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THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995—BLUEPRINT FOR EDUCATIONAL REFORM IN THE DISTRICT OF COLUMBIA

HEARING

BEFORE THE

SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA

OF THE

COMMITTEE ON
GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

DECEMBER 7, 2001

Serial No. 107–128

Printed for the use of the Committee on Government Reform

Available via the World Wide Web: http://www.gpo.gov/congress/house
http://www.house.gov/reform

U.S. GOVERNMENT PRINTING OFFICE

82–565 PDF WASHINGTON : 2002

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THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995—BLUEPRINT FOR EDUCATIONAL REFORM IN THE DISTRICT OF COLUMBIA

FRIDAY, DECEMBER 7, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 2154, Rayburn House Office Building, Hon. Constance A. Morella (chairwoman of the subcommittee) presiding.

Present: Representatives Morella and Norton.

Staff present: Shalley Kim, staff assistant; Matthew Batt, legislative assistant; Robert White, communications director; Heea Vazirani-Fales, counsel; Russell Smith, staff director; Howie Denis, professional staff member; Jon Bouker, minority counsel; and Jean Gosa, assistant minority clerk.

Mrs. MORELLA. We've been patient because of the sound system, but it sounds to me like it must be operating.

Good morning. I want to welcome you all to our last hearing of the first session of the 107th Congress. This, in fact, is the 10th hearing conducted by the Subcommittee on the District of Columbia during this session.

You know, as I was driving in this morning, I was reminded of the fact that this is the 60th anniversary of Pearl Harbor, that day of infamy, and you remember the slogan, "Remember Pearl Harbor." For most of you, it was from a history book that you heard that. So now also it was 3 months ago, too, that we had another day of infamy, "Remember 9/11." And as we look at that as an overlap, we can see how important education is, and that is what this hearing is all about.

There is no more important task for a municipal government than providing quality education for its children. Good schools not only produce better citizens, the ones who become our next generation of leaders, but they make a city more attractive for businesses to locate and for people to live. Good schools make for a better community with less crime, a more stable tax base and strong home sales.

Over the years, repeated efforts have been undertaken to improve the District of Columbia public schools. Frankly, the results have been mixed. Unlike just a few years ago, the city now opens

its schools on time each fall, but many of those schools are in dire need of repairs.

Five years ago, nearly three out of every five D.C. public school students performed mathematics at a below basic level for the grade. Today, that figure has been reduced to a little more than one in three—better, but not good enough. So today we're very interested in learning how the reform efforts, led by the superintendent, Paul Vance, and the Board of Education president, Peggy Cooper Cafritz, are proceeding.

Special education, including transportation costs, continue to be a nagging problem, and there are clearly fiscal and management problems that are lingering. I must say, we were all shocked to learn in September that the school system had overspent its budget by $80 million. But I was even more stunned to learn that the Chief Financial Officer now says that the deficit was in fact more than $98 million. The CFO is already projecting an $108 million budget shortfall in fiscal year 2002, which just started in October. And we in Congress just approved the D.C. appropriations bill yesterday, and already the numbers don't add up.

This is unacceptable, plain and simple. How are parents supposed to have confidence in a school system that can't balance its own books? How are children supposed to learn when their academic year is being cut short by 7 days because of fiscal and program mismanagement?

I know Superintendent Vance says he was embarrassed by the disclosure of the deficit, and I trust the superintendent and the school board president will tell us today what steps they've taken to ensure that it does not happen again.

I know we're going to hear today that the recent budget problems show that the D.C. Public schools need more money, or perhaps even a dedicated schools tax. Let me make clear that money alone does not determine the success of a school district. According to a U.S. Department of Education report published in October, the District of Columbia already spends more per pupil than Montgomery County, MD or Fairfax County, VA. And while those school districts do, of course, receive some funding from their respective States, neither has a dedicated revenue source.

Before I conclude, I want to point out some of the positive things that are happening in the district schools; and, believe me, this is just a partial list. More students than ever are taking advanced placement courses, a sign that a culture of achievement is taking hold in D.C. schools. Literacy programs have been beefed up, as have summer courses. The school district has gotten creative in looking for new teachers through its D.C. Teaching Fellows Program that has transformed about 100 professionals from various fields into public schoolteachers. Dozens of charter schools are offering alternative educational opportunities. And, finally, nearly two out of every three District of Columbia public school students who graduated in 2001 enrolled in a 2 or 4-year college, many of them through the assistance of the District of Columbia Tuition Act Program, of which I in this committee am very proud to be an original cosponsor and Congresswoman Norton, who is so very active in that enactment.

The bottom line is, D.C. schools are making progress, but we will not settle for mere progress. We want and the students and the parents of the District of Columbia deserve excellence in education.

So I thank you all for being here today, and it's now my pleasure to recognize the distinguished ranking member of this subcommittee, Congresswoman Eleanor Holmes Norton, for her opening comments.

[The prepared statement of Hon. Constance A. Morella follows:]

CONSTANCE A. MORELLA
8TH DISTRICT, MARYLAND

COMMITTEE ON GOVERNMENT REFORM
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CHAIRWOMAN CONSTANCE A. MORELLA
OPENING STATEMENT
"THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995:
BLUE PRINT FOR EDUCATIONAL REFORM IN THE DISTRICT OF COLUMBIA"
DECEMBER 7, 2001

There is no more important task for a municipal government than providing a quality education for its children. Good schools not only produce better citizens – the ones who become our next generation of leaders – but they make a city more attractive for businesses to locate and for people to live. Good schools make for a better community, with less crime, a more stable tax base and strong home sales.

Over the years, repeated efforts have been undertaken to improve the District of Columbia Public Schools. Frankly, the results have been mixed. Unlike just a few years ago, the city now opens its schools on time each fall – but many of those schools are in dire need of repairs. Five years ago, nearly three out of every five D.C. Public Schools students performed mathematics at a "below basic" level for the grade. Today, that figure has been reduced to a little more than one in three – better, but not good enough.

So today, we are very interesting in learning how the reform efforts led by Superintendent Paul Vance and Board of Education President Peggy Cooper Cafritz are proceeding. Special education, including transportation costs, continues to be a nagging problem. And there are clearly fiscal and management problems that are lingering.

We were all shocked to learn in September that the schools system had overspent its budget by $80 million. But I was even more stunned to learn that the Chief Financial Officer now says the deficit was in fact more than $98 million. The CFO is already projecting a $108 million budget shortfall in fiscal 2002, which just started in October. We in Congress just approved the D.C. Appropriations bill yesterday, and already the numbers don't add up.

This is unacceptable, plain and simple. How are parents supposed to have confidence in a school system that can't balance its own books? How are children supposed to learn when their academic year is being cut short by seven days because of fiscal and program mismanagement?

I know Superintendent Vance says he was "embarrassed" by the disclosure of the deficit, and I trust the Superintendent and the School Board President will tell us today what steps they have taken to ensure it never happens again.

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I also know that we are going to hear today that the recent budget problems show that D.C. Public Schools needs more money, or perhaps even a dedicated "schools tax." Let me make clear that money alone does not determine the success of a school district. According to a U.S. Department of Education report published in October, D.C. already spends more per pupil than Montgomery County, Maryland, or Fairfax County, Virginia.[1] And while those school districts do, of course, receive some funding from their respective states, neither has a dedicated revenue source.

Before I conclude, I do want to point out some of the positive things that are happening in District schools, and believe me this is just a partial list: More students than ever are taking Advanced Placement courses, a sign that a culture of achievement is taking hold in D.C. schools; Literacy programs have been beefed up, as have summer courses; the school district has gotten creative in looking for new teachers through its "D.C. Teaching Fellows" program that has transformed about 100 professionals from various fields into public schools teachers; dozens of charter schools are offering alternative educational opportunities; and finally, nearly two out of every three DCPS students who graduated in 2001 enrolled in a two- or four-year college, many of them through the assistance of the D.C. Tuition Act Program, of which I was proud to be an original co-sponsor.

The bottom line is that D.C. schools are making progress. But we will not settle for mere progress. We want, and the students and parents of D.C. deserve, excellence.

---

[1] Per pupil spending, according to a National Center for Education Statistics (under the U.S. Department of Education's Office of Education Research and Improvement) report, "Characteristics of the 100 Largest Public Elementary and Secondary School Districts in the United States: 1999-2000," published October 2001: District of Columbia, $8,474 per student; Montgomery County, Md., $8,287 per student; Fairfax County, Va., $7,544 per student.

Ms. NORTON. Thank you very much, Mrs. Morella. I very much appreciate that you've called this hearing. It turns out to be timely indeed. I know you've wanted to have this hearing for some time.

I want to welcome all of today's witnesses, and I want to ask everyone to excuse my voice, which is rapidly fleeing from my body, as I have a cold.

It is too easy to look at the problems at the District of Columbia schools and conclude that the system has a long way to go. I look at where the system was 11 years ago when I first came to Congress, and I can see how far it has come. The progress has come from many sources but especially from where it has always come when improvement occurs in public schools in this country, from the system's leadership.

We saw significant changes in the DCPS for the first time in many years beginning with Superintendent Arlene Ackerman, who was so good that she was stolen by San Francisco. In a stroke of plain good luck, Superintendent Paul Vance, who had recently retired from the very good Montgomery County school system, moved out of retirement and was persuaded to bring his outstanding professional experience and reputation to the district.

In addition, the voters approved a new configuration for the school board, and the new board is off to a good start. It has put aside the quarrels and competence and interference with the superintendent's prerogative to run and manage the schools that had been the board's trademark for years.

The subcommittee is naturally interested in the overall condition of the DCPS. However, we would be most useful if we concentrate on areas most related to our Federal jurisdiction.

Special education is the one area of local school budgets where the Federal Government has promised significant help. To its discredit, Congress has continuously broken that promise. Help may be on the way as events are developing with our new education bill, which is still a work in progress. However, every school system in the country is in the hole for special education, and no matter what we do in the Congress public schools will continue to have a tiger by the tail, given the disproportionate increases in special education costs, unless innovation and skillful management take hold.

A large financial management failure has added to DCPS special education costs that were already out of control. Then a dispute surrounding a deficit that kept growing threatened to throw the DCPS back to the bad old days, with several of the actors threatening their own audits until reminded that they were endangering the CAFR, or comprehensive annual audit of the District of Columbia budget.

If all of this were not unmanageable enough, we have just finished the D.C. appropriation, held up in part because the D.C. government failed to develop a sensible and internally consistent home rule position on whether there should be any limits or caps on fees paid to attorneys who represent children seeking special education benefits. Eight D.C. council members sent a letter to Congress asking for no caps, while the Board of Education felt that there should be limits on fees.

Since I have a strong and unalterable position to always uphold the position of the home rule government on local matters, I am

placed in an untenable position if there is no unified D.C. government position. All the cap that the council members and schools accomplish by communicating contrary positions to the Congress is to toss a local decision to a Federal body, a posture hugely at odds with their view that local decisions for the District of Columbia should never be made by Congress.

The council has an obligation to work out its differences with the board and vice versa, especially when another $10 million in attorneys fees that are not in the school's budget for next year may result, as they now have. The leadership of the board and the council need to solve the fee cap dispute once and for all at the local level. The dispute caused a bitter fight among both House and Senate Members.

It is something close to a fluke that the no-caps position prevailed this year, unlike prior years. I am, therefore, asking the home rule government responsible for education, namely the Mayor, the council, the school board and the superintendent to make sure that whatever position you take next year, it is not a two or three-headed monster.

I promise to fight to uphold the position of the D.C. government, no matter how controversial. All I need is a position from the D.C. government.

Finally, this subcommittee has a major interest in increasing college attendance in the city, because jobs with decent income and benefits in this highly educated region virtually require college education today. This year, the subcommittee passed important improvements in the D.C. College Access Act of 1999. As it turned out, about the only bill we could pass here in the Congress that could be as popular as the D.C. College Access Act would be voting rights itself. The act gives our students what no others in the country enjoy, the right to attend any public college in the United States at low in-state tuition in order to receive $2,500 dollars to attend any private college in the city or region.

Mrs. Morella and I will carry the new amendments entitled the District of Columbia College Access Improvement Act to the floor next week. These amendments are expected to pass the Senate as early as today. They will significantly expand the original D.C. College Access Act of 1999 in three ways.

First, the original College Access Act only allowed the stipend to go to those who attend HBC—I'm sorry. The original College Access Act only allowed the stipend to attend HBCUs in the region. Now residents will receive a $2,500 stipend to attend any historically black college or university in the country. Over 600 D.C. residents are expected to take advantage of this provision in the first year of enactment alone.

Second, originally students who were somewhat older, because they graduated prior to 1998, were not included in the College Access Act because of the Senate's fear that funding would be insufficient. We have now persuaded the Senate to allow tuition benefits to two groups of older students. The first group is D.C. residents currently enrolled in college, regardless of when those students graduated and regardless of the amount of time it took those students to enroll in college. This change will enable approximately

1,000 students previously denied in-State tuition, including many older students, to qualify next year alone.

Third, the bill allows older students to take advantage of the bill by removing a requirement that a student enroll in a college no longer than 3 years from high school graduation. The Senate was persuaded to remove the 3-year constraint prospectively to allow older students to qualify no matter when they graduated, as the House bill allowed.

Consequently, the first group of students who took longer than 3 years before enrolling in college can begin taking advantage of the College Access Act benefits as early as next year, and more and more older students are expected to receive tuition assistance in the years to come.

These amendments to the College Access Act will provide assistance to thousands more D.C. residents left out of the original act and will expand college education opportunities for many of our residents. The timing of this hearing thus provides a coincidental but important opportunity to let the committee know of the new and improved D.C. College Access Act.

These unique education benefits depend largely on the preparation and encouragement our young people get from the D.C. Public School System. The D.C. College Access Act means little if D.C. students are not well prepared to enter good colleges and remain until they graduate. I am very encouraged by current statistics showing a significant number of DCPS students going to college. Apparently, 64 percent of the class of 2001 went to college, compared to 43 percent nationally. At Banneker, 100 percent went to college, and School Without Walls, 96 percent.

When I went to Bruce Monroe, Banneker when it was a junior high school and Dunbar, it never crossed my mind that we would not go to college, would matriculate and graduate forthwith. That was the standard set for students and accepted by them, regardless of income, in the segregated schools of the District of Columbia. It is, therefore, difficult for me to accept a school system today that cannot at least meet the standards of generations ago.

I see real progress. I congratulate Superintendent Vance; the school board chair, Peggy Cooper Cafritz; and the board; and especially the principals, teachers and staff on the progress they are making as they engage literally in rebuilding the public school system of the city.

Thank you, Madam Chair.

[The prepared statement of Hon. Eleanor Holmes Norton follows:]

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

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TRANSPORTATION AND
INFRASTRUCTURE

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ECONOMIC DEVELOPMENT, PUBLIC
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Congress of the United States
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Washington, D.C. 20515

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GOVERNMENT REFORM

SUBCOMMITTEES

RANKING MINORITY MEMBER,
DISTRICT OF COLUMBIA

CIVIL SERVICE AND
AGENCY ORGANIZATION

Opening Statement of Congresswoman Eleanor Holmes Norton
District of Columbia Subcommittee
Hearing on the "District of Columbia School Reform Act of 1995 -- Blue Print for Educational Reform in the District of Columbia"
December 7, 2001

It is too easy to look at the problems of the District of Columbia Public Schools and conclude that the system has a long way to go. I look at where the system was eleven years ago when I first came to Congress and can see how far it has come. The progress here comes from where it always does when improvement occurs in the public schools of this country, from the system's leadership. We saw significant changes in the DCPS for the first time in many years beginning with Superintendent Arlene Ackerman, who was so good that she was stolen by San Francisco. In a stroke of plain good luck, Superintendent Paul Vance, who had recently retired from the very good Montgomery County school system, grew tired of retirement and was persuaded to bring his outstanding professional experience and reputation to the District. In addition, the voters approved a new configuration for the school board, and the new board is off to a good start. It has put aside the quarrels, incompetence, and interference with the Superintendent's prerogative to run and to manage the schools that had been the board's trademark for years.

The Subcommittee is naturally interested in the overall condition of the DCPS. However, we will be most useful if we concentrate on areas most related to our federal jurisdiction.

Special education is the one area of local school budgets where the federal government has promised significant help. To its discredit, Congress has continuously broken that promise. Help may be on the way as events are developing with our new education bill, which is still a work in progress. However every school system in the country is in the hole for special education, and no matter what we do in Congress, public schools will continue to have a tiger by the tail given the disproportionate increases in special education costs unless innovation and skillful management take hold.

A large financial management failure has added to DCPS special education costs that were already out of control. Then a dispute surrounding a deficit that kept growing threatened to throw the DCPS back to the bad old days with several of the actors threatening their own audits until reminded that they were endangering the CAFR or comprehensive annual audit of the

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District's budget.

If all of this were not unmanageable enough, we have just finished the D.C. appropriation, held up in part because the D.C. government failed to develop a sensible and internally consistent home rule position on whether there should be any limits or caps on fees paid to attorneys who represent children seeking special education benefits. Eight D.C. Council members sent a letter to Congress asking for no caps while the Board of Education felt that there should be limits on fees. Since I have a strong and unalterable position to always uphold the position of the home rule government on local matters, I am placed in an untenable position if there is no unified D.C. government position. All that the Council members and schools accomplished by communicating contrary positions to the Congress is to toss a local decision to a federal body, a posture hugely at odds with their view that local decisions for the District of Columbia should never be made by Congress. The Council has an obligation to work out its differences with the Board and vice versa, especially when another $10 million in attorney fees that are not in the school's budget for next year may result, as they now have. The leadership of the Board and the Council need to solve the fee cap dispute once and for all at the local level. This dispute caused a bitter fight among both House and Senate Members. It is something close to a fluke that the no caps position prevailed this year, unlike in prior years. I am therefore asking the home rule government responsible for education, namely the Mayor, the Council, the school board, and the Superintendent to make sure that whatever position you take next year, it is not a two or even three-headed monster. I promise to fight to uphold the position of the D.C. government no matter how controversial.

Finally, this subcommittee has a major interest in increasing college attendance in the city because jobs with decent income and benefits in this highly educated region virtually require a college education today. This year, the Subcommittee passed important improvements in the D.C. College Access Act of 1999. As it turned out, about the only bill we could pass here in the Congress that could be as popular as the D.C. College Access Act would be voting rights itself. The Act gives our students what no others in the country enjoy–the right to attend any public college in the United States at low in-state tuition or to receive $2,500 to attend any private college in the city or region. Mrs. Morella and I will carry the new amendments entitled the District of Columbia College Access Improvement Act to the floor next week.

These amendments are expected to pass the Senate as early as today. They will significantly expand the original D.C. College Access Act of 1999 in three ways. First, the original College Access Act only allowed the stipend to attend HBCUs in the region. Now residents will receive a $2,500 stipend to attend any Historically Black College and University (HBCU) in the country. More than 600 D.C. residents are expected to take advantage of this provision in the first year after enactment alone. Second, originally students who were somewhat older because they graduated prior to 1998 were not included in the College Access Act because of the Senate's fear that funding would be insufficient. (The House had allowed in-state tuition to all D.C. residents who had graduated prior to 1998). We have now persuaded the Senate to allow tuition benefits to two groups of older students. The first group is D.C. residents currently

enrolled in college *regardless of when those students graduated and regardless of the amount of time it took those students to enroll in college* (although the Senate did not agree to provide retroactive tuition benefits to students in the class of 2000 who have now graduated as provided in the House bill). *This change will enable approximately 1000 students previously denied in-state tuition, including many older students to qualify next year alone.*

Third, the new bill allows older students to take advantage of the bill by removing a requirement that a student enroll in college no longer than three years from high school graduation. The Senate *was persuaded to remove the three year constraint prospectively,* (though not retroactively) to allow all older students to qualify no matter when they graduated, as the House bill allowed. (The Senate Committee cited administrative and other difficulties in narrowing the House bill). Consequently, the first group of students who took longer than three years before enrolling in college can begin taking advantage of College Access Act benefits as early as next year, and more and more older students are expected to receive tuition assistance in the years to come. These amendments to the College Access Act will provide assistance to thousands more D.C. residents, left out of the original Act will expand college education opportunities for D.C. residents.

The timing of this hearing thus provides a coincidental but important opportunity to let the community know of the new and improved D.C. College Access Act. These unique educational benefits depend largely on the preparation and encouragement our young people get from the DCPS. The D.C. College Access Act means little if D.C. students are not well prepared to enter good colleges and remain until they graduate. I am very encouraged by current statistics showing a significant number of DCPS students go on to college. Apparently, 64% of the class of 2001, went to college, compared with 43% nationally. At Banneker, 100% went to college and at School Without Walls, 96%.

When I went to Bruce Monroe, Banneker, when it was a junior high, and Dunbar, it never crossed my mind that we would not go to college, matriculate, and graduate forthwith. That was the standard set for students and accepted by them regardless of income in the segregated schools of the District of Columbia. It is therefore difficult for me to accept a school system today that cannot at least meet the standards of generations ago. I see real progress. I congratulate Superintendent Vance, the school board chair, Peggy Cooper Cafritz and the board, and especially the principals, teachers, and staff on the progress they are making as they engage literally in rebuilding the public school system of the city.

Mrs. MORELLA. Thank you, Congresswoman Norton.

I'm going to ask the first panel to come forward, and that is Kevin Chavous, chairman of the Committee on Education, Libraries and Recreation, Council of the District of Columbia; Peggy Cooper Cafritz, president of the District of Columbia Board of Education; Dr. Paul Vance, superintendent of schools for the District of Columbia; Josephine Baker, chairwoman of the Public Charter Board; and Gregory McCarthy, deputy chief of staff, Policy/Legislative Affairs.

Don't sit down and get comfortable, because I'm going to swear you in. It is the policy of the full committee and all the subcommittees to ask those people who testify before our subcommittee to take an oath of office. And let me ask our State education officer, Connie Spinner, to be sworn in.

[Witnesses sworn.]

Mrs. MORELLA. The record will indicate a favorable response from all.

I'm going to ask you if you would keep your testimony to 5-minutes, knowing full well that your total testimony will be included in the record, and that way you'll give us a chance to ask questions before our second panel.

So if it is all right, we'll proceed in the order in which you are seated.

We'll start off with you, Councilman Chavous. Thank you for being here.

STATEMENTS OF KEVIN CHAVOUS, CHAIRMAN, COMMITTEE ON EDUCATION, LIBRARIES AND RECREATION, COUNCIL OF THE DISTRICT OF COLUMBIA; PEGGY COOPER CAFRITZ, PRESIDENT, DISTRICT OF COLUMBIA BOARD OF EDUCATION; PAUL VANCE, SUPERINTENDENT OF SCHOOLS, DISTRICT OF COLUMBIA; JOSEPHINE BAKER, CHAIRWOMAN, PUBLIC CHARTER BOARD; AND GREGORY MCCARTHY, DEPUTY CHIEF OF STAFF, POLICY/LEGISLATIVE AFFAIRS

Mr. CHAVOUS. Thank you very much, Chairwoman Morella, Congresswoman Norton and members of the committee. I appreciate having this opportunity to testify at this hearing today on the current status of the District of Columbia Public School System and the progress our government is making in implementing the requirements of the District of Columbia School Reform Act of 1995. I am here on behalf of my colleagues on the council, as well as our chairperson, Linda Cropp.

As you both have stated, we are in the midst of major school reform here in the District of Columbia. With the selection of Dr. Paul Vance as superintendent, the composition of the new school board, the act of involvement of the Mayor and the council, I am more optimistic about the future of public education here in the District of Columbia than ever before.

As education stakeholders, we have all formed an intimate partnership that includes regular contact, meetings and discussions and, ultimately, policy consensus in most areas. Specifically, the Council of the District of Columbia, through my committee, has been instrumental in providing both legislative and budgetary support for our schools, as well as aggressive oversight over their ac-

tivities. Over the past 4 years, we have added nearly $300 million new dollars to public education, and this amount includes new money for our charter schools, of which I've been one of the stronger proponents.

In addition, I have introduced a couple pieces of legislation that ultimately became law, and it contributed to the far-reaching school reform effort that we're in the midst of in this city. For example, the new school board is comprised—is based on the composition in legislation I introduced. We now have a composition of appointed and elected members, and they are working and moving forward toward resurrecting the dismal history of previous boards.

Additionally, my legislation created the State Education Office, which was designed to be an independent monitor of State-related functions administered by both the District of Columbia public schools and the District of Columbia public charter schools.

These successes demonstrate that we are poised to continue to implement the reform efforts in public schools.

I do want to relate one other council initiative based on legislation I introduced earlier this year that I am extremely excited about. That is legislation that will lower the compulsory school attendance age from age 5 to age 3. The legislation will buildupon the success that has been experienced by the Office of Early Childhood Development; and to explore the viability of this unprecedented piece of legislation, the first of its kind in the country, I have created the Commission on Primary Education Reform and have partnered with American University under president Ben Ladner to develop a blueprint for it implication.

I am also pleased to parenthetically add that the Mayor, superintendent Vance and Peggy Cooper Cafritz all are supportive of this effort.

Now let me address the current financial crisis facing our schools. As you are aware, this fall our chief financial officer for the District of Columbia, Dr. Natwar Gandhi, announced that the DCPS would experience spending pressures initially estimated at $80 million, and you've indicated now that they are up to $98 million.

At the core of these spending pressures was a failure to recover Medicaid revenue, overspending the special education programs and special education transportation costs.

Before I speak on the special education Medicaid problem, let me inform you of the council's efforts to identify the scope of the problem. As you know, we have engaged the services of the Office of the District of Columbia Auditor. We've asked the auditor to look at these spending pressures and to determine whether they are systemic in nature. This audit will assist us in deciding what corrective measures to employ in addressing the problem for fiscal year 2002.

Like many of you, I'm concerned about cutting 7 days from the school calendar, and that should be a last resort. But we should not begin that effort until we know exactly the full extent of the problem.

With respect to special education, as chairman of the Committee on Education, Libraries and Recreation, we are now holding monthly hearings on special education programs, spending and transpor-

tation. We are also meeting with special education parents, providers and educators. Most of what we learn from these hearings and meetings has been presented in a special council Committee on Special Education's final report, which was issued earlier this year. But, working with these stakeholders and the superintendent, we are committed to finding solutions to the special education problem that has plagued the system for so long.

At bottom, the real solution to solving special education here in the city really means a deeper commitment to providing services to our children within the city's borders and a more concerted approach to addressing special education transportation costs.

Finally, with respect to Medicaid, we are working with Dr. Gandhi, who has formulated a governmentwide solution to the Medicaid reimbursement problem. We all know that the city is losing millions of Federal reimbursement dollars in the Medicaid area, but I am confident that this collaborative partnership, headed by our CFO, will move to addressing the problem and allowing us to capture those dollars that we have not been able to capture this the past.

In conclusion, though many problems do persist, I am, as I indicated earlier, very much optimistic about where we're headed with D.C. public education. It is of paramount importance that the good work that has been accomplished by the educational stakeholders in the District not be overlooked, nor minimized. The council, the Office of the Mayor, the superintendent of schools and the president of the board, along with all of the board members, are committed to transforming the state of public education in the District of Columbia, and we will succeed.

Once again, thank you for the opportunity to address this subcommittee this morning.

Mrs. MORELLA. Thank you very much, Mr. Chavous.

[The prepared statement of Mr. Chavous follows:]

TESTIMONY OF
COUNCILMEMBER KEVIN P. CHAVOUS
COUNCIL OF THE DISTRICT OF COLUMBIA

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
DISTRICT OF COLUMBIA SUBCOMMITTEE

FRIDAY, DECEMBER 7, 2001
10:00 A.M.
RAYBURN HOUSE OFFICE BUILDING
ROOM 2154

Good morning, Chairwoman Morella, Congresswoman Norton and members of the Subcommittee. Thank you for your invitation to testify at this hearing today on the current status of the District of Columbia public school system and the progress the District of Columbia government, the District of Columbia Board of Education, and the Public Charter School Board have made in implementing the requirements of the District of Columbia School Reform Act of 1995.

As you are aware, we are in the midst of major school reform in the District of Columbia. With the selection of Dr. Paul Vance as Superintendent, the new School Board and the active involvement of the Mayor and the Council, I am more optimistic about the future of public education in the District than ever before. As education stakeholders, we have all formed an intimate partnership that includes regular meetings and, ultimately, policy consensus in a number of areas.

Specifically, the Council, through my Committee, has been instrumental in providing both legislative and budgetary support for our schools, as well as aggressive oversight over their activities. Over the past 4 years, we have added over $300 million new dollars to public education. This amount includes new money for our charter schools, which I have been one of the strongest proponents for.

The Council has also passed far-reaching school reform legislation that has improved the quality of education that our children receive. For example, the composition of the School Board has been changed. We now have a hybrid School Board which is comprised of appointed and elected members. Additionally, my legislation created the State Education Office, which was designed to be an independent monitor of state related functions administered by both the District of Columbia Public Schools (DCPS) and District of Columbia Public Charter Schools (DCPCS). These successes demonstrate that we are poised to continue to implement reform efforts in the public schools.

One of the areas ripe for reform is the area of early childhood education. Earlier this year, I introduced legislation that would lower the compulsory school attendance age from five years old to three years old. This legislation will build upon the success that has been experienced by the Office of Early Childhood Development. To explore the viability of this unprecedented piece of legislation, I have created the Commission on Primary Education Reform and have partnered with the American University to develop a blueprint for its implementation.

Let me now address the current financial crisis facing our schools. As you know, this fall the Chief Financial Officer for the District of Columbia, Dr. Natwar Gandhi announced that the DCPS would experience spending pressures initially estimated at $80 million for Fiscal Year 2001. That number has now changed and it is estimated that DCPS will experience a $98 million deficit for FY 2001. At the core of these spending pressures was a failure to recover Medicaid revenue, overspending on special education programs, and special education transportation.

Before I speak on the Special Education and the Medicaid problem, let me inform you of the Council's efforts to identify the scope of the problem. We have engaged the services of the Office of the District of Columbia Auditor. We have asked the DC Auditor to look at the spending pressures experienced by the school system and whether they are systemic in nature. This audit will assist us in deciding what corrective measures to employ in addressing FY 2002.

And it is exactly because we do not know the extent of DCPS' financial problems that I am against any reduction in instruction time. Cutting 7 days from the schools' calendar year should only be used as a last resort, not as a the first

option. Our first charge is to make sure we know the true extent of the problem.

In my oversight capacity, as Chairman of the Committee on Education, Libraries and Recreation and a member of the Council of the District of Columbia, I am engaged in aggressive oversight of DCPS and the DCPCS. I began holding monthly hearings on Special Education spending, programs, and transportation. I also meet monthly with special education parents, service providers, and educators. Most of what we have learned from these hearings and meetings has been presented in the Special Council Committee on Special Education's final report issued in January 2001. All of these measures--monthly oversight hearings, meeting with the special education stakeholders, and the Special Council's Committee's final report--are geared toward addressing the problems of Special Education and preventing a repeat in FY 2002 of the spending pressures experienced in FY 2001.

The real solution to solving our special education problem lies in a deeper commitment to providing services to our children within the City's borders and also a more concerted approach to addressing the Special Education transportation problem.

Turning now to Medicaid, we are working with Dr. Gandhi in formatting a government wide solution to the Medicaid reimbursement problem. We all know that the city is losing millions of federal reimbursement dollars in the Medicaid area. I am confident that this collaborative partnership, headed up by our CFO will address this problem.

Finally, although we are experiencing some problems in the public school system, it is of paramount importance that the good work that has been accomplished by the educational stakeholders in the District not be overlooked or minimized. The Council, the Office of the Mayor, the Superintendent of Schools, and the President of the Board of Education are committed to transforming the state of public education in the District of Columbia and we will succeed. Once again, thank you for the opportunity to address the Subcommittee.

Mrs. MORELLA. Now I'm pleased to recognize Peggy Cooper Cafritz, who is the president of our D.C. Board of Education. Thank you for being here.

Ms. CAFRITZ. Thank you very much.

Good morning, Chairwoman Morella and members of the subcommittee, particularly our own Congresswoman Norton. I am Peggy Cooper Cafritz, president of the District of Columbia Board of Education. I am here today on behalf of my colleagues on the board and with their unanimous support and on behalf, of course, of the children of the District of Columbia.

When this new board took office, we did so with a mandate from the citizens for change. The citizenry of the District has been very clear in that it wants to see reform, and it wants to see it now. Both the board and the superintendent are committed to that and have spent the last 10 months working to rebuild an infrastructure which will produce tangible results and which will lead to achievement. To that end, this new administration and board has accomplished things that haven't been achieved in decades.

For example, the administration has broken ground for five new schools this year, when no new schools have been built in 35 years.

With public input, the board developed and approved a 15-year master facilities plan to improve our dilapidated school buildings. We will work to do all we can to compress those 15 years.

The administration has transformed the nine lowest-performing schools with the staff and materials necessary to turn them into high-performing schools over the next several years.

The board recommended to Mayor Williams that, for better coordination and more efficient spending, city agencies and schools integrate the social services provided to children. As a result, wrap-around services are being provided to our transformation schools to ensure that all students' needs are met seamlessly. This is a pilot. We hope to extend this wrap-around plan to all of our schools over the next 3 years.

The administration proposed and the board approved a central office transformation plan that will improve central office efficiency, while also saving the school system $17 million annually.

This board has provided stability to the school system by agreeing to give Dr. Vance a 3-year contract.

The board brought in McKinsey and Co. on a pro bono basis, following the example of the superintendent, to assess how we could improve our operations so that we could most effectively parse with the goal of the superintendent's transformation plan.

The board hired an executive director for charter schools who has extensive charter school experience. In fact, we stole her from the other charter school board. She is charged with performing careful oversight of board-chartered schools and providing, when necessary, technical assistance.

The board has also been very careful and is working very hard to bring its charter schools into full compliance with all charter school regulations. We approved only 2 of the 11 charter school applications submitted to us, 1 on a provisional basis, in an effort to ensure that all approved applicants are capable of providing District students with a quality education.

We voted to close three charter schools for fiscal and/or management malfeasance. One is closed. The other two have us in court, testing the constitutionality of our procedures. The board and the superintendent are cooperating with the other charter board to improve a relationship that previously evidenced great animus.

The board and the superintendent are creating partnerships with entities who can, in a new use of charter school legislation, create facilities for the many children we must now send away to residential facilities outside of the District.

The administration and the board approved a reconciliation of the DCPS fiscal year 2002 budget to be responsibly prepared for any definitive amount of our deficit.

The board is working with the city's CFO, the Mayor and the city council to align the school's budget with the city's in a way that best serves the school's needs and meets the city's requirements.

The board and the administration have made a commitment to increase student achievement through the development of standards and core curriculum.

The board and administration have made a commitment to the development of a strong vocational education program. The superintendent has assembled some of the best high school reform and vocational experts in the country. They are still in the planning phase.

The administration developed, and the board approved, a fiscal 2003 DCPS budget that realistically takes into consideration what our children need to get, not a Cadillac education, but one that builds the foundation for our children to receive an equitable education, making them competitive with students in the surrounding jurisdictions.

Our students must be provided with a chance to have that kind of preparation, which is the kind of preparation needed to compete with the best students from any school district in America.

The astonishing thing on the board, if you know something about our history in Washington, is that all of these issues have been dealt with by unanimous vote by this board. And that is a major accomplishment. Nine people with a collective will can mightily contribute to the revolutionary change of our education system's needs. Before I elaborate on the fiscal year 2000 budget, let me give you a little history of the D.C. Public School System.

In the late 1960's, the city made a conscious decision to grow the black middle class in the city, and toward that end, they hired many new positions in the city government and in schools, but because the city had not prepared the infrastructure necessary to absorb this new middle class, they took their new middle class checks and proceeded to build what is now the wealthiest African American county in America, Prince George's County, which we affectionately call Ward 9. As the city plunged deeper and deeper in debt with a more bloated bureaucracy, then schools became the easy whipping boy, because children and the poor have no voice and cannot protect themselves.

Year after year, the post 1960's school system eroded and decimated by lack of money, will and skill turned out children and adolescents whose need for social services far outstrips the cost of even an Exeter education.

I assure you that there is not a Congressman or a Senator who would dare send his or her children or grandchildren to school under such conditions. Until 1990, the Department of Public Works control the capital contracts for school buildings in the city. The level of their neglect is legendary. When this function was given back to DCPS, the buildings and playgrounds were in great disrepair. Can you imagine thousands of children being expected to learn with no sunlight coming into their prison-like schools? This is our children's everyday reality still on December 7, 2001.

Further, when the Uniform Per Pupil Funding Formula was established in 1977, the recommended foundation funding level was $6,260. An agreement was made by city officials afraid of growing budgets, to change the amount to $5,500 and to restore the base when times got better. Boom times came, but the promised adjustment and the uniform for pupil funding formula never followed. District of Columbia public school children were never invited to the party. We are now in a position to rectify this unacceptable situation and to do right by our children.

With the new leadership in the city and the school system, we can save more money in the long run by investing in our children instead of making victims of young adults. If we do not do this, our rapidly growing social cost, such as crime, illiteracy, alcoholism, drug abuse, teen pregnancy, mental illness and foster care will return the city to its precontrol-board state faster than you can say "money."

Simply adding the cost of social expenditures in the city's 2002 budget reveals that we're already spending disproportionate sums and social costs. The only reason I can deduce for this fiscal imbalance is our disproportionate commitment to social services, caused by underfunded schools and undereducated citizenry breeds social service costs with a vengeance. Montgomery County spends 51 percent of its annual budget on education; Fairfax County, 50 percent; Arlington, 35 percent; Alexandria, 34 percent; and in Washington, an anemic 20 percent.

We are already imposing high expectations on our children. They have been undereducated for so long that we cannot honestly expect them to meet our expectations unless we give them the tools to do so. Our expectation and obligation and our children's right is that all students in the D.C. Public School System will receive the same quality education as any student in the Washington metropolitan area.

As we go forward, we're going to push to have the system funded in a way that is equitable with other jurisdictions. The first time you see this will hopefully be when the city council forwards our next fiscal year budget to you. Fixing the D.C. schools will be expensive, because in many ways, Dr. Vance and his testimony are charged with building a school system from veritable scratch in a city that is 37 percent illiterate.

We must make this investment. We cannot continue. The level of negligence that has consistently been leveled against a majority of our children for three decades. It runs counts to every element of President Bush's education agenda. The Board of Education and the administration have built a real budget based on real figures and real needs of real children. Dr. Natwar Gandhi, the city CFO,

has committed himself to work with us to address the structural flaws in our approach to funding education, as well as the fiscal autonomy necessary to the good governments and administration of DCPS.

Please join with us in the endeavor to educate our children. You have an opportunity to show your commitment to the youth of the city when you consider our fiscal 2003 budget. I hope you keep in mind the American ideal of education for all and the Presidential ideal of leave no child behind. The children of the Nation's Capital certainly deserve no less.

And in closing, I would like to say of Dr. Vance for the first time in a very, very long time, we have a seasoned superintendent who knows what he is doing and who has assembled and is assembling a team that is competitive with any school system. These people know what they are doing. They're very, very good. We must give them the tools that they need to make this happen. Thank you very much.

Mrs. MORELLA. Thank you, Ms. Cafritz.

[The prepared statement of Ms. Cafritz follows:]

Testimony of Peggy Cooper Cafritz

President

District of Columbia Board of Education

On

The District of Columbia School Reform Act of 1995

Before the Subcommittee on the District of Columbia,

Committee on Government Reform

Connie A. Morella, Chairwoman

December 7, 2001

10:00 a.m.

Room 2154, Rayburn House Office Building

Good Morning, Chairwoman Morella and members of the Subcommittee. I am Peggy Cooper Cafritz, President of the District of Columbia Board of Education. It is my pleasure to testify before you today.

When this new Board took office, we did so with a mandate from the citizens for change. The citizenry of the District has been very clear in that it wants to see reform and it wants to see it now. Both the Board and the Superintendent are committed to that and have spent the last ten months working to build the infrastructure, which will produce tangible results which will lead to achievement. To that end, this new Administration and Board has accomplished things that haven't been achieved in decades. For example:

- The Administration has broken ground for five new schools this year when no new schools had been built in 35 years.
- With public input, the Board developed and approved a fifteen-year Master Facilities Plan to improve our dilapidated school buildings; we will do all we can to compress those 15 years.
- The Administration has transformed the nine lowest performing schools, with the staff and materials necessary to turn them into high-performing schools over the next three years.
- The Board recommended to Mayor Williams that, for better coordination and more efficient spending, city agencies and school integrate the social services provided to children. As a result, wrap-around services are now being provided to our transformation schools to ensure that all of the students' needs are met

seamlessly. This is a pilot. We hope to extend this wrap-around plan to all schools over the next three years.

- The Administration proposed, and the Board approved, a Central Office Transformation Plan that will improve central office efficiency while also saving the school system $17 million annually.
- This Board has provided stability to this school system by its agreeing to give Dr. Vance a three-year contract.
- The Board brought in McKinsey and Company on a pro-bono basis, to assess how we could improve our operations so that we could most effectively parse with the goals of the Superintendent's Transformation Plan.
- The Board hired an Executive Director for Charter Schools, who has extensive charter school experience. She is charged with performing careful oversight of Board-chartered schools and providing these schools with necessary technical assistance.
- The Board approved only two of the eleven charter school applications submitted to us– one on a provisional basis – in an effort to ensure that all approved applicants are capable to providing District students with a quality education.
- The Board voted to close three charter schools for fiscal and/or management malfeasance. One is closed. The other two have us in court testing the constitutionality of our procedures. The Board and the Superintendent are cooperating with the other charter board to improve a relationship that previously evidenced great animus.

