pupil for student activities in 2004-2005, compared with $23 in the average urban school district.[44]

  - The amount that the D.C. Schools budgeted for student activities constituted about 0.1 percent of total expenditures, compared with about 0.3 percent in the average big city school district.

  - The D.C. Schools also budgeted $25 per pupil for other student services in 2004-2005, compared with $29 per student in the average urban school district.

  - The amount that the D.C. Schools devoted to other student services constituted about 0.2 percent of the district's expenditures, compared with about 0.3 percent in the average big city school district.

Central Office and Regional Services

The Council found that the D.C. Schools budgeted more money on central-office services than did the average urban school system, but that spending on these services constitutes a somewhat smaller share of total expenditures than that in other big city school districts. The additional expenditures may have been due in part to some state-related activities.

- The D.C. Public Schools budgeted $313 per student for central-office services in 2004-2005, compared with $190 per student in the average urban school system.

- About 2.1 percent of the district's current expenditures were devoted to central-office services, the same portion as spent in the average big city school district.[45]

- **Board of Education**

  - The D.C. Schools budgeted some $16 per pupil for its school board and related activities in 2004-2005, compared with about $29 per student in the average urban school district.[46]

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[44] Student activities include the net costs to the district of extracurricular student activities (may be $0 if self-supporting) and excludes costs offset by gate receipts, activity fees, etc.

[45] Data from the NCES showed that the D.C. Schools spent more money per student than did other major urban school systems on general administration—the closest category to the Council's central and regional office category—and a somewhat larger share of its dollars spent for this purpose, but the overall differences were quite small.

- The amount that the D.C. Schools budgeted for its school board constituted about 0.1 percent of the district's total current expenditures, compared with about 0.3 percent in the average big city school district.

- **Executive Administration**

  - The D.C. Schools budgeted some $297 per pupil for executive administration in 2004-2005, compared with about $161 per student in the average urban school district.[47]

  - The amount that the D.C. Schools budgeted for executive administration constituted about 2.0 percent of the district's total current expenditures, compared with about 1.8 percent in the average big city school district.

  - The NCES data indicated that the district spent more money and a higher percentage of total dollars on general administration than did other major urban school districts.

Operations

The Council found that the D.C. Schools budgets more money for non-instructional operations than does the average urban school system, and that spending on these services constitutes a larger share of total expenditures than that in other big city school districts.

- The D.C. Public Schools budgeted some $2,246 per student for operations in 2004-2005, according to the Council's survey, compared with about $1,144 per student in the average urban school system.

- About 15.3 percent of the district's current expenditures were devoted to operations, compared with about 12.9 percent in the average big city school district.

- Data from the NCES also showed that the D.C. school district spent more money per student than other major urban school systems did on operations/maintenance—the closest category to the Council's operations

[46] Board of Education includes the costs of board members, board staff, travel and meeting expenses, election services, legal services or general counsel, census, tax assessment/collection services, and similar board services.

[47] Executive administration includes the costs of the offices of the superintendent, deputy, associate, assistant, and area (regional) superintendents. It also includes negotiation services; state and federal relations; communications (or public information) and community relations; planning, research, evaluation, testing, statistics, and data processing; and related central office services not listed elsewhere. The D.C. amount also includes the cost of legal settlements and judgments. The category excludes services (listed elsewhere) for instruction; fiscal services; operations (or business services); maintenance; pupil personnel; and school site leadership.

category—and a larger share of all dollars spent, a pattern that corroborates the findings from the Council's survey.

- **Fiscal Services**

  - The D.C. Schools budgeted some $137 per pupil for fiscal services in 2004-2005, compared with about $73 per student in the average urban school district.[48]

  - The amount that the D.C. Schools budgeted for fiscal services constituted about 0.9 percent of its total current expenditures, compared with about the same percentage (0.8) in the average big city school district.

- **Business Services**

  - The D.C. Schools budgeted some $501 per pupil for business services in 2004-2005, compared with about $205 per student in the average urban school district.[49]

  - The amount that the D.C. Schools budgeted for business services constituted about 3.4 percent of its total current expenditures, compared with 2.3 percent in the average big city school district.

  - The NCES data showed that the district spent more for business and central-office services than did other major urban school systems, but the NCES category included a different basket of services than did the Council's survey.

- **Maintenance and Facilities**

  - The D.C. Schools budgeted some $1,083 per pupil for maintenance and facilities in 2004-2005, compared with about $603 per student in the average urban school district.[50]

  - The amount that the D.C. Schools budgeted for maintenance and facilities constituted about 7.4 percent of its total current expenditures, compared with 6.8 percent in the average big city school district.

[48] Fiscal services include the costs of fiscal services (payroll, budgeting, accounting, internal auditing, short-term interest, etc.); facilities acquisition and construction services; and similar finance-related services not included elsewhere; but exclude capital expenditures.

[49] Business services include the costs of procurement; warehousing; printing; management information services, human resources and personnel; security; TV and radio; but exclude maintenance, food services, transportation, or other listed operations.

[50] Maintenance and facilities include the costs of staff, equipment, and supplies for the care, upkeep, and operation of buildings, grounds, security, custodial and other services, but excludes the costs of major equipment purchased from a special capital purchases fund, utilities, and heating/cooling fuel.

- The NCES data corroborated the finding from the Council's survey in showing that the district spent a larger amount of money per student and a greater share of total expenditures on operations and maintenance than did other major urban school districts.

- The NCES data also indicated that the district had smaller average schools (459 students) than did the typical big city school district (682 students).[51] The average age of the schools is reported by the district to be about 65 years.

- The D.C. school district operated about the same number of schools (147) as Albuquerque (144 schools and 88,120 students), Columbus (151 schools and 64,175 students), Denver (144 schools and 71,972 students), and Fort Worth (146 schools and 81,081 students).

- **Energy and Utilities**

  - The D.C. Schools budgeted $525 per pupil for energy and utilities in 2004-2005, compared with about $191 per student in the average urban school district.[52]

  - The amount that the D.C. Schools budgeted for energy and utilities constituted about 3.6 percent of its total current expenditures, compared with 2.2 percent in the average big city school district.

School-Site Leadership and Support

The Council found that the D.C. Schools budgets more money on school-site administration and support than does the average urban school system, but that spending on these services constitutes a somewhat smaller share of total expenditures than in other big city school districts.

- The D.C. Schools budgeted $714 per student for school-site leadership and support in 2004-2005, according to the Council's survey, compared with $582 per student in the average urban school system.

- About 4.9 percent of the district's current expenditures were devoted to school-site leadership and support, compared with about 6.5 percent in the average big city school district.

- Data from the NCES also showed that the D.C. school district spent somewhat more dollars in 2002-2003 for school-site administration than did other major

[51] The 21st Century Fund has estimated that 50 DCPS schools have fewer than 300 students and that 23 percent of district schools operate at less than 65 percent capacity. Source: 21st Century School Fund (2005). "The Impact of Small Schools in D.C.: An Informal Discussion." Washington, D.C.: February 15, 2005.

[52] Energy and utilities include the costs of fuel for heating and cooling, plus all utilities, including telephone (if budgeted to one districtwide account), electrical, water, and sanitation. But this category excludes the costs of fuel for transportation, which is included in the transportation category.

urban school systems. However, compared with other major urban school systems, the district budgeted a smaller share of all dollars spent for this purpose, a pattern that corroborated the findings from the Council's survey.

- **School-Site Leadership**

  - The D.C. Schools budgeted $290 per pupil for school-site leadership in 2004-2005, compared with $375 per student in the average urban school district.[53]

  - The amount that the D.C. Schools budgeted for school-site leadership constituted about 2.0 percent of its total current expenditures, compared with 4.2 percent in the average big city school district.

- **School-Site Support**

  - The D.C. Schools budgeted $424 per pupil for school-site support in 2004-2005, compared with about $207 per student in the average urban school district.[54]

  - The amount that the D.C. Schools budgeted for school-site support constituted about 2.9 percent of its total current expenditures, compared with 2.3 percent in the average big city school district.

Other Current Spending

- The D.C. Schools budgeted $374 per pupil for other current purposes that were not easily categorized in any of the headings described above. The amount was somewhat higher than other urban districts ($325).

Additional Spending

Finally, the Council found that the D.C. Schools budgets other funds that are allocated to it for state-related and other functions that most other urban school districts do not incur. These expenditures give the appearance that the school system was spending more than its average per pupil expenditure (APPE) would suggest.

- The D.C. Schools also budgeted $727 per pupil for functions that are not typically performed in other urban school districts. These expenditures included federal grant funding passed through the State Education Agency (SEA) to charter and private schools ($25.8m), charter school oversight ($307k), educational certification ($781k), state special education compliance ($414k), migrant services ($716k), Byrd scholarships ($63k), Title IV-SEA ($73k), special education hearings and appeals ($1.3m), vocational education-SEA ($530k),

[53] School-site leadership includes the offices of principals, assistant principals, and other supervisory staff. The D.C. amount also includes academy coordinators.

[54] School-site support includes secretaries, clerks, and non-instructional aides. The amount in D.C. also includes the cost of business managers in the schools.

CFSA and DMH staffing ($667k), statewide testing ($5.4m), bilingual education-SEA ($99k), the SEA office ($158k), Oak Hill ($3.2m), and other ($5.3m).

The Council also compared D.C. School expenditures with two neighboring suburban school systems: Fairfax County and Prince George's County. We used the same survey form to father data on these two systems that we used to gather data on D.C. and other urban school districts. Backup data from NCES on these two suburban districts and others are shown in Appendix K.

In general, the survey data showed that D.C. spent more per student than either Fairfax County ($10,859) or Prince George's County ($8,972). (NCES data indicate that Alexandria and Arlington spent nearly as much or more than D.C.) The Council-gathered statistics also indicated that Fairfax County budgeted some $5,042 per student or 46.4 percent of its total current dollars to direct classroom instruction, compared with D.C.'s $4,683 per student or 32.2 percent. Prince George's County budgeted $3,526 per student for direct classroom instruction or 39.3 percent of the district's total current expenditures. Fairfax County, in addition, budgeted 15.7 percent of its spending for special education; Prince George's County budgeted 16.9 percent, compared with D.C.'s 25.4 percent level. Fairfax County, moreover, devoted 4.9 percent of its budget to transportation; Prince George's County devoted 5.3 percent; and D.C. devoted 7.3 percent.

The NCES data showed the same general pattern of spending. Arlington, which the Council did not have independent data on, spent more money on instruction than did D.C. and the share of all of Arlington's current expenses devoted to instruction was greater than it was in D.C., according to the NCES figures. Conversely, D.C. spent a higher portion of its dollars on support services than did Arlington or any of the other surrounding suburban districts.

Finally, the Council compared the way D.C. spent its resources with a number of other major city school systems that have been showing significant improvements in student achievement. (See Exhibit 17.) Each of these systems, except for Boston and maybe Cleveland, devote a considerably greater share of their much smaller financial resources to classroom instruction than does D.C.

Boston and Cleveland have spending patterns that are very similar to D.C.'s. In some ways, this similarity in spending patterns is understandable and instructive. D.C. and Boston, in particular, are school systems that are financially dependent on city hall. Both receive an annual appropriation from the city and have limited control over their revenues. Both have unusually high special education placements. And both have an aging infrastructure.

Exhibit 17. Comparing D.C. Schools' Budgeted Spending per Pupil with Faster Improving Urban School Districts, 2004-2005[55]

Budget Category	DC	Atlanta	Boston	Charlotte	Cleveland	Long Beach
Total Current Expenditures	$14,560	$9,484	$13,534	$7,311	$11,852	$7,383
Instructional Expenditures						
• Classroom Instruction	32.2	50.6	34.6	48.8	37.0	44.0
• Special Education	25.4	9.7	22.4	10.6	21.2	10.2
• Books & Materials	2.0	1.0	1.8	3.4	1.2	6.1
• Instructional Technology	0.6	0.9	0.5	0.5	0.7	0.0
• Auxiliary Instructional Services	2.3	4.3	1.1	4.2	2.0	3.7
• Curriculum & Staff Development	2.8	1.6	1.5	0.9	6.6	0.8
• Other Instructional Expenditures	0.6	3.6	3.5	0.6	0.3	0.8
Subtotal	65.9	71.7	65.4	69.0	69.0	65.6
Student Services						
• Health & Attendance	0.7	1.8	1.5	1.8	3.7	1.4
• Transportation	7.3	2.6	8.4	5.8	4.3	2.1
• Food Services (net costs)	0.8	0.0	4.0	0.1	0.0	0.3
• Student Activities (net costs)	0.1	0.0	0.7	0.5	1.0	0.1
• Other Student Services	0.2	0.2	0.0	0.0	0.0	1.1
Subtotal	9.1	4.6	14.6	8.2	9.0	5.0
Central & Regional Services						
• Board of Education	0.1	0.4	0.2	0.3	0.0	0.3
• Executive Administration	2.0	0.8	0.4	3.0	6.8	0.8
Subtotal	2.1	1.2	0.6	3.3	6.8	1.1
Operations						
• Fiscal Services	0.9	0.5	2.1	0.4	1.8	1.0
• Business Services	3.4	1.2	0.8	3.5	0.2	2.5
• Maintenance & Facilities	7.4	8.1	4.9	4.9	5.7	7.6
• Energy & Utilities	3.6	2.6	2.4	2.4	1.8	1.3
• Insurance	0.0	0.6	0.0	0.3	0.2	6.5
Subtotal	15.3	13.0	10.2	11.5	9.7	18.9
School-Site						
• Leadership	2.0	3.7	3.5	4.1	2.6	2.4
• Support	2.9	1.6	2.4	1.9	1.7	2.4
Subtotal	4.9	5.3	5.9	6.0	4.3	4.8
Other						
• Other Current Expenditures	2.6	4.2	3.3	2.1	1.3	4.7

[55] Source: Council of the Great City Schools.

Boston, moreover, allocates 53.1 percent of its general fund budget down to the school level;[56] D.C. allocates about 51 percent. Boston, however, uses its more centralized funding to drive instruction at the school level, whereas D.C. historically has allowed each school to shape its own instructional program. Boston also has a special education identification rate of about 19.2 percent rate; D.C. has an identification rate of about 16.8 percent. D.C., however, outsources its special education programming for all practical purposes, while Boston's special education costs are managed largely at the school level by the school district. And both districts devote unusually large portions of their budgets to student transportation—although Boston transports about eight times more students for approximately the same amount of money than D.C. does.

Boston, however, has seen substantial gains in student achievement over the last several years, but D.C.'s performance has been largely stagnant. This difference in performance, despite the similarity in spending patterns, is probably due to the fact that Boston has been at its instructional reforms for a longer period and has sustained a consensus for those reforms over the years. Boston has also set explicit goals for its academic improvement, strengthened accountability for results, standardized its curriculum, focused its professional development, driven reforms into the schools and classrooms, used data to make targeted decisions about how and where to intervene in schools having trouble meeting their goals, and concentrated extra assistance on the lowest performing schools and students—instructional strategies that the Council has recommended to D.C.[57]

Salaries and Benefits

This section also uses two data sources. The first is the Council's survey, which we used to collect aggregate-salary and benefits data for personnel in four broad categories: central administration, school-site leadership, classroom teachers, auxiliary professional personnel, and support personnel. (See Exhibit 18.) The second source was the National Center for Educational Statistics from which we collected staffing-level data on D.C. and other big city school districts belonging to the Council of the Great City Schools. The NCES data are presented in the appendix.

The Council found that the D. C. Public Schools spent its resources on personnel salaries and benefits in ways that were both similar to and different from other major city school systems. Results of the Council's survey are shown in Exhibit 18. Data are presented according to the amount of money that the district budgeted per student for personnel salaries and benefits in the 2004-05 school year, and how much those dollars constituted of the total current expenditure ($14,560).