- The Board and the Superintendent are creating partnerships with entities who can, in a new use of charter legislation, create facilities for the many children we must now send away to residential facilities outside of the District.
- The Administration and the Board approved a reconciliation of the DCPS fiscal year 2002 budget to be responsibly prepared for any deficit that may emerge this year.
- The Board is working with the city CFO, the mayor and the City Council to align the school's budget with the city's in a way that best serves the schools' needs.
- The Board and Administration have made a commitment to increased student achievement through the development of standards and core curriculum.
- The Board and Administration have made a commitment to the development of a strong vocational education program. The Superintendent has assembled some of the best high school reform and vocational education experts in the country. They are still in the planning phase.
- The Administration developed, and the Board approved, a fiscal year 2003 DCPS budget that realistically takes into consideration what our children need to get, not a Cadillac education, but one that builds the foundation for our children to receive an equitable education making them competitive with students in the surroundings jurisdictions. Our students must be provided with the chance to have the kind of preparation needed to compete with the best students from any school district in America.

The astonishing thing is that our votes on all these major issues have been unanimous – that in and of itself is a major accomplishment if you know anything about school boards. Nine people with a collective will can mightily contribute to the revolutionary change of our education system's needs.

Before I elaborate on the fiscal year 2003 budget, let me give you a little history on the D.C. public school system. In the late 1960s, the city made a conscious decision to grow a Black middle class in this city in order to expand our tax base and to give our residents a fairer shot at the American Dream. Toward that end, thousands of people were hired by the school system and the city government. The city's infrastructure, however, could not absorb the new middle class that was created with its limited housing, government, retail and healthcare services. This largely new middle class took their middle class paychecks to Maryland and created the wealthiest, majority African American county in America – Prince George's County.

As the city plunged deeper and deeper into debt, schools became the easy whipping boy because children and the poor have no voice and cannot protect themselves. Year after year, the post-1960s school system -- eroded and decimated by a lack of money, will and skill -- turned out children and adolescents whose need for social services far outstrips the cost of even an Exeter education. I assure you that there is not a Congressman or Senator who would dare send his or her own children or grandchildren to school under such conditions.

Until 1990, the Department of Public Works controlled the capital contracts for the school buildings in the city. The level of their neglect is legendary. When this function was given back to DCPS, the buildings, playgrounds and grounds were in great disrepair. Can you imagine thousands of children being expected to learn with no sunlight coming into their prison-like schools? This is our children's everyday reality – still on December 7, 2001.

Further, when the Uniform Per Pupil Funding Formula (UPPFF) was established in 1997, the recommended foundation funding level was $6,260. Due to an agreement made by city officials, $5,500 of the required $6,260 was funded with the "promise" that it would be fully restored when the city was in better shape. Boom times came, but the promised adjustment in the UPPFF never followed. DCPS children were never invited to the party.

We are now in a position to rectify this unacceptable situation and do right by our children. With the new leadership in the city and the school system, we can save more money in the long run by investing in our children instead of making victims of young adults. If we do not do this, our rapidly growing social costs – such as crime, illiteracy, alcoholism, drug abuse, teen pregnancy, mental illness and foster care – will return the city to its pre-Control Board state faster than you can say "money." Simply adding the costs of social expenditures in the city's FY '02 budget reveals that we are already spending disproportionate sums in social costs.

The only reason I can deduce for this fiscal imbalance is our disproportionate commitment to social services. This is exactly what occurs when you have underfunded schools – an undereducated citizenry breeds social service costs with a vengeance. Montgomery County spends 51% of its annual budget on education, Fairfax County - 50%, Arlington County - 35%; Alexandria - 34% and in Washington - an anemic 20%.

We are already imposing high expectations on our children. They have been undereducated for so long, however, that we cannot honestly expect them to meet out expectations unless we give them the tools to do it. Our expectation and obligation -- and our children's right -- is that all students in the D.C. Public School System will receive the same quality education as any student in the Washington Metropolitan region.

As we go forward, we are going to push to have the system funded in a way that is equitable with other jurisdictions. The first time you see this will hopefully be when the City Council forwards our next fiscal year budget to you. Fixing the D.C. Schools will be expensive because, in many ways, DCPS Superintendent Dr. Vance and his team must build a school system from scratch in a city that is 37% illiterate. We must make the investment. We cannot continue the level of negligence that has consistently been leveled against a majority of our children for three decades. It runs counter to every element of President Bush's education agenda.

The Board of Education and Administration have built a real budget based on real figures and the real need of real children. Dr. Natwar Gandhi, the city CFO, has committed

himself to work with us to address the structural flaws in our approach to funding education, as well as the fiscal autonomy necessary to the good governance and administration of DCPS. Please join with us in the endeavor to educate our children. You have an opportunity to show your commitment to the youth of the city when you consider our fiscal year 2003 budget proposal. I urge you to keep in mind the American ideal of "education for all" and the Presidential ideal of "leave no child behind." The children of our Nation's Capitol certainly deserve no less.

Mrs. MORELLA. Well, Dr. Vance, she already introduced you, but all I can say is we seasoned you in Montgomery County, and I want to thank you for bringing your expertise and your commitment and your hopes to the District of Columbia Public School System, and I recognize you now for your comment, sir.

Mr. VANCE. Thank you. Good morning, Chairwoman Morella and Congresswoman Norton.

Good morning, Madam Chairman Morella and Congresswoman Norton, and members of the subcommittee. I'm Paul Vance, superintendent of the District of Columbia public schools. We're appreciative of this opportunity to discuss school reform in Washington, DC, and our progress under the leadership of the school board president, Ms. Peggy Cooper Cafritz, and vice president, William Lockridge, and other members of the board.

This is my second year as superintendent in Washington, DC, but I have been a close neighbor in Montgomery County for many years. I came to the D.C. schools, have been a teacher, school administrator and superintendent. I believe in public education. I advocate for urban schools and I believe fervently that we have the capability to improve the quality of public education for all children. I came with a philosophy that education is a community enterprise and a community responsibility. I came with a commitment to stay the course, to make the tough decisions and to move our school district aggressively forward on the path of school reform. And I have found in our city broad-based community determination and a commitment to public education that will make school reform a magnificent reality in due time.

In addition to our written testimony, which is a bit longer than the oral presentation, we have submitted a briefing document that describes in greater detail our progress toward reform.

The rumblings, you may have heard on Capitol Hill, are the sounds of new school construction. Lights turning on after school, the lively discussion of strategic planning sessions and parent forums, the roar of school buses and the boisterous pride for the mighty good teacher and students who led the Washington, DC, team to their victory, first place, in the prestigious Panasonic Academic Challenge, busting schools from 39 States in our country.

This was a particular joy to me, because in my past life as superintendent of Montgomery County public schools, always came in first and second, never lower than second. And we busted them. They came in third this year with Florida—State of Florida coming in second. So that was a joyous event for all of us.

Congresswoman Norton shared in that joyous moment with us. I want to thank her again. What you hear is change, change in progress right now.

Mrs. NORTON. We noticed that Mrs. Morella did not attend that event.

Mr. VANCE. Oh, I forgot myself and got carried away. I'm sorry. Reform is moving the school district forward, even if the pace has been slowed by instability. We have built upon the work of the last three superintendents, Dr. Franklin Smith, General Julius Becton and Mrs. Arlene Ackerman, as we set out to transform schools and permanently improve the way we do business. Our business plan for a strategic reform will support students and staff and will move

us significantly closer to the school reform and world class status envisioned by the authors of the School Reform Act of 1995. The plan covers 3 to 5 years, has six transformational goals, three phases, was developed with broad community input and is the product of one of my first undertakings as school superintendent.

The goals, when accomplished, will ensure an excellent teaching staff, first-rate learning environments, rigorous curricula and strong academic programs. Our goals are to create a service oriented, cost effective central administration that directs resources to schools and student achievement who will have energized parents and community involvement and strengthened partnerships with city agencies.

We're well into the implementation of phase 1 of the business plan, in which we are tasked to get the fundamentals right, because we must get the fundamentals right once and for all, including our budget and finances, if we are to keep moving forward.

I would list our many accomplishments in this phase, such as our aggressive work with curricula, standards and assessment, our new D.C. teaching fellows program, our principal leadership institute, our blue ribbon panels and senior high schools, our 7-point plan for reforming special education, our $4.2 million reading excellence grant initiative, the multimillion textbook adoptions, our after-school programs, our comprehensive Summer STARS/SEAS, our expanded programs for women's athletics, our new advanced placement office, our new principal for the new technology school at McKinley. These and many more accomplishments and activities and progress are referenced in the written testimony and the briefing report.

Later this month, we begin the realignment of central administration. The organization will not only create the first phase of an administrative structure required to support local school needs and better implement the business plan, but will also net approximately $14 million in savings, which are essential in light of the current budget challenges. The people's software that will soon come online will effectively integrate and manage our personnel and financial data as example of administrative reforms underway. Our personnel office is being revamped with a strategy of total work force development and focus on quality service delivery.

The communications office is proactive in getting information to the community and promoting community engagement activities. Our new transformation, what we call the T–9 schools, identified at the end of last school year, represent turning points for our school district as a first step in the children-first initiative. We have assembled new instructional and administrative teams for these schools that will be accountable for the implementation of proven reform programs. The T–9 schools will serve as a model for what all schools should eventually be, true community schools that are distinguished by their onsite educational, social, public health and recreational wrap-around services for students and parents and eventually by their expanded school building facilities. We are pleased that the first education of sill have I's master plan, completed by the school district in over 30 years, provides the framework for all decisions regarding the improvement and utilization of school facilities. It calls for modernization or replacement of 143 fa-

cilities over a 10 to 15-year period at a cost of $2.4 billion. A phenomenal capital undertaking.

The one that is sorely needed to provide the state-of-the-art nurturing learning environments that are needed for our schools to become quality educational centers.

Special education continues to be one of our major challenges, one that we must solve as a critical ingredient to restoring stability to the school district. Our assessment shows the parents' systemic shortcomings that we believe may be contributing factors in the growing percentage of special education students in our slightly declining overall school enrollment. We have adopted a 7-point plan for the strategic reform of special education. A copy of the plan is included in the briefing report.

Pages 2 and 3 of our business plan will solidify the work in progress and build on what we have aggressively begun. Details of the business plan are also contained in the briefing report. It is my intention to meet all challenges head on. Hard work, support and leadership will sustain our progress and build needed momentum. The road will be bumpy and steep but it leads to the other side of the rainbow for students who still dream of the other side.

I thank you for this opportunity to provide testimony. I will be more than pleased to answer your questions, and thank you.

[The prepared statement of Mr. Vance follows:]

District of Columbia Public Schools

Testimony
of
Paul L. Vance
Superintendent

before
The Congress of the United States
House of Representatives
Subcommittee on the District of Columbia
Committee on Government Reform

Constance A. Morella
Chairwoman

On

December 7, 2001

The District of Columbia School Reform Act of 1995-Blue Print for Educational Reform in the District of Columbia

TESTIMONY OF DR. PAUL L. VANCE
Superintendent
District of Columbia Public Schools

US House of Representatives Subcommittee on the District of Columbia
December 7, 2001

Good morning Madame Chairman Morella and Members of the Subcommittee. I am Paul L. Vance, Superintendent of the District of Columbia Public Schools. Thank you for the opportunity to appear before the House Subcommittee on the District of Columbia to discuss school reform in Washington, D.C., and our progress under the leadership of School Board President Ms. Peggy Cooper Cafritz, Vice President William Lockridge and the other members of the Board.

Let me begin by saying that while this is my second year as Superintendent of the DC Public Schools, I have been a close neighbor in Montgomery County for many years and a committed teacher and servant of public education for more than 40 years. I came to the DC Public Schools as a former teacher, former school administrator, retired Superintendent, believer in public education, advocate for urban schools and as a committed educational leader. I came because I believed then, and believe as fervently now, that we have the capability to improve the quality of public education for all children, and especially those in urban school districts. I came with a philosophy that education is a community enterprise and a community responsibility. I came with a commitment to stay the course, to make the tough decisions, and to move this school district aggressively forward on the path of school reform. And I have found in this city broad-based community determination and commitment to public education that will make school reform a magnificent reality in due time.

In addition to our written testimony, we have submitted to the Subcommittee a briefing document that describes in greater detail the progress of the DC Public

Schools toward reform, what we have been confronted with, the significant measures that we have taken and a clear indication of where we are going.

Our goals require a long-term commitment to counter the considerable instability that we believe has hampered the pace of reform in recent years. Even so, long-term commitment does not equate to deferred outcomes. Each day, our efforts move us closer to our goals. The rumbling that can be heard throughout the city is the sound of groundbreakings and new construction underway; sighs of relief as lights are turned on after school; the buzz of lively discussion at strategic planning sessions, design charettes, community forums, and parent meetings; the roar of buses transporting special education students to neighborhood programs; and the boisterous pride for the Banneker teacher and students who led the Washington, DC team to their first victory in the prestigious Panasonic Academic Challenge, all of which stem from change underway right now.

The District of Columbia School Reform Act of 1995 initiated the rebirth of the quality education that is no stranger to Washington, DC. I study DCPS history and use it instructively so that our efforts will be secured by anchors and guided by the buoys of prior administrations as we navigate the rough seas of school reform. Each of the three Superintendents since 1995 has made notable contributions. Dr. Franklin Smith established a Center for Systemic Change that formed the nucleus of school reform coordination. He also identified targeted assistance schools that were required to adopt proven school reform models implemented with the help of change facilitators assigned to each school. We build on this work with our focus on school performance, establishment of an Assistant Superintendent for School Transformation and the identification of Nine Transformation (T-9) Schools that will become models of educational delivery, distinguished by expanded services for students and communities and

collaboration with district government agencies, non-profit organizations and the business community.

The massive Capital Improvements Program currently underway was initiated under General Julius Becton. We build on his work with the approved Facilities Master Plan and possibly the most aggressive Capital Improvements Program in the history of the DCPS. We now enjoy the newly opened Oyster Bilingual School and have had five groundbreakings, the most recent held for the new Miner Elementary School this past week. This work is overseen by a recently hired Chief Facilities Officer and Deputy Directors of School Facilities hired with the senior executive team and is supported by an unprecedented level of capital funding approved by the Mayor and Council.

Extensive development of curriculum and content standards and expanded summer school and extended day programs were initiated by the Arlene Ackerman administration. We build on these efforts by completing this curriculum with all requisite content standards, performance descriptors, aligned assessments, curriculum mapping, pacing charts, quarterly performance assessments, and the integration of technology, arts, career applications and international perspective into content areas. And we not only held this past summer a very highly regarded Summer STARS/SEAS program considered to be the most comprehensive in this region, but offered a morning to evening program that, again, represents collaboration with district government agencies for expanded day learning opportunities as the standard summer offering. This summer school model is a precursor of what is envisioned for all schools in conjunction with the wraparound services and community access that will characterize transformed schools.

The widely publicized difficulties and failures that have plagued the school district are matched by success stories waiting to happen. We have children with world-

class talent, and world-class principals, teachers, administrators and executive staff who are able to mine this talent. The activities underway in accordance with our Business Plan for Strategic Reform will support students and staff and move us significantly closer to the school reform and world-class status envisioned by the authors of the School Reform Act of 1995.

The Business Plan covers 3-5 years, results from broad-based community/ constituency input and is the end product of one of my first undertakings as school superintendent. It was imperative that we understand our status, clearly identify the challenges and use that data to inform our planning for long-range outcomes. So, I report our progress in the context of this Business Plan.

The Business Plan has six transformational goals to be accomplished in three phases. The transformation goals are:

- Develop, attract and retain excellent teaching staff;
- Implement first-rate learning environments, rigorous curricula, strong academic programs and extensive enrichment offerings;
- Develop an excellent, service-oriented central administration to support schools;
- Maximize the dollars used to improve student achievement;
- Enable and energize parent and community involvement; and
- Strengthen partnerships with city agencies.

Phase 1, now in progress, is Getting the Fundamentals Right. Phase 2, Reaching for Excellence, begins in SY 2002-03 with activities focused on enrichment, quality assurance and evaluation. Phase 3 (2003-04) is Solidifying Changes and Improvements. We emphasize the Fundamentals in Phase 1 because we must get the fundamentals right, once and for all, including our budget and finances. The disclosure of a major deficit and gaps in coordination have been a major

embarrassment and untimely setback for the school district. It is unfortunate, as we push forward, to be haunted by the very things that have undermined the credibility and competency of the DC Public Schools in past years. So, we hold ourselves accountable and are making tough adjustments so that we can move ahead. I am confident that all who support the school district in this regard will, from this point forward, do so responsibly and effectively.

Getting the Fundamentals Right 101 focuses on the basics of quality instruction and academic achievement, hence:

- Our aggressive work with curricula, standards and assessment and the associated support structures, as well as new flexibility for experienced teachers to implement programs in ways that are tailored to student needs, rather than a one-size-fits-all model. We have completed Phase 1 of a standards-based system by providing content and performance standards documents for English Language, Arts, Mathematics, Science, Social Studies, Visual Arts, Health and Physical Education and Music;
- Our insistence that all schools have music, arts and technology, with programs supported and coordinated by content specialists;
- The Blue Ribbon panel on senior high schools whose work is nearing completion;
- Planning for the new Technology School at McKinley, which will be a state-of-the-art technology high school, that features onsite interaction with the technology industry;
- Our attainment of affiliate status for the International Baccalaureate program at Banneker Senior High School;
- Our emphasis on literacy that is supported by the $4.2 million Reading Excellence Grant Initiative and multimillion textbook adoptions for the last three years that have placed new textbooks in all of our schools. The DC Public Schools also took part in the National Institute for Child Health and

Human Development (NICHD) Early Intervention project, a four-year longitudinal study of the prevention of reading failure. The NICHD model is being implemented in nine schools with demonstrated success that increased SAT-9 scores of participating schools by an average of 24 percent in six months. Fourth grade students in the same project sustained and increased their reading levels;

- Establishment, in conjunction with the Council For Basic Education, of the Principals Leadership Institute as a professional development opportunity;
- Aggressive teacher recruitment programs including the DC Teaching Fellows that brought 100 mid-career professionals from non-traditional fields to the classroom with stipends for training over a two-year period that will qualify them for teacher certification;
- Our highly regarded summer school program (STARS/SEAS) designed to support academic achievement for students who require additional support and to make learning a year-round, fun activity;
- Our hallmark after school programs based on the 21st century school model that provides activities for children that complement the instructional program;
- Expanded summer enrichment offerings to include free Princeton Review courses for secondary students, and a renewed relations with Kaplan and other organizations that prepare students with test-taking skills;
- Establishment of an Advanced Placement Office to develop programs for accelerated, gifted and talented students;
- A pilot program that provides professional development for teachers who teach Advanced Placement courses with the objective to expand and increase offerings. Last school year, the 1,380 AP exams administered represented an increase of 46% over 1997 and the number of passing scores has increased. Still, the objective is to raise the bar with more AP courses;

- The extensive work that has led to the approval this past week by the Department of Education Office of Civil Rights of a compliance plan for the education of students with limited English proficiency, and our overall efforts to improve bilingual education programs and those that promote awareness of cultural diversity;
- Planning to sustain School to Careers programs and activities established under a four-year grant that is in its final year. We believe that our planned collaboration with the business community and other organizations will enable the extensive mentoring and internship opportunities facilitated by the grant to continue. Last year, more than 2,000 students took part in Groundhog Job Shadow day, 600 students took part in Skills Demonstration Day and 600 students attended the trade union fair in which 60 trade unions were represented. The annual career fair sponsored by the Rotary Club was sponsored this next week;
- The work with Counselors to improve the quality of student applications for school and competitive activities and greater use of the DC College Access Program made possible by Congressional support. Of students graduating from the DCPS in 2001, 64 percent enrolled in two or four-year colleges as compared to the 43% national average. All of Banneker's graduates went on to college, 96% of School Without Walls graduates, and 90 percent of the graduates of the Business and Finance Academy at Woodson and the Pre-Engineering program at Dunbar went on to college. Bell's college enrollees rose from 57% to 73%. The 2001 class also received more than $23 million in scholarships and financial aid from all sources;
- The strengthening of our co-curricular programs to include athletics and sports and especially girls sports programs that are lacking. This fall, we inaugurated the women's Interhigh soccer program. Other co-curricular programs such as community service, internships and mentoring take

students into the community for career exploration and activities that promote citizenship.

We also include in Fundamentals 101 our Special Education program, which we are addressing with a Seven Point Plan for Reform. Special education continues to be one of our most urgent challenges. We appreciate the support of various Congressional members of our efforts to retain the critical caps on attorney fees in light of the major expense of the Special Education program and our fragile financial state.

Getting the Fundamentals Right 102 involves the effective deployment of central administrative functions and resources to more effectively support local schools and the improvement of our logistical and operational systems. The implementation of the realignment of central administration begins later this month with the abolishment of all central office positions and advertisement of positions in the new organization configuration. The changes will not only create the first phase of an administrative structure required to support local school needs and better implement the business plan, but will also net approximately $14 million in savings, which are essential in light of the current budget challenges and consistent with the goal to use financial resources in support of achievement more effectively.

As a part of our systems reforms, our personnel administration and financial data will be significantly enhanced by the PeopleSoft software that is in the process of coming on line. This software is an integrated personnel and payroll system that automates record keeping and payroll and is a single point data entry system. As example, employees exiting the system via resignation in Personnel would be simultaneously removed from the payroll with appropriate benefits generated or terminated, which currently requires multiple steps by multiple offices.

The operations of the Personnel Office are being significantly revised under the leadership of the new Chief of Human Resources. Operations are being streamlined, paper-intensive procedures will be eliminated and a culture of order, accountability and client service will be established. The new office, with the reorganization, will have a strategy of total workforce development that goes hand-in-hand with the central personnel staff performing administrative tasks to support schools rather than imposing demands on schools, and supporting them with timely, useful management reports.

Our technology efforts have also been aggressive on all fronts, including extensive support of the new PeopleSoft installation for personnel and finance as well as the ongoing efforts to provide extensive Internet access for all schools. The office has secured more than $10 million in grant funding and reimbursement resources for technology goods and services to students; acquired the Follet Library Management software for school libraries; and has trained most fourth and fifth grade teachers in a focused professional development effort.

Getting the Fundamentals Right 103 pertains to community outreach, which began almost on day one with extensive involvement in development of the strategic business plan and a relentless schedule of community engagements that established a portal to the community. The Superintendent's First Annual Prayer Breakfast in cooperation with the interfaith community was an opportunity for entities that serve the same children and families to celebrate the common work and goals that we share. The event was highly successful and provided a much-needed coming together in the aftermath of September 11th and the tragic loss of students, teachers and parents in our school family.

We have been very aggressive with parental and community involvement, and have sponsored a Parent and Community summit as a forum for parents and

opportunity for the school district to receive input. We operate our Parent Centers and continue to train parents to serve as parent leaders, a practice begun in the Ackerman administration. We have also expanded Ackerman's annual enrollment fairs as an opportunity to inform parents about programs available in the school district and to promote parental choice. We also have greatly improved our communications with parents by starting off the new school year with a "Back to School" mailer that contained important and helpful information for parents about the programs and policies of the school district. Parents also receive efficient monthly mailers that in the format of interesting postcards. And we jointly sponsored this past weekend, a conference on Early Childhood Development to promote discussion, networking and exchange of information and best practices among early childhood educators and caregivers. We also have held activities such as an annual citywide Father's Conference, an annual citywide parent recognition ceremony, and training for Special Education parents. In the realigned central organization, parent involvement activities will be administered within the offices of the divisional Assistant Superintendents to tailor parent services to the needs of local schools.

In conjunction with our community outreach efforts, we have revamped our Communications office to be proactive in getting information out to the community. We sponsored a Media Institute for Administrators as a professional development opportunity so that our administrators will be media savvy and effective advocates for schools, students and programs.

As previously stated, the briefing document contains more details of this testimony, but I wish to emphasize in the testimony the importance of the Transformation Schools, the progress we are making in School Facilities and our plans to reform Special Education.

The Transformation (T-9) Schools

The nine transformation schools represent turning points for our school district that are manifested in local schools and implement *the Children First initiative*, which builds on the theme of the Ackerman administration and celebrates the commitment of this community. Through our focus on school performance, we have identified schools that have made the least progress over the past few years despite additional support in prior administrations, which means that these program as currently configured are not yielding the desired outcomes. We are committed to providing for all children the opportunity to be successful and will do this by addressing those issues, based on research and using best practices, that often impede student achievement. We have assembled new instructional and administrative teams for each of the transformation schools that will be accountable for the implementation of a reform program with proven results in low performing schools with similar demographics and characteristics.

The transformation schools will serve as a model for what all schools should eventually be – *true community schools.* They will be distinguished by their onsite educational, social, public health and recreational wraparound services for students and parents that will make it much easier to eliminate barriers to achievement. We have had very productive discussions and planning sessions with sister agencies that will collaborate with the school district in the delivery of these services. The schools will also have our hallmark afterschool programs as a part of their standard offering which are based on the 21st century model of safe, engaging programs and environments that promote learning and provide recreational and community service opportunities.

School Facility Improvements

The first educational facilities master plan completed by the school district in over 30 years provides the framework for all decisions regarding the improvement and

utilization of school facilities. It calls for modernization or replacement of 143 facilities over a 10 to 15 year period at a cost of $2.4 billion, a phenomenal capital undertaking, but one that is sorely needed to provide state-of-the-art and nurturing learning environments that are needed for our schools to become quality educational centers.

The Board of Education has assumed an important oversight role by reviewing and drafting policy that will govern the review of design documents, community participation, public-private partnerships and other facilities issues that can affect implementation of the Facilities Master Plan. The Plan will be updated on an annual basis in order to accommodate changes in enrollment or other factors with long-range implications.

In addition to the new Oyster Bilingual School constructed with a public-private partnership that provided a new school and new luxury apartments on the original site, nine modernization projects are under construction with another 11 schools in the planning and design phases. It is also noted that school renovations and replacements will be designed to accommodate transformed schools that will serve as true community schools with wraparound services and greater access by the community than is currently available. There will be facilities for classes and community meetings so that schools become hubs for learning and places accessible to parents and others in the community. Our school modernizations will also reflect the renewed emphasis on athletic and sports programs for girls and boys. Our athletic facilities will be updated with the support of a pro bono comprehensive study of our athletic programs and facilities.

To improve school operations and maintenance, a Comprehensive Maintenance Plan is in development that will address routine maintenance, preventive and emergency maintenance over a three-year period with special emphasis on

environmental health and safety. New procedures require testing for lead and asbestos before the initiation of all construction work, and much attention is given to air quality to reduce conditions that exacerbate asthma and other respiratory ailments.

This administration is committed to meeting its obligations regarding school facilities although we fully appreciate the expense of this program. We therefore will aggressively pursue financing alternatives that will stretch and augment existing financial resources, effectively using energy improvement financing opportunities, building schools in a manner that minimizes operational costs through energy conservation and design, and public-private partnerships similar to the Oyster project that accomplish multiple city objectives. We also will explore options such as the establishment of foundations for specific projects such as the support of athletic programs and athletic facility improvements.

Special Education

Special Education continues to be one of our major challenges, one that we must solve as a critical ingredient to restoring stability to the school district. Our assessment of Special Education shows apparent systemic shortcomings that we believe may be contributing factors in the growing percentage of special education students in our slightly declining total enrollment. These shortcomings include:

- Lack of early intervention and prevention;
- Low program quality;
- Program management shortfalls; and
- Underinvestment in program capacity,

all of which cause demand to exceed capacity and a high percentage of nonpublic placements, which drive up overall program, costs with the associated transportation and tuition costs and costs of legal challenges.

Our Special Education Seven-Point Plan for Strategic Reform will:

- Build understanding and acceptance of local schools' responsibility;
- Manage the use of non-DCPS special education providers;
- Strengthen DCPS' internal special education capacity and offerings;
- Restructure and improve management and operations;
- Effectively manage transportation;
- Establish new legal strategies; and
- Build creative partnerships with other agencies such as the State Education Office and the Department of Human Services.

Progress in special education, building on prior administration accomplishments, largely consists of:

- Reduction in the number of backlogged referrals and hearings;
- Facilities improvements and planning that will better serve students with special needs;
- The new SETS database, which is functional and is improving operations; and
- Revision of administrative procedures including revised forms for site visitations for nonpublic providers and new reporting and accountability structure for assessment teams.

Phases two and three of our Business Plan will solidify the work in progress and build on what we have aggressively begun. Improving academic achievement remains one priority so that students will not only acquire the skills and knowledge to successfully pursue higher education and to be competitive in the workforce, but also to make themselves highly competitive as applicants seeking higher education. We hold ourselves accountable for accomplishing this over the long term and are committed to improving student achievement that is reflected by test schools and successful student participation in local and nationally sponsored

competitions. We also will make collaboration the hallmark and founding spirit of school reform, using collaboration in every way possible such that education becomes entrenched in the community. Teamwork, like that we have found in our labor-management partnerships and that we have found with the interfaith and business communities, will accomplish what we cannot accomplish by ourselves. I am extremely optimistic about the future of this school district, specifically because of the commitment I have seen throughout the entire community – the businesses and organizations that have come forward with overwhelming generosity, and the leadership of our School Board and that of our Mayor and Council. In 1989, the D.C. Committee on Public Education (COPE) published a landmark report entitled, "Our Children Our Future." By 1996, the Financial Responsibility and Management Assistance Authority published its report, "Children in Crisis," which reported the failure of the D.C. Public Schools. The theme of the Ackerman Administration was, "From Crisis to Promise." I dare say that if we can stay the course, the next major report on the DC Public Schools will be about, "A Promise Kept." I believe that we can keep the promise that we have made to our 68,449 students to put them first and to keep them first. The road ahead is long and steep, but it leads to the other side of the rainbow for the students who still dream of what's there.

We appreciate this opportunity to share our progress and plans for ongoing improvement as well as the support of this Congressional body.

Mrs. MORELLA. Thank you very much, Dr. Vance, and please know, as I said early on, that your entire testimony, which I know is very extensive, will be included in the record. I also note that we have imported Steve Seleznow now from Montgomery County also to be part of the team. You see, we have a regional—we all care about education.

I am now pleased to recognize Josephine Baker, who has the awesome task of being the chairwoman of the Public Charter Board. Thank you, Ms. Baker.

Ms. BAKER. Good morning, Congresswoman Morella and Congresswoman Norton. I am Josephine Baker, chairperson of the District of Columbia Public Charter School Board. The board welcomes this opportunity to share with the committee the many accomplishments this board has made in establishing charter schools. There are many challenges that public education in general and charter schools in particular face. We believe the charter schools are part of school reform and it is in that light that we function as we do.

The District of Columbia Public Charter School Board was established as an authorizing board in February 1997. Since that time, we are indeed pleased with the track record that we have been able to establish.

The board is now responsible for oversight of 20 schools on 23 campuses, which provide educational services to 7,792 students from prekindergarten to adult education. It is important to emphasize that the students attending charter schools mirror the overall student population of the District of Columbia, and many charter schools are serving a disproportionate number of low income students as well.

The philosophy that charter schools are available on an equal basis to all who apply is rigorously implemented by the schools chartered by the board.

The schools administer the SAT–9 to the students in the spring of each year and some schools elect to administer the fall test and use it as a diagnostic tool. The board reports not only the test scores that we receive from the publisher, but we use a statistical analysis to evaluate the gains students make from 1 year to the next. These gains are computed based on the scores of the previous year, with year one providing a benchmark from which subsequent results are evaluated.

Research supports the fact that it takes time for changes to make a difference in the academic performance of students. We have seen progress in student achievement in many of our schools. Some schools are still working to start the upward trajectory that will show that the academic needs of students enrolled in these schools are being met, and they are indeed sharing those plans with us.

Our process for oversight involves monthly/quarterly financial reporting, monthly attendance and contact with the schools that is both supportive and collaborative. Finance is a known area of difficulty for charter schools across the Nation. And the board has a contract with an accounting firm that looks at the monthly and quarterly finance reports so that any irregularities or concerns will be red flagged early.

Schools are also reviewed by a team of monitors who gather information about the schools' progress in implementing its account-

ability plan, and that is one of the things that we consider extremely important, the accountability plan. The school has provided feedback on this information. A high level of performance is expected and schools exhibiting difficulty are required to execute an MOU that articulates what actions they will take to remedy identified problems. Subsequent reviewers will look for the elimination of the identified problems.

Charter schools continue to encounter problems, finding adequate space within which they can effectively conduct their programs at a reasonable price. As the total enrollment of charter schools continues to expand, not only with new charter schools, but also with planned growth of existing schools, the growing need for space at an average of 75 to 100 square feet per student is served by a diminishing supply of affordable and suitable space. There are some concrete examples in my full testimony.

Obtaining financing is an additional problem. Most schools have little or no equity to be invested in a major property investment, and they do not have the established track record of academic and financial success to become eligible for long-term bond financing.

Charter school facilities financing has been improved by the establishment of the Credited Enhancement Fund of $5 million set aside through the House Subcommittee on District Appropriations in the 2000 budget. This fund is managed by the Office of the Mayor and an appointed Credit Enhancement Board. There is an opportunity for greater use of this approach if more money is made available for the fund, and there is concerted effort by the charter community to make lending institutions more aware and committed to support charter school facilities financing.

In spite of these handicaps or the handicapping conditions, our residential charter school is one example of an ability to raise funds to renovate an old DCPS school that had been closed and also to build one dorm, with plans to build a second dorm. That school, of course, is the only residential charter school in the Nation.

The D.C. Public Charter School Board believes that the independent public schools that it has authorized are indeed making a positive difference in the public education of children in the District of Columbia. We use the 3 A's as a concept worth promoting, autonomy, accountability and achievement. There is a fine line between autonomy and accountability, and the oversight process we have developed is designed to support both. Our collaborative approach and diligent implementation of the law are set on course to bring about the desired achievement.

Thank you for the opportunity to testify, and look forward to any questions you may have.

[The prepared statement of Ms. Baker follows:]

TESTIMONY OF JOSEPHINE BAKER
CHAIR, DISTRICT OF COLUMBIA PUBLIC CHARTER SCHOOL BOARD
BEFORE THE SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
CONGRESS OF THE UNITED STATES
DECEMBER 7, 2001

Chairwoman Morella and Members of the Committee:

I am Josephine Baker, Chairperson of the District of Columbia Public Charter School Board. The Board welcomes this opportunity to share with the committee the many accomplishments that this board has made in establishing charter schools. There are many challenges that public education in general, and charter schools in particular, face and these will also be highlighted.

The District of Columbia Public Charter School Board (DCPCSB) was authorized in 1996 through an amendment to the School Reform Act of 1995 and was established as a authorizing Board in February 1997. Since its inception the Board has received applications in five application cycles. Our detailed application process sets high standards for those who would create charters schools. Every school is required to complete an accountability plan begun as a part of the application process. The final plan must reflect the actual student population that the school has enrolled, and this plan becomes a part of the school's charter.

The Board is now responsible for oversight of twenty schools on twenty-three campuses which provide educational services to 7,792, students from prekindergarten to adult education. These schools include a variety of approaches: art centered education for early elementary learning disabled students; special attention for drop outs and adjudicated youth; and a high school with a public policy curriculum are just a few examples. Schools chartered by this Board and schools chartered by the Board of Education account for 10,861 students, approximately 14 % of the public school enrollment of the District of Columbia.

It is important to emphasize that the students attending charter schools mirror the overall student population of the District of Columbia, and many charter schools are serving disproportionate numbers of low-income students. The philosophy that charter schools are available on an equal basis to all who apply is rigorously implemented by the schools chartered by the DCPCSB.

The twenty schools on twenty-three campuses can be described as follows:

9 Elementary - Grades K-5/6
2 Middle/Jr. High - Grades 6-8 and 7-9
9 High School - Grade 9-12
1 Elementary/Middle - K-8

1 Jr. High/High School - 7/12, the only residential charter school in the nation
1 Adult Education

The description of the progress being made in charter schools authorized by this Board relates to the sixteen schools that were in operation school year 2000-2001. These schools administer the SAT-9 to the students in the spring of each year and some schools elect to administer a Fall test to use as a diagnostic tool. The DCPCSB reports not only the test scores as reported to us by Harcourt Brace but uses statistical analysis to evaluate the gains students make from one year to the next. These gains are computed based on the scores of the previous year with year one providing a benchmark from which subsequent results are evaluated.

Research supports the fact that it takes time for changes to make a difference in the academic performance of students. In the fall of 1998 eight schools opened their doors and found themselves challenged by students who were far behind. Cesar Chavez, a high school with a public policy focus, enrolled eighty ninth graders and discovered that more than fifty percent of the students were reading at fifth and sixth grade levels. In year two, there was a slight decrease in student scores and an intensive intervention was implemented in year three by the administrator and staff. In the spring of 2001, the students at Cesar Chavez posted gain scores that showed tremendous gains in both math and reading (See attached school reports). In many other schools, gains of a year or more were made and a large percentage of the students were a part of the gain. In other words, the increase was not attributed to a few extremely strong students but was shared by a large percentage of the school populations. Some schools are still struggling to start the upward trajectory that will show that the academic needs of students enrolled in their school are being met, and they are sharing their plans for intervention with us.

Our process for oversight involves monthly/quarterly financial reporting, monthly attendance, and ongoing contact with the schools that is both supportive and collaborative. Finance is a known area of difficulty for charter schools across the nation and DCPCSB has a contract with an accounting firm that looks at the monthly/quarterly finance reports so that any irregularities or concerns will be "red-flagged" early.

Our review process begins in year one with a self-study which is followed by an implementation review in which reviewers use the same instrument to gather information about the school's progress in implementing its accountability plan. In subsequent years a combination of strategies are being used to gather information which is then provided as feedback to the schools. A high level of performance is expected and schools exhibiting difficulty are required to execute a MOU that articulates what actions they will take to remedy the identified problem(s). Subsequent reviewers will look for the elimination of the identified problems.

The above description is a very condensed account of our oversight process. The goal of the Board is to honor the autonomy of the schools it has chartered, but to hold them accountable for results.

Charter schools continue to encounter problems finding adequate space within which they can effectively conduct their programs at a reasonable price. Since most cannot afford to purchase and renovate a property, let alone build a new structure, they are often left with few viable options for leased space without incurring significant costs for leasehold improvements. Most schools start with one or two grades and add a grade each year, and the initial site is often inadequate after one or two years. For expansions and relocations, the schools must often incur the costs of two facilities, with one site for operations, while another site is being improved. As the total enrollment of charter schools continues to expand, not only with newly chartered schools but also with planned growth of existing schools, the growing need for space, at an average of 75-100 square feet per student is served by a diminishing supply of affordable and suitable space.

In order to open last year one school had to finance and complete space build out with a market rate lease. With plans for program expansion and the commitment to remain in their neighborhood, property has just been acquired that will require extensive renovation. Acquisition of both sites was driven by a lack of viable alternative sites in an area where property values (and lease costs) are jumping dramatically. This is but one of several examples of leasehold improvements accompanied by higher market rate leases.

Obtaining financing is an additional problem. Most schools have little or no equity to be invested in a major property investment, and they do not have the established track record of academic and financial success to become eligible for long-term bond financing. Thus the primary financing vehicle to date has been conventional back financing or the support of private grants and contributions. Charter schools may be effectively forced into management agreements with Educational Service Providers to gain access to capital for facilities as much as for program management capability.

Charter school facilities financing has been improved by the establishment of the credit enhancement fund, a five million dollar set aside through the House Subcommittee on District Appropriations in the 2000 budget. This fund is managed by the Office of the Mayor and by an appointed Credit Enhancement Board. There is an opportunity for greater use of this approach if more money is made available for the fund, and there is a concerted effort to make lending institutions more aware and committed to support of charter school facilities funding. This would also provide greater access for schools to the capital markets for tax-exempt bond issues for charter schools, with taxable bond issues for developers financing

major charter projects. The provision of DC Charter School Law, which grants charters for fifteen years gives schools leverage as they seek long term loans for facilities. The strong oversight of the DCPCSB is also looked upon favorably by lending institutions.

The charter school community is looking at ways to educate commercial investors, developers and leasing agents about the space needs of charter schools. Tax relief for property of for-profit owners leasing to charter schools would provide relief, as these tax costs are currently passed through to the charter school tenants and could be another way to assist charters schools in handling the facilities problem. A very positive side affect is created when boarded up schools and other buildings are renovated by charter schools. Eyesores are removed and communities are revitalized as both educational and community services are made available for the existing community.

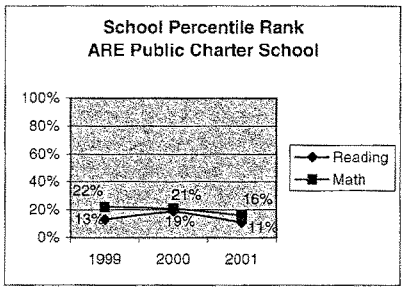
The DC Public Charter School Board believes that the independent public schools that it has authorized are indeed making a positive difference in public education of children in the District of Columbia. We use the AAA's as a concept worth promoting; **Autonomy, Accountability, and Achievement.** There is a fine line between autonomy and accountability, and the oversight process we have developed is designed to support both. Our collaborative approach and diligent implementation of the law are set on course to bring about the desired achievement.

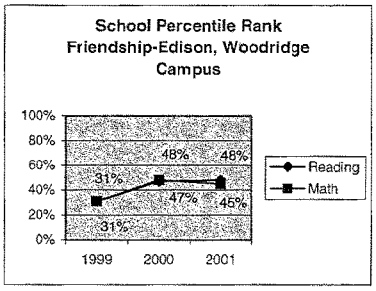
Please view the attached pages which are excerpts from our 2000-20001 School Performance Report.