[56] Principals in Boston decide within specified rules how their allocations are used, but custodians, coaches, school psychologists, and other rotating student support staff are charged against a central budget.
[57] Council of the Great City Schools (2004). *Restoring Excellence to the D.C. Public Schools*. Washington, D.C.: Council of the Great City Schools

Exhibit 18. Comparing DC Schools' Salaries and Benefits per Pupil with Urban School Averages, 2004-2005

Personnel Category	D.C. Average	Percent of Current	Urban Average	Percent of Current
Total	$9,131	62.7	$6,557	74.2
• Salaries	8,155	56.0	5,078	57.5
• Benefits	526	3.6	826	9.3
• Pension & Retirement	449	3.1	654	7.4
Central & Regional Personnel	$886	6.1	$301	3.4
• Salaries	738	5.1	229	2.6
• Benefits	54	0.4	45	0.5
• Pension & Retirement	94	0.6	26	0.3
School Site Leadership	$392	2.7	$364	4.1
• Salaries	341	2.3	288	3.3
• Benefits	46	0.3	41	0.5
• Pension & Retirement	5	0.0	34	0.4
Classroom Teachers	$4,636	31.8	$4,122	46.7
• Salaries	4,301	29.5	3,194	36.2
• Benefits	266	1.8	515	5.8
• Pension & Retirement	69	0.5	413	4.7
Auxiliary Professional Personnel	$942	6.5	$608	6.9
• Salaries	844	5.8	477	5.4
• Benefits	59	0.4	72	0.8
• Pension & Retirement	39	0.3	59	0.7
Support Personnel	$2,276	15.6	$1,162	13.2
• Salaries	1,931	13.3	888	10.1
• Benefits	101	0.7	153	1.7
• Pension & Retirement	243	1.7	121	1.4

The Council of the Great City Schools found that the D.C. school system devoted about the same portion of its total spending per pupil to basic salaries as other major urban school systems but far less per pupil on benefits and retirement costs since the city picks up many of those costs—unlike most cities.

- The D.C. schools devoted 62.7 percent of its total spending to personnel, compared with the average big city school district (74.2 percent).

- The district budgeted about 56.0 percent of its average per pupil expenditure to basic staff salaries, a level that was comparable to the average big city school district (57.5 percent).

- D.C. devoted a smaller portion of its overall expenditures per pupil to staff fringe benefits (3.6 percent) and to staff retirement funds (3.1 percent) than the average big city school district (9.3 percent and 7.4 percent, respectively),

- **Central Administration**

  - The D.C. schools devoted a larger share (5.1 percent) of its total expenditures per pupil to basic central office staff salaries than did the average big city school district (2.6 percent).

  - The district budgeted about 1.0 percent of its spending for central office staff benefits and retirement expenses, compared with about 0.8 percent in the average big city school district.

- **School-site Leadership**

  - The D.C. schools devoted a smaller portion (2.3 percent) of its total expenditures per pupil to the basic salaries of its school-site administrators than does the average big city school district (3.3 percent).

  - The district budgeted about 0.3 percent of its expenditures to benefits and retirement expenses for school-site leadership, compared with 0.9 percent in the average urban school district.

- **Classroom Teachers**

  - The D.C. schools devoted a lower portion (29.5 percent) of its total expenditures per pupil to the basic salaries of teachers than the average big city school district (36.2 percent).

  - The district budgeted 2.3 percent of its current spending for the benefits and retirement costs of its teachers, compared with 10.5 percent in the average big city school district.

- **Auxiliary Professional Personnel**

  - The D.C. schools devoted about the same portion (5.8 percent) of its total expenditures per pupil to the basic salaries of its auxiliary professional staff as the average big city school district (5.4 percent).

- The district budgeted about 0.7 percent of its dollars for benefits and retirement costs of its auxiliary professional personnel, compared with 1.5 percent in the average big city school district.

- **Support Personnel**

  - The D.C. schools devoted a higher portion (13.3 percent) of its total expenditures per pupil to the basic salaries of its support personnel than does the average big city school district (10.1 percent).

  - The district budgeted 2.4 percent of its dollars for benefits and retirement of its support personnel, compared with 3.1 percent in the average urban school district.

Staffing

The Council of the Great City Schools found from 2003-2004 data available from the NCES (most recent data available) that the D. C. Public Schools appeared to have more personnel (in FTEs) per pupil than the average big city school district. (See Exhibit 19.) These data—and this conclusion—need to be interpreted cautiously by the reader, however, as the NCES data appear to be very unstable and saturated with errors.

- Data from the NCES indicated that the district had one staff member for every 6.8 students, compared with one for every 9.1 students in the average big city school district. This ratio is based on a staff count of 9,583 staff members (FTE).

- Districts with similar overall staffing levels (according to NCES) include Long Beach (9,436 staff members and 97,560 students); Austin (10,432 staff and 79,007 students); and Fort Worth (10,399 staff members and 80,335 students).

Exhibit 19. Comparing D.C. School Pupil/Staffing Levels with Urban and National Averages, 2003-2004[58]

	D.C.	Urban Average	National Average
Total Staff	6.8	9.1	8.2
Teachers	13.3	16.9	15.9
Instructional Aides	59.4	80.7	70.8
Instructional Coordinators	957.3	1,162.1	1,101.3
District Administrators and Support	378.5	207.8	200.3
Librarians, Media Specialists and Support	1,228.3	800.7	483.8
School Administrators and Support	94.3	130.2	118.1
Guidance Counselors and Student Support	32.4	183.9	168.3

[58] Source: National Center for Education Statistics, U.S. Department of Education. (Common Core of Data) See Appendix J for definition of staffing terms.

- **Central and Regional Administration**

  - Data from the NCES indicated that the district had fewer district-based administrators and support staff members (one for every 378.5 students) than the average big city school district had (one for every 207.8 students).

  - District-level administrators and their support staff, however, composed about 1.8 percent of the school system's total personnel, compared with about 4.4 percent in the average urban school district.

- **School Site Leadership**

  - Data from the NCES indicated that the district had more school-based administrators and support staff members (one for every 94.3 students) than did the average big city school district (one for every 130.2 students).

- **Classroom Teachers**

  - The NCES data indicated that the district had more teachers (one for every 13.3 students) than did the average big city school district (16.9). This is probably due, at least in part, to the higher number of special education students and the smaller class sizes they require.

  - Teachers composed approximately 51.1 percent of the district's workforce, according to the NCES data, compared with 54.3 percent in the average big city school district.

  - The NCES data also indicated that the district had more instructional aides—one for every 59.4 students) than did the average city school system (80.7).

  - The district also had slightly more instructional aides per teacher (4.5), according to the NCES data, than the average big city school district (4.8).

- **Library and Media**

  - The district also had fewer librarians and media specialists per student (one for every 1,228.3 students) than the average urban school district.

- **Student Support and Guidance Counselors**

  - The NCES data indicated that the district had more pupil support staff (one for every 32.4 students) than did the average big city school district (one for every 183.9 students). The numbers are probably driven up by the large numbers of students with disabilities in the district.

- The NCES data, however, indicated that the district had fewer guidance counselors (one for every 1,085 students) than did the average urban school district (521.9).

Again, these data from the NCES should be viewed with caution, but the school district's own internal data suggest that the school system employs approximately 10,500 staff members rather than 9,583.[59] The district counts a large number of its transportation staff members as state employees and does not necessarily include them on NCES forms.

Recommendations

1. Charge the school board or a citywide task force with leading a community discussion on options and timelines for resizing the district and redeploying proceeds into meeting the district's unmet instructional needs.

    a. The district, for instance, could redeploy approximately $12.2 million for every 250 fewer people it has on payroll.[60]

    b. The district should conduct a detailed attrition study to determine the numbers of staff members expected to retire or otherwise exit the system over the next several years. Consider the possibility of creating staffing patterns, including differential staffing, job sharing, and the like.

    c. The district could redeploy resources currently spent on underutilized schools by closing some. (Experience from other cities indicates that a district would save about $500k to $1.5 million for each school closed—depending on the size, configuration, and grade span of the school.)

    d. The district should also consider a number of other alternative strategies to closing buildings, including the co-location of schools, shared-services models, "small schools" approaches, space sharing, and other strategies.

2. Consider the possibility of creating a formal transition period, maybe a year, to allow the district and schools affected by resizing to plan for the transfer of students, teachers, and programs.

3. Request a special dedicated appropriation to upgrade the school district's operating and networking technology to improve internal controls, school budgeting, personnel systems, data reporting and accountability, and the tracking of key systems indicators.

4. Reverse school board policy 3030.3 placing the burden of proof in special education due process cases on the school system, and expedite the district's review of its special education program structure to help bring down costs.

[59] Source: DCPS Budgeted FTEs and FTEs Actually on Payroll: Allocated by Category FY 2003-FY 2005 (Local Revenues Only)
[60] Based on an average salary, benefit, and overtime rate of $48,818 per person at the end of March, 2005.

5. Engage outside counsel to seek clarification from the court on the Transportation Administrator's budget and financial management authority and on the timeline for transitioning transportation operations back to the district.

6. Redeploy resources over time—from either resizing the district or from new appropriations or both—into academic programs specifically targeted to raising student achievement citywide. These instructional efforts should include—

    a. Additional professional development on the new standards and their implementation, and on use of the new textbooks that the system has acquired. (The proposed FY06 budget actually cut funding for general education, textbooks, and professional development.)

    b. Identification and purchase of supplemental materials to fill any gaps between the new standards and the core reading, math, and science programs.

    c. Identification, purchase, or development of intervention systems for students who are slipping furthest behind.

    d. Technology and software to track participation in professional development so it can be evaluated and differentiated.

    e. Development or purchase of instructional pacing systems and training on them.

    f. Additional after-school tutoring aligned with the new standards in core subject areas.

    g. Preschool programs with strong reading-readiness components.

    h. Training programs for principals and other school-based administrators on instructional leadership, classroom monitoring, curriculum implementation.

    i. Additional reading and math coaches, and training for them.

    j. Stronger quarterly assessment systems.

    k. Better data systems to gather, analyze, and report and achievement information, and train teachers and staff on data use.

    l. More intensive instructional systems, smaller classes, and additional resources for the district's poorest and lowest performing schools.

    m. Higher salaries for principals and teachers.

    n. Additional AP and other high-end programs in core areas in all district high schools, and other efforts to raise the rigor of core high school courses.

o. Incentives for best teachers to teach in lowest performing schools or bonuses for school staff in schools that exceed academic goals.

p. Other instructional expenses outlined in the Council's 2004 report.

7. Increase the level of foundation aid provided to each school throughout the district and place more of the aid into direct classroom instruction.

The public should understand that the school district will need some time to realign its resources to its instructional priorities. Some of the district's spending patterns, such as special education and transportation, are driven by lawsuits and court orders and are not easily or quickly renegotiated.

CHAPTER IV. FUNDING ADEQUACY

This chapter is designed to answer one critical question—

- Is the D.C. school system adequately funded?

MAJOR ACCOMPLISHMENTS

- Began implementation of a performance based budget complete with benchmarks and indicators.
- Developed a transitional master plan for facilities to repair and renovate a larger number of schools.
- Started development of a systemwide master plan to tie the district's many new initiatives into a grand strategy for reform.
- Have begun an assessment of energy usage by district schools.
- Have started conducting an analysis of payroll and staff benefits to determine proper eligibility.

FINDINGS

The Strategic Support Team analyzed the funding of the D.C. Public Schools to determine if it had enough money to be meeting higher standards of academic performance.

There are few school finance models available to answer problems of this kind of question, a situation that the General Accounting Office (GAO) has acknowledged as it has studied school financing across the country. Most statistical finance models are devoted to estimating funding equity but do not attempt to calculate how much funding would be necessary for students to achieve at some specified level or standard. The GAO's own work, for instance, relies on the ratio of school taxing capacity to school revenues, which measures "effort" but leaves the question of "results" unanswered.

In general, models designed to answer questions of financial adequacy for schools can be divided into four broad categories, including—

- A "professional judgment" approach, which uses panels of experts to estimate the costs of what an adequate education might look like and cost, and assumes that educators can specify the resources needed to meet state standards.
- A "successful school district" approach, which attempts to assess needed funding on the basis of typical high-performing districts and assumes that a cost can be inferred from past successful practice.

- A "statistical modeling" approach, which uses multiple regressions (mostly) to correlate acceptable levels of pupil performance with the dollars needed to meet a set of targets and to predict costs.

- An "evidence-based" approach, which assumes research exists to estimate a base cost for implementing various school improvement models, e.g., "Success for All," or other comprehensive school reform designs

The most common of these approaches is the "professional judgment" model, which assesses adequacy using an inventory, market basket, or "input" approach to funding. This approach counts personnel or items needed to teach each child under "ideal" or "common practice" circumstances and then totals their cost, dividing by the numbers of students served. This approach is sometimes also referred to as "opportunity to learn" standards and has been used by the D.C. Public Schools and other entities in their analysis of what adequate funding would look like and as the basis for the Uniform Per Student Spending Formula (UPSFF) and the Weighted Student Formula (WSF). Such inventories include the costs of items such as staffing ratios, class sizes, facilities, materials, security, summer school, grade-level costs, and the like.[61]

The Council of the Great City Schools does not use this type of "input" or "market-basket" analysis, although the organization acknowledges that the approach is commonly used and is generally well-accepted. Instead, the Council uses an arithmetic model similar to the second approach described above (the successful school district approach) that assesses adequate school funding based on the resources available to high-performing school districts. The approach uses a standards-based or "output" orientation rather than an inventory of inputs. In brief, the model defines and measures financial adequacy based on the resources of the highest performing—not the highest spending—school districts in a state after adjusting for the needs of the students.

It is an appealing model because it is simple and is grounded on academic performance, not on inputs. And it represents a more intuitive approach to answering the question, "What resources does it require for the highest performing school districts to get the results that they do?" In addition, this model uses commonly accepted adjustments for the higher costs of educating children who are poor, who have limited English proficiency, or who are disabled.

The definition of "adequacy" used here is straightforward: the amount of funding provided to students and schools in the highest performing public school systems in a state. And the model for calculating adequacy uses two overarching variables: the needs of children, and the resources available to the highest achieving school systems in a state.

The main analytic problem, in this case, however, is that the District of Columbia is a one-school-district "state," making it impossible to benchmark the spending of the

[61] M. Levy (2004). "The Cost per Student of a 'Common Practice' Public School System in the District of Columbia, FY2005." Washington, D.C.: For the District of Columbia State Education Office, December 13, 2004.

system against any other school district in the jurisdiction. We have attempted to solve this problem in two ways, neither of which may be wholly satisfactory. The first way was to pretend that the D.C. school system was part of either one of its neighbors, Maryland or Virginia. The second way was to pretend that the D.C. school system was part of Massachusetts, since the district is adopting that state's academic standards and assessments and, consequently, may be compared with Boston, a school district with approximately the same enrollment.

Determining the Cost of Meeting High Needs

The first step in determining adequacy using this model involved calculating the "virtual" enrollment of a school system based on its number of children with special needs. This report used a series of weights used recently by Standards & Poors (S&P) in its analysis of the financial needs of the New York City Public Schools: regular student (1.0), student with disability (2.1), limited English proficient student (1.2), and low-income student (1.35).[62] We multiplied actual enrollments by these weights and then added up the number of "weighted" students in each category in Maryland, Virginia, Massachusetts, and D.C. to arrive at a "virtual" enrollment for each school district in its respective state. As a result of this calculation, the actual enrollment of the District of Columbia Public Schools in 2003-2004 would change, for example, from 61,653 students[63] to an adjusted or "virtual" enrollment of 87,141 (+41.3%).[64] The enrollments of other school systems in Maryland, Virginia, and Massachusetts would be adjusted upwards in the same fashion. No enrollment would be adjusted downward, although some states' might be frozen if there were no children with these characteristics in their school systems.

Determining the Cost of High Student Achievement

The second part of the model establishes a basic foundation of funding for all Local Education Agencies (LEAs). It is based on the total per pupil expenditures of the highest achieving school systems in each of the three comparison states. The assumption behind this approach is that each LEA in a state ought to have the same basic resources as the highest achieving school systems if high achievement is, indeed, the goal.

The first step in calculating the foundation involved ranking all local educational agencies in Maryland, Virginia, and Massachusetts by their achievement scores. This report used the percent of third-grade students scoring at or above proficiency levels on their respective state reading tests. High achievement was defined in this report as the top 25 percent of LEAs in each state. Six districts in Maryland met this definition; 33 districts in Virginia met it; and 60 districts in Massachusetts did. The six districts meeting this

[62] Alexander (1991) used similar weights: regular student (1.0), poor student (1.2), and student with disability (2.3). The U.S. General Accounting Office (GAO, 1998) implied acceptance of this approach.

[63] Source: *FY 2006 Proposed Budget and Financial Plan Volume1, Executive Summary: Lifting All Communities*. Washington, D.C.: Office of the Mayor, March 21, 2005.

[64] Calculation based on unduplicated count of 60.8 percent free and reduced lunch eligible, 7.9 percent limited English proficient, and 16.8 percent disabled.

criterion in Maryland (Howard, Calvert, Worcester, Kent, Carroll, and Harford) had between 79.6 and 88.0 percent of their third-graders reading at or above proficiency levels on the Maryland School Assessment (MSA). The 33 districts meeting this criterion in Virginia had between 75 and 93 percent of their third-graders reading at or above proficiency on the Standards of Learning (SOL).[65] The 60 districts meeting this criterion in Massachusetts had between 79 and 93 percent of their third-graders reading at or above proficiency on the Massachusetts Comprehensive Assessment System (MCAS).[66]

The second step entailed calculating the average per pupil expenditure of these higher performing school districts. The result for the 25 percent highest performing LEAs in Maryland was a per pupil expenditure of $8,266. In Virginia, the amount was $8,864. And in Massachusetts, the amount was $8,598.

Step three in the model required multiplying the new foundation amounts ($8,266, $8,864, and $8,598—depending on which comparison is used) by the readjusted or "virtual" student enrollment of each LEA—including the D.C. Public Schools—and dividing the product by the actual enrollment of each respective school district. Exhibit 20 shows the effect of the model on the D.C. Public Schools.

Estimating Adequacy

At this point, the analysis could be done in a number of different ways, all yielding somewhat different results, ranging from the school district being fully funded at its current level to being short-changed by about $57 million.

- Results of the analysis suggest that the district would need between $12,528 and $11,683 per pupil to have resources equivalent to the highest achieving school districts in Maryland, Virginia, or Massachusetts, after adjusting for differences in the needs of the children. (See Exhibit 20.)

- These levels approximate the amounts that D.C. already spends in the aggregate, suggesting that the district may already be funded at or near what other school districts (at least in these states) would consider to be adequate to achieve at the levels they are on their state assessments.

[65] Districts included West Point City, Manassas Park City, Poquoson City, Salem City, Botetourt County, Falls Church City, Mecklenburg County, Galax City, Henrico County, Scott County, Rappahannock County, Glouster County, York County, Albemarle County, Fauquier County, Lexington County, Chesterfield County, Hanover County, Fairfax County, Goochland County, Alleghany County, Craig County, Radford County, Culpepper County, Charlotte County, Patrick County, Nottoway County, Bath County, Loudin County, Virginia Beach County, Franklin County, Augusta County, and Highland County.

[66] Districts included Carlisle, Swampscott, Sherborn, Topsfield, Whately, Marblehead, Southborough, Medfield, Winchester, Boxford, Wellesley, Acton, Concord, Lanesborough, Middleton, Petersham, Sharon, Weston, Westford, Westwood, Andover, Arlington, Berlin, Dover, Hadley, Hopedale, Hopkinton, Littleton, Natick, North Attleborough, North Reading, Bedford, Belmont, Conway, Pelham, Boylston, Foxborough, Hanover, Hingham, Longmeadow, Lynnfield, Marshfield, Nahant, Reading, Sudbury, Sutton, Chatham, Newton, North Andover, Wilmington, Brewster, Chelmsford, Harvard, Lincoln, Rochester, Scituate, Wayland, Wellfleet, Westborough, Boxborough, and Brookline.

- If, however, D.C. continues to think it important that the district not include what it considers state-level expenses in its local spending, then the school district would need an additional $57 million (if compared with Virginia), $33 million (if compared with Massachusetts), and $3 million (if compared with Maryland) to be considered adequately funded by this methodology.[67] (These amounts do not include amounts to build or repair the district's school buildings.)

Exhibit 20. Estimated Cost of Adequacy in the D.C. Public Schools[68]

	DC Enrollment	DC Weighted Enrollment	Per Pupil Expenditure of High Performing School Districts	Adequate Per Pupil Expenditure for DC
Compared with Maryland	61,653	87,141	$8,266	$11,683
Compared with Virginia	61,653	87,141	$8,864	$12,528
Compared with Massachusetts	61,653	87,141	$8,598	$12,152

- If the highest amount ($57 million) were added in new spending into direct classroom instruction, the district's share of total spending devoted to that function would increase from 32.2 percent to 36.2 percent, higher than Boston's rate (34.6 percent). If the $57 million were shifted from other district functions, then the share devoted to classroom instruction would increase to 38.5 percent.

- The district would need to shift about $90 million in current expenditures into direct classroom instruction to increase its share to the urban average of 42.1 percent or increase the district's appropriation for this purpose by about $160 million to obtain the same effect, if cuts were not made in other areas. (The result of this latter option would be an expenditure level of about $17,150 per pupil, about the same as the tuition at any number of the city's independent schools.)

These estimates do not mean that D.C. shouldn't receive more funding or that the Council of the Great City Schools is opposed to it getting more money. The Council favors more money, particularly for building repair and renovation and for upgrading management and systems technology. The numbers do mean, however, that D.C. should

[67] Amounts calculated by subtracting 22 percent in state-level spending from the 2004-05 budget of $943,348,705, dividing by 61,710 students, subtracting the result from the respective adequacy amounts in Exhibit 20 (multiplied by 1.025 to adjust for one year of inflation), then multiplying the answer by 61,710.

[68] By way of comparison, the American Institutes for Research estimated adequacy in New York City to be $14,282 per student and Standard and Poors estimated adequacy in New York City to be $13,420 per student—numbers that withstood court scrutiny in the CFE case—and numbers that are at or below actual D.C. expenditures.

be getting better academic results for the money it spends and should be redeploying its resources to align more closely with its instructional goals.

City leaders and members of Congress should also be cognizant that the district will need some time to realign its spending patterns. Special education and related transportation costs drive most of the imbalances in district spending. Spending in these areas are driven by various court orders, legal challenges, and the like that will be difficult and time consuming to reverse.

Readers of this report should also be cautious about the adequacy figures in this chapter for a number of reasons. First, the underlying statistics were collected from states (Maryland, Virginia, and Massachusetts) that counted their expenditures in somewhat different ways. It is not clear how those differences would affect the adequacy estimates. It is also somewhat contrived to assume, as this analysis does, that D.C. could be placed in the economic systems of another state and that all other variables would remain the same.

Second, results might be different if another methodology were used. The beginning of this chapter briefly describes some of the different procedures that could have been used. The Council was asked to use this particular method, however, because we have used it in Baltimore, New York City, Philadelphia, and other cities to estimate adequacy. But other methodologies might yield different results.

Third, the research is not strong enough to draw a straight line between the amount of money a school district spends and the academic results it gets. The results of the analysis in this report do not argue that the district doesn't need additional resources, but it does suggest that the school system ought to be getting better academic results for the overall resources it has.

Fourth, it is most evident that the city needs to devote considerably greater resources—over and above what has been described in this chapter—to repairing, renovating, and reconfiguring school buildings in the district and upgrading its systems technology. The school district's infrastructure is in a state of serious disrepair and warrants the immediate attention and priority of the city's leadership. And the ability of the district to hold itself and its people accountable for results will require better and more flexible data systems.

Finally, it is clear from the analysis of spending in D.C. and other cities presented in the previous chapter that urban school systems can get substantial gains in student achievement apart from how they configure their spending. In many ways, it is more important for D.C. to pursue the kinds of instructional reforms that the Council laid out in its earlier report than it is for the system to redeploy its resources to look like the urban and national averages presented in this report. What is absolutely essential, however, is that the school district's academic reforms and its financial and other resources be better aligned with each other.

In sum, this analysis suggests that the D.C. schools have a relatively high spending level per pupil and are probably closer to adequate funding than are most other urban school systems. The irony of the situation is that the school system seems poor, not just because it serves a disproportionately large share of students who are eligible for a free or reduced price lunches, but because the schools often complain of being short of books and materials, buildings are in poor condition, and resources for new initiatives are hard to come by.[69] But it is also clear from our analysis that the district's resources are tied up in areas that don't give it the results that the public wants, making the district seem less well "resourced" than it is.

There are a number of reasons for this seeming inconsistency.

First, the spending of the D.C. schools is not aligned to the district's instructional goals and priorities. The school district has started the process of transforming its budget into a "performance'based" spending document, a step that is long overdue. Up until now, the district's spending and its requests for new moneys were not explicitly aligned to instructional goals and metrics. This not only makes spending inefficient—and ineffective—it contributes to staff in the schools not feeling like they have all the resources necessary to carry out the instructional program.

Second, the DCPS has seen significant enrollment declines over the last several years, driving up average expenditures per pupil as fixed costs remain largely unchanged. Enrollment has dropped from 70,677 students in 2000 to what is projected to be 61,870 students in 2005-06—a decrease of 12.5 percent. Public charter school enrollment, on the other hand, has increased from 6,980 to 13,575 over the same period—a gain of 94.5 percent. This shift is happening for a number of reasons outside the scope of this project, but it is clear that the district has not devoted much time thinking about how to re-size itself as enrollment decreases or how to attract students back from the charters.

Third, the DCPS operates a large number of school buildings for the enrollment that it has. The district operates some 147 schools with an average enrollment of 459 students per school. The 21st Century Fund has estimated that about a third of the schools enroll fewer than 300 students and that considerable space is unused or under-utilized. These buildings absorb unusually large expenses for maintenance, operations, utilities, and custodial services. The district devoted some $1,083 per student (2004-2005) to building operations and maintenance costs—or 7.4 percent of total current expenditures. The average city devoted $603 per child for this purpose, or 6.8 percent of current expenditures. The age of the district's buildings (about 65 years), something that most other major urban school systems across the country also face, and the irregular grade patterns from school to school only exacerbate the high cost of maintenance.[70] Most of

[69] Valerie Strauss (2004). "Many Schools Cite Shortages: Principals Lack Books, Teachers, Security, Survey Says" *The Washington Post*, December 9, 2004. The story was based on a study by DC Voice, *Starting Off Right: Were the District of Columbia Public Schools Ready for our Students?* December, 2004.

[70] About two-thirds of DCPS elementary schools have six graders, about one-third stop at the fifth grade. There are also six prek-8 schools and both middle and junior high schools.

the reason for the higher costs, however, rests on the number of facilities that the district operates. At an average of 459 students per school, the DCPS operates some of the smallest schools of any major city in the nation without much discernable advantage in terms of higher student achievement. Only Boston, Columbus, Indianapolis, Kansas City, Milwaukee, Minneapolis, Oklahoma City, Pittsburgh, St. Louis, St. Paul, and Seattle have fewer students per building than does D.C. (See Appendix I.) The district has also not given much thought to how it could take advantage of its smaller schools to boost student performance. The size of a school and how it is organized to support student learning are largely separate issues that do not appear to be reflected in the district's strategy to date. The school system has a number of options at its disposal for improving the effectiveness and efficiency of space in addition to closing building.

Fourth, the higher number of buildings in the system also drives up personnel costs because each school is staffed with a principal, support staff, teachers, custodians, and others articulated in the floor plan. The consequence of this situation is that the school district supports an unusually large number of staff members—instructional and non-instructional. The district, in fact, employed one staffer for every 6.8 students in the 2003-2004 school year according to the NCES data. The average urban school system in Council of the Great City Schools has one staff member for every 9.1 students. The ratio of students to teachers, 13.3:1, is also among the lowest of the nation's major city school systems. Part of this low number in D.C. is driven by the district's high special education placement rate, which often requires lower class sizes. And part of the overall staffing levels appears to be due to the large number of schools that the district operates and the staffing levels that the Weighted Student Formula's "floor plan" suggests is needed to operate these small schools. Overall, the D.C. Schools has a workforce that is comparable in size to that of much larger districts.

There is also little indication from the data that outsized personnel salaries are driving the higher per pupil expenditures in D.C. The district devotes approximately 56.0 percent of its total current expenditures to basic staff salaries, compared with about 57.5 percent in the average urban school system. The combination of staffing and salary data suggests that the district has made a tradeoff over the years in favor of more people but lower average salaries. This trade probably makes it harder to recruit and retain talented staff.

Fifth, the DCPS, in general, devotes a high portion of its resources to overall support costs. The district devotes a slightly lower than average percentage of its total current expenditures to instructional costs (65.9 percent), compared with other major cities. (The average city devotes 67.4 percent.) The district does spend more raw dollars on instruction than do other cities—an expense that some might argue needs to be higher, given the greater academic needs of its students—but most of its instructional costs are devoted to special education. The upshot is that the district devotes a much smaller portion of its budget to classroom expenditures than do most cities (32.2 percent vs. 42.7 percent).

The DCPS also devotes more to non-classroom operations, support, maintenance, and other non-instructional costs than does the average urban school system nationally. The DCPS, in fact, spends more per student than does the average urban school system in every support area. Some of these higher support costs are clearly driven by larger special education placements, as we have seen, and some are explained by the greater number of schools that the district operates. Nonetheless, the DCPS's support costs are higher across the board.

Sixth, the school system has incurred an unusually large liability related to special education. Part of this problem reflects the higher than average special education placement rates. Students with disabilities make up approximately 16.8 percent of DCPS enrollment, compared with an average of 12.6 percent for the 65 urban school districts in the Council of the Great City Schools.

These higher placement rates in the D.C. Public Schools are exacerbated by a mix of factors: the lack of a clear accountability system for ensuring that disputes are resolved locally at an early stage; the lack of trust that characterizes the interactions between parents and school staff; the opportunistic behavior of some plaintiffs' lawyers in exploiting shortcomings in the dispute resolution and hearing process; the disproportionate placement of students with disabilities in private facilities inside and outside the city at unusually high costs per student; the ineffective efforts of the school district to resolve disputes; and the failure to repair the due process hearing system.[71] The Council of the Great City Schools also believes that the problems are worsened by inadequate central-office oversight and review of Individualized Education Program (IEP) placement decisions at the individual school level, a weak mediation process, and poorly standardized diagnostic practices. Problems with inadequate in-house programming also may be present, but the Council's team thinks that the DCPS has more capacity to serve children with special needs than is commonly recognized.

The school system is also incurring unusually high special education costs, in part, because of its own policies. School Board policy 3030.3 places the burden for due process hearings squarely on the school system. The policy states, "The LEA shall bear the burden of proof, based solely upon the evidence and testimony presented at the hearing, that the action or proposed placement is adequate to meet the educational needs of the student." Lawyers have used the provision to put the school district on the defensive when practices were challenged.

And the challenges and the outside placements that are the result, serve to undercut any sense of responsibility for the costs that are being incurred by the school district.

The district devotes at least $294.1 million to state and/or local special education-related costs, including direct services, attorney fees, transportation, nonpublic school tuition, and hearings. Special education and transportation for special education students,

[71] D.C. Appleseed Center (2003). *A Time for Action: The Need to Repair the System for Resolving Special Education Disputes in the District of Columbia*.

in total, constitute about 32.7 percent of all current district budgeted spending, an amount that is substantially out of line with other districts.