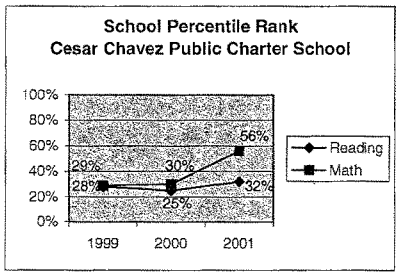
District of Columbia Public Charter School Board

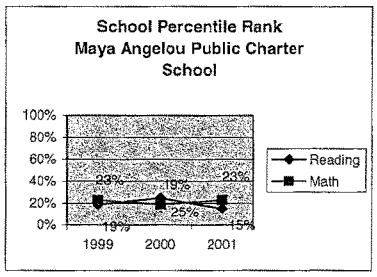
Stanford-9 Performance Reports 2000-01

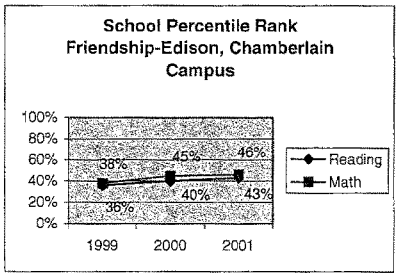
Third Year Schools:

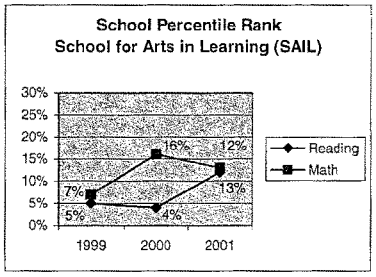






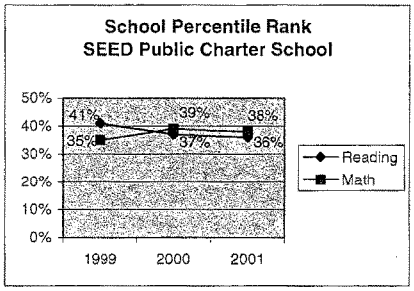


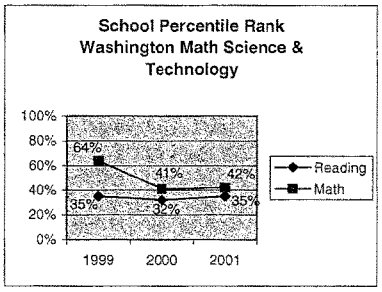




District of Columbia Public Charter School Board

Stanford-9 Performance Reports 2000-01





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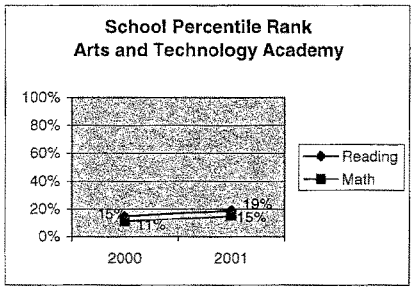
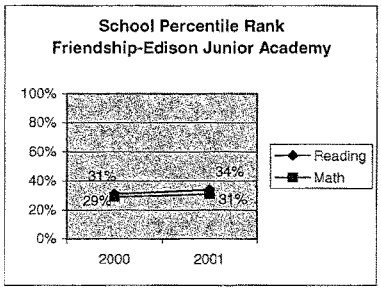
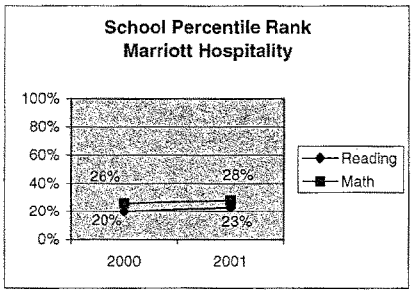
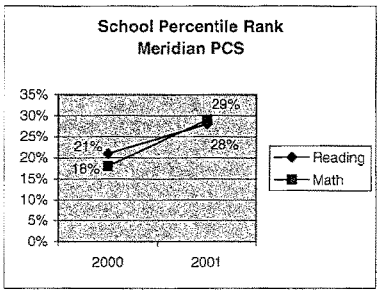


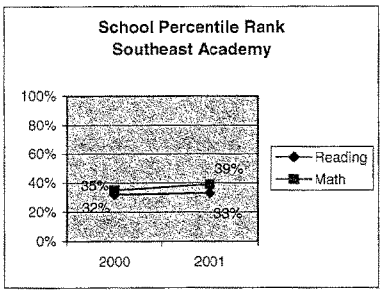






District of Columbia Public Charter School Board

Stanford-9 Performance Reports 2000-01



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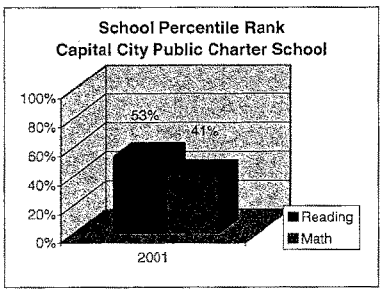
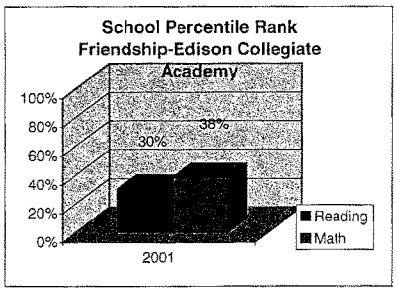
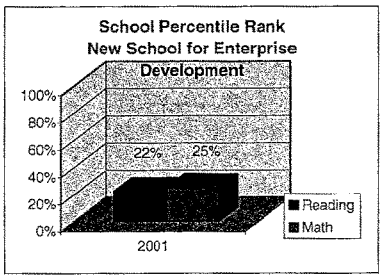
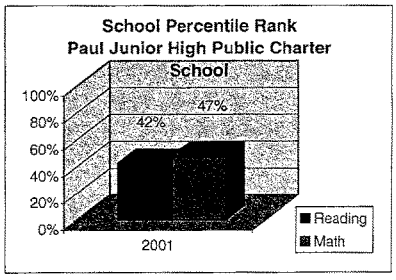
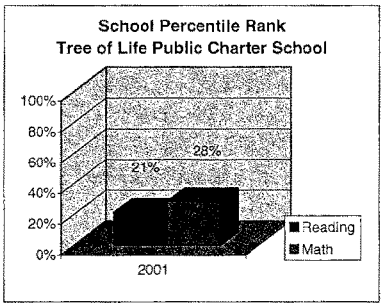








Stanford-9 Performance Reports 2000-01



Notes on School Performance Reports:

The Percentile Ranks provided here are based on the average percentile rank of each student within the school, showing the school's average in comparison to all other schools nation-wide.

- A number of the charter schools are small , and this can have a major impact on SAT-9 scores from year to year. In particular, these schools are ARE and Maya Angelou. These schools serve at-risk or adjudicated youth, and have very small populations with a great deal of turnover from year to year.

- SAIL is a school that serves largely special education students. Because special education students are not included in these percentile ranks, the number of students remaining is very small. This can cause scores to vary widely from year to year.

- The Carlos Rosario Public Charter Schools serves adults and does not take the SAT-9.

For detailed reports on all of these schools, you may contact the DC Public Charter School Board at (202) 328-2660.

Mrs. MORELLA. Thank you very much, Ms. Baker. And I am pleased to recognize Gregory McCarthy, deputy chief of staff for policy and legislative affairs, pretty much a surrogate for the Mayor this morning.

Mr. MCCARTHY. Thank you very much, Mrs. Morella, chairwoman, and Mrs. Norton, my own Congressperson. It is a pleasure to be here representing Mayor Williams, who's attending the National League of Cities conference. Otherwise, he would certainly be here.

I know later on we are going to talk about a lot of the problems and challenges facing the schools, and the superintendent has certainly outlined some of the wonderful successes we've had but I think it is worth posing a very basic question: Are schools better off than they were 10 years ago? I think the answer is absolutely, yes; 5 years ago? Absolutely yes. And even 1 year ago? Absolutely yes.

And I think one of the things I need to stress that has changed is that you have now elected and appointed leadership, the Mayor, the council, the elected and appointed school board, the superintendent and his top staff all in strong positions and ready and able to do the heavy lifting that is required to turn around our schools. And at the core of this synergy is a strong policymaking board and a seasoned superintendent providing day-to-day leadership as well as wonderful teachers and parents who are on the front lines every day working extremely hard for our children.

The Mayor has acknowledged the centrality of improving our school system to broader citywide efforts. In fact, our broader efforts to attract new residents, grow the economy, create jobs and even promote public safety and public health will not be as successful as they can be if we don't turn around our school system and provide a reason for people to come and live in this city.

The Mayor's role in education involves supporting the good works underway at DCPS and also marshalling the resources under the executive to support them and other initiatives. The Mayor has thus far focused on supporting the superintendent's efforts at turning around low performing schools, attracting top-notch teachers and principals and modernizing facilities. He is also a supporter of a vibrant charter school system and has expanded early childhood intervention to newborn infants and young children, so at the time they enter school they are ready to learn. He is also working to provide wrap-around services to children already in school and of course regularize and standardize cooperation among executive branch agencies to support the work at the public schools.

The School Reform Act of 1995 has succeeded in two very important ways. It has established an environment where public charter schools have thrived, and it also established the uniform per pupil funding formula. It has provided a stable and predictable funding for schools and also ensured equity in terms of funding for public schools and charter schools.

Ms. Baker has already talked about our charter school system. It's also worth noting that we have a total of 36 charters opening on 39 campuses, enrolling more than 10,000 students.

The funding formula again has provided at least a basis for steady increases in school funding. In the appropriations bill that

this body just passed this week, we appropriated $669 million to the D.C. Public School System and an additional $142 million to the Public Charter School System, increases respectively of $39 million and $37 million over the year before. In fiscal year 2001, indeed the public education system here received an increase in excess of $100 million. And under the leadership of Mayor Williams and Councilman Chavous, who heads the council's Education Committee, public education funding for K through 12, has gone up 43 percent since 1999.

Another major focus of the Mayor of course is aligning his agencies to support the reforms of the superintendent. To support his low performing schools transformation initiative, the deputy mayor for children, youth and families has launched an initiative to locate critical family services such as family literacy, health and recreation programs at or near some of the nine schools that the DCPS is focusing for intensive work.

As already acknowledged, Councilman Chavous provided the leadership last year to create the State Education Office, which is performing limited State level functions that affect children in all educational settings, most notably management of the USDA summer feeding programs. And this year the council, under Chairman Chavous's leadership, also transferred management of the D.C. tuition assistance program to that office.

Recently the SEO has completed a study about revising upwards the funding formula, and later on its director, Ms. Connie Spinner, can answer questions about that. And I'm delighted to also say she was confirmed unanimously by the council this week in her new job.

Obviously there are some profound challenges before the school system. The problem of the deficits is very alarming. As we have already noted, these are likely driven by Medicaid overruns and special ed. The superintendent has a seven-point plan he is ready to implement, and the Mayor will be there supporting him in every single way.

We are also helping to identify sites in the city where we might locate special ed schools so we can bring some of our kids into the city. And there's also a citywide task force on Medicaid cost recovery that the superintendent is leading.

Obviously, in the course of all this, we are going to have a broader discussion of the structure and the amounts of overall funding for the schools. The solutions are certainly going to involve maximizing local resources that we can for the school system, increasing efficiencies within the school system, and perhaps even restructuring the financial system. And it also should involve, I think, some increased Federal support.

As you know, Chairwoman, this city has a limited tax base. We have the responsibilities of a city and a county and a lot of State functions, and the tax base and ability to generate revenues, that doesn't come anywhere near that. So I think the Federal Government is going to have to help us in terms of upping some State costs in funding the schools. In fact, I saw a report earlier that said that in some municipalities, upwards of 44 percent of special ed funding comes from the State capital. And indeed in our case, that is a burden that falls solely on the backs of the city.

And I always like to take the opportunity to mention the tuition assistance grant program. And thank you for all you've done to shepherd that. And if you like, I'd be happy to arrange a session where some of the more than 2,000 people who benefited from that can tell you personally how it has changed their lives, and there are dozens, if not hundreds, of children who would not have gone to college had that act not been in place.

So thank you, Mrs. Morella and Congressman Davis, who also had an important role in that. And I'd be happy to answer any questions you have.

[The prepared statement of Mr. McCarthy follows:]

GOVERNMENT OF THE DISTRICT OF COLUMBIA

EXECUTIVE OFFICE OF THE MAYOR

Committee on Government Reform
Subcommittee on the District of Columbia
United States House of Representatives

The Honorable Constance A. Morella, Chairwoman
The Honorable Eleanor Holmes Norton, Ranking Member

"THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995 – BLUEPRINT FOR EDUCATIONAL REFORM IN THE DISTRICT OF COLUMBIA"

Testimony of
Gregory McCarthy
Deputy Chief of Staff for Policy and Legislative Affairs
Executive Office of the Mayor

December 7, 2001
2154 Rayburn House Office Building
10:00 A.M.

Good morning Chairwoman Morella, Ranking Member Norton, and members of the Committee. My name is Gregory McCarthy, Deputy Chief of Staff for Policy and Legislative Affairs in the Williams Administration, and I am here to testify on behalf of Mayor Anthony Williams. I am accompanied by Ms. C. Vanessa Spinner, the Director of the District's State Education Office. It is a pleasure to be here today to discuss the District of Columbia School Reform Act of 1995 and the District's overall commitment to education.

Much has changed since 1995. Perhaps most significantly is that the city's elected and appointed leadership – the Schools, the Board of Education, the Executive, and the City Council – are positioned to advance a reform agenda. The Board and Superintendent Paul Vance have made early strides in improving education and promoting a sense of hope and reform in the system. Top-level staff are similarly equipped to provide effective leadership. It has been the Mayor's pleasure to work with the Board and Superintendent and to have his senior team, especially the City Administrator and Deputy Mayor for Children, Youth, and Families, collaborate with school officials. The City Council has also demonstrated this unity of purpose.

Administration's Priorities for Education

The first and foremost priority of Mayor Williams' Administration continues to be ensuring that every child has access to a high quality education in healthy, safe schools. Indeed this is absolutely central to the Mayor's broader effort to revitalize and expand our economy, attract new residents, and stabilize our neighborhoods. The Mayor is focusing on a number of priorities in the area of education – supporting the reform agenda and other initiatives of the Board of Education and the Superintendent - as well as marshalling executive branch resources to support these and other educational objectives:

1. Support a vibrant public charter school system;
2. Provide wraparound (health, social, other) services to special needs students;
3. Support DCPS efforts to turn around low-performing schools;
4. Expand early childhood intervention, such as increasing child care slots, opening parent development centers, and launching home visitation programs for newborns;
5. Foster effective, structured interagency collaboration;
6. Provide healthy safe technologically appropriate facilities for every child; and
7. Support DCPS efforts to attract school leadership for the 21st Century by recruiting and retaining outstanding principals and teachers.

A Review of the District of Columbia School Reform Act

The District of Columbia School Reform Act of 1995 set the framework for the District to make major progress in selected areas of education reform and change in our system of public education. First, the Act outlined the process for chartering schools in the District, contributing to the rapid growth of these institutions and the increasing the availability of public school options in the District. Secondly, and more importantly, the Act called for the establishment of a

Uniform Per Student Funding Formula ("Formula"), and prescribed a budget development and execution process that protected the District of Columbia Public Schools (DCPS) from the public competition over scare resources, and provided a more structured, data-driven, equitable approach to funding all public schools.

Charter Schools

Washington is home to one of the most vibrant charter school movement in the country. The DC charter school law is rated among the top five in the nation, by the Center for Education Reform. Since 1996, both the Board of Education and the DC Public Charter School Board, our two chartering authorities, have approved a total of 38 charters. Currently, there are 36 public charter schools operating on 39 campuses in the District with a total enrollment of more than 10,000 students.

The vitality of charter schools is testimony to the Mayor's commitment to public school choice. Our charter schools offer a variety of educational programs including math and science, technology, arts, English as and Second Language (ESL) and dual language immersion, character development, public policy, and college preparatory study. They also offer many approaches to learning including individualized instruction, small academies, and schools within schools. Despite our efforts, the problem of adequate facilities to house our newest public schools still exists. The District has not been able to meet the need or demand for space, but we are working with both the public charter schools and DCPS to resolve the problem.

The charter school movement is very young and it is still too early to judge the long-term success of these institutions. We anxiously await the completion of the 5th-Year Review currently underway at two of our first charter schools. Several other schools will be up for 5th-Year Review within the next year.

Uniform Per Student Funding Formula

In 1996, as directed by the DC School Reform Act, the District Council created and passed the initial version of the Uniform Per Student Funding Formula which was then used as a basis to determine the annual local appropriation for public charter schools. Fiscal Year (FY) 2000 was the first time the formula was used to establish the level of appropriated funds for both DCPS and public charter schools. Prior to the enactment of the Formula, funding for the DCPS was based on the expressed needs of the system and the District's ability to meet those needs within limited existing revenues. The Mayor has committed to fully fund education through the Formula, and with the support of Council approved significant budget increases for schools. The FY 2002 budget currently before Congress includes $669 million in local funding for the DCPS and $142 million for the public charter schools. This funding level represents an enrollment-based $39 million increase for DCPS and $37 million increase for charter schools over the FY 2001 budget. Moreover the FY 2001 budget represented more than a $100 million increase for schools. Under Mayor Williams and Councilman Kevin Chavous funding for public schools has increased by nearly 43 percent since 1999.

Interagency Commitment to Children Youth and Families

The Mayor's commitment to education and the improvement of the lives of children should not be viewed solely in terms of the DCPS or public charter schools. The Williams

Administration is committed to a number of initiatives strengthening the overall quality of the lives of our children and youth.

In support of the Superintendent's Transforming Low Performing Schools initiative, the Williams Administration recently launched a partnership with the DCPS, called Transforming Schools into Neighborhood Places. The effort brings together two essential goals: (1) providing an array of social services in a community-based setting, and (2) integrating social services around schools to improve the lives of children and families. With the support of the Annie E. Casey Foundation and other philanthropic organizations, DC Government agencies will provide an array of support programs - on-site mental health services, recreation programs, literacy - at nine schools that have shown four continuous years of low- or stagnated-performance on academic tests. The Department of Mental Health has already begun providing mental health services in the Spingarn cluster of the DCPS system and will expand services into each Transformation School.

An integrated data management system, called the Safe Passages Information System (SPIS) will be created to support the Transforming Schools into Neighborhood Places partnership. The Safe Passages Information System will provide comprehensive information on services being delivered to children throughout the District of Columbia. The effort is the initial phase of a redesign of the human services delivery system that will be focused on integration and coordination of data across agencies.

In addition to the Transforming Schools into Neighborhood Places partnership, District agencies such as the District of Columbia Public Library, the Department of Parks and Recreation, and the Department of Human Services all operate programs that support learning and child development outside of the classroom.

State Education Office

On October 1, 2000, the Mayor and Council joined in creating the State Education Office, as required by the State Education Office Establishment (SEO) Act of 2000 (D.C. Act 13-387) passed by the District Council in July 2000. The SEO grew out of a publicly stated need for (1) separation of state and local education functions; (2) credible, comprehensive regulatory and compliance efforts; and (3) comprehensive, reliable research and data analyses to support education policy development. We are convinced that our new State Education Office will play a significant role in our efforts to improve the state of education in the District.

The SEO performs certain "state-level" education functions that have an impact on the education of all students in grades pre-K through 16 who are residents of the District of Columbia, regardless of whether they attend the District of Columbia Public Schools (DCPS), public charter schools, post-secondary institutions, independent schools, educational programs in institutional settings, or are being schooled at home.

Almost immediately upon its establishment, the SEO assumed responsibility for the Special Nutrition and Commodities Program (SNAC). This program has been transferred from the Office of the Chief Financial Officer of the DCPS the previous year. There had been a high level of public concern over the management of the state-level functions associated with the SNAC program. Beginning this fiscal year, the SEO assumed responsibility for the newly

formed Tuition Assistance Grants Program, and the Office of Postsecondary Research and Assistance.

The SEO is also currently overseeing a census-type audit of the fall enrollment count for all public schools in the District of Columbia, conducted by an independent contractor. Prior to this year, the enrollment audit included only a sample of students in DCPS schools and all students in public charter schools. Recently, the SEO submitted to the Mayor and the Council a set of recommendations for revisions to the Uniform Per Student Funding Formula. Additionally, the Office issued rules for verifying the residency of students enrolled in the city's public schools. These three responsibilities were carried out in direct response to the DC School Reform Act of 1995 and to the need stated by District residents for credible data to support budget decisions.

As required by its authorizing legislation and (D.C. Law 13-176), and in response to frequently raised concerns, the State Education Office conducted a two-part study to determine the extent to which the Uniform Per Student Funding Formula delivers sufficient funding at the foundation level, which covers the cost of serving a student without special needs in a standard classroom), and through the special education add-on weights, which cover the cost of delivering special education services at varying levels of intensity. The study was designed to provide solid findings as a basis for recommendations for revisions to the Formula. The SEO recommendations include an increase to the foundation level from the current $5,907 to $6,470, and adjustments to certain grade-level and special education weights. The assumptions underlying the calculation of these costs are based on accepted practice in selected urban school districts, research on effective schools and practices, and past studies of elementary and secondary education in the District of Columbia.

The Mayor is committed to revising the Uniform Per Student Funding Formula to ensure adequate funding for our schools. He is currently reviewing the SEO recommendation and is confident that through working with the Council and the public schools a reasonable level of funding for the schools can be agreed upon.

This summer the SEO also submitted a report to the Mayor and the Council, based on a study of ten additional responsibilities. The report included recommendations as to whether authority for any of these responsibilities should be transferred to the SEO and the related transition plans. The Council of the District of Columbia will hold a public hearing on the SEO's recommendations in early 2002.

Challenges

As Congress well knows, funding alone does not solve all problems. Equally important as providing more funding for schools, is the commitment to finding efficiencies and solutions wherever possible. The Mayor has been responsive to DCPS identified problems in the area of procurement and supported the school system having its own procurement systems. In addition, he supported changing the fiscal year for the schools from October –September to June – July in order to align availability of funding with the start of the academic year.

Our two biggest challenges in the District continue to be Special Education and school facilities. Within DCPS the special education population is approximately 16 percent of the

overall student population. There are approximately 1,300 special education students in our public charter schools. Transportation and non-public school tuition continue to be a huge strain on the DCPS budget. The cost of educating a special education student far exceeds that of a general education. We must seek creative ways to reduce our special education population and to increase capacity within the schools. Dr. Vance has developed seven-point plan to improve the operations of special education and the Mayor anxiously awaits more details on that plan.

With respect to facilities, the FY 2002 capital budget includes $174 million to renovate and build quality school buildings so that our children have safe, functional, inviting environments in which to learn. Looking forward, we need to find a way to align our capital budget with the proposed Master Facilities Plan, designed with the counsel and input of citizens. We must also make sure we have fixed what has not worked in the past. I have every confidence that the Superintendent has started turning the facilities division around. We need to see that continued vigilance to make sure that school construction projects start and stay on schedule.

Indeed we have a well-respected superintendent in Dr. Vance with a proven track record of success. We have a newly constructed Board of Education composed of elected and appointed officials. This Board, which came into an environment of complex structure and diffused accountability, has worked hard in its first year to mold itself into an effective policy-making body. The Board is succeeding in providing Dr. Vance with a supportive environment to meet the many challenges that the DCPS faces. Under the leadership of the Board and with the support of the Mayor, the Superintendent launched the *DC Teaching Fellows* and *LEAD Principal* programs and the Superintendent developed a comprehensive plan to transform low-performing schools.

I have attempted to outline the progress the District has made since the enactment of the DC School Reform Act. There is more work to be done and the Mayor is committed to ensuring that the appropriate support mechanisms are available to get the job done. Thank you for the opportunity to testify before you and I welcome any questions at this time.

Mrs. MORELLA. Thank you. Speaking of that possible meeting on the D.C. tuition access, it might be something that all of Congress should be invited to. It may muster up even more support about what can be done.

I want to thank you all for your excellent testimony concerning your plans and recommendations. I am going to get to the bottom line. One of the reasons I particularly wanted to have this hearing, and Congresswoman Norton agreed, was the fact that we were embarrassed, as the superintendent has said, only several weeks before the end of the fiscal year that we discovered there was an $80 million deficit and it was like how come you didn't know about this deficit. Where did it suddenly come from, particularly with the concept the control board was going out of existence at the end of that fiscal year and we were preparing legislation to give the District of Columbia autonomy, as I think they should have, over their own finances, a bill which incidentally we have submitted and has passed this subcommittee, and we hope to get some movement on that in the next session. And then we hear the $98 million projection and the fact that it may go even beyond that to 108 million. And then somebody, who myself as a former educator and has had many kids go through public school and believe that education is the key to find out that the school year may well be shortened by 7 days—that is like a week-and-a-half—at a very time when we talk about expanding the school year, expanding the number of hours that kids have with this supervision and guidance and inspiration. So if I could ask you all this question, and you can give me brief answers. And if you feel that someone else should answer more extensively, fine. I know we have Dr. Gandhi on the next panel.

Specifically, with all the great achievements that you have, all the plans you have, how are we going to come to grips with why we didn't know that we had a shortfall that was 10 percent of the budget at a time when it was the end of the fiscal year and will we not have a reduction of the number of days in school? I mean have we decided that we are not going to go about that—of 7 days? Dr. Vance, do you want to start, or Ms. Cafritz is ready.

Ms. CAFRITZ. I think that part of that is due to information and communication, and we have worked with and come to an agreement with Dr. Gandhi on how to fix that part of it. But the special education, you know, definitely had cost overruns, no doubt about it, and that is going to continue until we remove ourselves from court order and we bring the functions that we are now paying enormously for outside of the city and to private sources back into the city.

The superintendent is working very, very hard on that, is assembling the right people. And I think, you know, you will see results. It is going to take 3 to 5 years to get it fixed, but you will see results.

Now the budget overall, we worked very closely with McKenzie, the best in the world. And we have scrubbed this budget to the bone. And we do not have enough money to do what we need to do. We have, I mean—and even going forward into 2002, our children are going to have about $5,000 fewer than charter school children. And we have got to be able to bring into balance with all

their social needs and with all the disarray and the erosion that is taking place in the school system and understand why it might apparently cost more. But if you look at the services that kids get comparatively, teacher salaries, facilities, they are not equitable.

Mrs. MORELLA. Anyone else who wants to comment on that? I am also curious. Are you really going to make the school year 7 days shorter or is that just a trial balloon?

Ms. CAFRITZ. First of all, William Lockridge, who is the chairman of our Fiscal and Facilities Committee, spent 24 weeks working on this with the superintendent and his people. I spent quite a few hours myself. And the board spent at its last meeting when we made this decision 7 consecutive hours examining every possible penetration of savings, and this is what we came up with that would affect people the least. If we did, we looked at a 6 percent across the board cut. That would require us to fire or RIF almost 500 teachers. Those 500 teachers, because of union rules, would come from those teachers we have just worked so hard to hire as we move toward, you know, full certification and a stronger work force. So we thought that was a very bad idea.

We looked at it in terms of 3 percent plus adding some other things. What will harm the kids the least. It's horrible. We feel terrible about it. But we don't see any other way out. But we were surprised as anyone about having to do this.

Mrs. MORELLA. Would this mean that the teachers would also not be paid for that week-and-a-half or 2 weeks? Is it a ripple effect that is going to affect your teaching force?

Ms. CAFRITZ. No one would be paid. But the superintendent, you know, wisely I think, looking at a plan which would spread the pain across time, you know, adding a day to Christmas vacation and a day to Easter instead of clumping it at all in one pay period.

Mr. CHAVOUS. Madam Chair, it is the council's collective position that we view the 7-day reduction of instruction time as the absolute last resort, and frankly my committee is going to hold a hearing to make sure that we know what other avenues are explored to deal with this problem. So we have strong feelings against that. But we need to know what machinations the school board went through to come up with that approach.

One thing about how we got here not knowing the information for several months, my committee as well as Dr. Vance requested of the school CFO monthly spending reports. That's one way that we're all able to track what's coming in and what's going on and we weren't able to receive them.

Frankly, I think there was an incredible disconnect between the chief financial officer's office and the school system. And you know, we agreed with having a centralized financial system and a centralized procurement system, but we have found that there are some instances where it isn't practical nor does it work, and one is in education. That is why we transferred procurement authority back to Dr. Vance. And we really need to look closely to fashion a way to give Dr. Vance or any superintendent greater control over the financial shop. It just doesn't make sense to have such a disconnect, particularly in the education arena, and I do think to Dr. Gandhi's credit we are now working more closely together. The systems are being integrated. The communication lines are opening

up, but the reason why we got here, frankly, is you had the one hand not knowing what the other hand was doing.

Mr. MCCARTHY. Mrs. Morella, may I add something briefly? Obviously, the Mayor shares the concern that will be a very terrible outcome to have to shorten the school year. And one of the things that he offered to do right away to help the school system alleviate this or other pressures was to commit $60 million to help stem the funding gap that was identified, and this was a commitment that was made in fact before September 11th. And obviously since then the hits to the city treasury are quite concerning, but the Mayor is still making that commitment to provide the school system through reprogrammings and other cost savings elsewhere in the government $60 million to help cover some of the projected deficit.

Mrs. MORELLA. So what I hear is that you're all going to be coming together and you're going to have a public hearing. The Mayor is going to try to assist. You now have communication, so you don't have this shock occurring as it did. So you're telling me that you're working your way out of the situation like this so it will not happen again. Ms. Baker, did you want to comment on that?

Ms. BAKER. My comment is not really on the deficit itself but on the comment that I heard that charter schools somehow are receiving an inequitable amount of money. And I am not sure how those figures were devised, but I believe the system that the money is received is very fair. And I certainly would like to have further conversation about how that statement can be made because I think the distribution of the funds is a very fair one. We don't see our schools swimming in money. They are fighting to try to stay above the flow just like everybody else is. So I just wanted to testify my concerns.

Mrs. MORELLA. Mr. McCarthy mentioned uniform per pupil formula.

Ms. BAKER. Yes, exactly. We get the same X number of dollars. They have a small facilities allotment, but of course DCPS does not get that because they have facilities and they don't pay rent and they don't pay a lot of other things that charter schools have to figure out how to pay. So I think it is a statement that I do have some concern about. That's all.

Mrs. MORELLA. And I think Ms. Cafritz mentioned the fact that the per pupil—or the amount of money from the budget is much less in the District of Columbia than it is in Montgomery County, but not the per pupil expenditure. So there is that distinction?

Ms. CAFRITZ. Yes, because it is categorized as an enhancement. But the increase that the city is giving to charter schools in 2002 is $37 million for 7,700 students and to the school system $28 million for, you know, 68,000 or 69,000 kids.

Mr. VANCE. One factor that impacts that ratio, and it's quite alarming, is that 32 percent of the operating budget goes for the education of 16 percent of our student population. That is our special needs population, the special education population. We just sent entirely just far too many children into the outer areas of Maryland and Virginia to attend private schools to receive special education services. And not only have the costs of tuition escalated but likewise the cost and problems associated with transportation. I don't think that other school systems, Baltimore, Chicago, notable

for the problems they had in special education, had a problem comparable to the one we had.

So our major effort in our plan is to reduce those costs and to bring a sizable number of those youngsters back to the District and educate them per the legislation in schools in their community and not deprive them of that right and responsibility and provide the appropriate programs and facilities and staff for those young people and likewise to engage in more private and public partnerships and expand those that are currently in the District and to encourage others who are not in the District to locate or relocate in the District. We see that as a major cost saving initiative on our part.

And in that regard, we are recently engaged in discussions with persons who have done that elsewhere in the Nation. Doctor Thomas Hare, who did that in Chicago is currently teaching and doing research at Harvard University and has agreed to come in for a brief period of time to support us in that area. And likewise, Mrs. Morella, you may know Linda Bluth, who is one of the officers in special education in the State Education Office in Maryland. And Linda was the one who primarily worked on those problems in Baltimore City and came away being quite successful. And we believe with Tom and Linda helping us and with the very able support of our current superintendent for special education doing the day-to-day and operational things, we will embark on a path that will not only save money but will abide by the law and will service those youngsters in a manner in which should have been serviced all along.

Mrs. MORELLA. I appreciate your comments, and in our second round I do want to pursue that concept, what can we do with regard to special ed and transportation particularly, which is such a tremendous responsibility. But you also were shocked with the budget shortfall, weren't you?

Mr. VANCE. Yes.

Mrs. MORELLA. And you are going to be a major stakeholder in pulling this all together. I am now pleased to recognize Ms. Norton.

Ms. NORTON. Well, I want to pick up where the Chair left off in discussing this shortening of the school year notion that shocked the whole city. I certainly understand enough about budgets so that I can understand why this is certainly the easiest thing to do. You lop it off. You lop off 7 days. Voila, you saved the money. All of us took a hit and some of us won't get as much money and the children won't get as much education, we go on with the next thing. I regard this as not the school board's problem, not the CFO's problems, not the council's problem, not the Mayor's problem. I regard it as a D.C. government problem that has not been fixed for this reason.

Apparently this is Medicaid money. The notion that Medicaid money would pop up here again is an outrage. And let me just say for the record, the reason there is no D.C. General Hospital now is in large part because the Mayor when he was CFO and then when he was Mayor and the present CFO and the control board and the entire council let D.C. General go knowing full well that the Medicaid money was the most broken part of the D.C. government and was not, in fact, being received and the council just—and the Mayor and the CFO just continued to give money, and of course

when Washington, D.C. General went down they acted as rescuers except for the Mayor who took the hit, and the control board.

But the fact that the council sat there and continued to let D.C. General Hospital be run by managers who were not collecting the Medicaid money and then everybody ran to the rescue and we had one of the worst fights in the District of Columbia, and the fault was the fault of the government. So bad as that was, with people even running up here where the Congress favored what the Mayor was doing. We had members of the council coming up here where the Congress was in favor of what the Mayor was doing. At the very least I thought with all the demagoguery going on that somebody had fixed the Medicaid system.

With the Medicaid problem from D.C. General hopping over to the school system, this committee has every reason to be outraged, because if the collapse of D.C. General at the hands of the council and the Mayor and the CFO and the control board did not get the government of the District of Columbia to fixing the Medicaid system, what will?

Now we are having the collapse of a second institution, and it is not the school board's fault. It is the fault of the council and the fault of the Mayor, because you went through it with D.C. General Hospital.

And the notion that this would happen again with the school system, what other institution is going to come up next, ladies and gentlemen? Is it going to be the welfare system? What other part of the D.C. government which uses Medicaid has not been fixed? Medicaid is a Federal program. And I am going to ask the Chair, given the fact that this problem has crossed over from D.C. General after all we have gone through now to the school system, I am really afraid because Medicaid is a part of many programs of the District of Columbia. And now it's about to bring down or at least cause serious disrepair to a second part of the D.C. government at least as important to us to the part that we are on the way down because of Medicaid. And at this time I don't want anybody running forward saying we are going to save it at the end. We are going to save it now because we are going to fix Medicaid in this city once and for all.

Now the notion of—the Chair says well, we tried 6 percent, we tried 3 percent. The problem is when you do these kinds of cuts in the Congress we always resist across the board cuts, at least some of us do. They are all analytical cuts. They are the easy way to do it. Everybody gets hurt. And you end up reserving things that should have been cut anyway. The bad gets preserved with the good that way.

Now part of this, of course, can't be helped because it has to do with Medicaid and not with anything anybody in the school system has done in particular with respect to education. But I do want to ask you, and I'm here not talking to the school system alone. I think the fact that the council and the Mayor and the CFO let this happen with Medicaid, this is not overspending on the other part of their special education. It means that you have got to help them find an alternative. And I don't simply mean sit down and bicker with them. I'm saying you who are financial experts, you and the council, who have to make all kinds of analytical cuts all the time.

I am asking you to sit down with the school system and look for other slices of the pie.

All they have looked at, at least the Chair says they have looked at various gradations of cuts by percentage. Even on a temporary basis, people who know budgets and know the finances of the school system may be able to find something that—or some other parts that could be cut and at least save us some more days unless you are telling us that 7 days don't matter to these children. It seems to be a huge number of days, a whole week or more. I think we have an obligation to do more, and I would ask that you do that and submit to the Chair within a month an alternative that is not put together by the school board alone. It's not their problem that has everybody around a table, the CFO, the council, the Mayor, and of course, the school board and superintendent. Let's try to make a more analytical cut. If you can't do it, you can't do it. But submit to this committee within 30 days what your options are so we can see at least what other options are besides percentage across the board cuts, which almost never make it in the Congress because, as I said, somebody has just decided to do it the easy way.

Now let me ask this, since this is a shared problem, the D.C. Public School System, people who were supposed to keep the Medicaid records didn't keep it. The CFO depended on them to keep it and yet he's the one who had all the responsibility for records, so he should have made sure that they kept it. The council, which had oversight, didn't know about it. OK. So it's everybody's problem. Now I want to know what you think, whether everybody has made a contribution to the solving of the problem thus far. Has the council come forward with an amount of money? Has the Mayor come forward with an amount of money? And have the schools done so? I would like to know that, please.

Mr. CHAVOUS. Well, Congresswoman Norton, to answer your last question, yes, we have. We've had a number of meetings and have agreed on a consensus approach. The first order of business, of course, is to ascertain the real extent of the problem, and we are in the process of doing that.

Second, we are working on a plan that would help rectify the situation financially and from a management perspective. But I dare say that we all are together in terms of trying to find some collaborative approach to solving the problem.

Ms. NORTON. 7 days——

Mr. CHAVOUS. We don't agree with the 7 days. We are going to have a hearing. I said that. We don't agree with that. That is an absolute last resort. And I vow to you this, between the council and the Mayor we are going to make sure that doesn't happen. We do not support that in any way.

But Congresswoman Norton, you raised the Medicaid issue. I think with all due respect, there is not the same type of analogy that you are making to D.C. General, and if there were Members of Congress who were so firmly committed to the Mayor's point of view, frankly they were either ill-informed or ill-advised.

Ms. NORTON. I don't want to rediscuss D.C. General.

Mr. CHAVOUS. You brought it up.

Ms. NORTON. I do want to say this. The only reason I raised D.C. General is that the Medicaid problem of the District of Columbia

has not been fixed, and I am going to have a separate hearing on that. I don't mean to say that what happened to D.C. General is what is happening to the school system, but it is the failure to collect Medicaid money. These are children entitled to Medicaid money. Once it happened to D.C. General, that was a huge alarm bell that said let's take this system and let's concentrate on fixing this system. It is part and parcel of the same system. I am not going to reargue D.C. General here.

Mr. CHAVOUS. Well, Congresswoman, you brought it up, and I dare say I am going to comment on it because I think the analogy doesn't apply. Now with respect to Medicaid, clearly we have a problem with capturing Medicaid funds. Part of the reason is that the system has been broken across government lines. During my testimony I alluded to the fact that to Dr. Gandhi's credit he has put in place and he will testify to this, I'm sure, a governmentwide approach to recapture Medicaid dollars. And the council and the Mayor are all involved, particularly the Chair of the Human Services Committee, Council Member Allen, who has the lion's share of the Medicaid dollars. But I can tell you this and assure you this, since you raised the analogy, please take comfort in the fact that Medicaid is not going to shut down our schools. Whatever problem exists with Medicaid, it is small in comparison to the other problems the school system is facing and it is not going to rise to the level where we will shut down the doors of our public schools.

Ms. NORTON. But the fact that it would cross over at all is very disturbing, and I know it is disturbing to you as well. And I don't say that the whole system is for your committee, God knows, to fix. You're right. Most of that money isn't with the school system. But the notion that you would now find it yet in another committee, it could not be more disturbing to me because—and surely you must feel as well, Mr. Chavous, that it must be other places that are having the same wide problem.

Mr. CHAVOUS. Clearly it is a governmentwide problem and we are taking a governmentwide approach, and I am sure we will solve the problem. I do think we are well on our way to doing that. If you look at the deficit, while Medicaid is a big problem, frankly the biggest problem is special education. And that is the one that drives our budget, and that is frankly because the court situation is something we can't necessarily control. Medicaid is something we can control better, and I agree we need to do that.

Ms. NORTON. You raise an important point when you say the other part is special education. I haven't gotten the good sense from the testimony given here today how much about the rising costs generally of special education and whether if you left aside the Medicaid part of it, whether we are getting a handle on that or even how much Medicaid pays for special education. Could you give me some sense of whether or not this is just one part that has slipped out of control?

Mr. CHAVOUS. That is a fair question. It is all complicated by the court situation where we have to provide court transportation—I mean bus transportation to and from school for a number of children. And we have had extreme examples where one child gets on one bus with two aides and goes as far as Baltimore to receive services and is transported back and forth in that matter all be-

cause of the court order. It is an extremely expensive proposition. It is also complicated by the fact that we have so many out of State placements in private facilities outside the city.

So we have conducted these monthly hearings and that follows up on a special committee that the council impaneled a year-and-a-half ago which issued a report earlier this year, and now we have reinstituted regular monthly hearings where we are looking at let's bring our children back into the city. We have a primary obligation to educate our children. They are our children. We should not be sending them out to California, Utah, Baltimore.

Ms. NORTON. Let me ask Mr. Vance because that is—the council has raised that over and over again. We know that some of these children need very special services that no city could provide. But could I ask you in response to what Mr. Chavous said, what proportion of our special education children are educated here in the District of Columbia? What plan do you have in what proportions to bring back children who are now educated outside the District of Columbia? You and Ms. Cafritz.