Seventh, the school district incurs transportation expenses that are unusually large but are now partly outside of its control. The school system's transportation operations are under the control of a court-appointed administrator, who has improved performance but has done so outside the ability of the school district to manage costs. For its part, the school district ran a transportation system for years that was both expensive and ineffective. Now, the buses run largely on time but at a cost of some $18,000 per student (4,000 students and $75 million spending level). The school district currently devotes about 7.3 percent of its expenditures per pupil to transportation, about twice the rate of the average urban school district.

Eighth, the D.C. school system is burdened with state-oriented costs that other school systems—urban and nonurban—do not have to bear. The district estimates that it subsidized state functions with $10.1 million in expenditures in FY 2005. This figure included spending for portions of the school board's charter school oversight responsibilities, the Superintendent's state responsibilities, portions of the district's legal fees, some human resource functions, some procurement functions, portions of the expenses incurred by the Chief Operating Officer and the Chief Financial Officer, some compliance functions, development and oversight of standards and curriculum, and testing and accountability functions.

The school system also indicates that it incurs some $225.6 million in direct, annual state-based expenditures. These expenses included both the Local Education Agency (LEA) and State Education Agency (SEA) portions of special education, nonpublic school tuition for special education students, special education hearings, transportation, the Oak Hill Intake Center, the Youth Services Center, and other functions. These functions contribute to the system's feeling hamstrung, but they are often included as a matter of course in what other large urban school systems consider to be local expenditures, even when mandated by a court or through a consent decree. Most urban school systems, for example, would count the $8.6 million in LEA special education costs that D.C. incurs as a local expense rather than as a state one. This would also be true of the school district's $71.6 million in nonpublic school special education tuition payments and its $61.2 million transportation program. Most districts also would not count their entire accountability and testing program as a state expense, since most states only pay for the development and scoring of tests, not their administration.

Ninth, the district allocates about $397 million—or about 51.2 percent of its locally-appropriated funds—to the school level. The portion of overall district funds that are sent to schools for their discretionary use is actually fairly small. Much of the remaining local funds, as we have seen, are devoted to special education (some of which are also spent in schools), transportation, central-office administration, building maintenance, and other purposes. Federal funds are also distributed to schools, but principals have less flexibility in how to use them. The situation is made worse by the fact that the allocations are spread thinly across so many schools because of the floor

plan. The result is that the schools feel poor even though the district has a relatively high per pupil spending level. If one asked individual school staff members and parents whether they felt their school was adequately funded, they would correctly say no. That is because too little of the district's overall dollars make it to the school level and even those monies are thinly spread across too many buildings.

Tenth, and finally, the district's schools look poorer than their resources would suggest because the system has limited instruments other than the city's debt limits for financing capital needs. Over time, this situation has meant that the district has been unable to conduct badly needed repairs to its older-than-average buildings. One need not visit every school in the city to realize that buildings, inside and out, are in a state of disrepair. The city needs to turn its immediate attention to creating the financial tools necessary to renovate these school buildings.

In sum, it is clear that the district's spending is not tied to its instructional priorities and is not strategically determined. It is also fairly clear from the data that the pattern of spending in the D.C. schools is different from that in other major city school systems across the country—although one can find cities that spend their resources in ways that are similar to D.C. Differences, where they exist, appear to be due mostly to higher staffing levels, more school buildings, declining student enrollment, higher support costs, high special education placement rates and transportation costs, and state-oriented responsibilities. These are cost areas that will not usually produce better student achievement for the district. Changing how the district deploys its resources will take time, but we urge it to begin.

The D.C. schools, in many ways, are unique on the national landscape and present anomalies that other major city school systems do not have to bother with. But, the city and the school district should not treat that uniqueness as a reason not to challenge itself to use its resources more effectively and efficiently in the service of higher student achievement. Ultimately, the school district's ability to establish a beachhead on the rocky shoals of school reform and raise academic performance depends on its willingness to finance excellence in its classrooms. We hope that this report will help move the district in that direction.

APPENDIX A. WORKING AGENDA

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Strategic Support Team
Finance and Budget Review
District of Columbia Public Schools

Sunday, February 27, 2005

6:30 p.m.	Planning Meeting	Tom Brady Chief Operating Officer

Monday, February 28, 2005

7:00 – 8:30 a.m.	Breakfast Meeting	
8:30 - 10:00 a.m.	Team Meeting	John Musso Chief Financial Officer Chris LaCour Deputy CFO for Operations
10:15 - 11:45 a.m.	Team Meeting	Abinet Belachew Controller Sabina Acqush Chief Management Operations
12:00 - 1:00 p.m.	Working Lunch	
1:00 - 2:30 p.m.	Team Meeting	John Cashmon Director of Compliance
2:30 - 4:00 p.m.	Team Meeting	Denise Boone Manager, Payroll Services Gloria Beville Accounting Officer Greg Armstrong Manager(Acting), Accounts Payable
4:00 - 5:30 p.m.	Team Meeting	Robert Braddock Budget Manager
5:30 -	Team Discussion of Work Plan for Balance of Site Visit	

Tuesday, March 1, 2005

7:00 – 8:00 a.m. 8:00 - 10:00 a.m.	Breakfast Meeting	Nicole Conley Director of Resource Allocation and Management
10:00 - 11:00 a.m.	Team Meeting	Gregory Armstrong Supervisor, Accounts Payable Specialists Kenneth Keys Priya Matthews Supervisors, Payroll Specialists Clarissa Smith Huong Nguyen Senior Accountants Sylvia Deloatch Olga Provotonova Accountants Wilson Akindojutimi Special Projects Manager
11:00 - 12:00	Team Meeting	David Franklin Kalani Edirisinghe Senior Budget Analyst
12:00 - 1:00 p.m.	Working Lunch	
1:00 – 1:30 p.m.	Team Meeting	Desk Audits Payroll Accounts Payable
1:30 - 2:00 p.m.	Team Meeting	Tony Demasi Director, Human Relations
2:00 – 3:00 p.m.	Team Meeting	Glenn Bailey Alfred Miller Emily Brandon Melissa Littlejohn Angela Troutman Robin Randall Payroll Technicians and Specialists
3:00 - 4:00 p.m.	Team Meeting	Wilma F. Bonner Executive Director, Grants Maurice W. Johnson Budget Officer, Grants

4:00 – 5:30p.m.	Team Meeting	Focus Group, School Principals
5:30 -	Team Discussion of Work Plan for Balance of Site Visit	

Wednesday, March 2, 2005

7:00 – 8:00 a.m.	Breakfast Meeting	
8:00 – 11:00 a.m.	Team Meeting	Compilation of Composite Findings & Recommendations
11:00 - 12:00 Noon	Team Meeting	Natwar M. Gandhi Chief Financial Officer for the District of Columbia
12:00 - 1:30 p.m.	Debriefing	Clifford Janey Superintendent

APPENDIX B. DOCUMENTS REVIEWED

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- D.C. Public Schools (2005). "Keeping Our Promise to the District's Children: Proposed FY 2006 Operating Budget" Washington, D.C., District of Columbia Public Schools, January 12, 2005.
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- Local School Transition Plan Rubric, February 2005
- Business Plan for Strategic Reform - Developing a Business Plan: Implementing Strategic Reform
- External Transition Work Group on Financial Management and Procurement – Final Report of the Council of the Great City Schools
- External Transition Team on Special Education – Interim Report of the Council of the Great City Schools
- External Transition Team on Transportation Systems – Interim Report of the Council of the Great City Schools
- School Security Contract – Report to the Superintendent, Agency Chief Contracting Officer, and Executive Director of School Security, December 2004
- Office of Communications – Report to the Acting Communications Officer, Associate Superintendent for Human Resources, and the Acting Chief Financial Officer, November 2004
- Thomas Jefferson Junior High School – Report to the Superintendent, Assistant Superintendent for Middle and Junior High Schools, and the General Counsel, October 2004
- Fiscal Year 2005 Audit Plan – Report to the Superintendent, October 2004
- Calvin Coolidge Senior High School – Report to the Superintendent, Realty Director, and the Chief Financial Officer, September 2004
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- Noyes Elementary School – Report to the Principal of Noyes E.S., Assistant Superintendent for Transformation Schools, and Executive Director for Career and Technology Education, October 2004

- Compensation Payments – Report to the Interim Superintendent and the Chief Financial Officer, May 2004
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- Washington Gas Light Company – Report to the Chief Operating Officer and General Counsel, July 2003
- Ronald H. Brown Middle School – Report to the Assistant Superintendent – Middle/Junior High Schools, June 2003
- H.D. Woodson High School – Report to the Acting Chief Financial Officer, June 2003
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- Testimony of Councilmember Kathy Patterson, Chairperson of the D.C. Council Committee on Education, Libraries and Recreation, before a hearing of the United States House of Representatives Committee on Government Reform and Oversight, May 20, 2005
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APPENDIX C. INDIVIDUALS INTERVIEWED

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- Clifford Janey, Superintendent
- Natwar M. Gandhi, Chief Financial Officer, District of Columbia
- Bert Molina, Deputy Chief Financial Officer, District of Columbia
- Tom Brady, Chief Business Operations Officer
- John Musso, Chief Financial Officer, DCPS
- Chris LaCour, Deputy Chief Financial Officer for Operations
- Tony Demasi, Executive Director of Human Resources
- Abinet Belachew, Controller
- Sabina Acqush, Chief , Management Operations
- Wilma F. Bonner, Executive Director, Grants
- Maurice W. Johnson, Budget Officer, Grants
- Wilson Akindojutimi, Special Projects Manager
- Denise Boone, Manager, Payroll Services
- Gloria Beville, Accounting Officer
- Gregory Armstrong, Acting Manager, Accounts Payable
- Robert Braddock, Budget Manager
- Nicole Conley, Director of Resource Allocation Management
- Kenneth Keys, Supervisor, Payroll Specialists
- Priya Matthews, Supervisor, Payroll Specialists
- Clarissa Smith, Senior Accountant
- Huong Nguyen, Senior Accountant
- Sylvia Deloatch, Accountant
- Olga Provotonova, Accountant
- David Franklin, Senior Budget Analyst
- Kalani Edirisinghe, Senior Budget Analyst
- Glenn Bailey, Payroll Specialist
- Emily Brandon, Payroll Technician
- Melissa Littlejohn, Payroll Technician
- Alfred Miller, Payroll Technician
- Robin Randall, Payroll Technician
- Angela Troutman, Payroll Technician
- Marjorie Cuthbert, Principal
- Reginald B. Elliott, Principal
- Harriett F. Kargbo, Principal
- William A. Lipscomb, Principal
- Donna L. Pressley, Principal
- JoAnn Turner, Principal
- Sadia M. White, Principal

APPENDIX D. STRATEGIC SUPPORT TEAM

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Robert Carlson

Robert Carlson is Director of Management Services for the Council of the Great City Schools. In that capacity, he provides Strategic Support Teams and manages operational reviews for superintendents and senior managers; convenes annual meetings of Chief Financial Officers, Chief Operating Officers, Human Resources Directors, and Chief Information Officers and Technology Directors; fields hundreds of requests for management information; and has developed and maintains a Web-based management library. Prior to joining the Council, Mr. Carlson was an executive assistant in the Superintendent's Office of the District of Columbia Public Schools. He holds an Ed.D. degree and an M.A. degree in administration from The Catholic University of America; a B.A. degree in political science from Ohio Wesleyan University; and has done advanced graduate work in political science at Syracuse University and the State University of New York.

Michael Casserly

Michael Casserly is the Executive Director of the Council of the Great City Schools, a coalition of 65 of the nation's largest urban public school districts—including the District of Columbia Public Schools. Mr. Casserly has been with the organization for 28 years, 13 of them as Executive Director. Before heading the group, he was the organization's chief lobbyist on Capitol Hill and served as its Director of Research. He led major reforms in federal education laws, garnered significant aid for urban schools across the country, spurred major gains in urban school achievement and management, and advocated for urban school leadership in the standards movement. He also led the organization in the nation's first summit of urban school superintendents and big city mayors. Mr. Casserly has a Ph.D. degree from the University of Maryland and a B.A. degree from Villanova University.

Beverly Donohue

Beverly Donohue served as the Chief Financial Officer of the New York City Board of Education from March 1996 to 2002. In that capacity, she managed the Board's $9 billion budget and provided oversight of the school system's accounting, payroll, contracting, and account payables units. From 1992 to 1996, Ms. Donohue was Deputy Director of New York City's Office of Management and Budget, where she managed the budgets for the Board of Education; the Departments of Housing and Economic Development, Transportation, Environmental Protection, Cultural Affairs, Buildings, City Planning, and Libraries; and the Taxi Commission. Prior to joining New York City government, she was an economic consultant to the Mexican Finance Ministry, to the government of Greece, and to the International Trade Commission. She has completed coursework for a doctoral degree in economics from the New School of Social Research, and holds a master's degree from Harvard University, and a B.A. degree from Radcliffe College.

Ken Gotsch

Kenneth Gotsch is the Chief Financial Officer of the Los Angeles Unified School District, the nation's second largest school system. In that capacity, he is responsible for total budgeted revenues of $14.4 billion and administrative oversight of accounting, disbursements, budget services, financial planning, and school fiscal services**.** Before going to Los Angeles, Mr. Gotsch was the Chief Fiscal Officer of the Chicago Public Schools, the nation's third largest school system, where he was responsible for managing the school district's $4.5 billion annual budget. Before taking this position in 1995, he served as both the Deputy Director of the Department of Revenue's Tax Administration and the Manager of Information Services for the City of Chicago. He received an M.A. degree in public finance from the University of Chicago's Irving Harris Graduate School of Public Policy and a B.S. degree in business administration and finance from Marquette University.

Richard H. Hinds

Richard Hinds is the former Chief Financial Officer (CFO) of the Miami-Dade County Public Schools. Mr. Hinds joined the Miami-Dade school system in 1964 as a classroom teacher. He has served as Executive Director of Budget Management, assistant to the Associate Superintendent for Business, chief educational auditor, and Director of Planning and Evaluation. Mr. Hinds retired as CFO in July 2003, after 22 years of service in that position. His assignment included responsibility for traditional accounting and finance functions, in addition to risk management, procurement, and federal and state legislative affairs. Mr. Hinds received an Ed.D. degree from the University of Miami in 1972 and M.A. and B.A. degrees from The Catholic University of America. He also has been an adjunct graduate professor at Pepperdine University, the University of Northern Colorado, and Florida International University.

David W. Koch, CPA

David Koch is the former Chief Administrative Officer for the Los Angeles Unified School District (LAUSD). LAUSD is the nation's second largest public school system with over 725,000 students in K-12 grades, an annual budget of more than $9 billion and more than 80,000 full- and part-time employees. Mr. Koch's responsibilities encompassed virtually all noninstructional operations of the district including: finance, facilities, information technology, and all of the business functions. Mr. Koch also served the LAUSD as Business Manager, Executive Director of Information Services, and Deputy Controller. He was Business Manager for the Kansas City, Missouri, Public School District and was with Arthur Young and Company prior to entering public service. He is a graduate of the University of Missouri and a Certified Public Accountant in the states of California, Missouri, and Kansas. Currently a resident of Long Beach, California, Mr. Koch provides consulting services to public-sector clients and companies doing business with public-sector agencies.

John McDonough

John McDonough has served as the Chief Financial Officer (CFO) of the Boston Public Schools since 1996. In this capacity, he manages the school district's $689 million budget, provides leadership and oversight for purchasing, payroll, accounts payable, and contracting. He also provides technical assistance and reporting that support school-based fiscal decision-making. Before assuming the position as CFO, Mr. McDonough served as the Business Manager for the Boston Public Schools. Altogether, he has served the school district for 32 years. Mr. McDonald has been recognized for exemplary public service by being named a recipient of the Henry L. Shattuck Award. He graduated magna cum laude with a B.A. degree in political science and an M.B.A. degree from Boston College.