Mr. VANCE. We have set a rather ambitious target for ourselves for this school year to return 800 children who are placed in private tuition-based special education schools to the District to programs which we are currently in the process of developing. That is my immediate response.

Ms. NORTON. 800. And how many are going to schools outside the District of Columbia today?

Mr. VANCE. That is just a moving figure, and let me turn around and ask Ms. Gay. 1,829 private day programs.

Ms. NORTON. 1,800 actually have to travel outside the city and be brought home every night.

Mrs. MORELLA. I have a figure on a chart here that I was going to ask about. The chart has 2,506 nonpublic placements versus 9,102 in public placements. The difference in price allocation per student for the public placement is $17,000 versus $34,000 for the nonpublic placement. So it seems to me that is key coming to grips.

Ms. CAFRITZ. In addition, if I might add—we have 12,000 students, 21 percent of our student population is in special ed, which is the highest—I mean 17 percent—17 percent. And 21 percent of those are on private tuition grants, and this is extremely high.

Ms. NORTON. Nancy—if we were in a State, the State I take it would take up part of that tuition grant?

Ms. CAFRITZ. They would pay for all the transportation. They would take care of all of the administrative costs related to filing for Medicaid. They would take care of many, many other costs in terms of special services to this population.

But we have no place to go.

Ms. NORTON. Just let me say, I think that, even doing the best you can do, it would be very hard to come up against that.

I am going to be putting in a bill to get more State functions moved to the Federal Government. This is not a—I don't—and, you know, and with education in general, everybody considers that a local function. If you get for me the State function such as the transportation, the part of it that the State would pay for special education, I will make sure that is a part of this bill.

I think, doing the very best you can, you're not going to be able to do much better, given these costs.

Ms. CAFRITZ. We really applaud your efforts on that and your challenge to work with everybody.

But one thing I do want to say on behalf of the school board, we have already made about $35 million of extremely analytical cuts. We had to make about $9 million more worth of cuts, and that is how we came to the furlough, but only after we had gone through our budget line item by line item from, you know, janitors to nurses to paper.

Ms. NORTON. We're not—Mr. Chavous, when I said perhaps that there needs to be a contribution by everyone, you know that they are going to have $10 million added because of the—there's no caps, and there's good—there's a reason for it.

Mr. CHAVOUS. Yes.

Ms. NORTON. But it means $10 million on top of a flood of deficit already. Do you think that the council is going to be able to help with that, inasmuch as a majority of the council apparently wrote and said they think that was a necessary expense for the school board to have, even given this large deficit?

Mr. CHAVOUS. Yeah. Well, Congresswoman Norton, you're right. The council is taking the strong position about the caps, and I had supported over the years. I will say, though, that this year I did sign a letter with the Mayor indicating that we need to look at some caps for the past situation because of the escalating financial circumstances. We are working on this issue. We've clearly, clearly need to address it, but it is driving our budget. And I'm concerned about why we have to preserve the rights of those children who aren't getting services. I am somewhat concerned about people who are taking advantage of the system, and that is a reality we've got to face.

I do want to thank you and applaud your suggestion that you look at the State functions on special education, and I will convey some of the research we've done. I think that is a role for the Federal Government, to help supplement these clearly State-related costs. We're the only municipality in the country that has to bear these costs in special education, and it will go a long way toward reducing these escalating deficits.

Ms. NORTON. If you were perfect, you couldn't get out of that one.

Yes, Mr. McCarthy.

Mr. MCCARTHY. I don't know if you were here before, but in my testimony I mentioned that we have a study that says, for some municipalities, upwards of 44 percent of their special education costs are borne by the State Capitol. And here, with our limited tax base, that is something that we bear all ourselves.

Ms. NORTON. Would you believe that the States are here crying bloody murder because they are having to pay special education costs, and here the District of Columbia has a burden that is simply impossible to bear. We've got to do something about that.

Mr. MCCARTHY. That's why I'd like to add, Mrs. Norton, in terms of the contributions that you're talking about, as I said earlier, I think the Mayor and the council have agreed to find savings in the main city budget, use limited reserves or make cuts in other programs to give schools an additional $60 million this year to cover

some of these problems. In fact, the budget that was passed yesterday has some reserve relief. The reserve requirement was reduced, and the only part of that was actually allocated for any use was $12 million for public education. So that's a——

Ms. NORTON. Could I ask this? I'd like to know, what is the ethnic background and income level of students using out-of-State and private schools for special education in the District of Columbia?

Ms. CAFRITZ. We have done a survey of just the, I think, four most expensive schools; and of the student population, which is privately placed there, they come from, with very minor exceptions, the most expensive ZIP codes in the city and in complete disproportion to their presence in the school system.

Ms. NORTON. Y'all are sitting ducks. Come in and get your legal fees paid, and then send your child to the most expensive schools. Move in from Montgomery County. I have heard of instances in which that has happened, Madam Chair. I'm not just using your county pejoratively at this time.

Ms. CAFRITZ. The other thing on spending pressure to be aware of, the $60 million that the Mayor is contributing to this solution is taken into account in the cuts that we made. So that doesn't affect the cuts that we've made at all. I mean, it affects that we would have had to have made more, but——

Ms. NORTON. I have a few more, but I'm going to pass on to the Chair now.

Mrs. MORELLA. I want to pick up on that same issue. It seemed—and, yes, there are special need students who do go to Montgomery County because they can get the education that the law says they should have. I would hope that you would have some plans to incorporate within your schools the classrooms, the environment that is necessary for special education. Maybe you need to do some dazzling things like certain scholarships to get teachers trained. You know, maybe there would be a startup cost you would need.

But, you know, what I understand also is that even the transportation, that you have bus drivers who are at the behest of the recipients' families, so they stop Monday and Tuesday one place. Wednesday, they go to a different place. Thursday, it may be a different place. I mean, this is very expensive. It seems, again, that could be streamlined so that in the long run you could come up with a plan—I'm sure that in the Federal Government we would try to assist if we knew that this was a program that was going to take your nonpublic placements to bring them into public placements, and the District of Columbia could be a model. I know you have more students with special needs than other jurisdictions.

I know this is an enormous challenge, but I believe you're up to it. I mean, we have a great board of education, a great superintendent, the council, the support services, charter schools. They're off the wall in terms of numbers. Why? Because people must be sensing that they are just not getting it in the public school system, other than charter schools. I'm not sure—you have a good question about space, what are you going to do about it? But do you see what I'm saying? The bottom line is that we've got to make plans and accommodations so the District of Columbia can be able to educate within the public placements.

Does anyone want to comment on that?

Ms. CAFRITZ. Congresswoman, we would love to have—perhaps, Dr. Vance and Mr. Sellas now come up and do a briefing for you on our plans to address some of the very things that you mention, and I think emerging from that will be some things that we can certainly work on together, perhaps even legislatively.

Ms. BAKER. I might also say that I guess it was back in 1998 when charter schools were really beginning to evolve that it was a kind of thought that it might be one way to provide service to children in the special ed population. So that might still be a resource. Yes, it would have to be handled by people who really understood and knew what they were doing, but there are a lot of people out there who might take on that challenge, which would provide another resource for actually providing special education to children through the public arena in a way that would be very cost effective.

Let me also say that, early on, we talked a little bit about enrollment or whatever, but, in 1998 or 1999, that was the first time in the District of Columbia that the actual enrollment numbers overall for public education increased, because charter schools brought back students whose parents had elected parochial or private schools, not in huge numbers, but what we're saying is that all kinds of reform can make that kind of difference, and that same kind of reform in special ed could also make that kind of difference.

Mrs. MORELLA. Which is why you should also be involved in any plan that is undertaken.

Dr. Vance, do you want to comment on that?

Mr. VANCE. No.

Mrs. MORELLA. I would be happy to meet with you and Steve and maybe Ms. Cafritz, and I know that Congresswoman Norton would join me. We could have a little briefing on what your plans are to do that kind of thing, and then we'd——

Mr. VANCE. We'll be delighted to make those arrangements, and perhaps we can set a date or two before we leave here today.

Mrs. MORELLA. And, Mr. Chavous, you agree, too, don't you?

Mr. CHAVOUS. Yes, absolutely. I think that is an excellent suggestion. We are working on a plan; and one thing about it, Congresswoman Morella, we're going to be making sure that, once the plan is set, that we'll have regular hearings to drive the implementation, which is always problem. We've made a lot of great plans in the city in a lot of areas, but if you don't drive and ride herd on it day in and day out, you may not be followed.

Mrs. MORELLA. Absolutely. That is one of the reasons for this hearing, too.

I'm going to defer now to Ms. Norton for maybe the last round of questions. We'd like to submit some further questions to you, but we need to get on with the second panel, and we held you for a long enough time, but we do plan to continue. Ms. Norton.

Ms. NORTON. Yes. Could I ask the superintendent if you would submit to this committee within 30 days the ethnic background and income level and school of children using private or out-of-State schools in the District of Columbia. That must be already available someplace. I'm not trying to cause you any extra work, but we need to know that.

Mr. VANCE. Yes, we will.

Ms. NORTON. Thank you very much.

I'd like to ask a question about an old issue that has come up that we thought had been satisfied. It's mentioned in Mr. McCarthy's testimony. It has to do with enrollment. Indeed, Ms. Baker mentioned enrollment having increased. We were fairly surprised at the first enrollment audit, and, frankly, it did not seem to us entirely credible, but, you know, they said they did it, and that is that. That's good, enrollment not going down. And I certainly do believe that there would have been children attracted by the charter schools.

If I may say so, Ms. Baker, who started from literally nothing and created a very credible charter school board—a charter school department right off, did, it seems to me—and the school board quickly got itself to the point where it, too, was drawing people. So there's no question that there may have been people who were drawn.

But in Mr. McCarthy's testimony, he says, prior to this year, the enrollment audit included only a sample of students in DCPS schools and all students in public charter schools. That's the first I've ever heard of that.

Ms. CAFRITZ. Would you repeat that?

Ms. NORTON. It said that the enrollment audit included only a sample of students in DCPS schools, and all students, of course, the public charter schools.

Mr. MCCARTHY. That is true, Ms. Norton. And prior to the creation of the SEO, the audit of the DCPS enrollment was just that. It was just a sampling of a few students here and there to come up with the number.

One of the reasons to have the SEO was to improve that process and structure it, and Councilman Chavous made sure that indeed now DCPS have an enrollment audit that was a census audit student by student. The SEO—Ms. Spinner can talk about that—has just undertaken the first one of that kind. And what can you say?

Ms. SPINNER. As has been indicated, for the first time we have undertaken a contracted full audit of the school system's enrollment process, where every school in the district of the—every public school in the District of Columbia is being counted, and the records are in fact being audited. And it is true that in the past, while the charter schools did undergo 100 percent count, the public schools went through a sampling process. This was the first year that the council did in fact require that we do this, and we are even as we speak learning from that process. We have completed that process and look forward to being able to use those numbers and that audit count to really accompany the recommended full funding formula to come up with the most accurate assessment of costs.

Ms. NORTON. What's the number? How many children are there in New York—in the D.C. public schools, please? Somebody tell me, please. I mean—well, she says the audit has been done.

Ms. SPINNER. The audit has been completed. We will receive our final report toward the end of December.

Ms. NORTON. You don't have any number you could give this committee?

Ms. SPINNER. I don't have a number for combined that I can give you, but certainly——

Ms. NORTON. I want to know for the D.C. public schools. How many children are there in the D.C. public schools?

Ms. SPINNER. We will get you a number before close of business today.

Ms. NORTON. You don't have a number?

Ms. SPINNER. I don't have it in my head right now.

Ms. NORTON. It's December, and you don't have a number. Do you have a number in Montgomery County?

Ms. SPINNER. No. Mrs. Norton, let's be clear. The D.C. Public School System did in fact do its count in October, as it is prescribed to do. What we don't have is a final audit count, because there is a resolution process that you go through around enrollment. Once you do the count, you then verify that these young people are in fact residents of the District.

Mr. VANCE. Our report, which we submitted to the Board of Education as of October 5, 2001, reported 68,449 students enrolled in the District of Columbia.

Ms. NORTON. Thank you for your candor.

First of all, I appreciate—whenever you come before this committee—first, let me say to Mr. Chavous, because I guess it was your committee that really looked behind this and discovered the truth——

Mr. CHAVOUS. Yes.

Ms. NORTON [continuing]. I want you to know that it was never reported to this committee that a sampling was done. Of course, this committee is not the oversight committee, sir. You are, and you have done your job. And you've made the school system do for the public schools what, of course, they were requiring of the charter schools. The number that said there wasn't a single child lost in the public schools and that we had the same number of children growing, growing, just didn't seem credible to us, and nobody said they were doing a sampling.

So it's really important to do what the superintendent just did. He gave you the number he had. He's going to be willing to submit, if the audit finds that there are other numbers, but that's what you do when you come to a hearing, ladies and gentlemen. You give your best information.

Ms. CAFRITZ. Congresswoman, I just want you to know, our numbers are not based on a sampling. What the superintendent has presented are the numbers——

Ms. NORTON. I know.

Ms. CAFRITZ [continuing]. For October—OK.

Ms. NORTON. I know. That's right. Because in Mr. McCarthy's testimony, it said for the first time you did, apparently, pursuant to the city council mandate, a real audit. And of course that's what every other school system in the United States does.

Mr. CHAVOUS. If I may quickly——

Ms. NORTON. Yes, please.

Mr. CHAVOUS [continuing]. On that. You raise an excellent point. We introduced the legislation for the State Education Office for that purpose. We did not think it was fair, nor was it appropriate when we're going to a per pupil funding basis to evaluate how we

fund public education, for one to have a sampling, the other to have a complete audit. And so——

Ms. NORTON. It's apples and oranges.

Mr. CHAVOUS. Yeah. And so we wanted to have uniformity, and we wanted to have an independent monitor, and that's why we've created that office. And I'm very pleased with the work the State Education Office has done. I'm looking forward to the audited numbers. You will never have a question as to how many students are in—being educated in our public schools, because we will have the real count and an audited real count, and that's what the legislation intended to do.

Ms. NORTON. It's such an important step forward. This committee took—had a GAO report, went through the whole ball of wax just to try to find out how many students.

I'd like to ask a question on scores, and I'd like to ask it of Ms. Baker as well as of our school officials. I'd like you to—you haven't said much about scores here today. I'd like to know, over the past 3 or 4 years, have scores in every one of the classifications gone up or down? The ones that of course are the lowest, you'd want to go down. The ones that were the highest, you want to go up. That's the first question.

The second question is, would—I have read in the newspapers—and I need clarification—on the notion that the scores for our D.C. Public school system children are—have been consistently higher than the scores for our public charter school system. So would all of you who are relevant discuss that, please.

Mr. VANCE. While the standard for nine test scores indicate that we have significantly reduced the percentages of students scoring in the below-basic-proficiency level, over the past 4 years, Congresswoman Norton, our student's performance in reading, mathematics achievement is still deficient, where we've made—I'm reluctant to call it a gain—is where we've reduced the number of youngsters who have moved from that below basic to the basic level. But we are still, in terms of youngsters reading on grade level development tally, terribly flat and deficient.

Ms. NORTON. We are flat?

Mr. VANCE. Flat. The scores are just flat there. We cannot detect any progress in moving those youngsters along, and that's a major initiative of ours this year.

Ms. NORTON. Ms. Cafritz.

Ms. CAFRITZ. Oh, another thing that I would like to point out, because I think the SAT 9s, you know, reflect on it, because so much has been made of them. But I think that, in terms of our student's reputation, even more important are the SAT scores, and they are awful. And you have in place a team here who readily admits that they're awful and who——

Ms. NORTON. Can I ask you a question on that, Ms. Cafritz? We had a program here right at the time that the city went down that offered children SAT score help, and we had a person who made tremendous progress, and he was the first to go. You can understand, they had to just save the basic schools. Do we have any such program in the District of Columbia now?

Ms. CAFRITZ. I think the programs that you have in the District of Columbia, which you've had for years, are becoming real. OK?

But when we start at our high school for the gifted and talented—and, quite frankly, any charter school you can name—where the scores are—we have many scores in the 700's and 800's at Banneker, so you can imagine what it must be like in the rest of the system. I mean, that's what we're up against, and that's what we're facing when I address the question of equity.

Mr. VANCE. We have expanded the service you've mentioned. We're currently using in our high schools the Kaplan plan, we're using the Sylvan plan, and we're using the Princeton plan.

Ms. NORTON. Well, those are good plans.

Mr. VANCE. Outstanding plans.

Ms. NORTON. Of course, it assumes the children have been educated to the point where they can absorb those plans.

Mr. VANCE. Precisely. And we are beginning working with them. We made a presentation to the board on our effort to expand those plans in each of our senior high schools. We did have a representative in from ETS, an Educational Testing Service, and they indicated their willingness to work with us to reinforce what we were doing and also expand it to our intermediate, that is, our middle and junior high schools. So we're in the process this year of implementing that in every one of our high schools.

Likewise, we did create an office for honors and advanced placement classes in all of our high schools.

Mr. CHAVOUS. Ms. Norton, quickly, if I may, if you would indulge me, I'm convinced we will not improve test scores just through education alone. The biggest problem is the social conditions our children live under, and we are embarking on an initiative to integrate some of those wraparound services with what the education folks are doing. I think it's going to make a tremendous difference.

One of the reasons why our children aren't reading or they don't operate and do math at basic is because they have little or no reinforcement at home. And I think with the early childhood initiative, the compulsory attendance level that I'm going to introduce and the commission we put in place, working with the Mayor and Carolyn Graham as deputy mayor in this area I believe that we can put in place a program that will give our young people the support beyond that 8-hour school day or 6-hour school day that will make a huge difference. And then we will see that bear out in test results down the road.

Ms. NORTON. Could I encourage you—Mr. Chavous, I think that your early childhood initiative is an excellent one. D.C. has one of the best essentially childhood programs in the country as it is, because the council and the Mayor moved ahead of other jurisdictions, and all kinds of children in early childhood, they could not be in other jurisdictions. And I know you're going through a very thoughtful process, working with American University and the rest, but particularly as hard times set in, I would just look to encourage you, since there's already so much experience in the D.C. Public school system with early childhood, one of the great success stories of the D.C. Public school system, I would like to encourage you to move that program along even more quickly, and I would like to challenge you to have at least part of your program in place by September.

That is just how important I think what you just said is. If you start there, then by the time we get to the Kaplan or the D.C. college access program and, God knows, the high schools, the job will be much easier, and we won't be asking the principal and the teacher to do everything.

Mr. CHAVOUS. Well, indeed we expect to have a report by the end of January. We'll have hearings.

And then I can also say that this is a collaborative effort. The Mayor, the superintendent, the school board and I are working together, the council, and Carolyn Graham has been working with the superintendent's office. We're talking about some pilot programs in the fall. So we're really on the same page with where you are.

Ms. NORTON. Excellent. Ms. Baker did not get to answer the question on the difference in scores between the charter schools and the D.C. public schools.

Ms. BAKER. Right. I think that there was actually a flaw in the process that was used, and I guess that—a year or so ago in terms of that comparableness. I think that one of the things that if you start going into statistical analyses you have to look at if you are comparing 500 students to 5,000 students, you've got to make some adjustments, because that is not a clear——

Ms. NORTON. Yeah, but they know——

Ms. BAKER. No. Mathematicians and—in one case that was not done, is all I'm saying. That was not done. It was just a—you know, you add this up and you add that up and you don't make any allowances, and that does not work.

But I would also say that, yes, we still have a good deal—number of students who are, yes, below basic, but we also chart gains, and I think that's clear in the complete report that I did leave with you. And that is that it's important to see how much growth has occurred in children over the course of a year, and we do have a company that does that for us so that we look very carefully at whether—and what percentage of the students gains were in the school so that——

Ms. NORTON. Are you saying that the schools are comparable now or not?

Ms. BAKER. I don't know that there has been an analysis—an actual comparison.

Ms. NORTON. Well, I wish you would report to this committee on that so we could know the truth on that, rather than read it in the newspaper.

Ms. BAKER. Well, I don't know—I just question——

Ms. NORTON. Fair is fair. The fact is that I am a strong supporter of the charter schools. It was my bill that was the——

Ms. BAKER. Right. I understand that. I'm not denying a comparison, but I just think that the comparison that we make needs to be sure that we compare apples to apples. I don't believe that we need to take X number of students and compare them just—I think you need to break it down, is what I'm saying.

Ms. NORTON. I think statistically, you need to look—you're absolutely right on this. You need to look at the composition of the income and other compositions of those students—they might be skewed in some way or the other—and compare that with——

Ms. BAKER. There are a number of things that you ought to take into account, yes.

Ms. NORTON. Finally, I just want to get on the record one way or the other on this. The IG wrote to all of you and sent copies to all of us, and this is about the—and let me quote him. As a result—and he was referring back to possible audits by the D.C. public schools and the council. Then he goes on to say, timely completion of the CAFR is at risk. He said, I am recommending that all efforts other than the CAFR to audit DCPS financial records for 2001 be suspended until completion of the CAFR on February 1, 2001. Have all audits—how have the parties responded to his recommendation?

Mr. CHAVOUS. Well, earlier this week, the IG, the CFO, the superintendent, Ms. Cafritz, the Mayor and I and also KPMG, the D.C. auditor, we were all in the same room. The Mayor chaired the meeting to deal with that very issue. We have come to a meeting of the minds as to how to proceed in a way that would not be disruptive to the CAFR. The council needs to have an audit done, and now the request that the school board made has been folded into the work of our auditor.

The reason why we need to have the audit is we need to understand how we got in this mess, which just follows up on the questions that Congresswoman—Chairwoman Morella indicated—I mean, asked on. But we aren't going to get in the way of the CAFR. We're going to make sure that, working with KPMG, the city's auditors and the IG, that we'll work in tandem and we don't get in the way of that effort, because that is a top priority of the city. But we do need to make sure as well that the city auditor is able to do her work so that, as we build the 2003 budget, we don't repeat any mistakes in the past.

So we're—we have a working group. We're working through a memorandum of understanding, and we will make sure that the CAFR is done in a timely manner.

Ms. NORTON. That is exactly the way to do it. Thank you very much.

Mr. CHAVOUS. Thank you.

Mrs. MORELLA. Thank you, Ms. Norton. I know we've been keeping you——

Ms. CAFRITZ. One last thing I wanted to point out. It's so important that we realize that all of these children are public school children, and there is not one panacea that is any better than another panacea. It's going to take a lot of hard work.

The public school system is beginning work with Richard Wayne, who is a well-known researcher in the charter school area, and I think it's—the 21st Century Schools is the name of the company, to do a joint study on all the charter schools' scores and DCPS scores in a way that they are appropriately, statistically disaggregated. So, you know, we will be able to bring you across the board, you know—and I think that everyone is participating in that as far as I know.

Ms. BAKER. Our board has already used Rich and Joyce's strategies as a—for the analysis that we get annually, and so then they will be folding in those as well.

Ms. CAFRITZ. We couldn't afford that. We had to wait till they got a grant.

Mrs. MORELLA. That's good that—I was going to ask that kind of question. But just one final question. Do you have full-time kindergarten as a demonstration program or requirement?

Ms. BAKER. Full time.

Mrs. MORELLA. You have full-time?

Ms. CAFRITZ. Full-time, universal.

Mrs. MORELLA. Excellent. Because that is, you know, your—following up on your preschool education has been found in some recent studies——

Ms. CAFRITZ. We also have universal pre-K.

Mrs. MORELLA. Yeah, universal pre-K. Excellent. Good.

It's interesting, because your wraparound schools very much are like linkages to learning, where you need to bring all of the facilities together if you're going to give that kind of background and environment to the students.

I have looked at the Stanford 9 tests in reading and mathematics, and it is true, as you have indicated, the improvement is very slight, particularly over the last few years. There's been some significant improvement from many years ago, but the last few years when you have 36 percent below basic, and basic is 36 percent with regard to math, and 25 percent below basic, and 46 percent just basic when it comes to reading—and so it just seems to me that there are programs you must be offering that start from the very beginning, not just SATs. When they're ready to take the preSATs or the SATs, they're going to help to develop this. And, again, I look forward to hearing more about what you are planning to do.

I just want to ask our State education officer—congratulations on your appointment, Ms. Spinner—are you doing any evaluation of test scores?

Ms. SPINNER. At this point, we haven't undertaken any evaluation of test scores, but it's important, I guess, that I say that at this point in time that the State Education Office in the District of Columbia came about, as you all know, through a legislative process that makes it a bit different from other State education offices. We really are focusing on monitoring and oversight and the kind of research and information gathering that will allow for better data-driven decisionmaking across the city. We're very hopeful that this time next year we'll be coming back to you with the kind of information about not just one set of our public schools but all of our public schools that will inform what you know and how you know it.

Mrs. MORELLA. So are you planning to do an evaluation?

Ms. SPINNER. Yes, we are, and we'll be doing that in cooperation with our public schools.

Mrs. MORELLA. Very good. Splendid.

I want to thank the panel. We will be forwarding some questions to you. You know, education opens doors, but it also prepares people to go through those doors, and you are working with the potential leaders for the future. Thank you all very much for being with us.

Dr. Gandhi and Mr. Maddox will be coming forward, and I think you were going to have Mr. DiVello—before you sit down, too, I'll swear you in. So if you would raise your right hands, gentlemen.

[Witnesses sworn.]

Mrs. MORELLA. Thank you. Affirmative response, for the record.

Well, you've heard our long morning deliberation, the statements, the questions, the responses. So I think that you're all ready for us, and we're certainly ready for you. Thank you again for your patience in waiting so long to be able to testify. So we'll start off, then, again, in our usual way.

Dr. Gandhi, you're a familiar person who appeared before this subcommittee, and so you know that your entire testimony will be in the record, and look forward to hearing from you, sir.

STATEMENTS OF NATWAR GANDHI, CHIEF FINANCIAL OFFICER, DISTRICT OF COLUMBIA; AND CHARLES C. MADDOX, INSPECTOR GENERAL, DISTRICT OF COLUMBIA, ACCOMPANIED BY WILLIAM J. DIVELLO, CFE, ASSISTANT INSPECTOR GENERAL FOR AUDITS

Mr. GANDHI. Thank you very much, Madam Chair. Good morning, Chairwoman Morella, Congresswoman Norton and members of the subcommittee.

I am Natwar M. Gandhi, chief financial officer for the District of Columbia, and I'm here to discuss the financial management of the District of Columbia public schools.

First, let me address the District's commitment to the children. The record is clear that Mayor Williams and the council have made a commitment to put children's education first in the District of Columbia. Because of this commitment, there has been a need to increase our investment in schools, and over the past few years this has been done.

The combined operating budget for D.C. public schools and D.C. Charter Schools has increased from $568 million in fiscal year 1999 to about $801 million in fiscal year 2002. This is a 41 percent increase over a 4-year period, while during the same time total enrollment in schools has increased from about 79,000 to 82,000, a 4 percent increase.

The public education local source budget for fiscal year 2002 constitutes about 23 percent of the total D.C. budget.

As the chief financial officer, I can tell you that, in today's revenue environment, the District cannot continue this trend of an annualized 10 percent growth to this budget without radical change in the District's commitment to other components of its budget. Therefore, the long-term financial viability of the DCPS is substantially dependent on structural change in the management of its program and cost profile.

In that cost profile, as we just heard, special education is the cost driver. The District's special education program, comprising about 16 percent of the student population, accounts for one-third of its operating budget. When we compare the fiscal year 2000 budget for special education to the fiscal year 2002 budget, we find a 38 percent increase in costs. Over the same period, the number of students requiring special education services increased by 11 percent.

Others have already spoken about underlying problems with the special education program itself that contribute to making it so costly and why changing this cost will take some years to correct. Most of the costs are tied to compliance with Federal mandates, and the District has no control over these expenses and only a limited ability to anticipate them.

Now let me turn to fiscal year 2001. The projected fiscal year 2001 financial deficit at the schools has unfortunately generated much controversy over the past few months. I fear that a good portion of this controversy stems from inadequate and untimely communication between the Office of the Chief Financial Officer and the superintendent and the Board of Education, a failing which I deeply regret. At the end of the day, however, what matters for the schools and the District is the audited financial statements and not our projections. We have gone over the books for fiscal year 2001 and the independent audit is in full force.

The actual figures provided to the District's independent auditor show deficits of approximately $60 million after the gap closing measures of $38.2 million. Had no action been taken, the deficit would have been $98.2 million.

It is important to note, however, that although this shortfall presents us with challenges as we enter the new fiscal year, it will not impact the District's goal of financial viability. Our financial forecasts for fiscal year 2001 included provisions for unanticipated spending pressures of potential revenue shortfalls, and this gives us the ability to manage unforeseen budgetary challenges.

In the current fiscal year, the schools have major financial problems that could result, because the problems identified in fiscal year 2001 continue in fiscal year 2002. Before corrective actions are taken, we project a deficit of about $108 million in fiscal year 2002.

The Board of Education has voted to make structural changes in fiscal year 2002 operations that will reduce costs by about $44 million. We have taken on the challenge of addressing Medicaid revenue shortfalls District-wide. We have also proposed that, in addition, $40 million be reallocated from other accounts in the city to the schools. The District's proposal approved by the Congress will make an additional $9.7 million available for the schools. Along with these and the cuts of new programs at the schools, these items will bring back solvency to fiscal year 2002 in the schools.

Let me now turn to what I believe is a major source of friction between the schools' leadership and my office, the method the District uses to manage the financial affairs of the public school system. From a financial standpoint, the schools are managed by the District in the same manner as other agencies of the District government. It receives its budget on an October/September fiscal year; its financial flexibility is governed by the same reprogramming restrictions applicable to other agencies; it operates only partially through the District's financial systems, and its financial personnel report to the chief financial officer.

Both the school board and the superintendents have contended that this model is not a good fit for the public school operations and point to the models of surrounding jurisdictions that have much wider latitude for independent action by the school management. The District already has moved to give the DCPS greater independ-

ence but not as a part of a comprehensive plan. For example, DCPS exercises independent personnel and procurement action. Also, steps are under way to give schools their own payroll system, and the Mayor has recommended changing the school's fiscal year to a July/June basis.

As each of these incremental changes is made, the current financial operating matter becomes progressively less viable. For example, DCPS intends to integrate its personnel and payroll operations in a software package that includes budget, procurement, payroll and accounting. Even if the accounting module is well integrated with the District's accounting system, financial personnel would need to operate on both systems simultaneously, a cumbersome and expensive mode of operations the District does not have funds to support.

I believe this would be a good time for the Mayor, the council, the Board of Education, the chief financial officer and, of course, the Congress to jointly review what model makes sense for managing the schools' finances going forward. I believe it is possible to devise a system that would give schools much greater financial flexibility, while at the same time protecting the District's Treasury from unauthorized spending.

Moving in this direction could actually contribute to more efficient program operations by giving the schools both the authority and responsibility to manage their financial affairs. Here are what some of the components might be of that arrangement.

One, establishment of the schools as a component unit of the District government, somewhat similar to the University of the District of Columbia.

Two, creation of a statutorily binding DCPS maximum fund allocation for the fiscal year that cannot be exceeded. A binding limit would protect the District's Treasury and, at the same time, encourage innovative program solution to solve financial issues. Under such a binding limit, I can envision the establishment of the Office of the Chief Financial Officer at the schools as a unit of the schools.

Three, implement at the Federal level a schools capital fund, to free up the District's debt service funds to cover necessary maintenance on new capital projects. The school's facility master plan cites capital improvement needs for up to $2.2 billion between fiscal year 2002 through 2007, but the District's capital improvement program funds only $868 million over the same period. In addition, the program has no funding for charter schools, and the District has no budgetary flexibility to fund routine maintenance for new buildings.

Four, changes in the DCPS fiscal year to a July/June basis. Operating on a fiscal year that does not coincide with the school year is a unique handicap for the schools.

Five, devise an oversight structure to periodically review both programs operations and financial statements.

And, finally, amend the provision regarding the public charter school oversight to require audited financial statements by the District's independent auditor.

Madam Chairman, this concludes my testimony, and I request that my written testimony be made part of the record. I'll be prepared to answer any questions you may have. Thank you.

Mrs. MORELLA. Yes. Without objection, your statement in its entirety will be in the record. We thank you, Dr. Gandhi.

[The prepared statement of Mr. Gandhi follows:]

THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995 –

BLUEPRINT FOR EDUCATIONAL REFORM IN THE DISTRICT OF COLUMBIA

Before the
U.S. House of Representatives
Committee on Government Reform
Subcommittee on the District of Columbia

The Honorable Constance A. Morella, Chairwoman

December 7, 2001
Room 2154, Rayburn House Office Building

Testimony of
Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good Morning, Chairwoman Morella, Congresswoman Norton, and Members of the Subcommittee. I am Natwar M. Gandhi, Chief Financial Officer for the District of Columbia. I am here today to discuss the financial management operations of the District of Columbia Public Schools (DCPS), problems encountered in this arena, and steps being taken to address those problems. I will also make some observations on possible steps that may be considered in modifying the financial management governance structure of DCPS.

The District's Commitment to Children

The record is clear that Mayor Williams and the Council have made a commitment to put children's education first in the District of Columbia. Because of this commitment, there has been a need to increase our investment in schools, and over the past few years this has been done. The combined operating budget for D.C. Public Schools and D.C. Charter Schools (the Schools) has increased from $568.6 million in FY 1999 to $800.9 million in this year's proposed FY 2002 budget. This is a 41% increase over a four-year period, while, during the same time, total enrollment in the Schools has increased from 79,336 to 82,578 – a 4% increase.

The public education local source budget (including DCPS, Charter Schools, and the State Education Office) for FY 2002 constitutes about 23% of the total D.C. budget. As the CFO, I can tell you that in today's revenue environment, the District cannot continue this trend of an annualized 10% growth to this budget without radical change in the District's commitment to other components of its

budget. Therefore, the long-term financial viability of DCPS is substantially dependent on structural change in the management of its program and cost profile.

The Special Education Program

Special education is the cost driver for DCPS. The District's special education program, comprising about 16% of the student population, accounts for one-third of its operating budget. When we compare DCPS' FY 2000 budget for special education to the Board of Education's recent reconciliation of the FY 2002 budget, we find a 38% increase in costs associated with special education (from $181.4 million in FY 2000 to $251.1 million in FY 2002). Over this same period, the number of students requiring special education services increased by 11% (from 9,754 to 10,833). Dr. Vance and others can speak to you about underlying problems with the special education program itself that contribute to making it so costly, and why changing these costs will take some years to correct. Most of the costs are tied to compliance with federal mandates, and the District has no control over these expenses and only limited ability to anticipate them.

I have met with the School Board, the Superintendent, and key members of his staff. They are acutely aware of the challenges they face in the special education arena, and are committed to change. In the meantime, this program continues to experience cost increases driven by a rising special education population and court ordered business practices.

FY 2001 Spending

The projected FY 2001 financial deficit at DCPS has unfortunately generated much controversy over the past few months. I fear that a good portion

of this controversy stemmed from inadequate and untimely communication between the Office of the Chief Financial Officer and the Superintendent and Board of Education, a failing which I regret. At the end of the day, however, what matters for DCPS and the District is our audited financial statements for FY 2001, not our projections. We have closed our books for FY 2001 and the independent audit is in full force. The actual figures provided to the District's independent auditor show deficits of approximately $60 million, after DCPS and the OCFO took gap closing measures of $38.2 million. Had no action been taken, the deficit would have been $98.2 million. I have attached to this testimony charts that reflect the FY 2001 preliminary closing position of DCPS and related information.

By way of background, while all financial personnel in the District report to the Office of the Chief Financial Officer, day-to-day financial operations are decentralized to twenty-one agency CFOs, who provide oversight to one or more agencies under their jurisdiction. As currently structured, successful financial planning and management are highly dependent on the effective operation of the approximately 600 agency CFO employees in these organizations.

Programs are funded from a variety of revenue sources, and it is not uncommon for agency priorities to change during the year, causing surpluses in some areas and deficits in others. In the main, the OCFO relies on financial reports from agency CFOs that interpret raw spending data and specify any emerging problems. On at least two occasions, the DCPS CFO organization failed to give me, the superintendent, and the Board of Education adequate warning or explanation of significant problems. The most recent was a very belated alert that no provision had been made in DCPS' budget for summer school operations.

Because of my concerns about our DCPS CFO operation, I determined new leadership was needed. Consequently, after consultation with Superintendent Vance and School Board President Cafritz, I reassigned Bert Molina from the position of Associate Deputy Chief Financial Officer for Financial Operations to Chief Financial Officer of D.C. Public Schools. Mr. Molina is among the most highly qualified financial executives in the District of Columbia and previously was Chief Financial Officer for Milwaukee Public Schools. My charge to him was to rigorously apply the principles of government budgeting and accounting to the management of DCPS finances, in order to ensure that DCPS financial operations properly budgeted for expenses and received an unqualified opinion from the District's independent auditor in the upcoming Comprehensive Annual Financial Report for FY 2001.

As a result of his FY 2001 review in July and August, he reported that DCPS was on a path to incur a FY 2001 deficit of $80 million. Of this total, $11.6 million was related to utilities overspending of $8.6 million and miscellaneous expenditures of $3 million. The balance was related to the DCPS special education program:

- Medicaid special education revenue shortfalls totaling $38 million.
- Special education program overspending of $24.6 million; and
- Special education transportation overspending of $6.1 million.

The CFO's office worked with Superintendent Vance and his staff to close these projected deficits. DCPS cut planned spending and applied various credits to cut $26.1 million from the projected shortfall. The District reprogrammed

$12.1 million from other appropriations, thus covering a total of $38.2 million of the projected shortfall. However, the recently completed DCPS financial reports show remaining overspending against its approved budget of approximately $60 million. In the final analysis, the Medicaid revenue shortfall is responsible for $44.4 million of this. The balance of $15.6 million is attributable to paying settlements and correcting charges erroneously billed to the capital budget.

It is important to note that, although this shortfall presents us with challenges as we enter the new fiscal year, it will not impact the District's overall financial viability. Our financial forecasts for FY 2001 included provisions for unanticipated spending pressures or potential revenue shortfalls, and this gives us the ability to manage unforeseen budgetary challenges.

So these are the facts for FY 2001. Unaudited figures show that the District's FY 2001 CAFR, to be issued in February 2002, will report spending of approximately $60 million in excess of FY 2001appropriated amounts, subject to final audit adjustments. DCPS' books are already closed and reflect this amount. The task before us all is how to restructure financial and program operations in a way that provides the Board of Education and the Superintendent with the information they need to manage school programs effectively and efficiently.

FY 2002 DCPS Financial Posture

All parties must know that DCPS has major financial problems to resolve this fiscal year, because the problems identified in FY 2001 remain in FY 2002. Before corrective actions are undertaken, DCPS management and DCPS CFO staff project an out-of-balance condition of $108 million against the proposed FY 2002

budget just approved by Congress. Some $27 million of the projected Medicaid revenues is unlikely to be received, and $81 million is related program spending, of which $56 million relates to the special education program. Superintendent Vance and the Board of Education are taking steps to address these spending pressures. Staff restructuring to reduce administrative overhead by $14 million has already been initiated. Within the DCPS CFO office alone, staffing has been reduced to produce $1 million in salary savings on an annualized basis.

Overall, the Board of Education has voted to make structural changes in FY 2002 operations that will reduce costs by $44.6 million. The OCFO has taken on the challenge of addressing Medicaid revenue shortfalls District-wide (including DCPS' $27 million). The OCFO has also proposed that, in addition, $40 million be reallocated from other accounts to DCPS. This proposal is pending before the Mayor and the Council. The District's reserve relief proposal approved by the Congress will make an additional $9.7 million available for DCPS. Along with DCPS' cuts to account for new programs, these items will bring DCPS back into balance for FY 2002.

Structural Problems and Corrections

Internal weaknesses in our financial management processes contributed to the failure to identify the FY 2001 financial deficits at DCPS early in the fiscal year. These are summarized below along with the steps we are taking to correct them.

Improving Revenue Analysis and Medicaid Information Tracking. DCPS' problems are predominantly associated with programs for children requiring

special education. Dr. Vance and others can speak to you about underlying problems with the special education program itself that contribute to making it so costly and that will take some years to correct. The District's special education program, comprising about 16% of the student population, accounts for one-third of the $845 million DCPS budget. The DCPS budget, in turn, is about 15 % of the total D.C. budget. Clearly, the long term financial viability of DCPS is to a substantial degree dependent on structural change in the management of this program.

Part of this structural change must address the management of Medicaid as a funding source for DCPS special education programs. The school system depends on Medicaid payments to defray a portion of its operating costs. Consequently, having accurate estimates of probable receipts and actual revenues realized is critically important. When projected Medicaid revenues fail to materialize, costs incurred are shifted to the District's local funds.

The Medicaid Program requires detailed reporting to justify claims. Medicaid reimburses the District for qualified expenses that have been incurred in DCPS and other program areas. For the DCPS special education program, each special education child constitutes an independent cost center with his or her own profile of services to be provided. Specific cost accounting for each service is required if Medicaid payment is to be received. Consequently, the great challenges of Medicaid are accurate, detailed recordation of services, timely processing of claims and accurate posting of collections. This entire pipeline of recordation and accounting is not working well in DCPS or other D.C. agencies that rely on Medicaid as a source of funds. These include the Department of

Mental Health, the Department of Health, the Child and Family Services Agency, and other smaller agencies. This results in lost reimbursement revenues associated with denied claims.