Frederick Schmitt

Fred Schmitt has served as the Chief Financial Officer (CFO) of the Norfolk Public Schools since July 1997. In that capacity, he manages the school board's $270 million budget. He also directs the activities of the accounting, payroll, contracting, budget and risk management departments. Mr. Schmitt served 26 years on active duty with the U. S. Coast Guard in a variety of operational and controller positions. Before entering the private sector, he was the Chief Executive Officer of the Coast Guard's National Finance Center. Immediately prior to joining Norfolk Public Schools, Mr. Schmitt worked as a business consultant specializing in performance measurement, activity-based costing, and product line management. Mr. Schmitt holds a B.S. degree from the Coast Guard Academy and an M.B.A. degree from the George Washington University.

APPENDIX E. CURRICULUM-BASED BUDGETING

APPENDIX E. CURRICULUM-BASED BUDGETING

Example from Charlotte-Mecklenburg

The school district's goals and objectives need to be carefully crafted with specific measures and targets to ensure that they move the district toward the ultimate goal of higher student achievement. In Charlotte-Mecklenburg (CMS), these objectives are defined in the district's Balanced Scorecard (BSC), which was put into place as the "roadmap" for implementing the system's Strategic Plan several years ago. (The district indicates that aligning the district's academic goals with its budget could be done without a full BSC but that it is better done with it.) Either way, alignment of the budget is viewed by CMS as just one component of a more comprehensive Aligned Management System in which the focus of the district rests squarely on student achievement. Beginning such a process might begin with the following steps—

- Have each central office "fund manager" (e.g., director, manager, etc.) evaluate his or her resource needs for the upcoming year by aligning personnel costs with specific academic objectives:

  - Charge each "fund manager" with listing each central office employee (or group of employees) and allocate employee' time to specific objectives that they support based on how they use their time. Fund owners could choose to estimate the time allocation in consultation with each individual's supervisor or could conduct periodic time studies to support the allocation. These estimates should be reviewed annually.

  - Establish time allocations for school-based personnel. The process might differ somewhat at each level. For instance—

    (a) A regular classroom teacher's time might be allocated based on his or her class schedule, interviews with the principals, and/or the assistant superintendents (e.g., curriculum coordinators), as well as by reviewing the standard course of study at each grade level. The combination of these methods or others should result in a reasonably accurate allocation of instructional staff time.

    (b) A principal, assistant principal, and support staff member's time allocation might be based on their evaluation instrument (which also would need to be aligned explicitly with district academic objectives) and have the percentage allocation verified by an independent observer, such as a regional superintendent. Interviews and time studies also could be used with members of the support staff, but the allocation of support staff members' time most likely would mirror that of the person they support.

(c) The time of instructional support employees (i.e., media specialists, psychologists, etc.) could be allocated based on interviews with supervisors closest to the actual employee.

- Have each "fund manager" allocate non-personnel costs by examining each category of expenditure and determine what those resources will be used for and how that expenditure will move the district toward achieving its academic goals and objectives. Each expenditure should be detailed and aligned explicitly with a specific objective or combination of objectives.

- Ensure that the sum of expenditure allocations, whether personnel or non-personnel, equals 100 percent. The district should develop a "100 percent verification check" within the template used to capture the allocation. This step will save time when looking for errors once all the allocations are complied.

- Then, after all budgeted resources have been aligned with specific objectives, prepare summary reports to illustrate how the district's resources are aligned and will be used to meet the district's academic objectives.

The result of this process is a series of allocations that may not be 100 percent accurate, particularly in the first several years. But the process accomplishes two critical goals: 1) it enables each fund owner to consider carefully the resources needed and how they are used to meet district objectives; and (2) it allows senior management to determine if appropriate levels of resources are being directed toward the district's objective of improving academic performance.

APPENDIX F. GREAT CITY SCHOOL BUDGET SURVEY FORM

Council of the Great City Schools

Survey of Urban School Budgeted Expenditures
School Year 2004-2005

- Name of School District _____
- Name and Title of Persons Completing Survey_____
- Phone: ( )_____ Fax: ( ) _____ Email: _____

Instructions

Please complete this form using budgeted, rather than actual, figures for your 2004-2005 school year. Include budgeted expenditures for services that the district provides directly and those for which the district contracts. If an exact amount is not available, please provide the best estimate possible. Round figures to the nearest dollar. If the correct response to any item is $0.00, please write in a zero (0) rather than leaving the space blank so that the response can be differentiated from "not available."

A. General Information

- What is the total prek-12 enrollment of the district this school year (2004-2005)?_____
- Is your school district: Fiscally Independent Fiscally Dependent
- When does your fiscal year begin and end? Begins _____ Ends _____
- When is your budget usually approved by the school board? _____
- Is your budget approved by an outside organization or entity (e.g., city council, regional or county school authority, state, control board, or other)? Yes No

  -If yes, please specify outside entity approving district budget._____
  -If yes, in what month does outside entity usually approve your budget? _____

B. Budgeted Expenditures by Function, 2004-2005

- Include budgeted expenditures for all current expenditure funds (e.g., operating, special education, federal projects, transportation, etc.) but exclude funds that are intended to be self-supporting, such as food service.
- Include total budget costs of compensation for both professional and support staff—salaries, employer retirement contributions, and costs of fringe benefits—as well as the cost of supplies, travel, etc., in each functional category.

1. Current Budgeted Expenditures, 2004-2005

Function	Explanation	Budgeted Amount
Instructional Services		
Classroom instruction	Include: Prek-12 teachers, paraprofessionals, instructional coaches, and clerical personnel working with teachers in the classroom. Also include afterschool instructional programs costs. Exclude: Special education spending (see next category).	$

Special education	Include: Teachers, paraprofessionals, clinical staff, and clerical personnel assigned to work with students classified as eligible for special education services; as well as services contracted to outside agencies or private schools to which the district sends special education students. Exclude: Transportation of special education students (see transportation).	$
Books & materials	Include: Textbooks, library books, audiovisuals, instructional software, and other instructional materials. Exclude: Costs of in-class computers (see next category).	$
Instructional technology	Include: Computers and other related or auxiliary technology that is used for the delivery of instruction.	$
Auxiliary Instructional Services	Include: Counselors, librarians and their support staff.	$
Improvement and Development	Include: Curriculum development, instructional supervision, in-service and professional development of staff, and leadership training and principal academies.	$
Other	Include: Other instructional services, including those that are contracted to outside agencies such as regional service agencies but are not prorated to the functions above. Exclude: Special education contracts. (Place under special education or transportation.)	$
School-Site		$
School-site leadership	Include: Offices of principals, assistant principals, and other supervisory staff.	
School-site support	Include: Secretaries, clerks, and non-instructional aides.	
Student Services		
Health and Attendance	Include: Physical and mental health staff and services such as nurses, psychologists, social workers, related paraprofessional and clerical staff and materials.	$
Transportation	Include: Staff, drivers, maintenance and operation of equipment, fuel, and contracts, for	$

	transporting public school pupils even if a separate transportation fund is maintained. Also include special education transportation and transportation for nonpublic and charter schools.	
Food Service	Include: Net cost to district of operating food service program (may be $0 if self-supporting). Exclude: Expenditures offset by income from cash sales and state and/or federal subsidies.	$
Student Activities	Include: Net cost to district (may be $0 if self-supporting) of extracurricular student activities. Exclude: Expenditures offset by gate receipts, activity fees, etc.	$
Other	Include: Other student services (only net cost to district).	$
Board of Education Services	Include: Board members, board staff, travel & meeting expenses, election services, legal services or general counsel, census, tax assessment/collection services, and similar Board services.	$
Executive Administration	Include: Offices of the superintendent, deputy, associate, assistant, and area (regional) superintendents. Also include negotiation services; state and federal relations; communications (or public information) and community relations; planning, research, evaluation, testing, statistics, and data processing; and related central office services not listed elsewhere. Exclude: Services (listed elsewhere) for instruction; fiscal services; operations (or business services); maintenance; pupil personnel; and school site leadership.	$
Fiscal Services	Include: Fiscal services (payroll, budgeting, accounting, internal auditing, short-term interest, etc.); facilities acquisition and construction services; and similar finance-related services not included elsewhere. Exclude: Capital expenditures.	$
Business Operations	Include: Procurement; warehousing; printing; management information services, human resources and personnel; security; TV and radio. Exclude: Maintenance, food services, transportation or other listed operations.	

Facilities and Maintenance	Include: Staff, equipment, and supplies for the care, upkeep, and operation of buildings, grounds, security, custodial and other services. Exclude: Expenditures (listed elsewhere) for major equipment purchased from a special capital purchases fund, utilities, and heating/cooling fuel.	$
Environment, Energy, and Utilities	Include: Fuel for heating and cooling plus all utilities including telephone (if budgeted to one districtwide account), electrical, water, and sanitation. Exclude: Fuel for transportation. (Place under transportation.)	$
Insurance	Include: Fire insurance, professional liability insurance, and other self-insurance expenses.	$
All Other Current Expenditures	Include: All other expenditures not reported elsewhere. Exclude: Community services, recreation services, and junior and community colleges.	
Subtotal Budget for Current Spending, 2004-2005	Dollar amount reported should be the total of all current budget figures listed above. Please double-check figures for accuracy.	$

In addition to the current budgeted expenditures detailed above, the district budgeted the following on non-current expenditures:

2. Non-current Budgeted Expenditures, 2004-2005

Capital Outlay	Include: Expenditures from any special capital outlay accounts for new and replacement buildings, vehicles, and other major equipment items. Exclude: Expenditures for capital outlay purchases already reported above.	$
Debt Retirement	Include: Payments on principal and payments to school-housing authorities.	$
Interest Paid on Debt	Include: Interest on long-term debts only.	$
Subtotal Budget for Non-current Spending, 2004-2005	Dollar amount reported should be the total of non-current budget figures in this section. Please double-check figures for accuracy.	$

Grand Total Budget, 2004-2005	Include: Sum of current subtotal (section #1) and non-current subtotal (section #2) from above.	$

C. Budgeted Expenditures for Staff Compensation, 2004-2005

Spending amounts in this section overlap with those in the previous section and are designed to present a different view of school spending. This section looks at specific expenditures by object rather than by function.

(a) Salaries, Retirement Contributions, and Fringe Benefits

Type of Personnel	Spending for Salaries & Wages	Spending for Contributions to Employee Retirement & Social Security	Spending for Other Fringe Benefits	Total Amount
Central Administration Personnel: Include central office and area office professional and managerial personnel.	$	$	$	$
School Site Leadership: Include principals and assistant principals.	$	$	$	$
Classroom Teachers: Include salaries of both contract and substitute teachers.	$	$	$	$
Auxiliary Professional Personnel: Include professional personnel in direct support of the instructional program and other professional personnel working with students (librarians, counselors, nurses, etc.).	$	$	$	$
Support Personnel: Include all other employees of the school district, e.g., clerks, custodians, bus drivers, teacher aides. Exclude food service	$	$	$	S

personnel if these people are paid from a self-supporting food-services fund.				
Totals	$	$	$	$

(b) Employer Payments to Retirement Systems and Social Security (FICA)

- Employer contributions to staff retirement systems and Social Security (FICA) for professional and support staff may be handled in several ways as related to the local school district budget: they may (1) appear in the local school district budget, (2) be paid directly to the retirement system by a state or municipal government, or (3) be paid through some combination of these methods. Employer contribution procedures may also differ for professional and for support personnel within the same school district.

- Check (√) the items below that best describe the procedure used for employer contributions to the employee retirement system and Social Security (FICA) in your school district. Check (√) one procedure in each of the four (4) columns.

Amount of Employer Contribution for Retirement	**Professional Staff**		**Support Staff**	
	Retirement System	FICA	Retirement System	FICA
All: Entire employer contribution in local school district budget. (Check even if state will eventually reimburse local budget.)				
Shared: With another governmental unit (municipal, county, or state).				
None: All employer contributions paid by another governmental unit.				
Not applicable: Employees not covered under this program.				

D. Other

- Does your district pay for services from an <u>intermediate or regional service agency</u> without the cost of these services appearing in your district's budget?

  □ Yes □ No

- Are all costs for <u>student health services</u> included in your budget or are some of these services provided by another agency from their budgets? (Check one.)

□ All costs included in district budget □ Some or all provided by another agency

`

- Are all costs for <u>student security services</u> included in your budget or are some of these services provided by another agency from their budgets? (Check one.)

  □ All costs included in district budget □ Some or all provided by another agency

- Are all costs for <u>after-school activities</u> and programs included in your budget or are some of these services provided by another agency or organization from their budgets? (Check one.)

  □ All costs included in district budget □ Some or all provided by another agency

- Are all costs for <u>student transportation services</u> included in your budget or are some of these services provided by another agency or organization from their budgets? (Check one.)

  □ All costs included in district budget □ Some or all provided by another agency

- Are all costs for <u>e-rate related services</u> included in your budget or are some of these services provided by another agency or organization from their budgets? (Check one.)

  □ All costs included in district budget □ Some or all provided by another agency

- Do you contract out more than 50 percent of the functions listed below? (Check one option for each of the five.)

Student transportation	□ Yes	□ No
Food Service	□ Yes	□ No
Maintenance of facilities/grounds	□ Yes	□ No
Special education	□ Yes	□ No
School security	□ Yes	□ No

Please return completed survey to Michael Casserly or Robert Carlson at the Council of the Great City Schools, 1301 Pennsylvania Avenue, NW, Suite 702, Washington, DC 20004.
Fax: (202) 393-2400
Thank You

APPENDIX G. GLOSSARY OF NCES TERMS

APPENDIX G. GLOSSARY OF NCES TERMS[72]

Current Expenditure. Expenditure for instruction, support services, and other elementary/secondary programs. Includes salaries, employee benefits, purchased services, and supplies, as well as payments made by states on behalf of school districts. Also includes transfers made by school districts, into their own retirement systems. Excludes expenditure for non-elementary/secondary programs, debt service, capital outlay, and transfers to other governments or school districts. This item is formally called "Current Expenditures for Public/Secondary Education."

Expenditure. All amounts of money paid out of a school system, net of recoveries and other correcting transactions, other than for retirement of debt, purchase of securities, extension of loans and agency transactions. Expenditure includes only external transactions of a school system and excludes non-cash transactions, such as the provision of perquisites or other payments in-kind.

Instruction Expenditure. Includes payments from all funds for salaries, employee benefits, supplies, materials, and contractual services for elementary/secondary instruction. It excludes capital outlay, debt service, and interfund transfers for elementary/secondary instruction. Instruction covers regular, special, and vocational programs offered in both the regular school year and summer school. It excludes instructional support activities, as well as adult education and community services. Instruction salaries include salaries for teachers and teacher aides and assistants.

Support Services Expenditure. Relates to support services functions defined in *Financial Accounting for Local and State School Systems* (National Center for Education Statistics 2000). Includes payments from all funds for salaries, employee benefits, supplies, materials, and contractual services. It excludes capital outlay, debt service, and interfund transfers. It includes expenditures for the following functions:

- **Business/Central/Other Support Services**. Expenditure for business support, central support, and other support services. Business support services include payments for fiscal services (budgeting, receiving and disbursing funds, payroll, internal auditing, and accounting), purchasing, warehousing, supply distribution, printing, publishing, and duplicating services. Central support services include planning, research, development, and evaluation services. They also include information services, staff services (recruitment, staff accounting, non-instructional in-service training, staff health services), and data processing services.

- **General Administration**. Expenditure for board of education and executive administration (office of the superintendent) services.

[72] National Center for Education Statistics, Common Core of Data, School District Finance Survey, SY 2002-03, FY 2003.

- **Instructional Staff Support**. Expenditure for supervision and instruction service improvements, curriculum development, instructional staff training, and instructional support services, such as the library, multimedia centers, and computer stations for students that are outside the classroom.

- **Operation and Maintenance**. Expenditure for building services (heating, electricity, air conditioning, property insurance), care and upkeep of grounds and equipment, nonstudent transportation vehicle operation and maintenance, and security services.

- **Pupil Support Services**. Expenditure for attendance record-keeping, social work, student accounting, counseling, student appraisal, record maintenance, and placement services. This category also includes medical, dental, nursing, psychological, and speech services.