Overall, Medicaid payments are $1 billion of the District's $5.3 billion operating budget. The CFO is working with the City Administrator and affected agency heads to assess problems in administering Medicaid-related programs and recommend structural changes. This is a comprehensive, agency-specific effort, addressing all aspects of Medicaid administration, including documentation of services provided, claims administration, audits of claims and other related functions. Improving Medicaid revenue estimating and tracking will be one component of an improved system.

Another outcome will be a clear delineation of responsibility for Medicaid-related operations. In my view, validating revenue and other estimates used to build agency budgets is a CFO operation, as is accounting for receipts and disbursements. Developing Medicaid student profiles, maintaining proper recordation of services and assuring provider compliance with reporting requirements are program responsibilities. While the OCFO is facilitating reviews of how all these activities can be better integrated and delivered, our ultimate operational role is a small one. However, until this new system is in place, the OCFO will track actual Medicaid receipts against DCPS monthly projections. If there is a discrepancy, OCFO will view this as a spending pressure for which gap closing actions are required on the part of DCPS.

Monitoring Planning Assumptions. To begin to address this problem, the DCPS Chief Financial Officer – in concert with DCPS special education program managers – is revisiting all spending assumptions with respect to special education to validate their currency and update them, as necessary. We will then monitor actual experience against these assumptions throughout the year to assure currency of financial projections.

It is imperative that agency administrators and directors be responsible for managing their programmatic costs. Without a doubt, the school system faces on-going challenges in this arena. However, the Board of Education, Superintendent Vance and I will be working cooperatively to address rising costs in special education and Medicaid reimbursements, so that DCPS operates within its allocated FY 2002 budget and will build appropriate adjustments into the FY 2003 budget.

Quality and Timeliness of Financial Reporting. Both top DCPS officials and I were unaware of the magnitude of DCPS' financial problems until late in the year. I see this in part due to inattentiveness on the part of DCPS CFO managers, and changes in key people were made to address this. However, better systemic tracking of financial data is also needed. The Office of Budget and Planning has begun tracking expenditures against last year's actuals to assess overspending potential. For FY 2002, DCPS (as well as other agencies) will include prior year spending in spending reports and explain variances between the prior and current year of 5% or more. Furthermore, DCPS and other agencies will develop month-by-month annual spending plans, which will enable the District to track planned expenditures against actual spending. All key data will come directly from the

District's accounting system. Divergences from plan will be the basis for substantive discussions with agency personnel.

Timely Entry of Transactions. Proper monitoring using the SOAR system cannot occur unless all transactions are entered into the system on a timely basis. All agency Chief Financial Officers have been charged with ensuring that such entries are made timely, and this will be an area of performance review for FY 2002.

Programmatic Assumptions Used to Build DCPS' Budget. One problem leading to DCPS' shortfalls was that key planning assumptions on unit costs and number of students proved off-target. This is a frequent challenge that can be remedied if early information is available on the extent of deviation from the projection. Beginning with the FY 2002 DCPS budget, all key planning assumptions will be documented, and the DCPS CFO will be charged to meet with key program managers to validate the extent to which projections are accurate and the financial impact of any deviation.

Appropriation Controls. As Chief Financial Officer, it is my responsibility to ensure that all agencies remain within the funds appropriated by the Council and the Congress as required by law. This means that, as we enter the new fiscal year, D.C. Public Schools will be required to adhere to the funding levels appropriated by Congress in the FY 2002 Appropriations Act or as amended according to statutory rules.

Quarterly Briefings with DC Public School Board. It is my hope to establish at least quarterly meetings with top DCPS officials to review progress in executing DCPS' budget and any issues related to that execution.

An Alternative Method of Managing DCPS Finances

Let me turn now to what I believe is a major source of friction between DCPS leadership and my office – the method the District uses to manage the financial affairs of the public school system. From a financial standpoint, the DCPS is managed by the District in the same manner as other agencies of the District government. It receives its budget on an October/September fiscal year; its financial flexibility is governed by the same reprogramming restrictions applicable to other agencies; it operates only partially through the District's financial systems; and its financial management personnel report to the Chief Financial Officer.

Both the School Board and the Superintendent have contended that this model is not a good fit for public school operations and point to the models of surrounding jurisdictions that have much wider latitude for independent action by schools management. The District already has moved to give DCPS greater independence, but not as part of a comprehensive plan. For example, DCPS exercises independent personnel and procurement action. Also, steps are underway to give DCPS its own payroll system as part of its overhaul of DCPS administrative systems. The Mayor has recommended changing the DCPS fiscal year to a July/June basis.

As each of these incremental changes is made, the current financial operating method becomes progressively less viable. For example, DCPS intends to integrate its personnel and payroll operations in a PeopleSoft software package that includes budget, procurement, payroll, and accounting. Even if the accounting module is well integrated with the District's accounting system, SOAR, financial personnel would need to operate on both systems simultaneously – a cumbersome and expensive mode of operations that the District does not have funds to support.

I believe this would be a good time for the Mayor, the Council, the Board of Education, and the Chief Financial Officer to jointly review what model makes sense for managing DCPS finances going forward. I believe it is possible to devise a system that would give DCPS much greater financial flexibility while at the same time protecting the District's Treasury from unauthorized spending. Moving in this direction could actually contribute to more efficient program operations by giving DCPS both the authority and the responsibility to manage their financial affairs. Here are what some of the components might be:

- *Establishment of DCPS as a component unit of the District government somewhat similar to the University of the District of Columbia.* DCPS would interact with the District's accounting system at the summary level and would operate its own budgeting and accounting system.

- *Creation of a statutorily binding DCPS maximum fund allocation for the fiscal year that cannot be exceeded.* This would be coupled with removal of District and congressionally imposed reprogramming guidelines that restrict DCPS' capability to reorder quickly financial priorities in the face of changing

conditions. A binding limit would protect the District's Treasury and at the same time encourage innovative program solutions to solve financial issues. Under such a binding limit, I can envision the establishment of the Office of the Chief Financial Officer of DCPS as a unit of the DCPS. DCPS CFO personnel would interact with the CFO of the District of Columbia in building budgets, but would be appointed by and report to the Superintendent. The Superintendent in turn would be responsible to the Board for assuring his program plan and financial plan are in balance.

- *Implement at the federal level a schools capital fund, to free up District debt service funds to cover necessary maintenance on new capital projects.* The DCPS Facility Master Plan cites capital improvement needs of up to $2.2 billion between FY 2002-2007, but the District's Capital Improvement Program funds only $868 million over that same period. In addition, the Capital Improvement Program has no funding for Charter Schools, and the District has no budget flexibility to fund routine maintenance for new buildings.

- *Change in the DCPS fiscal year to a July/June basis.* Operating on a fiscal year that does not coincide with the school year is a unique handicap for DCPS. Please note that such a change will not pose difficulty in preparing the District's CAFR.

- *Devise an oversight structure with Mayor/Council representation to periodically review during the fiscal year reports from the School Board on both program operations and financial status.* This information would be used

to help inform the development of the upcoming DCPS budget and the amount of subsidy to be underwritten by the District general fund.

- *Amend provisions regarding public charter school oversight to require audited financial statements by the District's independent auditor.* Under current law, the District's Charter School Board is empowered to permit each charter school to make its own arrangements for independent audit. This arrangement leads to inconsistent audit treatment across schools and denies the District a financial monitoring tool to assess the financial performance of entities receiving public funds.

Madame Chairwoman, this concludes my testimony. I request that this statement be made a part of the record. I will be pleased to answer any questions you or the other Members may have.

District of Columbia Public Schools
Office of the Chief Financial Officer
FY 2001: Deficit Projection Variance Analysis
Subject To Audit Adjustment

(in millions)
District Appropriations

Description	As of 9-6-01	As of 11-19-01	Variance	Comments
Medicaid Revenue Shortfall:				
- Refunds to Medicaid (est.)	$ (17.0)	$ (22.3)	$ (5.3)	Refunds due Medicaid for Overpayments Rec'd from FY96 - FY98
- Lost Revenues	(12.0)	(11.0)	1.0	Billings outside 2 Year Limitation (included in FY99 Cost Settlement)
- Lower Than Budgeted Revenues	(9.0)	(11.1)	(2.1)	Actuals revenues less than budgeted
Medicaid Sub-total	$ (38.0)	$ (44.4)	$ (6.4)	
Special Education:				
- Tuition Payments	$ (18.2)	$ (16.4)	$ 1.8	
- Other Special Education	(6.4)	$ 1.9	8.3	
- Transportation	(6.1)	(4.5)	1.6	
Special Education Sub-total	$ (30.7)	$ (19.0)	$ 11.7	
Utilities	(8.6)	(5.4)	3.2	Revised Estimated from OFRM
Misc	(2.7)	(3.7)	(1.0)	
Schools	-	(10.3)	(10.3)	Primarily an overrun in school based salaries
Labor Arbitration & Other Retro Pay	-	(10.5)	(10.5)	Teamsters' Impasse Arbitration Award combined with Other Retro Pay
Operations and Maintenance	-	(4.9)	(4.9)	Facilities O&M Reclassified from Capital Projects ($3.5M)
Projected Deficit Before Corrective Actions	$ (80.0)	$ (98.2)	$ (18.2)	
Corrective Actions:				
Spending freezes and revenue programming	28.0	26.1	(1.9)	
Budget reprogramming from other agencies	14.0	12.1	(1.9)	
Projected Deficit After Corrective Actions	$ (38.0)	$ (60.0)	$ (22.0)	

District of Columbia Public Schools
FY 2002: Spending Pressure Estimate and Gap Closing Measures
($ in 000's)

(A)	FY 2001 Unaudited Expenditures (B)	FY 2002 Enacted Budget (C)	FY 2002 Revised Estimate Exp. (D)	Variance betw. 02 Budget (C) and Revised Estimate (D) (E)
Personal Services	499,902	455,969	554,969	-99,000
Non-personal Services	219,690	212,355	221,355	-9,000
Total	719,592	668,324	776,324	-108,000

NOTES:
FY 2002 Budget (Column C) assumes $658,624 as presented to Congress, of which $12,000 are intended for summer school, and $3,600 are intended for special education interventions. It also assumes an additional $9,700 from the city through the Reserve Relief Fund for pay increases.

FY 2002 Spending Pressures Detail of (E)		($ in 000's)
Personal Services	Medicaid revenue shortfall	-27,000
	Special education tuition and attorney fees	-35,000
	Special education transportation	-17,000
	Contingency funds	-6,100
	Transformation schools	-8,500
	School-based program adjustments	-4,100
	Weighted Student Formula increase	-1,300
Non-personal Services	Utilities	-9,000
Total		-108,000

FY 2002 Gap Closing Measures	($ in 000's)
DCPS and BOE savings initiatives	41,000
Resolution of Medicaid shortfalls by CFO for all affected agencies	27,000
Reprogramming from other District accounts	40,000
Total	108,000

Mrs. MORELLA. I'm now pleased to recognize Mr. Charles Maddox, inspector general for the District of Columbia. Thank you, Mr. Maddox.

Mr. MADDOX. Good afternoon, Chairwoman Morella and Congresswoman Norton. My name is Charles Maddox. I am the inspector general for the District of Columbia.

Accompanying me this afternoon is Bill DiVello, who is the assistant inspector general for audits. Mr. DiVello was also the Chair of the CAFR Committee during the course of the CAFR audit.

I appreciate the opportunity to appear before you today to discuss issues that relate to continuing efforts by the District of Columbia to improve its public school system.

Today, I would like to provide you a brief summary of work performed by the Office of the Inspector General since the enactment of the District of Columbia's School Reform Act of 1995. Specifically, I would highlight some of our work concerning current financial matters and special education. In addition, I will discuss some concerns regarding our ability to conduct audits of charter schools.

We have expended considerable audit and inspections resources regarding facilities maintenance, property management, the capital improvement program and procurement. I am willing to provide information about these efforts according to your interests after this testimony.

In the latter part of fiscal year 2001, the chief financial officer for the DCPS identified revenue shortfalls from Medicaid and other obligations that, while still subject to a final accounting, negatively affected operations of the District of Columbia's Public School Systems. The amount of the shortfall and spending pressures estimated recently at a combined total deficit of $80 million was initially disputed by the president of the Board of Education. In an attempt to resolve these matters, the OIG issued a management alert report requesting that the District's CFO provide details surrounding the possibility of all overobligation, including a determination whether an Antideficiency Act violation has occurred.

Additionally, to address growing concern over the deficit and to determine the effect of the apparent deficit on the city-wide Comprehensive Annual Financial Report [CAFR], we decided to expedite the portion of the CAFR audit that involves D.C. public schools. We expected the audit work to be completed by the end of December, and it will be distributed immediately so that policymakers will have the benefit of our findings for short and long-term planning.

In addition, we have expressed great concern about indications that the D.C. auditor and a firm hired by the DCPS independently to conduct their own assessment of the deficit—specifically, we are concerned that such efforts could compromise timely completion of the CAFR.

Furthermore, we are concerned that those efforts could violate appropriations language which restricts spending of appropriated funds for purposes of auditing the city's financial statement. Specifically, section 132 of public law 106.522 prohibits the use of such funds, "unless the audit is conducted by the OIG." Accordingly, any audit efforts that would duplicate those performed by the District's

CAFR auditors under contract to the OIG may not be financed by district funds.

On November 7th and 9th, we notified the Congress and District leaders of our concerns and recommended specific actions, including both the recommendation that the D.C. auditor and DCPS suspend their efforts until completion of the CAFR on February 1, 2002. Copies of those transmittals are provided for the record.

On a daily basis, I will continue to work with District leaders to monitor developments in this area so that we can avoid the potential conflict.

We have issued findings on 17 audit reports and related inspections. Although I cannot comment on pending investigations, I can say that we are also have and continue to investigate a range of matters at DCPS. A list of the audit inspection reports is included as an attachment for the record.

We have consistently reviewed programs and operations at DCPS, because DCPS delivers key services to many District residents and because many of the existing challenges at DCPS threaten the fiscal viability of the District.

With regard to special education programs, we have completed two audits. The first was completed in calendar year 1999 and second in calendar year 2000. In our 1999 audit, we found that DCPS was not in compliance with Federal or District regulations in the administration of special education program.

Specifically, DCPS did not do the following: Evaluate and place special education students in a timely manner; conduct due process hearings or implement determinations made by an independent hearing officer in a timely manner; provide student-remitted services specified in their individualized education programs; and report activities of the program annually to the Board of Education.

We also noted that DCPS did not properly maintain Medicaid records. As a result, DCPS did not timely submit requests for Medicaid reimbursements, which totaled $14 million. This delay resulted in a loss to the District of approximately $1 million in interest.

Our calendar year 2000 audit focused on transportation costs within the special education program. This audit disclosed that DCPS experienced difficulty in meeting the demands of providing transportation services to its special education students. This situation had been exacerbated in part because of the nationwide shortage of school bus drivers. Moreover, DCPS had not implemented measures to reduce transportation costs. Such measures include devising pair shared bus routes, implementing staggered bell times, establishing neighborhood schools special education programs and designing efficient and economic bus routes.

Similar types of measures have been implemented in other school jurisdictions with significant savings in transportation costs. Implementing such measures could save the District at least $2.4 million annually.

We also identified the following deficiencies in the administration of the special education program. They include an inaccurate data base of special education students, an inadequate review of special education tuition payments, and insufficient monitoring of nonpublic based schools and residential schools.

As a result of insufficient monitoring, we found that students were attending schools that did not have special education programs or that did not meet the requirements for providing special education. We were able to confirm that DCPS paid over $175,000 for tuition costs to schools that did not meet the standards for providing special education programs.

Factors causing these conditions include internal control weaknesses such as insufficient policies, procedures and personnel, and the failure of personnel to comply with regulations.

In an effort to ensure that DCPS implements the recommendations they agreed to in our reports we are including DCPS in an ongoing, District-wide followup audit of actions by several agencies. We have completed field work on the followup audit and plan to issue our report by end of January 2002. In addition, we have included in our fiscal year 2002 audit and inspection plan a reaudit of the special education program, because we know that major challenges remain. We believe that there is an increased need for performance audits and for inspections of charter schools in order to address the risks for fraud, waste and mismanagement.

Unfortunately, my office has no independent authority to initiate an audit or inspection of public charter schools because of the following restrictions: Section 2855(b) of the Reform Act, which limits the opportunities to conduct performance audits of charter schools, to request from the consensus commission section 2002, 10(a) of the Reform Act, which defines the term District of Columbia government, thereby establishing the parameters of the OIG's jurisdiction; and, second, 2002, 10(b) of the Reform Act, which specifically states that public charter schools are not included within the definition of the District of Columbia government and therefore not subject to the OIG's jurisdiction.

Section (b) provides in part that the consensus commission may request the inspector general of the District of Columbia to audit the records of any public charter school to ensure, monitor and evaluate the performance of the charter school with respect to the contents, standards and District-wide assessments described in the act.

In addition, D.C. Code section 38–1802.04(c)(3)(b) states that a public charter school shall be exempt from District of Columbia statutes, policies, rules and regulations established for the District of Columbia public schools by the superintendent, Board of Education, Mayor, District of Columbia Council or Authority except as otherwise provided in the school's charter or the subchapter.

If this legislative impediment were removed, I would initiate an audit which would include a review of such areas as staff qualifications, tuition reimbursements and procurement. Improvements in these areas would likely have a major fiscal impact and improved service delivery for many students.

In summary, Madam Chairman, I believe that the work conducted, ongoing and planned, by my office addresses important control areas that directly affect the quality of life for many residents

of this great city. I look forward to working with District leaders to continue doing all we can.

At this time, Mr. DiVello and I will be pleased to respond to any of your questions.

[The prepared statement of Mr. Maddox follows:]

TESTIMONY OF D.C. INSPECTOR GENERAL

CHARLES C. MADDOX, ESQ.

BEFORE THE SUBCOMMITTEE ON THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT REFORM,
HOUSE OF REPRESENTATIVES
ON DECEMBER 7, 2001

MADAM CHAIRWOMAN AND MEMBERS OF THE SUBCOMMITTEE, I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS ISSUES THAT RELATE TO CONTINUING EFFORTS BY THE DISTRICT OF COLUMBIA TO IMPROVE ITS PUBLIC SCHOOL SYSTEM. ACCOMPANYING ME IS MR. WILLIAM J. DIVELLO, ASSISTANT INSPECTOR GENERAL FOR AUDITS. TODAY I WOULD LIKE TO PROVIDE YOU A BRIEF SUMMARY OF WORK PERFORMED BY THE OFFICE OF THE INSPECTOR GENERAL SINCE THE ENACTMENT OF THE DISTRICT OF COLUMBIA SCHOOL REFORM ACT OF 1995 (REFORM ACT).[1] SPECIFICALLY, I WILL HIGHLIGHT SOME OF OUR WORK CONCERNING CURRENT FINANCIAL MATTERS AND SPECIAL EDUCATION. IN ADDITION, I WILL DISCUSS SOME CONCERNS REGARDING OUR ABILITY TO CONDUCT AUDITS OF CHARTER SCHOOLS. WE HAVE EXPENDED CONSIDERABLE AUDIT AND INSPECTIONS

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1 The Reform Act is currently codified at D.C. Code, 2001 Ed. §§ 38-1800.01 – 38.1809.01.

RESOURCES REGARDING FACILITIES MAINTENANCE, PROPERTY MANAGEMENT, THE CAPITAL IMPROVEMENT PROGRAM, AND PROCUREMENT. I AM WILLING TO PROVIDE INFORMATION ABOUT THESE EFFORTS ACCORDING TO YOUR INTEREST AFTER THIS TESTIMONY.

CURRENT FINANCIAL MATTERS

IN THE LATTER PART OF FY 2001, THE CHIEF FINANCIAL OFFICER FOR DCPS IDENTIFIED REVENUE SHORTFALLS FOR MEDICAID AND OTHER OBLIGATIONS THAT, WHILE STILL SUBJECT TO A FINAL ACCOUNTING, NEGATIVELY AFFECTED OPERATIONS OF THE DISTRICT OF COLUMBIA'S PUBLIC SCHOOL SYSTEM. THE AMOUNT OF THIS SHORTFALL AND SPENDING PRESSURES, ESTIMATED RECENTLY AT A COMBINED TOTAL DEFICIT OF $80 MILLION, WAS INITIALLY DISPUTED BY THE PRESIDENT OF THE BOARD OF EDUCATION. IN AN ATTEMPT TO RESOLVE THESE MATTERS, THE OIG ISSUED A MANAGEMENT ALERT REPORT REQUESTING THAT THE DISTRICT'S CFO PROVIDE DETAILS SURROUNDING THE POSSIBILITY OF ALL OVEROBLIGATION, INCLUDING A DETERMINATION OF WHETHER AN ANTI-DEFICIENCY ACT VIOLATION HAS OCCURRED. ADDITIONALLY, TO ADDRESS GROWING CONCERN OVER THE DEFICIT AND

TO DETERMINE THE EFFECT OF THE APPARENT DEFICIT ON THE CITYWIDE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), WE DECIDED TO EXPEDITE THE PORTION OF THE CAFR AUDIT THAT INVOLVES DCPS. WE EXPECT THE AUDIT WORK TO BE COMPLETED BY THE END OF DECEMBER, AND IT WILL BE DISTRIBUTED IMMEDIATELY SO THAT POLICYMAKERS WILL HAVE THE BENEFIT OF OUR FINDINGS FOR SHORT- AND LONG-TERM PLANNING.

IN ADDITION, WE HAVE EXPRESSED GREAT CONCERN ABOUT INDICATIONS THAT THE DC AUDITOR AND A FIRM HIRED BY THE DCPS INTENDED TO CONDUCT THEIR OWN ASSESSMENT OF THE DCPS DEFICIT. SPECIFICALLY, WE ARE CONCERNED THAT SUCH EFFORTS COULD COMPROMISE TIMELY COMPLETION OF THE CAFR. FURTHERMORE, WE ARE CONCERNED THAT THOSE EFFORTS COULD VIOLATE APPROPRIATIONS LANGUAGE WHICH RESTRICTS SPENDING OF APPROPROPRIATED FUNDS FOR PURPOSES OF AUDITING THE CITY'S FINANCIAL STATEMENT. SPECIFICALLY, SECTION 132 OF PUBLIC LAW 106-522 PROHIBITS THE USE OF SUCH FUNDS (AND, I QUOTE) "UNLESS THE

AUDIT IS CONDUCTED BY THE OIG." ACCORDINGLY, ANY AUDIT EFFORTS THAT WOULD DUPLICATE THOSE PERFORMED BY THE DISTRICT'S CAFR AUDITORS, UNDER CONTRACT TO THE OIG, MAY NOT BE FINANCED BY DISTRICT FUNDS.

ON NOVEMBER 7TH AND 9TH, WE NOTIFIED THE CONGRESS AND DISTRICT LEADERS OF OUR CONCERNS AND RECOMMENDED SPECIFIC ACTIONS, INCLUDING THE RECOMMENDATION THAT BOTH THE DC AUDITOR AND DCPS SUSPEND THEIR EFFORTS UNTIL COMPLETION OF THE CAFR ON FEBRUARY 1, 2002. (COPIES OF THOSE TRANSMITTALS ARE PROVIDED FOR THE RECORD.) ON A DAILY BASIS, I WILL CONTINUE TO WORK WITH DISTRICT LEADERS TO MONITOR DEVELOPMENTS IN THIS AREA SO THAT WE CAN AVOID THIS POTENTIAL CONFLICT.

PAST, ONGOING, AND PLANNED AUDITS

WE HAVE ISSUED FINDINGS IN 17 AUDIT REPORTS AND RELATED INSPECTIONS. ALTHOUGH I CANNOT COMMENT ON PENDING INVESTIGATIONS, I CAN SAY THAT WE ALSO HAVE, AND CONTINUE TO INVESTIGATE A RANGE OF MATTERS AT DCPS.

A LIST OF THE AUDIT AND INSPECTIONS REPORTS IS INCLUDED AS AN ATTACHMENT FOR THE RECORD. WE HAVE CONSISTENTLY REVIEWED PROGRAMS AND OPERATIONS AT DCPS BECAUSE DCPS DELIVERS KEY SERVICES TO MANY DISTRICT RESIDENTS AND BECAUSE MANY OF THE EXISTNG CHALLENGES AT DCPS THREATEN THE FISCAL VIABILITY OF THE DISTRICT.

SPECIAL EDUCATION

WITH REGARD TO SPECIAL EDUCATION PROGRAMS, WE HAVE COMPLETED TWO AUDITS. THE FIRST WAS COMPLETED IN CALENDAR YEAR (CY) 1999 AND THE SECOND IN CY 2000. IN OUR 1999 AUDIT, WE FOUND THAT DCPS WAS NOT IN COMPLIANCE WITH FEDERAL OR DISTRICT REGULATIONS IN THE ADMINISTRATION OF THE SPECIAL EDUCATION PROGRAM. SPECIFICALLY, DCPS DID NOT DO THE FOLLOWING: 1) EVALUATE AND PLACE SPECIAL EDUCATION STUDENTS IN A TIMELY MANNER; 2) CONDUCT DUE PROCESS HEARINGS OR IMPLEMENT DETERMINATIONS MADE BY AN INDEPENDENT HEARING OFFICER IN A TIMELY MANNER; 3) PROVIDE STUDENT RELATED SERVICES SPECIFIED IN THEIR INDIVIDUALIZED EDUCATION PROGRAMS; AND 4) REPORT

ACTIVITIES OF THE PROGRAM ANNUALLY TO THE BOARD OF EDUCATION. WE ALSO NOTED THAT DCPS DID NOT PROPERLY MAINTAIN MEDICAID RECORDS. AS A RESULT, DCPS DID NOT TIMELY SUBMIT REQUESTS FOR MEDICAID REIMBURSEMENTS, WHICH TOTALED $14 MILLION. THIS DELAY RESULTED IN A LOSS TO THE DISTRICT OF APPROXIMATELY $1 MILLION IN INTEREST.

OUR CY 2000 AUDIT FOCUSED ON TRANSPORTATION COSTS WITHIN THE SPECIAL EDUCATION PROGRAM. THIS AUDIT DISCLOSED THAT DCPS EXPERIENCED DIFFICULTY IN MEETING THE DEMANDS OF PROVIDING TRANSPORTATION SERVICES TO ITS SPECIAL EDUCATION STUDENTS. THIS SITUATION HAD BEEN EXACERBATED, IN PART, BECAUSE OF THE NATION-WIDE SHORTAGE OF SCHOOL BUS DRIVERS. MOREOVER, DCPS HAD NOT IMPLEMENTED MEASURES TO REDUCE TRANSPORTATION COSTS. SUCH MEASURES INCLUDE:

1. DEVISING PAIRED/SHARED BUS ROUTES;
2. IMPLEMENTING STAGGERED BELL TIMES;

3. ESTABLISHING NEIGHBORHOOD SCHOOL SPECIAL EDUCATION PROGRAMS; AND

4. DESIGNING EFFICIENT AND ECONOMICAL BUS ROUTES.

SIMILAR TYPES OF MEASURES HAVE BEEN IMPLEMENTED IN OTHER SCHOOL JURISDICTIONS WITH SIGNIFICANT SAVINGS IN TRANSPORTATION COSTS. IMPLEMENTING SUCH MEASURES COULD SAVE THE DISTRICT AT LEAST $2.4 MILLION ANNUALLY.

WE ALSO IDENTIFIED THE FOLLOWING DEFICIENCIES IN THE ADMINISTRATION OF THE SPECIAL EDUCATION PROGRAM. THEY INCLUDE:

1. AN INACCURATE DATABASE OF SPECIAL EDUCATION STUDENTS;

2. AN INADEQUATE REVIEW OF SPECIAL EDUCATION TUITION PAYMENTS AND

3. INSUFFICIENT MONITORING OF NONPUBLIC DAY SCHOOLS AND RESIDENTIAL SCHOOLS.

AS A RESULT OF INSUFFICIENT MONITORING, WE FOUND THAT STUDENTS WERE ATTENDING SCHOOLS THAT DID NOT HAVE SPECIAL EDUCATION PROGRAMS OR THAT DID NOT MEET THE REQUIREMENTS FOR PROVIDING SPECIAL EDUCATION. WE WERE ABLE TO CONFIRM THAT DCPS PAID OVER $175,000 FOR TUITION COSTS TO SCHOOLS THAT DID NOT MEET THE STANDARDS FOR PROVIDING SPECIAL EDUCATION PROGRAMS. FACTORS CAUSING THESE CONDITIONS INCLUDE INTERNAL CONTROL WEAKNESSES SUCH AS INSUFFICIENT POLICIES, PROCEDURES, AND PERSONNEL AND THE FAILURE OF PERSONNEL TO COMPLY WITH REGULATIONS.

OTHER ACTIVITIES

IN AN EFFORT TO ENSURE THAT DCPS IMPLEMENTS THE RECOMMENDATIONS THEY AGREED TO IN OUR REPORTS, WE ARE INCLUDING DCPS IN AN ONGOING, DISTRICT-WIDE "FOLLOW-UP" AUDIT OF ACTIONS BY SEVERAL AGENCIES. WE HAVE COMPLETED FIELDWORK ON THE FOLLOWUP AUDIT AND PLAN TO ISSUE OUR REPORT BY THE END OF JANUARY 2002. IN ADDITION, WE HAVE INCLUDED IN OUR FY 2002 AUDIT AND INSPECTION PLAN A "RE-AUDIT" OF THE SPECIAL EDUCATION PROGRAM BECAUSE WE KNOW THAT MAJOR CHALLENGES REMAIN.

CHARTER SCHOOLS

WE BELIEVE THAT THERE IS AN INCREASED NEED FOR PERFORMANCE AUDITS AND FOR INSPECTIONS OF CHARTER SCHOOLS IN ORDER TO ADDRESS THE RISK FOR FRAUD, WASTE, AND MISMANAGEMENT. UNFORTUNATELY, MY OFFICE HAS NO INDEPENDENT AUTHORITY TO INITIATE AN AUDIT OR INSPECTION OF PUBLIC CHARTER SCHOOLS BECAUSE OF THE FOLLOWING RESTRICTIONS: (1) SECTION 2855(b)[2] OF THE REFORM ACT, WHICH LIMITS THE OPPORTUNITIES TO CONDUCT PERFORMANCE AUDITS OF CHARTER SCHOOLS TO REQUESTS FROM THE CONSENSUS COMMISSION; (2) SECTION 2002 (10)(A)[3] OF THE REFORM ACT, WHICH DEFINES THE TERM "DISTRICT OF COLUMBIA GOVERNMENT, THEREBY ESTABLISHING THE PARAMETERS OF THE OIG'S JURISDICTION;" AND (3) SECTION 2002 (10)(B)[4] OF THE REFORM ACT, WHICH SPECIFICALLY STATES THAT PUBLIC CHARTER SCHOOLS ARE NOT INCLUDED WITHIN THE DEFINITION OF THE "DISTRICT OF COLUMBIA GOVERNMENT" AND, THEREFORE, NOT SUBJECT TO THE OIG'S JURISDICTION. SECTION 2855(b)

2 Section 2855(b) is codified at D.C. Code, 2001 Ed. § 38-1808.55(b).
3 Section 2002 (10)(A) is codified at D.C. Code, 2001 Ed. § 38-1800.02 (10)(A).
4 Section 2002 (10)(B) is codified at D.C. Code, 2001 Ed. § 38-1800.02 (10)(B).

PROVIDES, IN PART, THAT THE CONSENSUS COMMISSION MAY REQUEST THE INSPECTOR GENERAL OF THE DISTRICT OF COLUMBIA "TO AUDIT THE RECORDS OF ANY PUBLIC CHARTER SCHOOL TO ASSURE, MONITOR, AND EVALUATE THE PERFORMANCE OF THE PUBLIC CHARTER SCHOOL WITH RESPECT TO THE CONTENT STANDARDS AND DISTRICTWIDE ASSESSMENTS DESCRIBED IN THE ACT." IN ADDITION, DC CODE § 38-1802.04(c)(3)(B) STATES THAT A PUBLIC CHARTER SCHOOL "SHALL BE EXEMPT FROM DISTRICT OF COLUMBIA STATUTES, POLICIES, RULES, AND REGULATIONS ESTABLISHED FOR THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS BY THE SUPERINTENDENT, BOARD OF EDUCATION, MAYOR, DISTRICT OF COLUMBIA COUNCIL, OR AUTHORITY, EXCEPT AS OTHERWISE PROVIDED IN THE SCHOOL'S CHARTER OR THIS SUBCHAPTER."

IF THIS LEGISLATIVE IMPEDIMENT WERE REMOVED, I WOULD INITIATE AN AUDIT, WHICH WOULD INCLUDE A REVIEW OF SUCH AREAS AS STAFF QUALIFICATIONS, TUITION REIMBURSEMENTS, AND PROCUREMENT.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

November 9, 2001

The Honorable Anthony A. Williams
Mayor
District of Columbia
1350 Pennsylvania Ave., Sixth Floor
Washington, D.C. 20004

The Honorable Linda W. Cropp, Chairman
Council of the District of Columbia
1350 Pennsylvania Ave., Room 504
Washington, D.C. 20004

Dear Mayor Williams and Chairman Cropp:

I am forwarding, for your notification, a November 8, 2001; letter received from KPMG, LLP, advising me of their concerns relative to the timely completion of the Comprehensive Annual Financial Report (CAFR). These concerns are directly related to recent decisions to conduct additional audits by the D.C. Auditor and the D.C. Board of Education at the District of Columbia Public Schools (DCPS). As a result, timely completion of the CAFR is at risk. We are also concerned that planned audit work by other agencies may violate District law. (See Office of the Inspector General (OIG) letter dated November 7, 2001, attached).

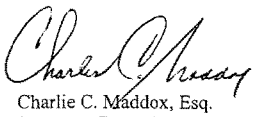
KPMG has advised me of their concern that the audits, which have been requested by the Council and the School Board, will interfere with DCPS's ability to provide KPMG with the appropriate level of audit support. In addition, KPMG, on advice of its General Counsel, will not issue its independent auditor's report on the District's CAFR or the DCPS CAFR until the results of the procedures being performed by the Council audit and the School Board audit have been incorporated into the books and records of DCPS.

Accordingly, I am recommending that all efforts (other than the CAFR) to audit the DCPS financial records for FY 2001 be suspended until completion of the CAFR on February 1, 2002. In the interim, we would be pleased to consider any pressing audit issues that the Council or School Board shares with us. As appropriate, I will make every effort to address these issues during the CAFR audit.

717 14th Street, N.W., Washington, D.C. 20005 (202) 727-2540

If you desire a meeting to discuss this matter further, please contact me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charlie C. Maddox, Esq.
Inspector General

CCM/ws

Enclosures

cc: Mr. John A. Koskinen, Deputy Mayor and City Administrator
Dr. Natwar M. Gandhi, Chief Financial Officer
The Honorable Kevin P. Chavous, Chairman, Committee on Education and Libraries, Council of the District of Columbia
The Honorable Vincent B. Orange, Sr., Chairman, Committee on Government Operations, Council of the District of Columbia
The Honorable Jack Evans, Chairman, Committee on Finance and Revenue, Council of the District of Columbia
Ms. Deborah K. Nichols, D.C. Auditor
Ms. Peggy Cooper Cafritz, President, District of Columbia Board of Education
Dr. Paul L. Vance, Superintendent, District of Columbia Public Schools
The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives
Mr. Jon Bouker, Office of the Honorable Eleanor Holmes Norton
The Honorable Joe Knollenberg, Chairman, House Subcommittee on D.C. Appropriations
Mr. Migo Miconi, Staff Director, House Subcommittee on D.C. Appropriations
The Honorable Connie Morella, Chairman, House Subcommittee on D.C. Government Reform
Mr. Russell Smith, Staff Director, House Subcommittee on D.C. Government Reform
The Honorable Richard Durbin, Chairman, Senate Subcommittee on D.C. Government Oversight
Ms. Marianne Upton, Staff Director, Senate Subcommittee on D.C. Government Oversight
The Honorable Mary Landrieu, Chairman, Senate Subcommittee on D.C. Appropriations
Ms. Kate Eltrich, Staff Director, Senate Subcommittee on D.C. Appropriations
Mr. Kelvin Robinson, Chief of Staff, Executive Office of the Mayor
Ms. Karyn Molnar, Managing Partner, KPMG LLP
Mr. Darrel J. Grinstead, Attorney at Law, Hogan & Hartson LLP

2001 M Street, NW
Washington, DC 20036

Telephone 202 533 3000
Fax 202 533 8500

November 8, 2001

Mr. Charles C. Maddox, Esq.
Inspector General
District of Columbia
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Maddox:

The purpose of this letter is to formally advise you of our concerns related to our ability to complete the fiscal year 2001 Comprehensive Annual Financial Report (CAFR) audit of the District of Columbia in light of recent events which have taken place regarding the District of Columbia Public Schools (DCPS).

Various newspaper articles have appeared in the Washington Post during the past two months describing a potential budgetary shortfall at DCPS of approximately $80 million. Further, the Office of the Inspector General (OIG) has issued a Management Alert Report (MAR No. 01-A-20) to the Office of the Chief Financial Officer (OCFO) seeking additional information on the circumstances leading to the overobligation and a determination of whether the Anti-Deficiency Act has been violated. A copy of this MAR has been provided to us to allow us to develop our 2001 DCPS audit plan. We have participated in various meetings with representatives of the OIG, OCFO, and the District of Columbia Board of Education (Board) discussing the potential impact of the $80 million budget deficit at the DCPS on the District's 2001 CAFR as well as the DCPS CAFR.

We have recently been provided with various letters issued by the Council of the District of Columbia (Council) and the Board notifying the OCFO that the District of Columbia Auditor (Auditor) and a Washington law firm have been requested to verify the accuracy of the $80 million deficit. Based on these letters, we believe that this work will be performed concurrently with the 2001 CAFR audit.

We are concerned that the audits that have been requested by the Council and the Board will interfere with DCPS's ability to provide KPMG with the appropriate level of audit support. We believe that the same small group of DCPS employees will need to be providing the other two groups with a high degree of support, which will divert attention from providing the information necessary to complete the 2001 CAFR audit. We believe that this will seriously jeopardize the ability of DCPS to complete its 2001 CAFR audit

KPMG LLP KPMG LLP, a U.S. limited liability partnership, is

by the statutory deadline of February 1, 2002. If the DCPS cannot complete its audit timely, the District will be unable to issue its CAFR by February 1, 2002, as the DCPS is a material part of the District's general fund.

We are further concerned with how the results of the procedures being performed by the Auditor and the law firm may impact the District's CAFR audit. Their procedures may be substantially different in scope than those that we apply during the District's CAFR audit. Accordingly, these procedures may result in additional potential adjustments to the books and records of DCPS. However, the results of these procedures will undoubtedly be publicized and may lead to three different reports regarding the financial operations of the DCPS being released: one from KPMG as part of the DCPS 2001 CAFR audit, one from the Auditor, and one from the law firm. Further, the results of the Auditor's and law firm's procedures may both lead to the identification of commitments and contingencies that should be disclosed in the District-wide and DCPS CAFRs.

We have had extensive discussions with our firm's Department of Professional Practice and Office of General Counsel regarding these matters. These parties have advised us that we should proceed cautiously in performing the DCPS 2001 audit under these circumstances, and not to issue our independent auditors' report on either the District's CAFR or the DCPS CAFR until the results of the procedures of the Auditor and the law firm have been incorporated into the books and records of DCPS. This will substantially reduce the risk that multiple results of operations of the DCPS will be released. While we do not know the timetable for the release of the results of the procedures of the Auditor and the law firm, we believe, at this time, that we will not have sufficient time to review the results of those procedures and complete the DCPS CAFR audit by February 1, 2002.

Please feel free to call me at (202) 533-3014 if you have any questions.

Very truly yours,

KPMG LLP

Karyn L. Molnar

Karyn L. Molnar
Partner

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

ector General

November 7, 2001

The Honorable Anthony A. Williams
Mayor
District of Columbia
1350 Pennsylvania Ave., Sixth Floor
Washington, D.C. 20004

The Honorable Linda W. Cropp, Chairman
Council of the District of Columbia
1350 Pennsylvania Ave., Room 504
Washington, D.C. 20004

Dr. Natwar M. Gandhi
Chief Financial Officer
1350 Pennsylvania Ave., Room 209
Washington, D.C. 20004

Dear Mayor Williams, Chairman Cropp, and Dr. Gandhi:

The purpose of this letter is to inform you of ongoing efforts concerning the District of Columbia Public School's (DCPS) potential for having exceeded its budget authority (overobligation) for fiscal year 2001. In addition, we are concerned that planned audit work by other agencies may violate District law.

The Office of the Inspector General (OIG) has worked with DCPS and Office of the Chief Financial Officer (OCFO) officials and with the auditors of the Comprehensive Annual Financial Report (CAFR) to expedite the audit of DCPS's financial records. These efforts are intended to accomplish three goals: (1) to provide the auditor's opinion on the financial statements much earlier than planned; (2) to determine the extent that DCPS has exceeded its budget authority; and (3) to determine whether an Anti-Deficiency Act violation has occurred. We hope to have the answers to these concerns in December 2001.

The OCFO announced in early September that it was projecting a deficit of $80 million for the DCPS budget for fiscal year 2001. Due to the materiality of the anticipated deficit and the effects it could have on the District's financial position as a whole, the OIG made inquiries into the circumstances surrounding the deficit, including possible violations of the Anti-Deficiency Act (31 U.S.C. § 1341).

717 14th Street, N.W., Washington, D.C. 20005 (202) 727-2540

On September 21, 2001, the OIG met with the Bert Molina, DCPS Chief Financial Officer (CFO), to discuss the potential deficit, the causes of the deficit, and the impact of the deficit. Subsequently, the OIG issued a Management Alert Report (MAR 01-A-20) on September 27, 2001, to obtain additional information (see Enclosure B). Specifically, the MAR requested the District's CFO to provide a detailed description of circumstances leading to the possible deficit, specific actions planned or taken to address the deficit, a detailed description of actions planned to prevent future occurrences, and a determination as to whether a violation of the Anti-Deficiency Act had occurred.

On October 2, 2001, the OIG informed Councilmember David Catania of the issuance of the MAR. We informed Councilmember Catania because on September 15, 2001, he asked the OIG, via electronic mail inquiry, to describe the actions the OIG planned in regard to investigating the potential deficit.

On October 18, 2001, at the request of the OCFO, the OIG met with representatives from the DCPS CFO; the District CAFR auditors (KPMG); and the Deputy CFO, Office of Financial Operations and Systems. We wanted to determine how best to quickly and independently verify the exact amount of the DCPS deficit. As you know, the DCPS portion of the CAFR, normally, is issued several months after the citywide CAFR, which is issued on February 1st. However, to satisfy growing concern over the deficit and to determine the effect of that deficit on the citywide CAFR, we decided to expedite the DCPS stand-alone CAFR. This was determined to be the best approach because it provided the bottom line results rather than a quick test of methodologies used for the projections which indicated an $80 million deficit.

The OIG subsequently requested a meeting with the President of the Board of Education (Peggy Cooper Cafritz), the Chief Operating Officer of DCPS (Louis J. Erste), and Engagement Partner of KPMG (Karyn L. Molnar) to solicit their concerns and to enlist their support for the expedited audit. In our meeting on October 23, 2001, Ms. Cooper Cafritz and Mr. Erste indicated that they were surprised when they first learned of the $80 million shortfall. They also expressed their concerns as to the accuracy of the amount. After lengthy discussion, all agreed that the "fast-track" approach would provide the earliest reliable results. In addition, Ms. Cooper Cafritz informed the OIG that both the School Board and the City Council had requested the D.C. Auditor to perform an audit of the deficit. On October 24, 2001, Ms. Cooper Cafritz sent us a letter (see Enclosure C) stating, in part:

> At this time, we have decided it is in the best interest of the school system to assist the City Auditor in conducting an immediate review and audit of matters related to the alleged $80 million deficit. We will of course work with your office and its contractors on the annual audit. We believe it is important that that audit occur on an expedited basis, as you indicated would happen.

On October 30, 2001, representatives of the OIG met with Councilmembers Chavous and Mendelson, the District CFO, the D.C. Auditor, and the Mayor's Chief of Staff to discuss the role each agency would play to resolve the accuracy of the shortfall/overobligation. Our concerns were that multiple agency involvement and interests would overburden the DCPS CFO

with duplicate efforts, which would preclude providing timely financial information to the CAFR auditors. The CFO of the DCPS informed us that his office intends to produce the necessary information and reports for the CAFR auditors by November 19, 2001. Notwithstanding these assurances, we reiterated our concern that duplicative agency demands upon the DCPS CFO and the District CFO could delay the CAFR. The attendees agreed to work together so that the OCFO would not be overburdened by multiple requests for information.

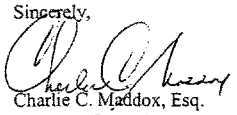
On October 31, 2001, the OIG received the District CFO's response to the MAR. This response, dated October 25, 2001, provided additional information on the DCPS deficit. As shown in Enclosure D, the CFO describes the causes that his office identified as responsible for the $80 million spending pressure, the actions taken or that will be taken, and the actions planned or completed to prevent future occurrences. Additionally, the CFO advises that standard procedures provide for preparing reports of any Anti-Deficiency Act violations shortly after the issuance of the CAFR.

On November 2, 2001, the OIG contacted the law firm of Hogan & Hartson after learning from press reports that the firm, representing the School Board, is conducting yet another audit concerning the projected $80 million overexpenditure. We expressed our concern to Hogan & Hartson that if another audit were initiated, that audit could interfere with the CFO's process for closing the DCPS financial books by November 19, 2001. The Hogan & Hartson representative indicated that they do not anticipate initiating any audit work within the next few weeks.

Finally, with regard to the legality of other agencies initiating CAFR-related work, we are concerned that all involved are mindful of the restrictions placed on spending appropriated funds "for purposes of the annual independent audit of the District of Columbia Government." Specifically, Pub. L. No. 106-522, § 132, 114 Stat. 2468, prohibits the use of appropriated funds for the purposes of the CAFR unless the audit is conducted by the OIG, and "includes a comparison of audited actual year-end results with the revenues submitted in the budget document for such year and the appropriations enacted into law for such year." *Id.* Accordingly, any audit efforts that would duplicate those performed by the District's CAFR auditors, under contract to the OIG, may not be financed by District funds.

Should you have any questions about the subject of this letter, please contact me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charlie C. Maddox, Esq.
Inspector General

CCM/ws

Enclosures

ENCLOSURE A

DISTRIBUTION

Mr. John A. Koskinen, Deputy Mayor and City Administrator
The Honorable Kevin P. Chavous, Chairman, Committee on Education and Libraries, Council of the District of Columbia
The Honorable Vincent B. Orange, Sr., Chairman, Committee on Government Operations, Council of the District of Columbia
The Honorable Jack Evans, Chairman, Committee on Finance and Revenue, Council of the District of Columbia
Ms. Deborah K. Nichols, D.C. Auditor
Ms. Peggy Cooper Cafritz, President, District of Columbia Board of Education
Dr. Paul L. Vance, Superintendent, District of Columbia Public Schools
The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives
Mr. Jon Bouker, Office of the Honorable Eleanor Holmes Norton
The Honorable Joe Knollenberg, Chairman, House Subcommittee on D.C. Appropriations
Mr. Migo Miconi, Staff Director, House Subcommittee on D.C. Appropriations
The Honorable Connie Morella, Chairman, House Subcommittee on D.C. Government Reform
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The Honorable Mary Landrieu, Chairman, Senate Subcommittee on D.C. Appropriations
Ms. Kate Eltrich, Staff Director, Senate Subcommittee on D.C. Appropriations
Mr. Kelvin Robinson, Chief of Staff, Executive Office of the Mayor
Ms. Karyn Molnar, Managing Partner, KPMG LLP
Mr. Darrel J. Grinstead, Attorney at Law, Hogan & Hartson LLP

ENCLOSURE B

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

September 27, 2001

Dr. Natwar M. Gandhi
Chief Financial Officer
441 Fourth Street, N.W., Suite 1150
Washington, D.C. 20001

Dear Dr. Gandhi:

The purpose of this Management Alert Report (MAR No. 01-A-20) is to address the District of Columbia Public School's (DCPS) potential for exceeding its budget authority (overobligation) by year-end. If the DCPS's budget authority was exceeded, it may be necessary to investigate and report a possible Anti-Deficiency Act Violation (31 U.S.C. §§ 1341 and 1342). In addition, I am concerned about the effect of this overobligation on the achievement of savings ($47 million) as outlined in Title XLVII, Sections 4702(2) and (3) of the Fiscal Year 2001 Budget Support Act of 2000, D.C. Law 13-172, effective October 19, 2000. As you know, my office is conducting an audit to verify that these savings have been achieved.

Our recent discussion with officials from the Office of the Chief Financial Officer (OCFO) disclosed that DCPS expects to exceed its budget authority by an estimated $77 million,[1] as follows:

Budget Authority (In Millions)	$832
1. Revenue Shortfalls/Pressure: Medicaid Reimbursements	$ (38)
2. Spending Pressures	
a. Special Education (Transportation)	(6)
b. Special Education (Tuition)	(25)
c. Utility Costs	(8)
Overobligation	$ (77)

These officials further advised us of a tentative plan to meet the DCPS overobligation of $77 million by: (1) obtaining additional funds (reprogramming) - $14 million; (2) halting spending in personal and non-personal services - $28 million; and (3) covering the

[1] This MAR uses information that is preliminary in nature and results/figures are subject to change. The figures are unaudited.

ENCLOSURE B

remaining DCPS overobligation through the use of the District's accumulated surplus - $38 million.

I recognize that the OCFO is actively engaged in determining the circumstances that led to this unexpected overobligation. Please keep me informed as you make progress on addressing the overobligation. Specifically, I would like you to provide the following:

- A detailed description of the circumstances that led to the overobligation.
- Specific actions planned or taken to redress this projected overobligation.
- A detailed description of actions planned to prevent future such occurrences of this nature.
- A determination whether an Anti-Deficiency Act violation has occurred or will occur at the end of fiscal year 2001 because of this overobligation. I suggest that you seek an opinion from the Corporation Counsel. If a violation of federal laws governing spending with the District's Appropriation Act has occurred, the Mayor must submit to the President and Congress the report required by 31 U.S.C. § 1351 (1994) in accordance with guidance contained in OMB Circular A-34 (revised October 19, 1999).
- A statement on the impact, if any, on the $47 million in savings.

I would appreciate your responses and comments by October 10, 2001. Should you have any questions about this MAR, please contact me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charlie C. Maddox, Esq.
Inspector General

CM/jbe

cc: The Honorable Anthony A. Williams, Mayor, District of Columbia
John A. Koskinen, Deputy Mayor/City Administrator
Dr. Paul L. Vance, Superintendent, DCPS

ENCLOSURE C

DISTRICT OF COLUMBIA BOARD OF EDUCATION

PEGGY COOPER CAFRITZ
PRESIDENT
825 NORTH CAPITOL STREET, NE
WASHINGTON, D.C. 20002
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2001 OCT 25 AM 11:59

October 24, 2001

Charles Maddox
Inspector General of the District of Columbia
717 14th Street, N.W., 5th Floor
Washington, D.C. 20005

Dear Mr. Maddox:

It was a pleasure meeting with you and your staff yesterday regarding the audit of the alleged deficit reported to have been incurred by the District of Columbia Public Schools in FY 2001 and the annual audit of DCPS conducted by your office. Following our meeting, I also met with the District of Columbia Auditor, Deborah K. Nichols, and members of her staff.

The school district intends to work cooperatively with your office and the City Auditor, and we appreciate and trust that all involved will cooperate with each other and avoid duplicative efforts. At this time, we have decided it is in the best interest of the school system to assist the City Auditor in conducting an immediate review and audit of matters related to the alleged $80 million deficit. We will of course work with your office and its contractors on the annual audit. We believe it is important that that audit occur on an expedited basis, as you indicated would happen.

As we discussed yesterday, the School Board would appreciate receiving a copy of the audit plan as soon as it is prepared, and then to meet periodically with the audit team.

Sincerely,

Peggy Cooper Cafritz / PCC

Peggy Cooper Cafritz
President

ENCLOSURE D

Government of The District Of Columbia
Office of the Chief Financial Officer

Natwar M. Gandhi

October 25, 2001

Charles C. Maddox, Esq.
Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Mr. Maddox:

This letter is in response to the issues you identified in the Office of the Inspector General's Management Alert Report (MAR No. 01-A-20), issued September 27, 2001, regarding the potential budget deficit of the District of Columbia Public Schools (DCPS), for the fiscal year ended September 30, 2001.

The following is our response to the five specific issues raised in your management alert. In addition, enclosed is an exhibit that provides more detailed information on this subject.

Issue 1: Detailed description of the circumstances that led to the over obligation

The Chief Financial Officer (CFO) of DCPS discovered an approximate $80 million spending pressure in July 2001, largely due to special education-related programs, including transportation. Based on an analysis of this shortfall, DCPS has identified three basic reasons why the agency allowed special education-related spending pressures to go unrecognized until so late in the fiscal year.

First, staff in the Office of the Chief Financial Officer (OCFO) did not properly track expenditures and project year-end costs for special education-related functions.

Second, DCPS's OCFO and program offices did not exchange information on a regular basis. In this context, DCPS's Finance Department was at fault for not immediately reporting a spending pressure of this size.

Third, DCPS's program offices did not monitor and report cost drivers such as enrollment and number of bus routes to ensure that expenditures would fit within budget. All these things must happen to ensure that DCPS identifies special education-related pressures quickly and accurately.

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The special education portion of the shortfall can be summarized as follows:

- Medicaid revenue shortfalls against claims for special education costs totaling $38 million;
- Special education tuition overspending of $18.2 million;
- Attorneys' fees shortfall of $6.1 million; and
- Other special education cost overruns totaling $300,000, for additional costs related to the Special Education Tracking System (SETS) and payments for unbudgeted hearing officers.

In addition to the Special Education shortfall, DCPS identified a Medicaid revenue shortfall of $38 million, existing in FY 2001, and this contributed to the overobligation at the agency. The Medicaid revenue shortfall of $38 million can be summarized as follows:

- Revenues obtained from Medicaid were $9 million less than budgeted.
- Revenues of $12 million were lost due to untimely submission of reimbursement requests.
- Due to the most recent Medicaid audit, DCPS must repay $17 million due to overpayments in fiscal years 1996 through 1998.

Refer to Exhibit 1, pages 1-4, 6 for specific details on this item.

Issue 2: Specific actions planned or taken to redress this projected over obligation

DCPS has begun to implement specific actions to redress this shortfall. These actions include:

- Establish sensible, conservative forecasts for Medicaid Revenues.
- Establish accruals in anticipation of Medicaid overpayments in fiscal years 1999, 2000 and 2001.
- Strengthen the Medicaid unit and improve oversight of the Medicaid consultants.
- Ensure that due diligence is performed in order to develop accurate forecasts of spending and share this information with all stakeholders.

Moreover, to fully implement the above action plan, we need to ensure the following:

- That we have seasoned professionals in all key positions.
- Re-organize the CFO office in a way that we have redundant systems to track spending.
- Implement financial systems that will display all necessary financial information, particularly labor costs, in a timely manner.

We have already begun to bring in seasoned professionals to oversee all vital functions in the agency's Finance Office. This staff has the requisite technical and accounting experience and a greater ability to forecast expenditures.

Refer to Exhibit 1, pages 8-9 for specific details on this item.

Issue 3: Detailed description of actions planned to prevent future such occurrences

As already stated, DCPS's CFO has initiated concrete actions to avert a recurrence of such a major problem in the future. These actions include the following:

- Ensure that seasoned professionals are in all key positions.
- Organize the CFO's office in such a way that redundant systems are present to track spending.
- Install financial systems that will display all necessary financial information, particularly labor costs, in a timely manner.
- Develop computer models to allow the tracking of expenditures on a daily basis, which will allow the anticipation of impending shortfalls. Also, we will review current year spending, as compared to projections from the budget, and compare to the prior year's expenditures.

Refer to Exhibit 1, pages 8-9 for specific details on this item.

Issue 4: Determination of whether an Anti-Deficiency Act violation has occurred for FY 2001

It is standard procedure for the Office of the Chief Financial Officer to prepare the Anti-Deficiency Act Report in conjunction with the issuance of the District's Comprehensive Annual Financial Report (CAFR). The Anti-Deficiency Act Report for FY 2001 will be produced shortly after the issuance of the FY 2001 CAFR.

We will promptly furnish the Office of Inspector General with a copy of this report as soon as it is completed.

Issue 5: Statement on the impact, if any, on the $47 million in savings

We contacted the CFO's Office of Budget and Planning (OBP) for their evaluation on this item, and they responded as follows:

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"The DCPS budget pressure will have no impact on the District's ability to achieve the $47 million in certified savings. DCPS was exempt from this initiative and therefore did not have any budget reductions associated with the savings."

Should you have additional questions or need further clarification on this matter, please contact me at 727-2476, or Bert Molina, Agency CFO of DCPS, at 442-5228.

Sincerely,

Natwar M. Gandhi
Chief Financial Officer

Enclosure

cc: Cheryl Edwards, Chief of Staff
Bert Molina, Agency CFO, DCPS
Gordon McDonald, Interim Deputy CFO, OBP
Anthony Pompa, DCFO, OFOS
Sebastian Lorigo, Director, IAIS

ENCLOSURE D

EXHIBIT I

FY 2001 Spending Pressures and Gap Closing Measures

October 22, 2001

Personal Service Spending Pressures

Transportation. Costs of Drivers and Attendants

DCPS' cost for drivers and attendants was higher than budgeted for four reasons:

- Summer school required an increased number of routes due to increased enrollment and failure to realize routing efficiency.
- The FY 2001 budget was predicated on DCPS realizing savings due to factors including routing efficiencies due to Edulog implementation and staggered bell schedules. These measures were not implemented.
- While the budget provided for 440 routes, by June DCPS was running 463 routes per day.
- Drivers and attendants, typically hourly employees, were provided guaranteed hours in FY 2001. This occurred after the budget had been approved.
- The FY 2001 budget was predicated on the notion that DCPS would decrease the number of students in non-public placements by absorbing a greater number of students into public placements. However, there was an increase in non-public enrollment.

Custodial Overtime

DCPS had cost overruns from custodial overtime. Two factors contributed to this shortfall. First, custodians were required to be present during work on capital projects. We estimate that this accounts for $200,000 of this shortfall. Second, custodians were required to be present when outside groups leased DCPS schools. This amount should be reimbursed through the lease income item listed below.

Medicaid

Special Education and Transportation: Non Realization of Medicaid Recovery

The FY 2001 budget assumed that DCPS would receive $41 million in Medicaid reimbursements. These funds were budgeted for Personal Service costs associated with transportation and special education related service providers. Due to incomplete data, DCPS will only realize $31 million in Medicaid reimbursements, leaving a $9 million spending pressure.

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Disallowance of Prior Years' Medicaid Revenue

DCPS recently learned that $17 million of the Medicaid revenue from FY 1996 through 1998 has been disallowed. The table below shows the year-by-year disallowance. DCPS must repay the funds it was awarded. DCPS will aggressively evaluate the work of contractors who oversee Medicaid reimbursements.

Fiscal Year	Disallowed Reimbursement
FY 1996	$9.7 million
FY 1997	$2.2 million
FY 1998	$4.3 million
Total	$17 million

Disallowed FY 1999 Forecast

$12 million in forecasted recoveries from FY 1999 have been disallowed.

Non-Personal Service Spending Pressures

Special Education: Non-Public Tuition Shortfall

For FY 2001, DCPS budgeted $58 million for non-pubic tuition. The budget assumed a given number of students and an average tuition for day and residential students. It was also predicated on DCPS implementing several cost saving initiatives. These cost savings initiatives included:

- Enforcement of residency verification,
- Timeline and due process compliance, and
- Improved internal programs and monitoring

While DCPS was successful in implementing these programs, none of them provided significant savings. As a result, the cost of special education non-public tuition is significantly higher than the budget. The figure in the table below does not exactly match the deficit due to fluctuations in non-public enrollment throughout the year and variability in actual tuition rates.

	FY 2001 Budget	FY 2001 Actual	Difference
Day Students	1803	1850	+47
Average Tuition (budgeted)	$30,000	$30,000	
Residential Students	221	287	+66
Average Tuition (budgeted)	$60,000	$60,000	
Total Costs	$67,350,000	$72,720,000	+5,370,000
Anticipated Savings	-$7,412,500	$0	+7,412,500
Prior Year Costs	$0	$1,278,000	+1,278,000
Total			$14,960,500

Special Education: *Non-public Tuition Accrual Establishment*

In FY 2001, DCPS set up an accrual of $3.33 million to cover prior year tuition bills without impeding DCPS' ability to fund tuition in FY 2001. DCPS was not able to cover all prior year expenses with the accrual. DCPS spent all funds in the accrual and needed an additional $1.278 million to fully cover prior year bills. The result of this is both that DCPS must pay the additional prior year costs out of FY 2001

ENCLOSURE D

funds, and that DCPS must replace the accrual funds to support prior year bills in future years. Assuming the pattern of FY 2001 holds, DCPS will need a $4.6 million accrual for this purpose.

Special Education: Attorneys' Fee Payment and Accural Establishment

DCPS must pay fees to plaintiffs' attorneys who successfully represent special education students in hearings. The budget for this purpose was inadequate for three reasons:

- The attorneys' fee cap was increased in the FY 2001 appropriations bill after the DCPS Budget was established. The FY 2000 cap was $75 per hour while the FY 2001 cap is $125 per hour.
- There was no reduction in the volume of cases. There were 1,390 hearings in FY 2000. Through June 2001, there have been 1,373 hearings.
- The prior year accrual was inadequate to cover all prior year bills. As a result, DCPS has paid $364,173 in prior years fees out of FY 2001 funds.

To cover the overage in attorneys' fees and to establish an adequate accrual for to be used in future years, even if the attorneys' fee cap continues to increase, DCPS will need $6.1 million in FY 2001 funds.

Special Education: Additional Hearing Officers

DCPS continues to have a high rate of special education referrals. As a result, many factors related to the number of special education students, including tuition rates, attorneys' fees and hearing officer payments have increased beyond the budgeted level. This year, DCPS maintained a consistently low number of outstanding hearings while carrying a volume approximately equal to last year. The result of the continued high level of hearings and DCPS' timely response to them is an additional cost of $100,000 for hearing officer contracts.

As the table below the number of Special Education hearings has increased over the past three years.

Fiscal Year	Hearings Filed
FY 1999	1,393
FY 2000	1,390
FY 2001 (projection)	1,648

DCPS' number of special education referrals increased by 29% from the 1999-2000 school year to the 2000-2001 school year. DCPS' special Education population has increased by 965 students since December 2000.

Special Education: Software Development Contract

DCPS is currently using outside consultants (4GL) to provide special education student data systems. The most recent contract expired at the end of July, however, 4GL has not completed some needed work. As a result, the contract has been extended for three months.

Utilities

Due in part to increased fuel costs DCPS is now being charged $8.6 million more for utilities than was budgeted. The majority of the increase is in natural gas and electricity. It should be noted that while DCPS budgeted $27.8 million in utilities overall, only $23.3 million of this total is overseen by OFRM. The remaining $4.5 million is allocated for:

- Fuel for buses, security vehicles, and warehouse vehicles,
- Telephone services for schools, and
- Rental of bus lots and a graduation hall.

Transportation: Bus Fuel

DCPS learned in June that DPW was not charging the full rate for fuel. As a result, DCPS had to absorb a balloon payment in June and July. In addition, the increased cost of fuel has contributed to DCPS' shortfall in budgeting for fuel. Finally, Transportation has started using credit cards for fuel purchases. This saves time for drivers and attendants as it allows them to use non-DPW gas stations instead of waiting in line at DPW sites. However, when using the card, Transportation must pay the full rate, rather than the reduced DPW rate for fuel.

Transportation: New Buses Leased for the start of the 2001-2002 School Year

Based on the request of the Transportation Administrator, DCPS started leases for 77 new buses for September 2001. The additional buses are intended to be used on new routes created to ensure that all students adhere to ride time restrictions stated in *Petties*.

Transportation: Non-Routine Bus Maintenance.

DCPS has a cost for routine bus maintenance built into its bus leases; however, non-routine maintenance must be funded separately. This year, DCPS was charged dramatically more than in past years for non-routine maintenance.

Transportation: Audit Fees

DCPS hired an unbudgeted external auditor to determine the cost of transportation in FY 2000.

Transportation: Parking Leases

DCPS rented a parking area for buses while one of its lots is being repaved.

Academics: Textbook Adoption and Algebra Program

Included in this total is fees owed for textbooks and for a new algebra program.

General Counsel: Legal Arbitration Fees and Personal Service Contract

Funds support arbitration fees and temporary legal assistance in the Office of the General Counsel.

Copier Lease

DCPS recaptures funds from schools when schools lease copiers through Logistics. This year, DCPS did not recapture all funds before schools spent the money for other purposes. As a result, DCPS has a $200,000 spending pressure.

Communications: Temporary Help

The new Communications Director used unbudgeted temporary help.

Educational Accountability: Reading and Math Proficiency Contract

Funds support development and implementation of new reading and math proficiency contract.

Human Resources: Temporary Help

The new Human Resources Director used unbudgeted temporary help.

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GAP Closing Measures

Available Balances: Discontinue OTPS spending.

As of September 3, there was $8.6 million in available (not encumbered or pre-encumbered) funds in Object Classes 20, 40, 41, and 70. Object Classes 30, 31, 32, and 50 are not possible sources as they are used for utilities and non-public tuition – two areas in which we already have spending pressures. If we only allow emergency spending between now and the end of the fiscal year, we can possibly capture $6.7 million of available funds to address spending pressures.

Grants: Move Appropriated Funds to Grants the will Lapse

DCPS has the ability to move appropriated expenditures to grants that will lapse at the end of the fiscal year. This ensures that no federal funds are lost. Currently, we have identified $1.5 million in appropriated funds that can be moved to grants.

Liquidate Requisitions: Stop Processing Requisitions, use Pre-encumbered Funds

As of September 3, 2001 there are $3.7 million in outstanding requisitions. If DCPS stops processing all requisitions, except on an emergency basis, we project we could use about $3,000,000 of these funds for gap closing measures.

Liquidate Encumbrances: Cancel Purchase Orders

As of September 3, 2001 there are $17.1 million in outstanding requisitions. If DCPS stops processing all purchase orders, except on an emergency basis, we project we could use about $7,000,000 of these funds for gap closing measures.

DAPS Accounts: Close all DAPS accounts

As of September 1, there was $1.7 million left in schools' and central offices' DAPS accounts. If we let schools and offices spend from these accounts through the end of the fiscal year, we will likely be left with about $500,000 in the accounts to use for gap closing. If we stop letting schools and offices spend from these accounts, we could reclaim the full balance of funds.

Lease Income: Realize Additional Lease Income

DCPS receives small amounts of lease income from a variety of sources. By using all lease income to cover expenses, DCPS can add $1 million to the gap closing effort.

Deferred Revenues: Spend Indirect Costs from Prior Years

DCPS has claimed indirect costs from grants from prior years 1999-2001, however the district has not spent these funds. By using all funds associated with indirect costs from federal grants, DCPS can realize a savings of $5.5 million.

O-Type Revenues and Non-appropriated Accruals

Funds from small revenue sources and prior years can be used to support gap closing measures for DCPS.

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DRAFT FY 2001 Spending Pressures and Gap Closing Measures

October 22, 2001

SPENDING PRESSURES

Personal Service Spending Pressure	Cost Overrun	Explanation
Transportation Cost of Drivers and Attendants	$ 5,038,224	The FY 2001 Budget overruns occurred for four reasons: 1. Increased number of routes for summer school 2. Failure to achieve efficiency on which the budget was precounted (staggered bells, personal stipends, routing efficiencies due to automation) 3. Number of routes was budgeted at 440, actual route number was 463 3. Drivers and attendants were provided guaranteed hours rather than simply hourly rates
Custodial Overtime	$ 1,092,129	Cost overruns occurred for two reasons: 1. Custodians required to be present for capital improvement projects 2. Custodians required to be present when outside groups use schools
Personal Service Total	$ 6,128,353	
Medicaid		
Lower Revenue Estimate than Budgeted	$ 9,000,000	
Medicaid Overpayments	$ 17,000,000	Represents overpayments of $9.2 million in FY 1998, $3.2 million in FY 1997, and $4.3 million in FY 1996
Lost Revenues	$ 12,000,000	
Medicaid Total	$ 38,000,000	
OTPS Spending Pressures		
Special Education: Non-Public Tuition Shortfall	$ 13,631,478	
Prior Year Tuition Payment (non-add)	$ 1,278,000	DCPS did not set up an adequate accrual for prior year bills and was therefore forced to pay prior year bills with FY 2001 funds
Unrealized, anticipated savings (non-add)	$ 7,412,500	DCPS budgeted for, but did not achieve savings from the following initiatives: 1. Enforcement of residency reaffirmation 2. Improved timeline and due process compliance 3. Improved interims programs and monitoring
Tuition Cost Overruns due to Increased Special Education Enrollment (non-ad	$ 4,940,578	The FY 2001 Budget anticipated serving 47 fewer students in day schools and 56 fewer students in residential placements than were actually served in FY 2001
Special Education: Non-public tuition accrual establishment	$ 4,000,000	The total accrual needed to cover FY 2001 tuition in FY 2002 should be equal to the accrual set up for FY 2000, plus the amount by which DCPS overpaid this accrual
Prior Year accrual (non-add)	$ 3,334,000	
Additional payments made in FY 2001 (non-add)	$ 1,266,000	
Special Education: Attorney's Fees Payment and Accrual establishment	$ 6,196,000	The total accrual needed to cover FY 2001 tuition in FY 2002 should be equal to the accrual set up for FY 2000, plus the amount by which DCPS overpaid this accrual
Prior Year accrual (non-add)	$ 1,500,000	
Increase needed in accrual to assure adequacy in FY 2002 (non-add)	$ 4,100,000	Due to a historical increase in the attorneys' fee cap, DCPS anticipates a greater number of attorneys requesting payment for work completed in prior years
Prior year payments made in FY 2001 (non-add)	$ 500,000	
Special Education: Additional hearing officers	$ 100,000	
Special Education: Software Development Contract	$ 229,473	Provides three months of a contract with 4GL – the company implementing the new Special Education Tracking System
Utilities	$ 4,000,000	Reflects increase in cost of utilities (primarily electricity and natural gas) over DCPS' FY 2001 budget
Transportation: Bus Fuel	$ 882,000	Reflects increased cost of gas as well as increased costs caused by use of purchase cards by drivers
Transportation: New Buses Leased for the start of the 2001-2002 school year	$ 136,000	Reflects court-mandated increase of 77 buses to account for increased number of routes for the 2001-2002 school year
Transportation: Other	$ 310,782	Includes $250,000 in non-routine bus maintenance, $44,782 for audit fees, and $16,000 to lease a parking lot
Academics: Textbook Adoptions and Abacus Program	$ 471,704	provides for costs owed for textbooks
General Counsel: Legal Arbitration Fees	$ 222,710	Provides additional funds for assistance needed in the General Counsel's office
General Counsel: Personal Service Contract	$ 25,000	Provides additional funds for assistance needed in the General Counsel's office
Copier Lease	$ 200,000	Funds owed to cover copy machine contracts
Communications: Temporary Help	$ 71,181	Provided temporary help for Human Resources
Educational Accountability: Reading and Math Proficiency Contract	$ 45,000	Funds new math and reading proficiency study
Human Resources: Temporary Help	$ 15,000	Provided temporary help for communications
Total Spending Pressures	$ 78,848,661	

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GAP CLOSING MEASURES

Available Balances: Discontinue OTPS spending	$	(6,700,000)	At this point, DCPS has about $8 million in available balances. Allowing for a few emergencies, DCPS has frozen $6.7 million of this total to be reallocated to address spending pressures.
Grants: Move appropriated funds to grants that will lapse	$	(1,500,000)	DCPS has already moved appropriate charges to grants that will lapse at the end of the fiscal year.
Liquidate Requisitions: Stop processing requisitions, use pre-encumbered funds	$	(3,000,000)	DCPS has freeze the procurement process to ensure that only funds needed for the opening of school are spent
Liquidate Encumbrances: Cancel purchase orders	$	(7,000,000)	DCPS has freeze the procurement process to ensure that only funds needed for the opening of school are spent
DAPS Accounts: Close all DAPS accounts	$	(500,000)	Bank accounts held by schools are scheduled to close at the end of this fiscal year. Sum represents estimated remaining funds
Lease Income: Realize additional lease income	$	(1,000,000)	Income from rental of facilities to outside groups will be used to address spending pressures
Deferred Revenues: Spend indirect costs from prior years	$	(5,000,000)	DCPS has access to two prior years' indirect costs from federal grants (totaling $3.5 million) as well as this years' indirect cost ($2 million)
O-Type Revenues: Move appropriated expenditures to FY 2001 O-type revenue	$	(400,000)	Allows DCPS to use funds gained through revenue sources
Prior Year Accounting Credits	$	(1,460,000)	Over accrual for selected items
Total Gap Closing Measures	**$**	**(27,560,000)**	
Remaining Deficit: Sum of Spending Pressures and Gap Closing Measures		32,148,561	

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Actions Planned to Prevent Future Spending Pressures

October 22, 2001

The actions planned to prevent future spending pressures fall into two general categories, just as our spending pressures fell into two categories. We must address the revenue shortfalls associated with Medicaid. We must also address overspending. I am taking the following steps to address both of these areas.

Medicaid Revenues

First, I am establishing sensible, conservative forecasts for Medicaid. This will prevent DCPS from incurring revenue shortfalls in the future. Second, I am developing accruals in anticipation of discovering that DCPS received overpayments in FY 1999, FY 2000, and FY 2001. Finally, I am working to strengthen DCPS' Medicaid unit and to improve our oversight of consultants during the final months of their contract.

Spending Pressures

It is my belief that a Chief Financial Officer needs three basic ingredients to ensure that we can track financial information accurately. First I need seasoned professionals in all key positions. Second, I need to organize our office in such a way that we have redundant systems to track spending. Third, I need financial systems that will display all necessary financial information, particularly labor costs, in a timely manner.

I have already begun to bring in seasoned professionals to oversee all vital functions in DCPS' Office of the Chief Financial Officer. I have four years of experience as the Chief Financial Officer for Milwaukee Public Schools, a district with over 100,000 students and a budget of over $800 million. In addition, I have brought in staff with experience in Baltimore City Public Schools, Baltimore County Public Schools and Prince George's County Public Schools. Our new office structure will emphasize accounting and finance skills to a greater degree and will seek to capture efficiencies through improved use of technology.

The staff will have more accounting experience and a greater ability to forecast expenditures. I am confident that the people I have brought to DCPS and the structure that we are establishing will ensure that we will not repeat the mistakes of this past fiscal year.

Along with my staff, I am also developing systems to allow us to look at expenditures in a variety of ways. It is my belief that the best way to ensure that all financial tracking is done accurately is to look at expenditures in as many ways as possible. To achieve this, I am developing computer models that will allow my staff to look at expenditures on a daily basis, to track expenditures and to anticipate impending shortfalls. These models will allow us to look at current year spending as compared to projections from the budget

and as compared to prior years' expenditures. All of this information, taken together, should allow us to get the most accurate possible forecast of expenditures.

Finally, it is critical that DCPS fully implement the PeopleSoft financial system. This freestanding system will facilitate DCPS' financial tracking. Under PeopleSoft, DCPS will be able to summarize financial information in real time, without worrying about delays in posting labor charges. Also under PeopleSoft, DCPS will be able to create summary reports at a variety of levels to allow for better tracking both within finance and in DCPS' program offices.

Office of the Inspector General
Audit Reports issued on activities at the
District of Columbia Public Schools

	Date Issued	Title
1	5/10/01	OIG No. 16-99BQ, Audit of Federal Grant Management Practices
2	11/22/00	OIG No. 00-2-8GA, Audit of the D.C. Public Schools Special Education Program
3	10/12/00	OIG No. 00-1-07MA, Audit of Property Donated to the Government of the District of Columbia
4	7/27/00	OIG-20-99PO, Audit of Procurement Activities, Office of Contracting and Procurement
5	4/20/00	OIG No. 22-99GA, Audit of the Direct Activity Purchase System and the Student Activity Fund Eastern Senior High School
6	3/17/00	OIG-03-99-GA, Audit of the D.C. Public Schools Facilities' Capital Improvement Program
7	12/2/99	OIG No 15-99GA, Audit of the Direct Activity Purchase System and Student Activity Fund at Ballou STAY High School
8	11/10/99	OIG-15a-99GA, Audit of the Direct Activity Purchase System Account Disbursements at Ballou Senior High School
9	9/10/99	OIG-6-99-CF-9920, Unemployment Compensation Payments to District of Columbia Government Employees
10	7/26/99	OIG-5-99AT-9918, Implementation of the Cash Management Improvement Act for the Period October 1, 1994 to September 30, 1998
11	6/22/99	OIG-7-GA-9916, D.C. Public Schools Audit of the Special Education Program Fiscal Year 1998
12	12/23/98	OIG No. 9812-15, Audit of the Direct Activity Purchase System and the Student Activity Funds at the Margaret Murray Washington Career High School October 1, 1996 to January 31, 1998
13	2/3/98	OIG No. 9735-14, Audit of the Direct Activity Purchase System Funds at Barnard Elementary School

Office of the Inspector General
Audit Reports issued on activities at the
District of Columbia Public Schools

	Date Issued	Title
14	1/7/98	OIG No. 9632-16, Follow-Up Review of Payroll Payout at the D.C. Public Schools
15	7/8/97	OIG No. 9612-13, D.C. Public Schools Audit of Capital Expenditures Fiscal Year 1996
16	6/9/97	OIG No. 9633-18, D.C. Public Schools Review of Unrecorded Purchases Fiscal Years 1993 Through 1996
17	12/20/96	OIG No. 9613-15, Report on the Audit of the D.C. Public Schools Award and Administration of Contracts to the ServiceMaster Company

Mrs. MORELLA. Thank you very much, Mr. Maddox and Dr. Gandhi.

You know, if I were doing this hearing again or I could start off again this morning—I think the hearing has been excellent, and I appreciate your patience—I would have started off with you, Mr. Maddox, because I am shocked to learn from your testimony the violations by the District of Columbia public schools. I mean, you have enumerated here the fact that they haven't been responding, they paid over $175,000 for tuition costs to schools that did not meet the standards for providing special education programs. Transportation is mentioned here by you as something that needed some special attention.

You call it a list of—in your list of deficiencies, they have also an inaccurate data base of special education students, inadequate review of special education tuition payments, insufficient monitoring of nonpublic day school residents. They have not implemented measures to reduce their transportation costs.

It goes on and on. They are not in compliance with Federal or District regulations in the administration of the special education program.

Now, we will be meeting with those principals to talk about this special education reform that they are hoping to put together. I hope that will be at the table. Certainly we will have—we will get back to them with the list of your deficiency recognition, and that's just part of it. But do you see yourself as having a role at the table?

Mr. MADDOX. I think that, as always, when asked do I see the IG having a role in helping to shape policy or to answer questions, there is a reluctance in a part of the planning process, because then I have to sit down, make the evaluation of that same process that I am an equal partner in. I think there may be a limited part that the IG can play. We just have to see.

Mrs. MORELLA. I understand what you're saying, and I know the role of the inspector generals. I'm a big supporter of inspector generals and have met with many of them. I know you're reticent, and you don't feel you make policy. That's true, but you have some accountability of an assessment of those policies in terms of are they accurate and where do you see problems. So I'm not saying you would be involved in the policymaking but that you would scrutinize the plans or the proposals to make sure that they reflect what you know in terms of the best management principals. Is——

Mr. MADDOX. I certainly agree with that, Madam Chair.

Mrs. MORELLA. Do you agree with that?

Mr. MADDOX. Yes.

Mrs. MORELLA. Because I'd certainly like to know that you were there in some way to make sure they're not violating these problems and that they are responding. You even mention the—what is it—the deficiency—you know, the nondeficiency—or discrepancy law that we have, that they in fact have been violating that.

Now your turn, Dr. Gandhi, to respond to that, and then I have some other questions I'd like to ask you, sir.

Mr. GANDHI. Madam Chair, I simply see my role to be in sitting down with them, and I have been doing that. And I do not want to beat on the special education situation, but I do need to point out one more time, and I think Dr. Vance already pointed it out,

that roughly 16 percent of the student population is absorbing one-third of the budget. So, there is an incentive in the District to have one's child qualified in special education, primarily because it provides transportation and that you get to send your child to the best available school in the region, if not in the country.

Let me just give you some numbers about the size of it, which is to say the formula. The foundation level per student is $5,907. Then we have some add-on to that, about $4,000. But then once you get into the special education, just to give you some estimate here, if you have a level 4 child, then per student you add on $18,903. We have 177 students like that. If you have a level 3 child, you add on $10,220 per child.

And then moving to the charter schools, we have about 90 students where we spend $55,000 more as an add on to the foundation formula.

So what we want to note is, that this portion of our total population is expanding over the last 4 years. It has grown by 41 percent, and there are thousands of cases lined up here. So to think in terms of our education and not to go after special education aggressively, effectively and now, it's like playing Hamlet without the prince, and as a student of Shakespeare, you will appreciate that.

Mrs. MORELLA. That's right. Things without remedies should be without regard. What's done is done, but we need to move forward, because we can work on it. It is not a done deal. And we have to.

And I agree with you and you've given me all these statistics, but let me ask you, the inspector general issued reports in June 1999, November 2000 that identified management deficiencies. We see even in the statement given now by the Inspector General private placement payment billing and Medicaid recordkeeping were two of the problems. What is the status of the recommendations that were made to correct these problems?

Mr. GANDHI. As far as the financial function at the schools is concerned, I regret to admit that the financial function has failed at the school primarily in terms of the communication with the program people, the superintendent and the school board. We have taken effective action immediately, and removed top management plus certain personnel in their financial function. But the program statistics are a function of the program side of the house, and we also find a lot of problems in collecting and assembling that information.

Mrs. MORELLA. And I noticed in today's paper Mr. Molina has changed his job. Do you want to comment on that?

Mr. GANDHI. Yes. Mr. Molina has provided excellent service to the schools. He has performed brilliantly. His only problem was that he was there to give bad news.

When I found that the earlier CFO and his management at the school was not performing up to my expectation and failed to report to me, to the city officials, as well as to the school officials the extent to which we were facing deficits, I removed him and his colleagues. I put a mole there. He joined a few months ago there. As soon as he went in there, he started digging, and what we found was an $80 million problem as of September 6th. At that time, it was an estimate.

As I indicated in my testimony, we have finished the work at the school. He has finished his work at the schools. We completed the books, closed the books, given the numbers to KPMG for audit. So Mr. Molina's work has been done over at the schools.