- **Pupil Transportation Services**. Expenditure for the transportation of public school students, including vehicle operation, rider monitoring, and vehicle servicing and maintenance.

- **School Administration**. Expenditure for the office of the principal services.

- **Nonspecified Support Services.** Expenditures that pertain to more than one of the above categories. In some cases reporting units could not provide distinct expenditure amounts for each support services category. These expenditures were included in "nonspecified" instead of "other support services."

Other Current Expenditures. Current expenditures for other than instruction and support service activities. Included in this category are food services (gross), enterprise operations, and other elementary/secondary current expenditures.

APPENDIX H. SPENDING COMPARISONS WITH OTHER CITY SCHOOL DISTRICTS USING NCES DATA

APPENDIX H. SPENDING COMPARISONS WITH OTHER CITY SCHOOL DISTRICTS USING NCES DATA

Summary Table Comparing the Average per Pupil Current Expenditure (APPE) in the D.C. Public Schools with the APPE in the Great City Schools, 2002-2003[73]

	DC Schools		Urban Average	
Function	Actual Spending per Pupil	% of Total Current	Actual Spending per Pupil	% of Total Current
Total Current	$13,363	100.0%	$8,677	100.0%
Instruction	$7,011	52.5	$5,433	62.6
Support Services	$6,014	45.0	$2,912	33.6
Pupil Support	1,226	9.2	373	4.3
Instructional Support	1,356	10.1	458	5.3
General Admin	361	2.7	115	1.3
School Admin	534	4.0	476	5.5
Operations/Maint	1,489	11.1	831	9.6
Transportation	706	5.3	340	3.9
Business/Central	342	2.6	319	3.7
Other Current	$338	2.5	$332	3.8
Food Svc	338	2.5	325	3.7
Other	0	0	7	0.1

Summary Table of Key Characteristics of Similar Urban Districts, 2002-2003

School District	APPE (Actual)	Students	% African-American	% Free/ Reduced Lunch	% Disabled
Atlanta	11,435	54,946	88.6	71.4	7.8
Baltimore[74]	9,639	96,230	88.3	68.9	14.8
Boston[31]	14,602	61,552	47.2	73.6	19.2
Cleveland	10,199	71,616	71.2	79.2	17.4
D.C.[31]	13,363	67,522	87.6	60.8	16.8
Memphis	7,005	118,039	87.0	71.0	12.3
Newark	18,517	42,395	59.1	76.4	15.6
New Orleans	6,560	70,246	93.4	78.2	10.8
Richmond	9,808	26,136	90.3	66.4	16.1
St. Louis	10,170	41,720	81.7	75.2	16.1

[73] The average school system nationwide devoted 61.3 percent of total current expenditures to instruction (teacher salaries, textbooks, etc.), 34.6 percent to support services (school maintenance, nurses, administration, libraries, etc.), and 4.1 percent to non-instructional costs (food service, bookstore, etc.).
[74] Financially-dependent school districts.

Breakdown of Average per Pupil Expenditure in the Great City Schools,[75]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$64,183,388,000	$8,677	100.0%
Instruction	$40,187,338,000	$5,433	62.6
Support Services	$21,539,187,000	$2,912	33.6
Pupil Support	2,758,616,000	373	4.3
Instructional	3,389,960,000	458	5.3
General Admin	851,797,000	115	1.3
School Admin	3,517,471,000	476	5.5
Operations/Maintenance	6,144,129,000	831	9.6
Transportation	2,514,731,000	340	3.9
Business/Central	2,362,483,000	319	3.7
Other Current	$2,456,863,000	$332	3.8
Food Svc	2,406,523,000	325	3.7
Other	50,340,000	7	0.1

Breakdown of Salaries in the Great City Schools,[76]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$40,458,324,000	$5,469	100.0%
Instruction	$27,422,443,000	$3,707	67.8
Support Services	$11,363,739,000	$1,536	
Pupil Support	1,964,546,000	266	4.9
Instructional	2,015,183,000	272	5.0
General Admin	383,814,000	52	0.9
School Admin	2,665,314,000	360	6.6
Operations/Maintenance	2,623,942,000	355	6.5
Transportation	723,685,000	98	1.8
Business/Central	987,255,000	133	2.4
Other Current			
Food Svc	924,622,000	125	2.3
Other			

[75] Source: National Center for Education Statistics

[76] The Great City Schools also spent $11,381,151,000 (or $1,539 per student) on employee benefits, or 28.1% of total salaries. Total salaries and benefits constitute 80.8% of all current spending.

Breakdown of Average per Pupil Expenditure in the D.C. Public Schools,[77]
2002-2003

Function	Total Spending	Spending per Pupil	% of Total Current
Total Current	$902,317,000	$13,363	100.0%
Instruction	473,414,000	$7,011	52.5
Support Services	406,078,000	$6,014	45.0
Pupil Support	82,796,000	1,226	9.2
Instructional	91,583,000	1,356	10.2
General Admin	24,368,000	361	2.7
School Admin	36,058,000	534	4.0
Operations/Maintenance	100,548,000	1,489	11.1
Transportation	47,649,000	706	5.3
Business/Central	23,076,000	342	2.3
Other Current	22,825,000	$338	2.5
Food Svc	22,825,000	338	2.5
Other	0	0	0

Breakdown of Salaries in the D.C. Public Schools,[78]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$513,228,000	$7,601	100.0%
Instruction	279,891,000	4,145	54.5
Support Services			
Pupil Support	30,792,000	456	6.0
Instructional	65,227,000	966	12.7
General Admin	14,743,000	218	2.9
School Admin	28,212,000	418	5.5
Operations/Maintenance	38,000,000	563	7.5
Transportation	35,148,000	521	6.8
Business/Central	9,714,000	144	1.9
Other Current			
Food Svc	7,883,000	117	1.5
Other	0		0

[77] Source: National Center for Education Statistics

[78] The D.C. Public Schools also spent $114,224,000 (or $1,692 per student) on employee benefits, or 22.3% of total salaries. Total salaries and benefits constitute 69.5% of all current spending.

Breakdown of Average per Pupil Expenditure in the Atlanta Public Schools,[79]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$628,312,000	$11,435	100.0%
Instruction	353,961,000	$6,442	56.3
Support Services	243,074,000	$4,424	38.7
Pupil Support	23,198,000	422	3.7
Instructional	48,276,000	879	7.7
General Admin	12,605,000	229	2.0
School Admin	38,903,000	708	6.2
Operations/Maintenance	59,949,000	1,091	9.5
Transportation	15,349,000	279	2.4
Business/Central	44,794,000	815	7.1
Other Current	31,277,000	$569	5.0
Food Svc	31,277,000	569	5.0
Other	0	0	0

Breakdown of Salaries in the Atlanta Public Schools,[80]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$387,439,000	$7,051	100.0%
Instruction	248,861,000	4,529	64.2
Support Services		$2,271	32.1
Pupil Support	18,191,000	331	4.7
Instructional	29,621,000	539	7.6
General Admin	3,652,000	66	0.9
School Admin	23,232,000	423	6.0
Operations/Maintenance	24,479,000	446	6.3
Transportation	10,040,000	183	2.6
Business/Central	15,568,000	283	4.0
Other Current			
Food Svc	13,106,000	239	3.4
Other	0		0

[79] Source: National Center for Education Statistics

[80] The Atlanta Public Schools also spent $104,898,000 (or $1,909 per student) on employee benefits, or 27.1% of total salaries. Total salaries and benefits constitute 78.4% of all current spending.

Breakdown of Average per Pupil Expenditure in the Baltimore Public Schools,[*81]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$927,513,000	$9,639	100%
Instruction	580,863,000	$6,036	62.6
Support Services	311,048,000	$3,232	33.5
Pupil Support	36,220,000	376	3.9
Instructional	44,944,000	467	4.8
General Admin	33,692,000	350	3.6
School Admin	51,527,000	535	5.6
Operations/Maintenance	75,749,000	787	8.2
Transportation	29,138,000	303	3.1
Business/Central	39,778,000	413	4.3
Other Current	35,602,000	$370	3.8
Food Svc	30,227,000	314	3.3
Other	5,375,000	56	0.6

Breakdown of Salaries in the Baltimore Public Schools,[82]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$581,852,000	$6,046	100.0
Instruction	408,444,000	4,244	70.2
Support Services			
Pupil Support	27,765,000	289	4.8
Instructional	30,204,000	314	5.2
General Admin	17,260,000	179	3.0
School Admin	35,507,000	369	6.1
Operations/Maintenance	29,249,000	304	5.0
Transportation	3,254,000	34	0.6
Business/Central	18,514,000	192	3.2
Other Current			
Food Svc	11,655,000	121	2.0
Enterprise			
Other	0		0

[*] Financially-dependent school district.
[81] Source: National Center for Education Statistics
[82] The Baltimore Public Schools also spent $168,308,000 (or $1,749 per student) on employee benefits, or 28.9% of total salaries. Total salaries and benefits constitute 80.9% of all current spending.

Breakdown of Average per Pupil Expenditure in the Boston Public Schools,[*83]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$898,769,000	$14,602	100.0%
Instruction	$536,070,000	$8,709	59.6%
Support Services	$330,332,000	$5,367	36.8%
Pupil Support	47,637,000	774	5.3
Instructional	102,038,000	1,658	11.4
General Admin	9,025,000	147	1.0
School Admin	35,440,000	576	3.9
Operations/Maintenance	66,188,000	1,075	7.4
Transportation	53,958,000	877	6.0
Business/Central	16,046,000	261	1.8
Other Current	$32,367,000	$526	3.6%
Food Svc	25,723,000	418	2.9
Other	6,644,000	108	0.7

Breakdown of Salaries in the Boston Public Schools,[84]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$513,324,000	$8,340	100.0%
Instruction	332,789,000	5,407	64.8
Support Services		$2,694	32.2
Pupil Support	33,267,000	540	6.5
Instructional	58,762,000	955	11.4
General Admin	6,128,000	100	1.2
School Admin	28,790,000	468	5.6
Operations/Maintenance	27,328,000	444	5.3
Transportation	4,265,000	69	0.8
Business/Central	7,246,000	118	1.4
Other Current			
Food Svc	13,279,000	216	2.6
Other			

[*] Financially-dependent school district.
[83] Source: National Center for Education Statistics
[84] The Boston Public Schools also spent $171,801,000 (or $2,791 per student) on employee benefits, or 33.5% of total salaries. Total salaries and benefits constitute 76.2% of all current spending.

Breakdown of Average per Pupil Expenditure in the Cleveland Public Schools,[85]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$730,424,000	$10,199	100.0%
Instruction	$414,074,000	$5,782	56.7
Support Services	$286,980,000	$4,007	39.3
Pupil Support	40,051,000	559	5.5
Instructional	60,529,000	845	8.3
General Admin	13,849,000	193	1.9
School Admin	23,773,000	332	5.4
Operations/Maintenance	35,768,000	499	8.1
Transportation	20,965,000	293	4.8
Business/Central	24,521,000	342	5.6
Other Current	$29,370,000	$410	4.0
Food Svc	29,370,000		4.0
Other	0	0	0

Breakdown of Salaries in the Cleveland Public Schools,[86]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$500,484,000	$6,988	100.0%
Instruction	313,193,000	4,373	62.6
Support Services			
Pupil Support	29,122,000	407	5.8
Instructional	32,005,000	447	6.4
General Admin	8,592,000	120	1.7
School Admin	27,774,000	388	5.5
Operations/Maintenance	34,173,000	477	6.8
Transportation	24,464,000	342	4.9
Business/Central	11,484,000	160	2.3
Other Current			
Food Svc	10,780,000	151	2.2
Other	0		0

[85] Source: National Center for Education Statistics

[86] The Cleveland Public Schools also spent $141,835,000 (or $1,980 per student) on employee benefits, or 28.3% of total salaries. Total salaries and benefits constitute 87.9% of all current spending.

Breakdown of Average per Pupil Expenditure in the Memphis Public Schools,[87]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$826,842,000	$7,005	100.0%
Instruction	$503,041,000	$4,262	60.8
Support Services	$278,191,000	$2,357	33.6
Pupil Support	37,928,000	321	4.6
Instructional	41,355,000	350	5.0
General Admin	5,635,000	48	0.7
School Admin	46,619,000	395	5.6
Operations/Maintenance	107,349,000	909	13.0
Transportation	18,188,000	154	2.2
Business/Central	21,117,000	179	2.6
Other Current	$45,610,000	$386	5.5
Food Svc	45,610,000	386	5.5
Other	0	0	0

Breakdown of Salaries in the Memphis Public Schools,[88]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$536,161,000	$4,542	100.0
Instruction	357,336,000	3,027	66.6
Support Services			
Pupil Support	24,557,000	208	4.6
Instructional	31,527,000	267	5.9
General Admin	2,526,000	21	0.5
School Admin	37,377,000	317	7.0
Operations/Maintenance	48,816,000	413	9.1
Transportation	112,000	1	0.0
Business/Central	9,410,000	80	1.8
Other Current			
Food Svc	17,829,000	151	3.3
Other	0		0

[87] Source: National Center for Education Statistics

[88] The Memphis Public Schools also spent $128,820,000 (or $1,091 per student) on employee benefits, or 24.0% of total salaries. Total salaries and benefits constitute 80.4% of all current spending.

Breakdown of Average per Pupil Expenditure in the Newark Public Schools,[89]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$785,037,000	$18,517	100.0%
Instruction	$438,976,000	$10,354	55.9
Support Services	$322,076,000	$7,597	41.0
Pupil Support	76,502,000	1,805	9.7
Instructional	45,827,000	1,081	5.8
General Admin	13,727,000	324	1.7
School Admin	42,167,000	995	5.4
Operations/Maintenance	99,842,000	2,355	12.7
Transportation	25,587,000	604	3.3
Business/Central	18,424,000	435	2.3
Other Current	$23,985,000	$566	3.1
Food Svc	23,985,000	566	3.1
Other	0	0	0

Breakdown of Salaries in the Newark Public Schools,[90]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$472,875,000	$11,154	100.0%
Instruction	268,644,000	6,337	56.8
Support Services			
Pupil Support	57,342,000	1,353	12.1
Instructional	31,819,000	751	6.7
General Admin	6,004,000	142	1.3
School Admin	32,814,000	774	6.9
Operations/Maintenance	54,479,000	1,285	11.5
Transportation	146,000	3	0.0
Business/Central	10,728,000	253	2.3
Other Current			
Food Svc	8,985,000	212	1.9
Other	0		0

[89] Source: National Center for Education Statistics

[90] The Great City Schools also spent $117,216,000 (or $2,765 per student) on employee benefits, or 24.8% of total salaries. Total salaries and benefits constitute 75.2% of all current spending.

Breakdown of Average per Pupil Expenditure in the New Orleans Public Schools,[91]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$460,824,000	$6,560	100.0%
Instruction	$285,095,000	$4,059	61.9
Support Services	$149,561,000	$2,129	32.5
Pupil Support	22,573,000	321	4.9
Instructional	15,035,000	214	3.3
General Admin	9,690,000	138	2.1
School Admin	20,461,000	291	4.4
Operations/Maintenance	45,469,000	647	9.9
Transportation	21,013,000	299	4.6
Business/Central	15,320,000	218	3.3
Other Current	$26,168,000	$373	5.7
Food Svc	26,168,000	373	5.7
Other	0	0	0

Breakdown of Salaries in the New Orleans Public Schools,[92]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$290,456,000	$4,135	100.0%
Instruction	204,241,000	2,908	70.3
Support Services			
Pupil Support	16,173,000	230	5.6
Instructional	11,128,000	158	3.8
General Admin	1,528,000	22	0.5
School Admin	16,411,000	234	5.7
Operations/Maintenance	19,520,000	278	6.7
Transportation	4,023,000	57	1.4
Business/Central	6,043,000	86	2.1
Other Current			
Food Svc	9,739,000	139	3.4
Other			

[91] Source: National Center for Education Statistics

[92] The New Orleans Public Schools also spent $67,838,000 (or $966 per student) on employee benefits, or 23.4% of total salaries. Total salaries and benefits constitute 77.8% of all current spending.

Breakdown of Average per Pupil Expenditure in the Richmond Public Schools,[*93]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$256,341,000	$9,808	100.0%
Instruction	$145,680,000	$5,574	56.8
Support Services	$101,280,000	$3,875	39.5
Pupil Support	14,421,000	552	5.6
Instructional	19,631,000	751	7.7
General Admin	4,414,000	169	1.7
School Admin	17,205,000	658	6.7
Operations/Maintenance	29,542,000	1,130	11.5
Transportation	9,620,000	368	3.8
Business/Central	6,447,000	247	2.5
Other Current	$9,381,000	$359	3.7
Food Svc	9,381,000	359	3.7
Other	0	0	0

Breakdown of Salaries in the Richmond Public Schools,[94]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$161,568,000	$6,182	100.0%
Instruction	99,607,000	3,811	61.7
Support Services			
Pupil Support	10,660,000	408	6.6
Instructional	9,779,000	374	6.1
General Admin	1,745,000	67	1.1
School Admin	12,061,000	461	7.5
Operations/Maintenance	12,477,000	477	7.7
Transportation	5,291,000	202	3.3
Business/Central	4,049,000	155	2.5
Other Current			
Food Svc	4,315,000	165	2.7
Other	0		0

[*] Financially-dependent school district.
[93] Source: National Center for Education Statistics
[94] The Richmond Public Schools also spent $47,957,000 (or $1,835 per student) on employee benefits, or 29.7% of total salaries. Total salaries and benefits constitute 81.7% of all current spending.

Breakdown of Average per Pupil Expenditure in the St. Louis Public Schools,[95]
2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$462,519,000	$10,170	100.0%
Instruction	$240,868,000	$5,296	52.1
Support Services	$203,690,000	$4,478	44.0
Pupil Support	23,695,000	521	5.1
Instructional	30,690,000	675	6.6
General Admin	14,880,000	327	3.2
School Admin	31,042,000	683	6.7
Operations/Maintenance	56,475,000	1,242	12.2
Transportation	32,670,000	718	7.1
Business/Central	14,238,000	313	3.1
Other Current	$17,961,000	$395	3.9
Food Svc	17,688,000	389	3.8
Other	273,000	6	0.1

Breakdown of Salaries in the St. Louis Public Schools,[96]
2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$278,401,000	$6,121	100.0
Instruction	169,736,000	3,732	61.0
Support Services			
Pupil Support	17,288,000	380	6.2
Instructional	16,606,000	365	6.0
General Admin	3,269,000	72	1.2
School Admin	23,021,000	506	8.3
Operations/Maintenance	25,618,000	563	9.2
Transportation	662,000	15	0.2
Business/Central	6,865,000	151	2.5
Other Current			
Food Svc	5,404,000	119	1.9
Other	0		0

[95] Source: National Center for Education Statistics

[96] The St. Louis Public Schools also spent $82,585,000 (or $1,816 per student) on employee benefits, or 29.7% of total salaries. Total salaries and benefits constitute 78.1% of all current spending.

APPENDIX I. KEY VARIABLES OF THE GREAT CITY SCHOOLS USING NCES DATA

Key Variables of the Great City Schools (Ranked by Actual APPE) I Using NCES Data, 2002-2003

City School District	APPE (Actual)	Percent African-American	Percent Hispanic	Percent Free/Reduced Lunch	Percent IEPs
Newark	18,517	59.1	31.7	76.4	15.6
Boston	14,602	47.2	29.3	73.6	19.2
Washington	13,363	84.0	9.6	60.8	16.8
Buffalo	12,879	58.3	12.3	74.2	21.7
Rochester	12,711	63.9	19.6	71.2	19.0
New York City	12,309	34.0	38.2	75.8	11.6
Atlanta	11,435	88.6	3.4	71.4	7.8
Minneapolis	11,304	42.9	12.6	67.3	14.0
Pittsburgh	10,902	58.2	0.6	59.5	17.3
Wilmington	10,604	37.3	8.9	42.2	15.2
Providence	10,555	22.4	53.3	75.2	18.7
Dayton	10,491	70.8	1.3	73.8	21.1
Milwaukee	10,352	59.7	17.1	71.8	15.5
Cincinnati	10,300	73.3	0.8	65.4	18.3
Cleveland	10,199	71.2	9.2	79.2	17.4
Columbus	10,188	61.6	2.8	62.3	13.7
St. Louis	10,170	81.7	1.3	75.2	16.1
Toledo	10,156	47.6	7.3	56.6	16.3
St. Paul	10,112	26.6	11.0	64.9	15.8
Richmond	9,808	90.3	2.1	66.4	16.1
Baltimore	9,639	88.3	1.2	68.9	14.8
Indianapolis	9,604	59.6	7.7	78.7	18.3
Kansas City (MO)	9,183	72.0	12.1	67.2	11.5
Detroit	9,063	90.6	4.9	70.0	11.6
San Francisco	8,704	15.0	21.9	58.8	58.8
Oakland	8,692	43.7	32.5	65.7	10.8
San Diego	8,670	15.0	40.9	56.6	10.7
Seattle	8,649	23.0	11.0	40.1	12.5
Los Angeles	8,508	12.1	71.9	74.3	11.5
Des Moines	8,434	15.3	11.0	48.2	17.8
Sacramento	8,119	22.4	28.0	61.4	12.2
Portland	8,076	16.7	10.7	41.2	12.6
Chicago	7,967	50.7	36.5	77.6	12.7
Denver	7,888	19.1	56.1	61.8	10.9
Anchorage	7,826	8.9	6.3	33.0	14.4
Fresno	7,799	11.6	52.2	76.1	10.4
Louisville	7,663	34.9	2.4	67.1	13.9
Nashville	7,614	46.7	6.1	56.7	15.7
Norfolk	7,608	67.8	2.6	60.1	13.6
Austin	7,580	14.4	51.5	52.9	20.7
Philadelphia	7,554	65.3	14.0	69.4	12.2
Dallas	7,435	32.9	58.9	75.9	7.9
Charleston	7,384	56.5	2.6	53.0	14.4

Long Beach	7,365	18.8	48.1	65.3	7.9
Shreveport	7,270	62.9	0.9	55.1	13.9
Houston	7,236	30.5	57.1	80.3	9.8
Charlotte	7,188	44.0	7.8	39.9	12.0
Omaha	7,187	31.2	16.6	54.2	15.2
Fort Worth	7,034	29.0	50.1	64.2	9.8
Memphis	7,005	87.0	2.0	71.0	12.3
Palm Beach	6,983	29.7	20.0	41.3	14.5
Miami-Dade County	6,956	29.5	58.7	61.8	11.6
Greensboro	6,943	43.5	4.8	44.9	16.0
Birmingham	6,890	96.4	1.1	74.6	14.0
Oklahoma City	6,634	34.9	27.5	82.2	16.0
New Orleans	6,560	93.4	1.2	78.2	10.8
Albuquerque	6,414	3.8	51.6	45.5	20.4
Tampa	6,411	23.8	23.9	48.9	15.5
Orlando	6,358	28.5	25.6	42.9	16.2
Jacksonville	6,350	43.7	4.3	41.8	15.8
Broward County	6,239	36.5	22.3	39.1	11.4
Tucson	5,983	6.5	49.0	55.6	11.9
Clark County	5,774	14.0	31.7	35.1	10.8
Salt Lake City	5,714	4.0	31.9	55.8	12.7
Jackson	5,043	95.8	0.2	83.0	9.9
Average	$8,677	38.3%	32.5%	64.8%	13.0%

Key Variables of the Great City Schools (Ranked by APPE) II Using NCES Data, 2002-2003

City School District	Enrollment	Number of Schools	Students per School
Newark	42,395	77	551
Boston	61,522	135	456
Washington	67,522	147	459
Buffalo	43,503	78	558
Rochester	35,659	69	517
New York City	1,077,381	1,429	754
Atlanta	54,946	102	539
Minneapolis	46,037	144	319
Pittsburgh	35,146	93	378
Wilmington	19,605	28	700
Providence	26,724	54	495
Dayton	19,813	42	472
Milwaukee	97,293	218	446
Cincinnati	42,715	81	527
Cleveland	71,616	129	555
Columbus	64,175	151	425
St. Louis	45,480	124	367
Toledo	35,742	69	518
St. Paul	43,923	125	351
Richmond	26,136	55	475
Baltimore	96,230	184	523
Indianapolis	40,731	93	438
Kansas City (MO)	38,521	90	428
Detroit	173,742	273	636
San Francisco	58,216	114	511
Oakland	52,501	110	477
San Diego	140,753	185	761
Seattle	47,853	132	362
Los Angeles	746,852	677	1,103
Des Moines	31,553	62	509
Sacramento	52,850	80	661
Portland	51,654	104	497
Chicago	436,048	608	717
Denver	71,972	144	500
Anchorage	50,055	98	511
Fresno	81,222	103	789
Louisville	95,651	175	547
Nashville	67,954	123	552
Norfolk	36,745	58	634
Austin	78,608	111	708
Philadelphia	192,683	262	735
Dallas	163,347	228	716
Charleston	44,008	80	550
Long Beach	97,212	89	1,092
Shreveport	44,556	75	594

Houston	211,762	306	692
Charlotte	109,767	134	819
Omaha	45,986	84	547
Fort Worth	81,081	146	555
Memphis	118,039	178	663
Palm Beach	164,896	208	793
Miami-Dade County	373,395	370	1,009
Greensboro	65,677	102	644
Birmingham	36,133	62	583
Oklahoma City	38,716	94	412
New Orleans	70,246	128	549
Albuquerque	88,120	144	612
Tampa	175,454	229	766
Orlando	158,718	188	844
Jacksonville	128,126	181	708
Broward County	267,925	259	1,034
Tucson	61,958	125	496
Clark County	256,574	282	910
Salt Lake City	24,850	42	592
Jackson	31,529	61	517
Average	7,457,802	10,931	682

APPENDIX J. SPENDING COMPARISONS WITH SUBURBAN DISTRICTS USING NCES DATA

APPENDIX J. COMPARISONS WITH SUBURBAN DISTRICTS USING NCES DATA

Summary Table Comparing the Average per Pupil Current Expenditure (APPE) in the D.C. Public Schools with the APPE in the Surrounding Suburbs, 2002-2003[97]

	DC Schools		Suburban Average	
Function	Actual Spending per Pupil	% of Total Current	Actual Spending per Pupil	% of Total Current
Total Current	$13,363	100.0%	$9,795	100.0%
Instruction	$7,011	52.5	$5,981	61.6
Support Services	$6,014	45.0	$3,378	34.5
Pupil Support	1,226	9.2	412	4.2
Instructional Support	1,356	10.2	670	6.8
General Admin	361	2.7	92	0.9
School Admin	534	4.0	639	6.5
Operations/Maint	1,489	11.1	868	8.9
Transportation	706	5.3	511	5.2
Business/Central	342	2.3	185	1.9
Other Current	$338	2.5	$437	4.5
Food Svc	338	2.5	331	3.5
Other	0	0	106	0.9

Key Characteristics of Suburban Districts, 2002-2003

School District	APPE (Actual)	Enrollment	% African-American	% Free/ Reduced Lunch	% Disabled
Alexandria	12,736	10,971	43.6	48.2	17.6
Arlington	13,334	19,135	14.2	37.4	16.8
D.C.	13,363	67,522	87.6	60.8	16.8
Fairfax	9,488	162,585	10.5	18.4	14.2
Montgomery	10,580	138,983	21.4	22.4	11.6
Prince George's	8,621	135,439	77.7	45.3	10.3

[97] The average school system nationwide devoted 61.3 percent of total current expenditures to instruction (teacher salaries, textbooks, etc.), 34.6 percent to support services (school maintenance, nurses, administration, libraries, etc.), and 4.1 percent to noninstructional costs (food service, bookstore, etc.).

Breakdown of Average per Pupil Expenditure in the Alexandria City Public Schools,[98] 2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$139,729,000	$12,736	100.0%
Instruction	$86,706,000	$7,903	62.1
Support Services	$49,064,000	$4,472	35.1
Pupil Support	8,208,000	748	5.9
Instructional	6,447,000	588	4.6
General Admin	4,103,000	374	2.9
School Admin	6,729,000	613	4.8
Operations/Maintenance	13,572,000	1,237	9.7
Transportation	4,228,000	385	3.0
Business/Central	5,777,000	527	4.1
Other Current	$3,959,000	$361	2.8
Food Svc	3,933,000	359	2.8
Other	26,000	2	0.0

Breakdown of Salaries in the Alexandria City Public Schools,[99] 2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$96,809,000	$8,824	100.0%
Instruction	$66,481,000	$6,060	68.7
Support Services			
Pupil Support	6,433,000	586	6.6
Instructional	4,072,000	371	4.2
General Admin	1,846,000	168	1.9
School Admin	4,820,000	439	5.0
Operations/Maintenance	5,912,000	539	6.1
Transportation	2,678,000	244	2.8
Business/Central	1,977,000	180	2.0
Other Current			
Food Svc	1,694,000	154	1.7
Other	0	0	0

[98] Source: National Center for Education Statistics

[99] The Alexandria City Public Schools also spent $25,914,000 (or $2,362 per student) on employee benefits, or 26.8% of total salaries. Total salaries and benefits constitute 87.8% of all current spending.

Breakdown of Average per Pupil Expenditure in the Arlington County Public Schools,[100] 2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$255,153,000	$13,334	100.0%
Instruction	$153,432,000	$8,018	60.1
Support Services	$96,023,000	$5,018	37.6
Pupil Support	16,347,000	854	6.4
Instructional	24,942,000	1,303	9.8
General Admin	5,693,000	298	2.2
School Admin	12,038,000	629	4.7
Operations/Maintenance	22,454,000	1,173	8.8
Transportation	6,593,000	345	2.6
Business/Central	7,956,000	416	3.1
Other Current	$5,698,000	$298	2.2
Food Svc	5,698,000	298	2.2
Other	0	0	0

Breakdown of Salaries in the Arlington County Public Schools,[101] 2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$189,908,000	$9,925	100.0%
Instruction	118,684,000	$6,202	62.5
Support Services			
Pupil Support	9,694,000	507	5.1
Instructional	16,467,000	861	8.7
General Admin	3,661,000	191	1.9
School Admin	9,679,000	506	5.1
Operations/Maintenance	10,990,000	574	5.8
Transportation	3,701,000	193	1.9
Business/Central	4,089,000	214	2.2
Other Current			
Food Svc	2,239,000	117	1.2
Other	0	0	0

[100] Source: National Center for Education Statistics

[101] The Arlington County Public Schools also spent $51,018,000 (or $2,666 per student) on employee benefits, or 26.9% of total salaries. Total salaries and benefits constitute 94.4% of all current spending.

Breakdown of Average per Pupil Expenditure in the Fairfax County Public Schools,[102] 2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$1,542,591,000	$9,488	100.0%
Instruction	$936,061,000	$5,757	60.7
Support Services	$540,386,000	$3,324	35.0
Pupil Support	87,130,000	536	5.6
Instructional	104,155,000	641	6.8
General Admin	11,312,000	70	0.7
School Admin	92,255,000	567	6.0
Operations/Maintenance	148,619,000	914	9.6
Transportation	75,067,000	462	4.9
Business/Central	21,848,000	134	1.4
Other Current	$66,144,000	$407	4.3
Food Svc	66,144,000	407	4.3
Other	0	0	0

Breakdown of Salaries in the Fairfax County Public Schools,[103] 2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$1,106,567,000	$6,806	100.0%
Instruction	718,527,000	$4,419	64.9
Support Services			
Pupil Support	71,180,000	438	6.4
Instructional	63,388,000	390	5.7
General Admin	7,483,000	46	0.7
School Admin	74,067,000	456	6.7
Operations/Maintenance	71,529,000	440	6.5
Transportation	43,594,000	268	3.9
Business/Central	14,434,000	89	1.3
Other Current			
Food Svc	25,759,000	158	2.3
Other	0	0	0

[102] Source: National Center for Education Statistics

[103] The Fairfax County Public Schools also spent $262,738,000 (or $1,616 per student) on employee benefits, or 23.7% of total salaries. Total salaries and benefits constitute 88.8% of all current spending.