I expect all of us in the CFO cluster to work closely and cooperatively with the program people, and it was not happening at the schools. That was not the level of trust that should exist between the CFO and the program management. Consequently, I decided to remove Mr. Molina from the schools; and, indeed, given his excellent credentials—he was a CFO at the Milwaukee school district, a much larger school district, a senior accounting officer in the city of Houston and other places—I asked him whether he would be kind enough to accept the position of the deputy chief financial officer for budget and planning, meaning director of the budget for the entire city.

Actually, this is a promotion for Mr. Molina. He will indeed be in charge of the whole city's budget, and I have great confidence in him. I must say the school's loss is the city's gain.

Mrs. MORELLA. It appears as though what was neglected were the, essentially, warning signs.

Mr. GANDHI. Yes.

Mrs. MORELLA. And you have accepted some of the blame for that. I think it goes beyond that, and I hope that will be remedied.

You did give us a dire report, mentioning that, in the future, $108 million; and I guess that says that we need to look at special education, but we also want to make sure, Dr. Gandhi, that we have the best management tools and implementation. How do you feel about that?

Mr. GANDHI. I think it is extremely important. You're right on mark there, Madam Chair, that, in the ultimate analysis, the CFO is a bean counter. All one can do as a CFO is to tell the number. It is for the program people to manage this program effectively and efficiently. For that, of course, they need good information, and we have committed to Ms. Cafritz and Dr. Vance and other management at the schools that we would provide them information, as much as they want.

I personally would brief the school management once a month at the minimum. So there will not be any dearth of information from CFO's side, but it is still they and they alone would have to manage it.

Mrs. MORELLA. Uh-huh. And you will have to make sure that you're there to oversee it or to know something more about the management.

Mr. GANDHI. Absolutely right.

And I want to state one point further. Given the experience of the schools and given that in 2002 we do not have the revenue flexibility, I've written to the superintendent and the school board that I need a spending plan for fiscal year 2002, meaning I would like to know how much they would spend month by month. This is the concept of apportionment, and I would provide available cash on a quarterly basis. If I were to judge that in a given quarter they are spending more money than they should be spending, then I would simply alert them, and, if need be, we would cut the cash off.

Mrs. MORELLA. Are you using the apportionment authority?

Mr. GANDHI. Yes, ma'am.

Mrs. MORELLA. Very good.

I will now recognize Ms. Norton.

Ms. NORTON. Thank you, Madam Chair.

With Mr. Gandhi and Mr. Maddox at the table, let me just start with the umbrella issue I raised for the next panel, and that is to say the Medicaid problem in the District of Columbia. With a great deal of effort, we were able to get the Medicaid percentage to the District of Columbia raised from a killing 50/50 to something like 70/30. We still are higher than any city in the United States, and it still is a killing amount of money, even if they were to pay every bit of it.

As you know, while there's a District matter, and therefore I did not—you didn't hear from me on it—I do regard it as a failure of the entire government that not only did Medicaid send D.C. General down, but nobody blew the whistle. Nobody. Or if they did, they sure didn't blow it loud enough. So now we have, as I said before, this problem skipping to yet another and perhaps—God knows what other department.

Mr. Chavous indicated, well, there's some differences. There's really not a dime's worth of difference, not a dime's worth of difference. It's the same problem. The agency does not apply for Medicaid money do it from the Federal Government. As a result, the agency is in the hole.

You know, Mr. Chavous is right. It won't take the school system down, because somehow all the taxpayers of the District of Columbia and the rest of us will somehow rush forward. But it bothered me no end to see this problem crop up in the school system, because of what it said to me is that the Medicaid problem of the District of Columbia is still entirely broken. So, as I sit here today, I have no confidence that what we saw at D.C. General, what we now see in the school system is not to be found in each and every department of the D.C. government which receives or should receive Medicaid money.

Can you assure me that is not the case? And, if not, what are you going to do about it, each of you, please?

Mr. GANDHI. You are exactly right, Ms. Norton. This is exactly the message and our problem. They did not want me to tell them that the Medicaid money was not coming to them, and when the CFO——

Ms. NORTON. You just kept giving them money until the overobligation—I don't even see how—how did what overobligation go on for so long, Mr. Maddox? This was a straight-out overobligation, violation of Federal law, violation of D.C. law.

Mr. GANDHI. Because we kept a fiction on our books of counting assets that were not realizable. We had a——

Ms. NORTON. How could you do that? I thought that the law says you have to spend what your budget says you have to spend. So each time—if they were on a monthly basis putting—adding money to the D.C. General budget, so everybody with his eyes wide open——

Mr. GANDHI. And that is why we put them on apportionment. From now on, we're not going to keep writing the checks on D.C. General.

But coming back to the Medicaid problem, you're absolutely right. It is a city-wide problem. It is $1 billion issue, because it's about $1 billion of the city's budget that is in Medicaid. It's 20 percent of our budget——

Ms. NORTON. Do you have any idea what percentage of that money we do not get back each year?

Mr. GANDHI. Well, you are right in that it's a problem not only at the schools. It is in health, mental health, child and family services, and other agencies. So what we have decided and have already been doing the last 2 months is to have a city-wide task force headed by me and Mr. Koskinen. We have the agency director sitting in there. We have a very effective way of making sure that we would be very aggressive in, first, the billing and then retrieving every dollar that is coming to us.

And, again, all of these Medicaid dollars that I'm questioning here, we're not going to give up on those dollars. We are going to hire the best available lawyers to get that money back. We're going to seek your help, Ms. Norton, to get that money back.

But from an accounting perspective, when an auditor tells me that money is not coming, I cannot put it up on the books. We are not going to let that happen, and I can assure you that Medicaid is a top priority. The Mayor is aware of that. The council is aware of that. I have personally briefed the Mayor, Mr. Koskinen, Mr. Chavous, Ms. Allen, and Ms. Cropp. So we are all on board. We have an effective program ongoing on that front.

Ms. NORTON. Mr. Maddox, have you ever done an audit of the Medicaid system cross government? Not just in one or the other place that it has a problem, but the receipt and—of Medicaid funds and the filing for Medicaid funds by the District government?

Mr. MADDOX. Congresswoman Norton, if it pleases the committee, I'm going to have Mr. DiVello speak to you on that issue.

Mr. DIVELLO. Good afternoon. It's a pleasure to appear before you today.

My name is Bill DiVello. I'm the assistant inspector general for audits for the District of Columbia.

No, we've never really done a cross-agency review. We've been looking at the agencies on an agency-by-agency basis. For example, in the area of special ed in 1999, we reported that there was problems with Medicaid documentation. Now, that causes a real problem, because the latest information I got—we've received back in the area of special ed is that because of either poor documentation or a cost that was submitted to the Fed for reimbursement, the Fed took a look at it. Now the District has got to pay them back $17 million. So that's a problem that we've reported as far back as——

Ms. NORTON. Mr. DiVello, shouldn't there be a governmentwide approach to how to file for Medicaid funds? I mean, what is the point of going agency by agency if you find that you have a systemwide problem in the entire government?

Mr. DIVELLO. Well, let me say this. I don't disagree with that. The more we can tackle different audits from a systemic approach,

the more bang we get for our buck. I'm absolutely on board with you.

I would tell you this, that we're trying to get some of the big-ticket item, and that's an approach we'll consider, but we're looking at the Department of Mental Health right now. So I would——

Ms. NORTON. Well, could I just ask Mr. Maddox, could I ask that you give priority—first of all, I think anybody that uses Medicaid money that has not been audited, you're right, you've got to do this first. You've got to do this first agency by agency, and then you've got to figure out or recommend something approaching a system-wide approach.

And everybody is going his own way and nobody is collecting enough money.

Could I ask that there be audits done of each and every agency that does—that files for Medicaid funding, so we can get a handle on this problem before it becomes a governmentwide disaster for us?

Mr. MADDOX. Yes, we will.

Mr. DIVELLO. May I add that in our CAFRs we've also given some early warnings. If you look at our comprehensive annual financial report and you look at the accounts receivable, when KPMG or whatever auditor that we hire, they take a look at the receivables and they determine what's the collectibility; and those receivables are written down because our financial auditors that we hire have concern based on cost reports that we might not get back all this money from the Fed.

So there has been indications. But I do understand your point.

Ms. NORTON. Well, I'm going to ask that the recommendation of the audits be hooked up with the CFOs so that we can fix the system system-wide and not continue to run these terrible deficits. What's the use of getting all this new money from the Federal Government if we are continuing to have to pay large amounts from the pockets of the taxpayers in the District.

Would you please submit to us a plan for which agencies are going to be audited, that have not yet been audited on Medicaid? I recognize you can't proceed to fix it system-wide unless you know what's happening to all the agencies that in fact use Medicaid.

Mr. Maddox, are you satisfied with what we heard from the last panel, that there was an MOU, an agreement, about these multiple audits? Are you satisfied that no audits that will interfere with the CAFR are being performed?

Mr. MADDOX. I can't sit before you right now and tell you I am 100 percent satisfied.

Ms. NORTON. You weren't at the table at that meeting, I take it?

Mr. MADDOX. Yes, I was. I was there when we all agreed, No. 1, that the No. 1 priority was to make sure that the CAFR would proceed unimpeded and that it would be completed on time.

Now what took place at that meeting also was what role the D.C. auditor and possibly the law firm of Hogan and Hartson would play with auditing requests from the president of the school board. What came out at the end of the meeting was that the parties involved were to sit down and map out a memorandum of understanding as to what process they would use, taking into consider-

ation that whatever the process was, it would not interfere with the ongoingness of the audit.

That is still going on. We still have not come to closure on that.

Ms. NORTON. When are you going to come to closure on that, Mr. Maddox? After all the CAFR is due out in February.

Mr. MADDOX. I think you can take some comfort in knowing that, so far, as we speak today, nothing has interfered with the CAFR. We are moving along on schedule. It is just a matter of keeping everybody true to their word, and I'm watching it very carefully.

Ms. NORTON. Mr. Maddox, there is, by statute, a D.C. auditor. And of course if the school system or any agency—you can understand the school system finding itself with a surprise deficit would want to find out what happened.

Now the D.C. auditor is a statutory office of the District of Columbia. And we can understand why the council would want to have its own auditor. And you cite stuff here that I don't consider relevant at all. No appropriated funds would be used for purposes of auditing the city's financial statement. Well, it is neither the auditor of the council nor whoever it is that the school system is hiring that is interested in auditing the city's financial statements. And the Congress never meant to say that people who find themselves overspending should not try to find out what was wrong. Where they may have gone awry is in the controversy that developed between them and those charged officially, the CFO.

Nobody is interested in anybody else's audits ultimately except the CFO and the CAFR. But I don't think we want to say to agencies, if you find that there is a problem in your agency that you did not know about and should have known about, that you shouldn't try to find out what the problem is. It could be a management audit. It could be some kind of substantive audit to find out what was wrong. But I don't see how it would necessarily interfere with what you're doing, since they're not auditing the city's books. They are trying to find out what happened in their own agency, which I think as auditor, or as IG, you should want them to try to do.

Mr. MADDOX. You are absolutely correct, Congresswoman Norton, that if that were the case—you are absolutely right. The problem is, we don't know what the scope—we asked that question time and time again, what is the scope of the probe. And what we're saying is, my interpretation of the law is that if another audit is asking the same questions, going over the same documents, financial statements and auditing the same work that is contracted to the independent auditor, then that shouldn't be.

The problem we are concerned with is—if I could, the problem we are concerned with is that the number that the independent auditor comes up with is the number.

I think the Mayor——

Ms. NORTON. And no matter what they do, that's the number. No matter what they do, there is an official audit and there is—Mr. Maddox, I don't want to belabor this. All I want to do is to say that for years when a government that—when mistakes like this were made, say, OK, let's go on to the next joke. And to the extent that somebody wants to find out what happened, it seems to me we ought to encourage this.

I hope they are not spending money to find out. I hope that they are not interfering with the CAFR. And I think it is outrageous for them to get involved in arguments with the CFO or with the official auditor. If they want to do an internal audit that does not interfere or put people to multiple layers of work, then it seems to me that we ought to find a way to do that. I certainly don't think we ought to repeat your work, but I suppose I have been so used to the opposite that I don't want to discourage people moving forward.

I do want to ask you a question about this rising special education deficit. OK, it is $60 million now. Before it was $98.2. And it is going to rise to $108 million next year. And so far as I can tell, the school system still doesn't accept that number; although it has to, because it doesn't have any special education money to make up for it, so that's the number.

So I don't think—that kind of foolishness isn't even worth spending time on. You can have those kinds of discussions in your own kind of internal meetings. But to have those come out and be a whole big number is kind of silly and makes people look silly.

But what bothers me is that if the number keeps going up, how can you assure this committee that the deficit is under control, Mr. Gandhi? Is it under control? I think you testified that by 2002, that will be the end of it? It wouldn't go up anymore?

Mr. GANDHI. If the school board is effective enough to take those actions that they have promised—after all, they promised that they would cut $40 million, and those measures have to be implemented soon enough—effectively and efficiently, then you do realize that savings. That's one.

Two, on special education, we expect improvement to show sooner and faster, so we can contain that spending, and we can contain that overspending. But again, in many ways, this is a moving target. If you do not do what you promise, then it is going to go on. For example, in other parts of the city they say we are going to RIF people. But the date by which you RIF, if you do not RIF by that day, or do not reduce your payroll by that day and extend into the next quarter, there is more money to be spent and it takes longer to get to the people. So the issue that this number is dependent upon, and contingent upon, is a series of actions that had been promised.

We are currently evaluating the school's promise to pay back as much as $40 million, and we hope that those are the right measures in terms of the numbers. And again, we are not telling them what to cut. It is their decision.

Ms. NORTON. Well, you will know whether they're the right numbers because you're the CFO and you've got your own guy there to find out.

Mr. GANDHI. Right. But again, these measures have been doubled basically by the school system itself and because of the breakdown of the communication that had existed there.

But as Ms. Cafritz pointed out, I met with them last week several times; and we are working together at all levels with the schools to come up with these gap-closing plans. We're going to work on the 2003 budget. And we have extended all the available

resources of the chief financial officer both at the schools level and the city level to meet these challenges.

My overall assessment is that if this works out—and I think the city has committed to provide 60 percent, or $60 million roughly, toward the solution; and the schools some $40 million—I think we should be able to manage this.

Ms. NORTON. I am going to ask this one last question before closing off this round.

We have a school deficit—unexpected, very large. We have the September 11th revenue shortfalls, and we have a tax cut still to be implemented. Do you think this city can correct this deficit, live with the September 11th revenue shortfalls and implement the tax cut that is supposed to go forward this year?

Mr. GANDHI. In the Tax Parity Act, the overall impact is about $325 million annually when finally phased in.

Ms. NORTON. How much annually?

Mr. GANDHI. $325 million.

Ms. NORTON. That is a school deficit right there. Go ahead.

Mr. GANDHI. The next installment is $60 million.

Now, at each year, there is a threshold. The threshold says that if in its winter forecast, the CBO—Congressional Budget Office, were to come out with a prediction of a 1.7 growth in the real GDP, then that trigger is alerted, the threshold is met, and the next installment of the Tax Parity Act, which is $60 million, is postponed.

Now, what I have seen in the blue chip forecast, which has come out the last 2 weeks, is an expectation that the trigger will be met, the threshold will be met. Unless the CBO comes up with a higher forecast, you will have to postpone the next installment of Tax Parity, meaning you would have about $60 million available in the 2003 budget to manage it.

For the fiscal year 2002 budget, I don't see that as a remedy. However, given that we have $120 million of budget reserves and have already have accumulated $100 million of cash reserves as I speak here today, and given that the council and the Mayor met just last Friday on how this can be met, we should be able to manage ourselves.

A lot depends upon the loss of revenue. If the economy were to stabilize or perform as well as it has in the last 2 weeks, then our losses may not be $100 million; it may be less than that. We will have much better estimate by early January as to how we are doing. On February 1st, we will also provide you an official forecast for the revenues for fiscal year 2002 and going forward.

But we are not waiting, as I said. I am working very closely with the Mayor and the council. I have shown them where the pressures are and I have also shown them where the resources are. The Mayor's office has already told me to prepare a package to forward to the council. So the city is busy working, meeting these pressures. And I am quite confident, quite confident, that the city will not accumulate deficits in fiscal year 2002 citywide.

Ms. NORTON. Thank you.

Mrs. Morella.

Mrs. MORELLA. We hope your projections are correct in terms of being able to resolve it. And that's why we gave you some inde-

pendent authority, at least till July, and we hope before that time to have our legislation enacted to make it permanent.

Mr. GANDHI. Madam Chair, I appreciate your leadership and Ms. Norton's leadership on the Morella-Norton bill. I think that really has given a great deal of assurance to the financial markets, where they're really worried about the status of the chief financial officer.

Mrs. MORELLA. Also going back over your testimony, Mr. Maddox, I noticed, since we talked a lot also during this hearing about charter schools, you indicated that you do not have the authority to conduct performance audits or inspections over the charter schools? Am I understanding that statement?

Mr. MADDOX. That's correct.

Ms. NORTON. Would the gentlelady yield? I have some background on that, because the idea is entirely correct.

There was a provision put in our charter school law, the Federal charter school law, that assumed there would be something called a "consensus commission," which never in fact occurred.

I wasn't for that in the first place; I was for putting everybody under the same auditor. And what I will do—and I will ask the Chair to cosponsor with me—I would put it in a bill to simply to take that out. It is obsolete. It never occurred, and you should have been able by now to do an audit of the charter schools.

Sometimes you bring to me things that I think maybe the city government should do. This is something that had not been brought to my attention, or we would have had this out already.

So I'm very pleased to do this. Please bring things like this to my attention.

Mrs. MORELLA. We don't need to pass legislation.

Ms. NORTON. I think we just to need to erase it.

Mrs. MORELLA. I am glad you pointed that out in your testimony. It just seemed like a glaring difficulty.

And I would be happy to be involved with that legislation.

I guess I want to ask you, Mr. Maddox, when you perform these audits and you point out, as you have, to us, you know, there are weaknesses with the internal controls, insufficient policies, failure to comply with existing policies, inaccurate data bases of special ed students, problems with transportation, tuition payments, not looking at the standards of the schools where these students are going, do you just ignore it?

And I don't know if Mr. DiVello also wants to add to that.

But what's happening? Why has it stopped? You conduct the investigation. You give your report, and I suppose they look at it. And then do they just put it aside? Do they get back to you?

Mr. MADDOX. I don't think that we're being outright blown off so to speak. What we do as far as our process, once we make recommendations to agencies—not so much D.C. public schools, but in all agencies—we give them a certain amount of time to comply with the recommendations or to give us reasons why that recommendation is inadequate and another solution is more appropriate.

Then we do what we call a "followup audit," and we look at those specific recommendations to see if there's compliance. In some areas with respect to the D.C. public schools, we are going to do a reaudit, which means it's a little better than a followup audit be-

cause not only do we look at those recommendations that everyone agreed to that they would change, but we do the entire thing all over again.

But to answer your question directly, I would say, on balance, we do get cooperation from the agencies to make those corrections.

Mrs. MORELLA. It just seems that so many of the statements that have been made should certainly be part of an overall policy trying to address the concern and the challenge of the special education—special education and the funding of special education and giving the very best to our young people.

I did notice you said you were going to have a District-wide audit in January, ongoing District-wide audit in January 2002, right?

Mr. DIVELLO. What that is is what Mr. Maddox was referring to.

I would tell you this, and I feel I need to say it: The cooperation from the school, at least new people that have been in special education, they readily accepted our recommendations, and I think they are working hard toward them. The disappointing thing sometimes is, when we point to a condition in 1999 and we see the same condition in 2000. But I don't think there's any malintent there. That's how I feel. That's just a personal thing.

I would tell you what we're doing as a check and balance, and the city, including the deputy mayor's office has adopted this readily, we're taking a look at all our audit reports dating back to 1998 through 2000, the 3-year period we're looking at; and we are selecting audits across the District to see if the agencies are implementing the recommendations that they agreed to. We're using that as a performance measure for us.

In addition, the—and I am giving you the indicators before the final is out, but I think this is OK.

So what I want to say, like, for example, we noted that the District didn't have a tracking system itself for making sure at the top management levels that recommendations were implemented similar to the Federal model and OMB circular 850. Well, John Koskinen has adopted that, and they're implementing such a system. So that will make sure that the deficiencies that are pointed out, they are tracked and they're acted upon.

So I feel really encouraged by that. And our final report will be out the end of January on that.

Mrs. MORELLA. I note that you will share it with us. And I know there is no malintent; everybody wants it to work. It's just sometimes things are dismissed because there is just too much of a problem at that moment, and they say, we'll do it later on.

I wanted to give you each an opportunity for any final comment you want to make before we adjourn.

Mr. GANDHI. You know, what I have found in Superintendent Vance and his top team there is an absolutely first-rate group of people, struggling with some of the most difficult problems of an urban school district. I cannot imagine you will find a better team or group of people. So the District is very lucky to have that group of people there. And this is as good a board as you can find. Working with them, I am quite confident that the city will be able to resolve many of the problems that we discussed here.

Mrs. MORELLA. Mr. Maddox, any final comments?

Mr. MADDOX. I would like to go back to one of the points that Congresswoman Norton had asked me about with regard to the situation with the CAFR.

I think you need to understand what was going on in our minds at the beginning when the question of the numbers came up. We were concerned because we did know what areas the other auditors wanted to look at—that we thought at least the CFO—and I thought that if his auditors were tied up serving two masters, meaning to answer questions, provide documents, that would have a direct adverse effect on the timing of the CAFR. That was the one issue.

And the second issue that really caused me to lay out for the record all of the rules and regulations with regard to this process was that the auditor advised me in writing, per their counsel, that if any auditing was going on covering the same areas prior to February 1, that they would refuse to give an opinion. It would be an unqualified opinion.

That raised a lot of concern with me. That's why I thought it was important to alert everybody what the rules were and what the adverse effect would be.

Mrs. MORELLA. Mr. DiVello.

Mr. DIVELLO. No, thank you.

Mrs. MORELLA. I want to thank you for your excellent testimony and especially for the work that you're doing; and I hope that you know that we are open to any suggestions you may have on our role in the Federal Government, because we all have a stake in the educational system of the District of Columbia. We will comment on some items to be part of the record.

I do want to indicate our thanks to our staff on the minority side, Jean Gosa and Jon Bouker. On the majority side, Shalley Kim, Matthew Batt, Robert White, Heea Vazirani, Howie Denis and Russell Smith. Thank you all for being here.

Thank you. The subcommittee is now adjourned.

And I'm going to ask that—without objection, I want to add into the record a GAO report, number GAO 01963, and the record of the public hearing held at the Department of Education dated Tuesday, November 13, 2001. The hearing was convened to gather information to be used to determine whether a compliance agreement with the District of Columbia public schools is appropriate to allow DCPS additional time to develop an assessment system that meets the requirements of title I of the Elementary and Secondary Education Act, the largest Federal educational program, providing financial assistance to school districts.

DCPS received $26.2 million in title I funds for the 2001–2002 school year.

The meeting is now adjourned.

[Whereupon, at 1:30 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

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January 14, 2001

Mrs. Constance A. Morella
Chairwoman
Subcommittee on the District of Columbia
Committee on Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Mrs. Morella:

Please find attached the responses to question raised in your December 19th letter following the presentation of the District of Columbia Public Schools before the Subcommittee on the District of Columbia.

Thank you for the assistance of your office in the preparation of our appearance before the committee. If there is a need for further information, please contact my Executive Officer, Janie McCullough, at 442-5885.

Respectfully,

Paul L. Vance
Superintendent

Enclosures

QUESTION 1: Using the first year of Dr. Vance's tenure as a base line, has there been improvement in the performance on the Stanford 9 test in math and reading? Do we know what is working to help improve test scores?

From spring 2000 to spring 2001, children within the District of Columbia Public Schools (DCPS) displayed a modest improvement in their mathematics scores, coupled with a slight decline in reading scores on the SAT9. The average normal curve equivalent (NCE) score in mathematics increased from 50.6 during 2000 to 50.7 during 2001. The average reading NCE decreased from 46.8 to 46.7 for that same period.

A primary objective during my initial year was to improve mathematics instruction through enhanced professional development across all grade levels. Specifically, instructional strategies were implemented to help children with *higher-order thinking* and *problem solving*. Careful analysis of the spring 2000 SAT9 results suggested that these two skill areas needed improvement, particularly for our children in the secondary grades. Currently, mathematics performance district-wide is just above the national average and efforts will continue toward increasing scores in this area.

Nevertheless, there were declines in reading performance at certain grade levels, which influenced the overall district average. Strategies are currently in place to improve reading skills district-wide, with a key focus on the primary grades of first through fourth. Even more important are our efforts to integrate *high-order thinking* skills into a curricular focus on *reading comprehension* and *contextual writing*.

QUESTION 2: Has there been an independent assessment of the test score trends?

DCPS has worked in collaboration with the *Council of Great City Schools* and the *Council of Chief State School Officers* to evaluate academic performance trends for SAT9 data. These collaborations involve data sharing that enables our performance results to be compared with other school districts with similar characteristics. Findings from these evaluation studies are shared with DCPS and other member districts affiliated with these independent organizations.

In addition, faculty for *Temple University*, the *University of Texas*, *Howard University* and *George Washington University* have participated in evaluation studies designed to highlight the relative benefits of various intervention programs. We have retained the services of research firms (e.g., *Westat*, *Mckinsie Group* and *Voyagers*) to complete specific evaluation projects for various categorical programs. Assessment data from the SAT9 have been at the core of all these external evaluation efforts.

QUESTION 3: DCPS recently entered into a compliance agreement with the US Department of Education regarding its implementation of the Title I program. What were the problems that led to the compliance agreement?

DCPS is about to enter into a compliance agreement with the U. S. Department of Education. At this time, we have submitted to the Department a timeline and action plan that will be the basis of the three-year compliance agreement. The next step is to negotiate with the Department about the details of the timeline and action plan so that it can be formalized in an agreement. The compliance agreement must be consummated within 90 days of President Bush's signing of the No Child Left Behind Act of 2002.

The U. S. Department of Education review of the DCPS system of standards and assessment commented that additional work needs to be done in the following areas:

1. Alignment of content and performance standards.
2. Selection of multiple measures of student performance that must be used instead of a single standardized test.
3. The completion of performance standards by identifying scores on the assessments that defined each of the DCPS performance levels.
4. Presentation of evidence that assessments met professional standards for technical quality, including reliability of both student and school classifications.
5. Inclusion of all students with disabilities in the assessment system and the accountability system.
6. Inclusion of all limited English proficient students in the assessment and accountability systems
7. Implementation of a system of accurate reporting of enrollment, participation, and exclusion figures and assessment results for all students on school level reports and accountability systems.
8. A plan on how annual school reports that display results for all students, disaggregated to meet Title I requirement would be disseminated.

QUESTION 4: what is the status of the McKinley Technology High School? What is the estimated cost? Has a curriculum been developed for the school? How many students do you anticipate will attend? Will the funding for the school be at the same Uniform Per Pupil Student formula?

Plans for the Technology High School (THS) at McKinley are progressing. The Project Planning Committee and the Curriculum Committee met weekly last year (2000 – 2001) and biweekly from September to December 2001 to identify tasks and systems of support to open the THS in September 2003, and to determine curriculum, respectively.

The Project Planning Committee is comprised of representatives from the Senior High Alliance of Parents, Principals and Educators (SHAPPE), the Mayor's Office, private enterprise, Edgewood Community Association, McKissack and McKissack Architects, Army Corps of Engineers, Ballou Senior High School administration and student body,

DCPS offices of Facilities, Parent Affairs, Academic Services, Public Relations, Corporate and Community Relations, Technology Instruction, District of Columbia Department of Recreation and the Assistant Superintendents for Senior High Schools. The Curriculum Committee is comprised of community and private enterprise representatives, all of DCPS Content Specialists, the Division of Professional Development, the Associate Superintendent of Academic Services, the Executive Director of Secondary School Curriculum and Programs, the Executive Director of Instructional Technology, the Co-Principals of Ballou Senior High School, the Executive Director of TANF, and the Assistant Superintendent for Senior High Schools

Representatives from Southeastern University joined the Planning Committee in August 2001 with plans to consider becoming a major partner in the project.

Under the direction of Isaacson and Miller Consultants, a Principal Selection Committee was formed in the spring of 2001. The committee of ten was comprised of representatives from the Mayor's Office, the Senior High School Alliance of Principals and Parents, senior high school principals, the DCPS Division of Human Resources, the outstanding technology teacher of the year 2000 –2001, DCPS Chief Technology Office , public/private partners and the Division of Senior High School Assistant Superintendent.

The Principal Selection Committee met several times to develop a profile of the skills and qualifications required of the principal of the Technology High School. A consensus was reached on the formal invitation, which is available in the Office of the Assistant Superintendent for Senior High Schools. During the late spring and throughout the summer, Isaacson and Miller Consultants conducted a nationwide search for the most qualified candidate. The consultants identified thirteen outstanding candidates. Interviews conducted by the Principal Selection Committee were held during the month of October 2001. The Committee submitted three names to the Superintendent for further scrutiny and interviewing. The Superintendent made the final determination of the strategic and prestigious principal of the Technology School at McKinley

General Information

Under the architectural leadership of McKissack and McKissack, THS is being designed to accommodate eight hundred students, coming from all quadrants of the District of Columbia. The first year, the doors will open to four hundred students, 200 ninth graders and 200 tenth graders. Each year the enrollment will increase to reach capacity.

	9th	10th	11th	12th
September 2003	200 (n)	200 (n)		
September 2004	200 (n)	200 (r)	200 (r)	
September 2005	200 (n)	200 (r)	200 (r)	200 (r)

(n) New students; (r) returning students

Students will be admitted into THS through an admissions process that considers academic achievement, attendance history, teacher recommendations, and stated interests in utilizing a variety of technology. Recommendations have also been made to provide opportunities for students who live in the surrounding neighborhood, who fall short of the admissions requirements, to enroll in the ninth grade. For these students, there would be the mandate to participate in a tutorial program to prepare them for successful continuation at THS.

The Technology High School will help improve technology skills for students and citizens district-wide.

- THS will serve as a pilot/testing arena for developing programs at other schools.
- THS will become a teacher-training site for integrating technology and curricula.
- Students in other schools will be able to take advantage of courses via distance learning that will be broadcast from THS.
- THS will develop partnerships with private businesses, community based organizations and government agencies to a) foster internships, jobs and professional exchanges; and b) identify resources to keep practices and technology current.
- Evening programs will be established to provide opportunities for the community to learn to use the varied technology that supports the school curricula.

The learning spaces at THS will have the educational attributes that allow for growth and flexibility that are inherent in education. The physical design:

- provides for fast internet connectivity;
- provides a multi-media portable infrastructure;
- has capacity to record and post video to the web;
- contains "writeable" walls;
- accommodates wireless connectivity;
- contains furnishings that allow for flexible arrangements including classroom, chevron, auditorium and group;
- allows for simultaneous use of the web by all users;
- allows for multifunctional educational uses including but not limited to Internet, voice, video and data;
- has space for displaying student projects;
- has ventilation systems that are compatible with requirements for maintaining technology;
- is IDEA compatible and ADA compliant.

Opportunities to inform the community and to elicit their input all aspects of the Technology High School were held:

Technology High School Information Technology Center Citywide Meetings

(THS) at McKinley	(ITC) at Ballou	for THS and ITC
3/13 5/8	2/7 4/11 6/13	3/7 at Eastern
4/10	3/21 5/16	4/25 at Dunbar
(meetings at Langley)	(meetings at Ballou)	6/27 at Eastern

All meetings began at 6:30 p.m.

Under the direction of the principal, the Curriculum Committee and the Division of Professional Development will design the training program for teachers and support staff. It is envisioned that professional training will begin in the summer of 2002 to train teachers to open school in September 2003. Professional training will be continuous. Advertisement for the faculty will resume, now that a principal has been selected.

The Curriculum

THS will provide a comprehensive curriculum that is distinguished by its rigor and total infusion of technology. The developing curricula are based on established content standards, input from area colleges and universities, the community-at-large, and practitioners and entrepreneurs in the varied allied fields. Throughout the life of THS, it is envisioned that curricula will continue to be dynamic and reflect the changes in technology and subject matter that will ease students into competitive post secondary endeavors.

Incorporated in the comprehensive curriculum, which merits the minimum 23.5 Carnegie Units required for graduation, are three major academic/career pathways: bio-medical science, broadcast technology, and information technology. Advanced and multiple courses in these areas will afford students unique opportunities to explore internships. Each discipline – art, English, health and physical education, information technology, math, music, science, social studies, and world languages – offers opportunities for students to explore study beyond the standard requirements. Each discipline will be augmented by advanced placement courses that will be offered either on-line or by an instructor at THS. The total program will be supported by a technology-intensive media center, which will maintain two-way communication with all parts of the school, all - schools within DCPS, homes, businesses, colleges, universities, public libraries and other remote sources.

Advanced Placement

Highly able learners at THS who enjoy academic rigor and thrive in a challenging educational setting will be able to enroll in Advanced Placement (AP) courses that may yield college credit. AP course are currently available in 32 subjects, across the nation, and require college-level dedication, in-depth knowledge and analytical skills that allow students to fully explore topics given only cursory attention in standard high school classrooms. AP courses at THS will be both leader led and on-line.

Art and Design

The vision is to create a program that prepares students to be art and design literate in the information and digital age. The mission is to offer standards-based course content that

will enable students to use technological tools as artists/designers in the language of visual communication and problem solving. Student designers will set out to create for communication and understanding. They will design everyday things, spaces and places, and experiences for human interaction. The World Wide Web and new media of the future will require videographers, graphic designers, creative consultants, and many other artistic professionals.

The goal of focusing visual arts learning around art and design prepares students for ways of thinking rather than mastering a discipline or training to do an obsolete task. Art and design course content will include the major areas of design education: the design of objects, information, environments and experience design, as well as digital video, 3D character animation, web design, urban planning, interactive exhibit design, and virtual reality. The foundation courses that will be offered are: Art and Design Foundations, Digital Arts Technology, Graphic Design and Visual Communication.

BIOMEDICAL SCIENCE

THS will offer a comprehensive program in biomedical sciences. Upon completion of this course of study, students will be prepared to enter college programs in the sciences, pre-medicine, pre-dentistry or allied health professions. There will be a common core of required academic courses including studies in humanities and the social sciences necessary for breadth in a college or medical career-training program. The program design will include opportunities for students to complete didactic and laboratory studies. Course offerings include: biology, microbiology, advanced placement biology, introduction to biomedical sciences, chemistry, bio-organic chemistry, physiology, organic chemistry, advanced placement chemistry, physics, advanced placement physics, earth systems. The clinical or intern experience will allow the student to develop an area of focus and to attain requisite laboratory skills on site in community-based facilities.

During the senior year, each student must formulate and design a research project that reflects the student's preparedness for undertaking rigorous and relevant research, knowledge of current trends, pertinent scientific literature, and application of science concepts. The project must be conducted under the guidance of a THS teacher sponsor and a highly trained and experienced mentor in a local scientific agency, hospital, clinic research facility or other related site.

BROADCAST TECHNOLOGY

Students who pursue a course of study in broadcast technology/journalism will be uniquely prepared to enter post secondary institutions or the job market. Graduates will be will versed in a myriad of skills and knowledge that are germane to advancement in the communications field. They will study courses that expose them to all facets of broadcasting – audio, video, and digital technology. They will learn how to downlink satellite programs. A special emphasis will be placed on identifying hardware and software to engage the outside world. The process for phasing in broadband, streamline video will be included in the curriculum. A working studio from which students will tape, host and broadcast DCPS programs is a main feature of this curriculum. The

facilities will be available for teachers from across the city to broadcast specialized courses for distance learning throughout the city.

Courses from introductory to advanced levels will be offered in digital editing, news script writing, voice and diction, camera operations, research and production programming, editing for radio, radio operations, and radio show hosting.

Seniors will be responsible for team projects that reflect mastery of techniques and skills learned. Following specific guidelines and deadlines they will produce a program which will air on DC 28 and simultaneously be broadcast on the DC 28 website.

English (Global Perspectives: The Humanities Program)
The Humanities is a literature-based program that provides a more global perspective of the study of mankind and its link with the universe. Its uniqueness is the strong interdisciplinary thrust and universality in exploring the continuing saga of mankind living in harmony and sometimes disharmony with the forces of the cosmos. This world approach to the study of mankind lends itself to examining many facets of the human condition and exploring the many possibilities of discovering one's true self through active involvement in the literature, science, math, technology and the arts. This humanistic experience results in a more enlightened individual who not only understands his/her cultural, social political and historical self, but also what it means to be human. Four targeted areas of study include: ancient cultures, American Studies Parts I and II, and themes in 20th and 21st century global culture.

Health and Physical Education
The Health and Physical Education curriculum will provide students with the skills and knowledge needed to fully utilize technology to attain and maintain a high quality of life during and after their high school experience. Computerized heart rate monitors such as the Polar K12, modular resistance training machines, and computerized aerobic equipment will augment the course offerings. The content standards of this curriculum will be met using technology to assess states of health, fitness, and nutrition, and to modify behaviors central to a rich physical existence. Students will also have opportunities for internships and virtual experiences in exercise physiology, physical therapy, athletic training, and recreational therapy using community resources and interactive technology.

INFORMATION TECHNOLOGY
Information Technology is a course of study that leads to industry standard certification in networking and programming. Students will be nurtured and equipped to immediately secure employment in the Information Technology labor market and to pursue advanced studies at the college level. The unique organizational structure of THS will allow students to participate in internships in related technology fields while furthering their course of study. As problem solving and abstract reasoning are good indicators of success in the field of information technology, it is recommended that all students complete Algebra I and chemistry as a perquisite for pursuing this curricula.
MOUS Certification will serve as a foundation course required of all THS students.

The programming strand of the information technology curriculum will include courses in data base fundamentals, C++, JAVA, HTML, XML and SQL.
The networking and system architecture strand will include courses in CISCO Certification, MCSE training, and A+ Certification.

Math
The mathematics curriculum is sequential (with all ninth graders enrolling in at least Algebra I and advancing through at least pre-calculus in the mathematics sequence), standards based, constructivist and intellectually robust. The daily instructional program will engage students in effective learning with an emphasis on critical thinking, hands-on problem solving, and independent research. Students will work independently and in teams to develop projects as they discover the relationship between mathematics, science, technology and their field of academic focus. As students complete four years of mathematics, they will draw upon a wide variety of resources and tools including teachers, hard copy and electronic sources, computer simulations, mentors, mathematical modeling, programming and visualization techniques. A major component of the mathematics curriculum is the use of graphing calculators and networking technologies to improve teaching, facilitate learning, and to overcome the traditional barrier in the classroom. Courses will include Algebra I, Algebra II & Trigonometry, geometry, elementary functions, pre-calculus, Calculus AB, Calculus BC, statistics & probability, advanced placement statistics.

Music
The primary aim of the music program is to provide the means for students to know and value music throughout life. As a basic support to overall achievement and instruction across the curriculum, music literacy represents the aural world. To be literate, informed citizens, all students should know the process of interpreting sounds and creating music. As our culture saturates its citizenry with vivid aural patterns it is becoming increasingly necessary for students to perceive their acoustic environment both sensitively and selectively. The study of music contributes significantly to the quality of every student's life. It engages critical thinking, making connections/relationships, communication, problem solving, and positive personal development and social responsibility. Musically literate students are enthusiastic learners, expressive producers and aural interpreters. They are equipped with skills that enable them to operate, decipher and interpret sounds, texts, music, images in motion and spoken voices. The program for grades 9 through 12 centers around the following areas:

required courses	general music, music theory, Bach to Rap
choral	concert choir, show choir, music theater
instrumental music	concert, jazz band, orchestra
music technology	Music Technology I & II, music notation and advanced music notation with computers, keyboard lab

Social Studies
The social studies curriculum includes the study of history, geography, government and other social sciences. In a continuance of instruction from the early grades through high

school, students study people of the United States and the world. They examine ideas and works of individuals and nations in all areas of life—economic, social, cultural, intellectual and political. The purposes of the social studies curriculum includes:

- empowering students to develop their own perspectives regarding people, issues, eras, events and places
- enabling students to describe and explain the possible impact of current events, ideas and issues of the development of future societies
- using technology to interpret and analyze information relative to past and present events and predict the impact of these events on future developments.

World Languages

Technology is the systemic application of knowledge, tools, skills and materials that enhance human capabilities. The world language curriculum integrates technology in the study of languages and its effects on individuals, society, and the global community. World. Students will use technology for knowledge and sill acquisition, communication and information management, problem solving, and creative expressions in research and product development. They will use technology to input, retrieve, organize, manipulate, evaluate and communicate information through e-mail, Internet, audio visual media, and live translation. The learning environments will foster technology that affords access to international publications, pen pals and listening media. Spanish and French will be the initial languages taught. There will also be on-line classes to address lesser commonly taught languages (LCTL) – Arabic, Chinese, Russian, etc.

Technology in the world language curriculum will also be used to facilitate translations for English as Second Language students and parents.

QUESTION 5: Do you think that the funding of the school's capital program should be funded separate and apart from the District's capital program? What are the advantages and disadvantages of having a separate entity being able to issue tax-exempt bonds?

No. we have always been grateful at the relative ease with which the school system has received capital funding (except when there was none to be had), compared to LEAs that have to win school bond referenda. Even though we have tension with other elements of the city's governance structure and competition with other agencies, the fluidity has also worked to our advantage. When DCPS has spent a greater share of the capital funding, the city has moved money into the school's accounts. Although the Mayor and Council's financial support for schools is not everything we want it to be, going separately seems to be higher risk without offering significantly greater benefit. It is higher risk because most voters in the city do not have children in the schools. This can best be accomplished in an arena of shared vision for the city.