Breakdown of Average per Pupil Expenditure in the Montgomery County Public Schools,[104] 2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$1,470,387,000	$10,580	100.0%
Instruction	$942,679,000	$6,783	64.1
Support Services	$462,525,000	$3,328	31.5
Pupil Support	56,855,000	409	3.9
Instructional	91,243,000	657	6.2
General Admin	11,252,000	81	0.8
School Admin	94,424,000	679	6.4
Operations/Maintenance	116,063,000	835	7.9
Transportation	66,053,000	475	4.5
Business/Central	26,635,000	192	1.8
Other Current	$65,183,000	$469	4.4
Food Svc	34,689,000	250	2.4
Other	30,494,000	219	2.1

Breakdown of Salaries in the Montgomery County Public Schools,[105] 2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$1,018,176,000	$7,326	100.0%
Instruction	692,984,000	$4,986	68.1
Support Services			
Pupil Support	42,796,000	308	4.2
Instructional	60,730,000	437	6.0
General Admin	7,374,000	53	0.7
School Admin	72,172,000	519	7.1
Operations/Maintenance	61,389,000	442	6.0
Transportation	47,279,000	340	4.6
Business/Central	19,302,000	139	1.9
Other Current			
Food Svc	14,150,000	102	1.4
Other	0	0	0

[104] Source: National Center for Education Statistics

[105] The Montgomery County Public Schools also spent $311,758,000 (or $2,243/student) on employee benefits, or 30.6% of total salaries. Total salaries and benefits constitute 90.5% of all current spending.

Breakdown of Average per Pupil Expenditure in the Prince George's County Public Schools,[106] 2002-2003

Function	Total Spending	Spending per Pupil	% of Current $
Total Current	$1,167,579,000	$8,621	100.0%
Instruction	$674,892,000	$4,983	57.8
Support Services	$429,713,000	$3,173	36.8
Pupil Support	23,811,000	176	2.0
Instructional	86,224,000	637	7.4
General Admin	10,670,000	79	0.9
School Admin	93,242,000	688	8.0
Operations/Maintenance	104,733,000	773	9.0
Transportation	86,697,000	640	7.4
Business/Central	24,336,000	180	2.1
Other Current	$62,974,000	$465	5.4
Food Svc	44,187,000	326	3.8
Other	18,787,000	139	1.6

Breakdown of Salaries in the Prince George's County Public Schools,[107] 2002-2003

Function	Total Salaries	Salaries per Pupil	% of Total
Total Salaries	$772,660,000	$5,705	100.0%
Instruction	497,536,000	$3,674	64.4
Support Services			
Pupil Support	13,780,000	102	1.8
Instructional	56,889,000	420	7.4
General Admin	5,291,000	39	0.7
School Admin	66,656,000	492	8.6
Operations/Maintenance	53,733,000	397	7.0
Transportation	44,323,000	327	5.7
Business/Central	16,931,000	125	2.2
Other Current			
Food Svc	17,521,000	129	2.3
Other	0	0	0

[106] Source: National Center for Education Statistics

[107] The Prince George's County Public Schools also spent $229,041,000 (or $1,691 per student) on employee benefits, or 29.6% of total salaries. Total salaries and benefits constitute 85.8% of all current spending.

APPENDIX K. RECOMMENDATIONS OF THE EXTERNAL TRANSITION WORK GROUP ON FINANCE MANAGEMENT AND PROCUREMENT, 1999

APPENDIX K. RECOMMENDATIONS OF THE External Transition Work Group on Finance Management and Procurement, 1999

The Council of the Great City Schools made the following recommendations to the D.C. Public School district when it reviewed the school system's transportation system in 1999.

Recommendations

A. Budget

1. Restore direct reporting of the DCPS Chief Financial Officer to the Superintendent of Schools. An informal poll of some 50 of the nation's major city school systems found that all had their CFO's reporting directly to the Superintendent of Schools

2. Redesign DCPS financial accountability tools in order to move away from transactional controls that fail to provide meaningful protection from overspending and toward activity that builds long-term capacity to manage and forecast funds.

   (a) Begin process of developing joint—CFO and Superintendent—periodic reports that provide detailed analyses of the school system's financial status in order to identify risk in a more timely manner. Data from reports might be subjected to periodic public review sessions or hearings to bolster accountability and public confidence in the ability of the school system to manage its resources. Public review might be accomplished by establishing a financial oversight group composed of city and federal financial stakeholders, including D.C. Council, DC Government, the Control Board, U.S. Department of Education, and the DC Appropriations Committee of Congress. New York City provides a model for how this might be accomplished.

   (b) Establish an external audit advisory committee composed of business, accounting, legal, and government individuals with expertise in budget and finance to provide technical assistance to the DCPS in order to further strengthen management reporting, accountability, and transparency. The committee should meet regularly. The school systems in St. Paul, New York City, Palm Beach, Austin, Miami-Dade County, Chicago, and Broward County use external audit committees with success.

   (c) Staff time to conduct analyses and forecasting of budget trends and providing technical assistance to school principals site-based financial management could be obtained by eliminating approval process for minor budget modifications and redeploying staff (see subsequent recommendations).

3. Change the fiscal year of the DCPS so that September through June fall within a single fiscal year. Alternatives to this recommendation might include:

   (a) Establishing a 2-year rolling budget so that an appropriation is in place at the beginning of each school year;

   (b) Creating an earlier financial closing date for the school year (financial close should be transparent to schools);

   (c) Assuming a continuing resolution authority to ensure employment for teachers; and

   (d) Considering feasibility of asking Congress to forward-fund DC government local funds appropriated for the public education system.

4. Redesign and reduce approval procedures for budget modifications to focus on items that are more critical to the integrity of the accountability system.

   (a) Require that only the largest and most problematic budget modifications for the DCPS be subject to City approval. Below a pre-established threshold, the DCPS CFO would approve modifications.

   (b) Require that budget modifications for individual schools be subject to DCPS approval only when they exceed thresholds determined by the CFO in consultation with the Superintendent of Schools, and phased in over an appropriate period of time consistent with the move to site-based budgeting.

   (c) Require that all internally approved budget modifications be reported on a regular basis to the School Board and the Financial Authority for public dissemination.

5. Improve access of the DCPS and schools to funds that have already been approved for public education.

   (a) Ensure that the DCPS receives 100% of its congressional appropriation upfront (i.e., "DC government local funds appropriated for the public education system")—rather than in quarterly allotments.

   (b) The 5% in appropriated education funds currently held by the City should be provided to the DCPS and could be used to provide additional resources for training and professional development related to the implementation of school-based budgeting.

   (c) Permit the DCPS to roll over surplus balances from one year into the second.

6. Provide timely budget information to principals and department heads and accurate expenditure information to schools to underpin instructional planning.

7. Investigate incentives for holding principals accountable for spending within defined budgets using such mechanisms as school-based rollovers of unexpended balances. Failure of an individual school to live within its allocation might result in the school system's imposing stricter budget controls for that school or loss of incentives.

8. Explore viability and legal possibility of establishing a relationship with the U.S. Department of Education, Treasury Department, or other agency to access federal bonding authority or guarantees, and to issue agency bonds for DCPS capital improvements.

B. Payroll

1. School staffing/payroll rosters by funding source and work location should be developed and verified to reflect accurate staffing patterns. The DCPS should review rosters with principals to ensure that information is accurate and reflects only those individuals working at that school location.

2. After the verification process described in paragraph 1 above is completed, the DCPS should change its current positive payroll system for annual employees to an "exception-based" system where only changes are recorded and checks are generated automatically.

3. Develop a reader-friendly personnel operating procedures manual for principals and teachers.

4. Negotiate protocols with the city budget office to permit waivers for processing new hires in cases where it is not technically possible to free a line, but where reliable information that a vacancy exists, e.g., staffing an upcoming teacher vacancy created because of retirement. The position control rules developed by the city for other agencies prevent smooth functioning in schools, where the workforce turns over frequently. Schools tend to have large numbers of positions (e.g., classroom teachers) that must be "covered" on a daily and class-by-class basis.

5. Modify city Form 52 to allow administrators to distinguish why it is being filed and how to prioritize the requested action. Payroll actions, for instance, should be given highest priority while address changes should be given lower priority; however, the nature of the requested action is not easily discerned on the current form.

6. Eliminate unnecessary reviews and approvals of the city Form 52, e.g., assistant superintendents. Ideally, the form should be eliminated and replaced with online data submissions and handled at the school site.

7. The team is delaying its unilateral recommendation on the implementation of CAPPS until the Management Information System and Technology Work Group meets during the week of November 9, 1998. Preliminary observations suggest that CAPPS will not well serve the DCPS and will present serious risks to smooth operations. Moving to an alternative Y2K compliant payroll system appears preferable, but the team will await the input of the MIS team. The DCPS might use some of the funds that have been allotted for purchasing a piggyback system or use city procurement processes to retain MIS specialists or to establish a task force to examine the technical feasibility of postponing CAPPS implementation. However, the DCPS should immediately establish a task force to minimize the complications during the conversion process and to reduce the number of employees who fail to receive accurate pay.

C. Procurement

1. Restore direct reporting of the DCPS Chief Procurement Officer to the Superintendent of Schools and the DCPS Chief Financial Officer. A purchasing system needs to report to the superintendent to deliver goods and services to the schools, and to maximize economies of scale, increase efficiency, shorten the time of delivery and support school based budgeting.

2. Pursue immediately and aggressively the hiring of a DCPS agency chief contracting officer and use this person as the mechanism by which to professionalize the procurement process and separate from the city.

3. Retain the option for the DCPS to utilize city procurement processes and contracts should it be in the best interest of the schools.

4. Retain DAP accounts until it can be assured that procurement services can be provided at a high quality (City or DCPS).

5. Intensify the DCPS audit capacity, given the loosened internal controls on DAP accounts.

6. Develop a procurement procedures manual in collaboration with school-site staff that is user-friendly. The manual should include definitions for unique purchases, e.g. sole-source, unauthorized purchases, emergency purchases, etc.

7. Develop a coherent district policy for the regular selection and purchasing of textbooks and other high volume goods and services required by the school system.

8. Continue management by the Army Corps of Engineers of the DCPS facilities department for at least the short-term and establish a contractual relationship with the Corps that is independent of the city procurement process.

9. Replace prior transactional approvals of contracts with *ex post* reporting.

10. Eliminate city council approval for certain DCPS categories of procurements, such as sole source contracts over $25,000. These contracts could be periodically reported to the city council as opposed to requiring prior council approval. School systems generally tend to generate more sole source contracts (e.g. professional development, artistic performances in schools, etc.).

D. Organizational

1. Expedite the staffing of the internal auditing function and move as quickly as possible to present an audit plan to the Financial Control Board, Board of Education, and the D.C. Council.

2. Continue to identify business and financial operations that could be better managed under DCPS control.

3. Explore the possibility of a regional structure within the school system for some business functions, at least on an interim basis until capacity can be built at the school level.

APPENDIX L. HISTORY OF STRATEGIC SUPPORT TEAMS

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City	Area	Year
Albuquerque		
	Facilities and Roofing	2003
	Human Resources	2003
	Information Technology	2003
	Special Education	2005
	Legal Services	2005
Anchorage		
	Finance	2004
Broward County (FLA.)		
	Information Technology	2000
Buffalo		
	Superintendent Support	2000
	Organizational Structure	2000
	Curriculum and Instruction	2000
	Personnel	2000
	Facilities and Operations	2000
	Communications	2000
	Finance	2000
	Finance II	2003
Caddo Parish (LA.)		
	Facilities	2004
Charleston		
	Special Education	2005
Cincinnati		
	Curriculum and Instruction	2004
Cleveland		
	Student Assignments	1999, 2000
	Transportation	2000
	Safety and Security	2000
	Facilities Financing	2000
	Facilities Operations	2000
	Transportation	2004
	Curriculum and Instruction	2005
Columbus		
	Superintendent Support	2001
	Human Resources	2001
	Facilities Financing	2002
	Finance and Treasury	2003
	Budget	2003

	Curriculum and Instruction	2005
Dayton		
	Superintendent Support	2001
	Curriculum and Instruction	2001
	Finance	2001
	Communications	2002
	Curriculum and Instruction	2005
	Budget	2005
Denver		
	Superintendent Support	2001
	Personnel	2001
	Curriculum and Instruction	2005
Des Moines		
	Budget and Finance	2003
Detroit		
	Curriculum and Instruction	2002
	Assessment	2002
	Communications	2002
	Curriculum and Assessment	2003
	Communications	2003
	Textbook Procurement	2004
Greensboro		
	Bilingual Education	2002
	Information Technology	2003
	Special Education	2003
	Facilities	2004
Hillsborough County		
	Transportation	2005
	Procurement	2005
Jacksonville		
	Organization and Management	2002
	Operations	2002
	Human Resources	2002
	Finance	2002
	Information Technology	2002
Kansas City		
	Human Resources	2005
	Information Technology	2005
	Finance	2005
	Operations	2005
Los Angeles		
	Budget and Finance	2002
	Organizational Structure	2005

	Finance	2005
	Information Technology	2005
	Human Resources	2005
	Business Services	2005
Louisville		
	Management Information	2005
Miami-Dade County		
	Construction Management	2003
Milwaukee		
	Research and Testing	1999
	Safety and Security	2000
	School Board Support	1999
Minneapolis		
	Curriculum and Instruction	2004
	Finance	2004
	Federal Programs	2004
New Orleans		
	Personnel	2001
	Transportation	2002
	Information Technology	2003
	Hurricane Damage Assessment	2005
Norfolk		
	Testing and Assessment	2003
Philadelphia		
	Curriculum and Instruction	2003
	Federal Programs	2003
	Food Service	2003
	Facilities	2003
	Transportation	2003
	Human Resources	2004
Pittsburgh		
	Curriculum and Instruction	2005
Providence		
	Business Operations	2001
	MIS and Technology	2001
	Personnel	2001
Richmond		
	Transportation	2003
	Curriculum and Instruction	2003
	Federal Programs	2003
	Special Education	2003
Rochester		
	Finance and Technology	2003

	Transportation	2004
	Food Services	2004
San Francisco		
	Technology	2001
St. Louis		
	Special Education	2003
	Curriculum and Instruction	2004
	Federal Programs	2004
	Textbook Procurement	2004
	Human Resources	2005
Toledo		
	Curriculum and Instruction	2005
Washington, D.C.		
	Finance and Procurement	1998
	Personnel	1998
	Communications	1998
	Transportation	1998
	Facilities Management	1998
	Special Education	1998
	Legal and General Counsel	1998
	MIS and Technology	1998
	Curriculum and Instruction	2003
	Budget and Finance	2005
	Transportation	2005

APPENDIX M. ABOUT THE COUNCIL

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The **Council of the Great City Schools** is a coalition of 65 of the nation's largest urban school systems. Its Board of Directors is composed of the Superintendent of Schools and one School Board member from each member city. An Executive Committee of 24 individuals, equally divided in number between Superintendents and School Board members, provides oversight of the 501 (c3) organizations in between Board meetings. The mission of the Council is to advocate for and to assist in the improvement of public education in the nation's major cities. To meet that mission, the Council provides services to its members in the areas of legislation, research, communications, teacher recruitment, curriculum and instruction, and management. The group convenes two major conferences each year on promising practices in urban education; conducts studies on urban school conditions and trends; and operates ongoing networks of senior managers in each city with responsibility in such areas as federal programs, operations and finance, personnel, communications, research, technology, and others. The Council was founded in 1956 and incorporated in 1961, and has its headquarters in Washington, D.C.