QUESTION 6: Previous enrollment audits have indicated attendance problems in DCPS. What is the average daily attendance and what is being done to address this problem?

See attachments

QUESTION 7: DCPS is installing a new payroll system, PeopleSoft. When will the new payroll system be completely implemented? Will the new payroll system be integrated with the District's financial management system?

PeopleSoft is an integrated personnel system. It will have the appropriate linkages to the rest of the District of Columbia government financial system. We continue to make plans based on an April start-up date.

QUESTION 8: The DCPS FY 2001 budget had $ 99 million in federal grants other than Medicaid, but the budget reports show only $ 64.8 million was spent, leaving $ 34 million unspent. What federal grant program funds were not expended and why?

Since the issuance of the report indicating that $34 million of 2001 grant funds remained unspent at year's end, additional payments and adjustments have been made during the annual reconciliation of budget and expenditures. The amount of unspent FY 2001 funds now stands at $24 million.

There are several factors that result in the carryover of grant funds in the DCPS. The budget of the DCPS is included in the annual budget submission to Congress. The City CFO does not allow the loading and spending of new grant funds prior to the approval of the annual budget by Congress and the President.

In the budget cycle for FY 2001 there were several continuing resolutions passed to authorize essential expenditures based on budget levels of the previous year to cover the period from October 1, 2000 until the City budget was approved in December 2000. Continuing resolutions are of great value to ongoing activities; but they adversely affect all new grants that were earned by DCPS through competition or that were awarded from new programs. These grants had no previous expenditure or budget information on which to authorize expenditures during a continuing resolution. Lack of spending authority for all grants at the beginning of the fiscal year resulted in the loss of one quarter of the fiscal year during which grant expenditures did not occur. Grant-funded programs that lacked spending authority were not able to hire staff or purchase supplies and materials until January of 2001. The late start could not be overcome with accelerated spending in most cases and the first quarter's unspent funds remained unspent at the end of the year.

Carryover funds from unspent grants have accumulated through the past six years as the District of Columbia has exercised austerity through its fiscal crisis. FY 2000 carryover into FY 2001 was $13.2 million, and FY 1999 carryover was approximately $10 million.

Some of our grants do not actually get awarded at the beginning of the fiscal year. This results in large amounts of unspent funds at the end of a six- or nine-month spending

period rather than a full year. One example is the Technology Literacy Challenge Fund, a grant of $2,250,000. It was signed on January 19, 2001 at the US Department of Education. It was received in February and became available for expenditure in April 2001. On September 30, 2001 the remaining balance was over $2 million. Much of this grant is for procurement of appropriate technology and for training of teachers. These activities are difficult to complete when they do not begin until April.

The Reading Excellence Act grant had a carryover of approximately $1.2 million. This occurred because the terms of the grant require that a competition be held to make subgrants. The deadline for this competition was May 31, 2001, and grants were awarded in August 2001. Expenditures began shortly thereafter and will continue for the next two years.

In the period from FY 1992 through FY1997, carryover averaged 3% of total grants. Since that time, carryover has increased as follows: 33% of total grants in FY 1998, 43% in FY 1999, 20 % in FY 2000, and 24% in FY 2001. Carryover seems to have peaked in FY 1998-1999 period while DCPS was under intense fiscal controls and the introduction of a new fiscal management system proved difficult to absorb. Since 1999, we have been working down the balances to more manageable levels and eventually will get down to the single-digit level.

To reduce the level of carryover from the high rates of today to single digits, DCPS needs a full year to spend our grants and we need the authority to implement new grants when new grant awards are made. Grants should not be tied to the appropriation process in the District of Columbia

ATTACHMENTS

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
ELEMENTARY SCHOOLS			
ADAMS	97.6	97.3	97.8
AITON	94.1	94.9	94.0
AMIDON	94.5	94.7	93.6
BANCROFT	96.7	95.2	94.8
BARNARD	94.7	94.1	93.0
BEERS	95.7	95.5	93.0
BENNING	96.1	94.8	93.1
BIRNEY	96.5	94.0	91.9
BOWEN	96.5	93.2	92.2
BRENT	97.3	95.5	93.9
BRIGHTWOOD	96.5	96.2	95.0
BROOKLAND	98.4	94.7	93.8
BRUCE-MONROE	93.4	93.0	90.7
BUNKER HILL	98.7	97.6	97.7
BURROUGHS	94.6	95.5	93.6
BURRVILLE	95.1	94.4	92.9
CLARK	94.6	93.1	91.9
CLEVELAND	93.2	92.5	91.0
COOK, J.F.	96.5	95.8	94.8
COOKE, H.D.	92.7	93.3	90.3
DAVIS	95.2	91.8	92.9
DRAPER	98.6	99.0	97.7
DREW	93.6	93.2	88.4
EATON	97.8	97.0	94.7
EMERY	97.1	94.5	96.1
EMILIA, REGGIO SWSC AT PEABODY	96.8	95.7	94.2
FEREBEE-HOPE	95.6	92.0	92.3
FLETCHER-JOHNSON	98.0	92.7	95.6
GAGE-ECKINGTON	92.6	93.8	93.2
GARFIELD	97.1	96.2	93.9
GARRISON	93.9	94.6	93.1
GIBBS	93.1	92.9	89.4
GREEN	94.3	93.9	91.2
HARRIS, C.W.	95.0	93.4	94.5
HARRIS, P.R.	93.1	92.5	89.9

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
HEARST	93.9	93.1	92.3
HENDLEY	92.1	92.2	91.8
HOUSTON	94.7	93.7	89.7
HYDE	96.2	97.4	97.0
JANNEY	97.2	96.4	95.8
KENILWORTH	96.9	96.6	96.8
KETCHAM	97.2	98.7	NA
KEY	97.0	96.8	94.1
KIMBALL	93.2	93.3	90.8
KING	96.5	96.4	95.8
LAFAYETTE	95.4	97.1	95.2
LANGDON	97.0	96.6	96.7
LASALLE	95.9	94.8	94.8
LECKIE	93.6	95.0	93.2
LUDLOW-TAYLOR	94.0	94.1	93.4
MALCOLM X	96.3	93.7	93.3
MANN	97.7	97.6	97.1
MARSHALL, THURGOOD	97.2	NA	96.7
MAURY	97.1	96.6	95.0
MCGOGNEY	95.3	97.7	95.6
MERRITT	99.4	97.3	98.4
MEYER	93.9	95.9	94.1
MINER	96.5	95.5	94.0
MONTGOMERY	95.5	94.8	94.0
MOTEN	97.5	92.2	90.8
MURCH	96.6	97.3	96.3
NALLE	94.8	93.8	93.2
NOYES	96.1	92.1	88.1
ORR	96.1	94.6	92.4
OYSTER	97.2	96.7	97.1
PARK VIEW	93.5	94.1	92.5
PATTERSON	99.3	96.6	95.5
PAYNE	94.1	94.1	90.9
PEABODY	95.6	93.7	92.4
PLUMMER	98.7	96.6	94.1
POWELL	96.1	94.4	93.6
RANDLE HIGHLANDS	95.1	95.4	94.3

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
RAYMOND	97.6	94.3	92.5
REED	95.8	95.0	94.1
RIVER TERRACE	95.4	94.5	94.0
ROSS	95.6	96.6	96.7
RUDOLPH	94.5	94.0	94.1
SAVOY	95.4	93.5	92.3
SEATON	95.8	95.0	93.8
SHADD	92.0	93.2	90.2
SHAED	95.3	94.1	91.4
SHEPHERD	97.4	97.1	96.2
SIMON	96.3	93.5	90.7
SLOWE	97.8	95.0	91.6
SMOTHERS	95.4	97.7	92.0
STANTON	98.2	93.7	89.8
STEVENS	95.6	97.7	97.3
STODDERT	95.7	96.3	94.7
TAKOMA	97.6	95.4	95.5
TERRELL, M. C.	93.6	94.1	95.6
THOMAS	96.9	95.9	94.5
THOMSON	97.5	96.5	95.8
TRUESDELL	96.4	94.8	94.4
TUBMAN	93.8	94.4	92.7
TURNER	94.9	94.8	94.4
TYLER	97.9	97.4	95.2
VAN NESS	94.6	92.5	92.2
WALKER-JONES	94.7	95.7	93.7
WATKINS	95.9	96.0	94.1
WEBB	94.5	94.7	93.9
WEST	94.9	93.5	92.7
WHEATLEY	95.3	95.4	97.4
WHITTIER	96.7	95.5	94.0
WILKINSON	99.5	91.6	91.6
WILSON, J. O.	94.1	93.6	89.6
WINSTON	93.7	93.2	93.4
YOUNG	93.8	93.7	92.3
CONSOLIDATED HEAD START	NA	95.7	92.5
RATE ELEMENTARY	95.7	94.8	93.7

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
MIDDLE SCHOOLS			
BACKUS	94.1	93.8	94.7
BROWN, RONALD	98.7	95.2	93.4
EVANS	91.7	87.2	83.9
GARNET-PATTERSON	96.2	93.9	93.7
HARDY	97.3	95.2	94.6
HART	93.5	94.2	92.4
KRAMER	97.4	89.7	88.8
LINCOLN	95.2	93.4	94.6
MACFARLAND	97.1	91.7	91.2
SOUSA	97.7	97.9	98.0
STUART-HOBSON	97.4	97.0	97.7
RATE MIDDLE	96.0	93.7	93.1
JUNIOR HIGH SCHOOLS			
BROWNE	94.1	88.7	88.9
DEAL	96.4	96.2	96.0
ELIOT	97.0	89.7	90.4
FRANCIS	92.6	91.6	88.7
HINE	94.8	93.9	92.1
JEFFERSON	96.2	95.2	94.7
JOHNSON	93.3	88.1	88.5
SHAW	98.2	95.6	95.6
TERRELL, R.H.	87.4	91.7	92.2
RATE JUNIOR HIGH	94.6	93.3	92.5

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
SENIOR HIGH SCHOOLS			
ANACOSTIA	96.4	87.2	85.4
BALLOU	98.1	86.4	87.1
BANNEKER	98.4	96.7	97.4
BELL	94.8	93.3	94.3
BUSINESS AND FINANCE SWSC AT WOODSON	94.3	94.4	92.3
CARDOZO	91.3	89.7	93.2
COOLIDGE	NA	90.1	92.1
DUNBAR	96.8	90.4	90.0
EASTERN	NA	95.9	96.5
ELLINGTON	91.0	84.8	80.5
HEALTH & HUMAN SERVICE SWSC AT EASTERN			
PHELPS	96.4	90.8	91.8
PRE-ENGINEERING SWSC AT DUNBAR	99.0	96.7	95.9
ROOSEVELT	91.6	88.8	89.5
SCHOOL WITHOUT WALLS	NA	NA	NA
SPINGARN	88.1	84.2	82.2
WASHINGTON, M.M.	87.6	86.2	77.4
WILSON, W.	98.6	97.5	97.8
WOODSON, H.D.	86.1	87.9	89.3
RATE SENIOR HIGH	95.1	90.4	90.3

a/ Reported with Eastern Senior High School.
NA - Not Available

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

AVERAGE DAILY ATTENDANCE RATES
SY 2001-02

SCHOOL	Sept.	Oct.	Nov.
CITYWIDE SPECIAL EDUCATION			
ELIOT CENTER	85.5	78.6	71.8
HAMILTON CENTER	NA	NA	88.5
MOTEN CENTER	92.8	89.1	88.0
LEE, MAMIE D.	90.1	90.2	89.8
PROSPECT	94.3	92.2	90.2
SHARPE HEALTH	94.8	93.4	93.6
SPINGARN CENTER	53.2	55.2	54.7
TAFT	86.9	85.5	86.1
TERRELL CENTER	92.9	84.1	88.4
WASHINGTON CENTER	75.8	55.3	59.9
RATE SPECIAL EDUCATION	84.7	88.2	86.6
SYSTEMWIDE RATE (EXCLUDING ALTERNATIVE PROGRAMS)	95.5	93.7	92.8
ALTERNATIVE PROGRAMS			
BALLOU STAY	NA	NA	NA
CHOICE MIDDLE	87.6	82.2	84.0
CHOICE SHS	79.5	77.3	78.5
MOORE, LUKE C. ACADEMY	74.6	53.6	47.8
OAK HILL	NA	NA	NA
SPINGARN STAY	96.3	85.4	84.1
RATE ALTERNATIVE	89.2	69.6	66.4
SYSTEMWIDE RATE (INCLUDING ALTERNATIVE PROGRAMS)	95.4	93.5	92.6

NA - Not Available

RATES OF ATTENDANCE
FOR SCHOOL YEARS 1996-97 THROUGH 2000-01
BY LEVEL

LEVEL	1996-97	1997-98	1998-99	1999-00	2000-01
ELEMENTARY	94.0	94.2	93.8	93.6	93.4
MIDDLE	91.6	91.3	91.1	92.7	93.6
JUNIOR HIGH	90.2	90.9	90.3	92.3	92.2
SENIOR HIGH	87.1	85.2	86.8	85.8	88.9
CITYWIDE SPECIAL EDUCATION SCHOOLS	85.2	89.9	90.2	90.6	87.0
SYSTEMWIDE RATE EDUCATION SCHOOLS (Excluding Alternative Programs)	**89.6**	**92.1**	**92.0**	**92.2**	**92.5**
ALTERNATIVE PROGRAMS	65.7	58.3	68.8	66.9	69.7
SYSTEMWIDE RATE (Including Alternative Programs)	**89.1**	**91.4**	**91.7**	**92.0**	**92.2**

ABSENTEEISM SY 2000-01

	Schools With High Absenteeism On The Day Of The Audit, Reported by Thompson, Cobb, Bazilio & Associates			
	Random Sample			Actual
	Total Students In count	Total Absent	Percentage	SY 2000-01 Absenteeism Rate
Beers ES	24	7	29%	8%
Bunker Hill ES	24	6	25%	3%
Ketcham ES	20	5	25%	8%
Plummer ES	12	12	100%	9%
King ES	19	5	26%	4%
Garnett-Patterson MS	23	6	26%	7%
Hart MS	37	9	24%	9%
Anacostia SHS	44	12	27%	14%
Ballou SHS	72	26	36%	15%
Roosevelt SHS	41	26	63%	15%
Backus MS	39	10	26%	6%
Woodson SHS	48	14	29%	11%
M.M. Washington SHS	23	14	61%	11%
Luke Moore Academy	15	7	47%	54%

ABSENTEEISM SY 1999-00

	Schools With High Absenteeism On The Day Of The Audit, Reported by Thompson, Cobb, Bazilio & Associates			
	Random Sample			Actual
	Total Students In count	Total Absent	Percentage	SY 1999-00 Absenteeism Rate
Merritt ES	27	6	22%	2%
Moten ES	20	6	30%	3%
Seaton ES	19	4	21%	8%
Shaed ES	7	3	43%	7%
Stanton ES	26	6	23%	8%
Wilkinson ES	21	6	29%	9%
Lincoln MS	20	6	30%	8%
Macfarland MS	36	9	25%	7%
Sousa MS	27	7	26%	6%
Stuart-Hobson MS	14	3	21%	6%
Ballou SHS	65	30	46%	25%
Roosevelt SHS	61	13	21%	15%
Spingarn SHS	36	17	47%	25%
Woodson SHS	34	9	27%	19%

2000

Students Absent from Count

Although procedures for taking attendance have improved over the years, absenteeism continues to be high in some of the schools. Of the 3,792 DCPS students included in the sample, 513 were absent on the day of the membership audit. Of the 9,555 charter school students, 1,343 were absent. The following table shows those schools for which the percentage of students not available on the day of the count was greater than 20%, excluding the special education programs. Students were unavailable due to regular absences, homecoming commitments, field trips and emergencies.

School	Total Students in Count	Total Absent	Percentage
DCPS			
Beers ES	24	7	29%
Bunker Hill ES	24	6	25%
Ketchum	20	5	25%
Plummer ES	12	12	100%
King ES	19	5	26%
Garnett Patterson	23	6	26%
Hart MS	37	9	24%
Anacostia	44	12	27%
Ballou SHS	72	26	36%
Roosevelt	41	26	63%
Backus JHS	39	10	26%
Woodson SHS	48	14	29%
M.M. Washington	23	14	61%
Moore Academy	15	7	47%
CHARTER SCHOOLS			
Edison -Friendship: Woodson Campus	422	107	25%
Rosario International PCS	623	183	29%
Associates for Renewal in Education	39	24	62%
Milburn PCS	213	83	39%
Next Step PCS	52	13	25%
Joz-Arz Academy PCS	12	3	25%
Booker T. Washington	212	95	45%
New Vistas Preparatory	150	41	27%

1999

DRAFT

Absenteeism

Although procedures for taking attendance have improved over the years, absenteeism was high in some of the schools. Of the 3,763 students included in the sample, 431 were absent on the day of the count. Thus, 11.5 % of our sample could not be physically verified. The following table shows those schools for which the percentage of students absent on the day of the count was greater than 20%.

School	Total Students Sampled	Total Absent	Percentage
Merritt ES	27	6	22.22%
Moten ES	20	6	30.00%
Seaton ES	19	4	21.05%
Shaed ES	7	3	42.86%
Stanton ES	26	6	23.08%
Wilkinson ES	21	6	28.57%
Lincoln JHS	20	6	30.00%
MacFarland JHS	36	9	25.00%
Sousa JHS	27	7	25.93%
Stuart Hobson JHS	14	3	21.43%
Ballou SHS	65	30	46.15%
Roosevelt SHS	61	13	21.31%
Spingarn SHS	36	17	47.22%
Woodson SHS	34	9	26.47%

SIS Is Not Updated Regularly

- The SIS master record for each student includes a Residency field to reflect the student's residency status. The codes are:

  R – Annual Student Enrollment Form received with copies of three (3) proofs of residency.

  F – Annual Student Enrollment Form received with incomplete or no proofs of residency.

  P – Receipt of form and proofs of residency pending but student is in attendance.

1998

Absenteeism

Although procedures for taking attendance have improved, absenteeism was high in some of the schools visited. Of the 3,792 students included in the sample, 578 were absent on the day of the count. Thus, 15% of our sample could not be physically verified. Absenteeism was highest in the high schools. At Anacostia High School, 42% of the students sampled were absent, and we were told that average daily absenteeism is over 50%.

Some charter schools also had a high percentage of absenteeism. On the day of our count, the absenteeism rate was:

School	Total Students	Total Absent	Percentage
Options	100	15	15%
Richard Milburn Academy	132	42	32%
World	59	20	33%

The charter schools do not necessarily apply the 20-day absence policy established by DCPS. Of the students absent at World, we were told by the principal that several had been absent for a month or more. Not adhering to the 20-day absence policy allows for the charter schools to continue being funded monthly by DCPS for students with extended absences.

SIS Is Not Updated Regularly

- The SIS master record for each student includes a Residency field to reflect the student's residency status. The codes are:

  R – Annual Student Enrollment Form received with copies of three (3) proofs of residency.

  F – Annual Student Enrollment Form received with incomplete or no proofs of residency.

  P – Receipt of form and proofs of residency pending but student is in attendance.

  N – Non-resident, must pay tuition to DCPS.

  X – Exempt upon official approval from the approving office.

  – Blank field indicates that no form or proofs of residency are on file. Implies that the student is not in attendance and should be coded as Inactive.

The District of Columbia Public Schools implemented the attendance initiative during SY 98-99 in support of the systemic priority to improve student attendance. The implementation of this initiative has produced a steady increase in the attendance rates over the past three years since its implementation. The data suggests a marked improvement in the attendance of senior high and middle school students. Progress in the elementary and junior high schools has been consistent over the past three years.

DCPS has developed a **systems approach** to improve student attendance inclusive of:

- Systemic Reform Efforts
- Restructuring Secondary Schools into Academies
- Expanding Instructional Learning Periods in SHS (90 min. or 4x4)
- Instituting Cooperative and Project Based Learning
- Tutoring and after schools and Saturday programs (STARS)
- Advisor and Advisee Counseling in the Middle Schools
- Expanded Career Pathways
- High Stakes Curriculum
- In-School Suspension Programs in 39 Secondary Schools
- Period by Period Attendance in all secondary schools
- Increased multi-agency collaboration and strategic planning to support truancy abatement

To support improved student attendance the DCPS has instituted the following:

- Articulated attendance targets for each school level
- Installed a Phonemaster automated calling system in all schools (with intensive ongoing training in use of the system) to provide daily notification to parents regarding student attendance
- Provided ongoing intensive staff development to attendance counselors/designees in attendance intervention strategies
- Developed a system to monitor and develop attendance interventions for cases of all students enrolled in DCPS with 15 or more days of unexcused absences
- This multi cycle monitoring is designed to increase the accountability of the local school intervention and student assistance efforts designed to address attendance on a case by case basis
- Developed a case management system to track and monitor all truancy court referrals in collaboration with Court Social Services, Child and Family Services, the Metropolitan Police Department, Youth Court and the Corporation Counsel
- Provided attendance awareness banners to each local school
- Disseminated parent and student guides on school attendance to each family in their primary language
- Disseminated drop out prevention guides in Spanish an English to all senior high school students and their families
- Developed a public awareness campaign to heighten community awareness of the need to encourage student attendance
- Opened a second attendance intervention center co-located at Douglass JHS to expand intervention services to truant students in wards 2, 6, 7 & 8
- Developed a system to randomly monitor selected schools' implementation of the Attendance Plan Guidelines Directive
- Provided information on all DCPS attendance directives on the DCPS website
- Provided training to non-public special education schools serving DCPS students on procedures to file truancy court referrals
- Developed a collaborative partnership with the metropolitan police department to issue attendance alert cards to students who are arriving to school after 8:45, but before the truancy pick up begins
- Intensive staff development and training has been provided to all T9 schools
- Provided staff development at each MPD local precinct headquarters through their roll call

with field based officers, commanders, sargents and master patrol officers

- Provided training on home visitation and parent contacts to support parent involvement in student attendance improvement

New Initiatives include:

- Pilot probation officer program in school program at Cardozo SHS
- The development of attendance action plans by each school to ensure that all attendance needs are addressed on all grade levels
- Student Centered focus groups in all SHS on strategies to improve secondary school attendance from the students point of view
- Training and TA with all probation officers in their local field unit
- Increased community outreach to shelters to address attendance needs of displaced students and their families
- Increased outreach to group home staff

DISTRICT OF COLUMBIA
PUBLIC SCHOOLS
Office of the Superintendent
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202-442-5885, fax: 202-442-5026
www.k12.dc.us

MEMORANDUM

TO: D.C. Board of Education

DATE: December 13, 2001

FROM: Paul L. Vance
Superintendent

SUBJECT: **Appointment of Mr. Daniel F. Gohl to Principal of the Technology High School at McKinley**

I am pleased to inform you that I have appointed Mr. Daniel F. Gohl as the principal of the new Technology High School at McKinley. Mr. Gohl is scheduled to begin his tenure on February 1, 2002. As the founding principal, Mr. Gohl's immediate focus will be on developing the McKinley academic and technology curriculum, selecting staff, building community and business support, recruiting students and preparing the school for opening in September 2003.

Mr. Gohl was selected as a result of a comprehensive national search conducted by the executive recruiting firm of Isaacson Miller over a four-month period beginning in August 2001. Over 60 organizations, schools and individuals were contacted over the course of the search that yielded 13 highly qualified semi-finalists. A screening panel comprised of school system staff, community members and city government representatives narrowed the list to three superior finalists and interviewed each of the finalists. Given the favorable assessment of the finalists by the panel, Dr. Steven G. Seleznow, Chief of Staff, and I conducted second interviews with each. I am pleased to share that Mr. Gohl emerged consistently as the leading candidate by all reviewers throughout this process.

Mr. Gohl currently serves as Director of the Science Academy of Austin, Texas. During his leadership of this nationally recognized program, student enrollment increased by 33% and Newsweek magazine ranked the school 17th in the nation based on advanced level courses taken by its students. Mr. Gohl is considered one of the nation's finest science educators with an outstanding track record of

building innovative technology programs based on a strong academic foundation. Over his career, Mr. Gohl has also served as an instructional technology facilitator, high school science department chair and physics teacher. In addition, Mr. Gohl has taught advanced computer science at Kutama College in Zimbabwe.

Mr. Gohl has an accomplished academic background. He completed his undergraduate work with honors in physics at Vassar College, studied graduate physics at Dartmouth College, and has received a Masters in Science Education from the University of Texas, where he is currently an advanced doctoral candidate. Moreover, Mr. Gohl won the Texas Excellence Award for Outstanding High School Teaching, Teacher of the Year honors, and served as Teaching Research Associate at the Princeton Plasma Physics Laboratory. Mr. Gohl also served as academic coach for the Texas Alliance for Minorities in Engineering Program.

Mr. Gohl brings to the District of Columbia Public Schools a wealth of knowledge and experience that will help ensure that the Technology High School at McKinley opens with a state-of-the-art program, a well-prepared staff, strong community support, motivated students, and viable corporate and government partners.

Mr. Gohl visited DCPS for two days this week, and met with Ms. Cafritz, Mr. Lockridge and Ms. Mikuta, who represented the Board Committee for Teaching and Learning. Additionally, staff met to brief him in preparation for his arrival on February 1, 2002. We expect Mr. Gohl to return for several days in January. Arrangements will be made for him to meet with the remaining members of the Board.

I am greatly pleased with this recruiting effort and believe that it bodes well for principal recruitment in the future. Please feel free to contact me should you have any questions.

PLV/srp

cc: Dr. Steven G. Seleznow
Dr. Linda Boyd
Ms. Janie McCullough
Ms. Paula Perelman
Dr. Wilma Bonner

GOVERNMENT OF THE DISTRICT OF COLUMBIA
EXECUTIVE OFFICE
WASHINGTON, D.C. 20001

January 14, 2002

The Honorable Constance A. Morella
Chairwoman
Subcommittee on the District of Columbia
B-349A Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairwoman Morella:

Thank you for the opportunity to testify before the Subcommittee of the District of Columbia on December 7, 2001 for the hearing entitled "District of Columbia School Reform Act of 1995: Blue Print for Educational Reform in the District of Columbia." Enclosed with this letter are responses to the questions that you posed in your December 18, 2001 letter to me.

QUESTIONS SUBMITTED TO GREGORY McCARTHY

Question #1:

Your office has the responsibility to recommend revisions to the Uniform Per Pupil Student formula. What fiscal year will the revised uniform per pupil student formula be applied? What was the process used to determine the administrative costs of running the school system and the charter schools?

Response:

Pursuant to the State Education Office Establishment Act of 2000, the State Education Office (SEO) is the agency authorized to periodically review and recommend revisions to the District of Columbia's Uniform Per Student Funding Formula. The following is the SEO's response to the question above:

The current recommendations for revisions to the Uniform Per Student Funding Formula (UPSFF) submitted on September 30th, 2001 by the State Education Office, if approved, will be applied to FY 2003. In responding to your question we have assumed that "administrative costs" refers to the items under central office costs. The SEO's methodology for determining central office costs is reflected in the attached tables [Attachment 4 to the SEO report, Central Offices Covered by Foundation, and Attachment 5, Central Worksheet].

The SEO's recommendations are based on study of the actual costs budgeted by the D.C. Public School system (DCPS) and comparisons with other school districts, including suburban systems and other urban systems. In analyzing these costs, we separated both central office and local school costs of special education and language minority education from the remaining budget to determine costs for "general education," including all other local school and central office costs. "Local School Costs" include staff and direct program costs plus centrally managed local school services: security, maintenance, utilities, and technology. "Central Management and Service Costs" include central services (e.g., warehouse, equipment repair), business services (e.g. payroll, personnel, information), instructional support (e.g., curriculum, instructional technology) and central management (e.g., Superintendent's Office, supervision of school operations).

In analyzing DCPS Central Management and Services Costs, we separated federal from local funds, to determine local budget allocations. On the basis of comparisons with DC metropolitan area suburban school districts, we adopted these FY 2001 DCPS allocations as the assumed cost, because DCPS allocated less on a per pupil basis than did the suburban districts. The suburban comparisons (unpublished) are based on a line-by-line comparison and detailed analysis of budgets to identify and match specific functions. Mary Levy, working as a consultant to the State Education Office, performed these analyses, and the SEO would be happy to make her available for any further questions or explanations that the Committee requires.

Question #2:

Do you think that the funding of the schools' capital program should be funded separate and apart from the District's capital program? What are the advantages and disadvantages of having a separate entity being able to issue tax-exempt bonds for DCPS capital projects?

Response:

The Executive Office of the Mayor (EOM) supports the position of the Office of the Chief Financial Officer (OCFO) with respect to the funding of the District of Columbia Public Schools capital program. The OCFO has recently examined the question above, and their response is attached below for your information:

There are potential advantages and disadvantages to having a separate entity issue tax-exempt bonds to finance the schools' capital program. We will briefly review these considerations, which we have compiled with input from the District's financial advisors, and

then address the question of whether we think the D.C. Public Schools' (DCPS) capital program should be financed separate and apart from the District's capital program.

Other large cities throughout the nation have faced similar decisions with regard to funding schools. In some cases, the creation of a separate issuing entity for school capital needs has proven advantageous and in other cases it has resulted in higher costs to taxpayers. The following table sets out potential advantages and disadvantages of using a separate issuing entity to fund school capital needs.

Advantages	Disadvantages
Keeping debt of schools separate from that of the general debt of the District may have administrative advantages, such as with GASB 34 requirements regarding accounting for fixed assets	Creates additional layer of bureaucracy with added costs for staffing and operations for debt administration, including consultants, legal advisors, banking and trust services
Allows taxpayers to identify amount/usage of taxes attributable to school debt	Decision makers of the entity may disagree with debt policies of the city, which could weaken city's credit position because school debt would be considered "overlapping" debt of the city
May cause school officials and the public to be more aware of, and perhaps more focused on, the facilitating the efficient use of tax dollars for, the total costs of funding education	New issuer is not known to the market, and because of its unfamiliarity to rating agencies and investors, there could be a "market penalty" (i.e., higher interest rates)
If the separate entity receives and "securitizes" a specific, reliable revenue stream with good debt service coverage, it could be rated higher than the city's general obligation debt, thus producing lower borrowing costs	The separate entity could siphon off revenues that would otherwise be available and significant to the city's general fund, and thereby do harm to the city's credit standing and general obligation bond ratings, thus producing higher borrowing costs

As indicated above, the results have been mixed in other places. New York city has seen both success and failure in this regard, as it had an authority that securitized certain city revenues and was able to issue bonds at better rates than its general obligation bonds, while a separate construction authority established in New York with a non-securitized structure was considered a failure and was abolished. Chicago has an authority that has issued $2.7 billion in bonds to finance schools, and is rated in the same category as its general obligation debt; so there has been no clear advantage or disadvantage in terms of financing cost.

As far as the prospects for the District are concerned, the Office of the Chief Financial Officer takes the following positions:

1) The potential disadvantages of a separate financing authority for schools' financing appear to outweigh the potential advantages. Given the District's relatively high debt ratios and its recently-improving but still somewhat delicate position with the rating agencies, having a comprehensive, cohesive debt program is important to maintaining and possibly improving its credit standing in the marketplace. Having a separate authority that would not necessarily function in concert with the District's overall debt management program and strategy could harm the District's credit position. Moreover, given the District's limited tax base, there are no apparent revenues of the District that could be siphoned off and securitized for a program of the magnitude of schools funding without likely doing harm to the credit profile of the District's general obligation debt, which could lead to lower ratings and higher borrowing costs. As alluded to in the Advantages/Disadvantages chart above, in the absence of securitizing certain revenues, it is likely that such an authority would end up producing additional costs to the District.

2) Additional revenues would be needed in order for the District to be able to afford the DCPS Facility Master Plan, regardless of whether a separate financing entity is established or not. We will present more concrete numbers in response to another of your questions, but our rough estimates are that the District could finance perhaps half of dollars called for by the DCPS facilities plan. Additional sources of funding would have to be identified or it would cause an unaffordable burden on the District's operating budget (via debt service costs), in addition to the negative impact that it would have on the District's debt ratios.

3) Perhaps some efficiencies could be gained if there were a separate authority to manage the construction aspect of the DCPS facilities plan, with the financing centrally managed within the District's capital and debt management programs.

4) Even with the financing centrally managed, additional federal and/or other revenues could be specifically allocated to cover certain PayGo capital costs and/or debt service costs associated with the financing of the DCPS facilities Plan.

Question #3:

What do you estimate the state level education costs to be running the school system in FY 2003? (Please delineate those costs.)

Response:

The Office of Budget and Planning is currently working with the Board of Education to develop the budget for the state level education functions performed by the District of Columbia Public Schools (DCPS). The total budget for the DCPS' State Education Agency (SEA) in FY 2002 was $118,431,202 (see table below). While a final FY 2003 budget for the SEA has yet to be determined, it is estimated that state level costs could increase by as much as 50%. In particular, the budget for special education-related non-public tuition payments and transportation are

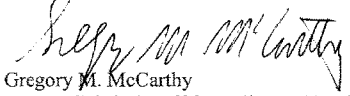
estimated to be significantly higher in FY 2003 than in FY 2002, as DCPS experienced spending pressures in these areas in both FY 2001 and FY 2002. My office would be happy to provide the requested and proposed budgets for DCPS' state level education costs once this information is available.

Approved FY 2002 Budget for DCPS' State Education Agency (SEA)

Tuition Payments	$	52,380,000
Transportation	$	31,946,740
LaShawn Receivership	$	18,830,521
Commission on Mental Health	$	4,684,261
Other Special Education	$	4,157,512
Oak Hill	$	3,237,335
Other State Agency Functions	$	2,894,533
Public Charter School Oversight	$	300,300
Total State Education Agency	**$**	**118,431,202**

I hope these responses answer the questions you have posed. Please feel free to contact me if you should require additional information.

Sincerely,



Gregory M. McCarthy
Deputy Chief of Staff for Policy and Legislative Affairs

ATTACHMENTS TO SEO REPORT

Attachment 1	Prototypical Elementary School Budget
Attachment 2	Prototypical Middle School Budget
Attachment 3	Prototypical Senior High School Budget
Attachment 4	Central Offices Covered By Foundation
Attachment 5	Central Worksheet
Attachment 6	Federal Grant Funds
Attachment 7	Basic Data, Assumptions, and Calculations

ATTACHMENT 1

PROTOTYPICAL ELEMENTARY SCHOOL BUDGET

A hypothetical elementary school, based on average enrollment and student characteristics for all elementary schools

ENROLLMENT	**Elementary**
Early childhood: pre-S, pre-K, K	93
Grades 1-3	176
Grades 4-5	107
Ungraded	4
TOTAL	**380**

Based on system-wide averages: grades pre-school - 5 plus ungraded ES

Special Needs	**Percent**	**No.**
Bilingual	**9%**	
NEP	**5%**	**19**
LEP	**4%**	**15**
Special educat	**10%**	
Level I	**3.2%**	**12**
Level II	**2.9%**	**11**
Level III	**2.7%**	**10**
Level IV	**1.2%**	**5**

	Percent	**No.**
Free/reduced price lunch	**69%**	**262**

Facility Master Plan recommended school size range 300 - 500

	FTEs	**Cost**	**Per pupil**		**Assumptions and standards**
Classroom Staff					
Teachers					
Early childhood (ECE)	5	$ 261,830	$ 2,815.38	18	Class size 18/1 with aide
Grades 1-3	9	$ 471,294	$ 2,677.81	20	Class size 20/1
Grades 4-5	5	$ 261,830	$ 2,447.01	21	Class size 21/1
Subject area teachers	3.1	$ 160,868	$ 423.34		Each class: 2 per/wk PE & 1 per each art, music
Teacher pay raise, FY 02 ECE		$ 21,084	$ 226.71	7%	Entering salary at average of surrounding districts, maximum still low
Teacher pay raise, FY 02 Gr 1-3		$ 38,206	$ 217.08	7%	
Teacher pay raise, FY 02 Gr 4-5		$ 21,499	$ 200.92	7%	
Teacher Aides					
Early childhood	5.0	$ 89,574	$ 963.16		1 per class; DC Council line item mandate
Grades 1-5	5.0	$ 89,574	$ 316.51		1 per 3 teachers
Aide pay raise, FY 02		$ 5,374	$ 14.14	3%	
Schoolwide Staff					
Substitute Teacher		$ 20,285	$ 53.38	5.4%	MCPS pay rate of $93/day; reduce absence to 5.4%
Reading Resource Teacher	1.0	$ 52,366	$ 137.81	1.0	1 per school, per FCPS
Librarian	1.0	$ 52,366	$ 137.81	1.0	1 per school
Library Aide	0.4	$ 7,166	$ 18.86	900	1 per 900 pupils
Change facilitator	0.0	$ -	$ -	-	Replaced by other reforms
Computer lab coordinator	0.5	$ 19,227	$ 50.60	0.5	0.5 per elementary school per FCPS
Program coordinator	0.0	$ -	$ -	-	High schools only
Counselor	1.3	$ 68,076	$ 179.15	300	1 per 300 pupils, per MCPS
Social worker/psychologist	0.8	$ 41,893	$ 110.24	500	DCPS experience with Weighted Student Formula
Attendance counselor	0.0	$ -	$ -	-	Secondary schools only
Custodian	3.0	$ 70,824	$ 186.38	20,000	Custodians + foreman @1/20,000 sq ft; industry standard
Custodial foreman	0.0	$ -	$ -	150	150 sq ft/pupil; foreman per 3 or more custodians
Security aide	1.5	$ 46,080	$ 121.26	250	1 per 250 pupils
Nurse	0.5	$ 26,500	$ 69.74	0.5	Other half of salary to make Health Dept nurse full-time
Teacher pay raise, FY 02		$ 16,375	$ 43.09	7%	Entering salary at average of surrounding districts, maximum still low
Aide pay raise, FY 02		$ 215	$ 0.57	3%	
Support staff pay raise FY 02		$ 2,125	$ 5.59	3%	

ATTACHMENT 1

	FTEs	Cost	Per pupil	Assumptions and standards	
Administrators					
Principal	1.0	$ 90,104	$ 237.12	1.0	1 per school per universal practice
Assistant principal	0.8	$ 61,443	$ 161.69	450.0	1 per 450 students; comparison districts
Administrative aide	1.0	$ 34,825	$ 91.64	1.0	1 per school as part of ratio of 1 clerical per 10 professional positions
Business manager/clerks	1.8	$ 45,418	$ 119.52		Remainder of ratio of 1 clerical per 10 professional positions
Registrar		$ -	$ -		Included in clerical
Principal pay raise FY 02		$ 19,701	$ 51.85	13%	Raises maximum to average of surrounding school districts
Support staff pay raise FY 02		$ 2,407	$ 6.33	3%	
OTPS					
Texts		$ 51,300	$ 135.00	$ 135	Maintain current per pupil budget levels
Supplies & materials		$ 36,100	$ 95.00	$ 95	Maintain current per pupil budget levels
Instructional technology		$ 30,793	$ 81.03	$ 81	Maintain current per pupil budget levels
Travel		$ 2,550	$ 6.71	$ 2,550	Per school, per FCPS
Programs					
Gifted & talented		$ 27,930	$ 73.50	$ 735	Per pupil, 10% of pupils;per Pr William Cty. BoC $850
Sports/activities		$ 8,879	$ 23.37	$ 23	Per pupil equivalent for FCPS, MCPS
Professional development		$ 20,102	$ 52.90	$ 450	$450 per employee. Industry standard
Career and technical education		$ 1,910	$ 5.03	$ 5	Current
Facilities					
Utilities		$ 111,150	$ 292.50	$ 1.95	DCPS current cost per square foot @ 150 sq ft/pupil
Maintenance		$ 92,625	$ 243.75	$ 1.63	Industry standard per square foot @ 150 sq ft/pupil
Other school-based costs, central accounts					Current levels, which are comparable to other districts
Student services		$ 19,698	$ 51.84	$ 51.84	Visiting instructors, health, conflict resolution
Security		$ -	$ -	$ -	Equipment, investigations
Technology		$ 10,749	$ 28.29	$ 28.29	Wiring, networking for schools
Facilities		$ 39,248	$ 103.28	$ 103.28	Safety, substitute custodians, engineers
Food service		$ 7,634	$ 20.09	$ 20.09	Food supplies
Miscellaneous		$ 3,426	$ 9.01	$ 9.01	Contingency funds
Central Management and Services					Current levels, which are comparable to other districts
Central administration		$ 144,378	$ 379.94	$ 379.94	Superintendent, Board, finance, personnel, legal, communications
Central instructional support		$ 45,851	$ 120.66	$ 120.66	Curriculum, student services, educational accountability
Central services		$ 121,221	$ 319.00	$ 319.00	Warehouse, MIS; central offices of facilities, security, technology

TOTAL General Education	Total	Total Per pupil	Federal per pupil	Net Per pupil	
Early childhood	$ 768,761	$ 8,266.24	$ 762.32	**$ 7,503.93**	
Grades 1-3	$ 1,315,143	$ 7,472.40	$ 762.32	**$ 6,710.09**	
Grades 4-5	$ 773,123	$ 7,225.45	$ 762.32	**$ 6,463.13**	**= foundation**
Total	$ 2,857,027	$ 7,518.49			
Currently budgeted centrally	$ 775,328				
Net -- comparable with WSF + fed	$ 2,081,699				
Cf. Plummer enrollment 388 (local + fed)	$ 2,027,532				

ATTACHMENT 2

PROTOTYPICAL MIDDLE SCHOOL BUDGET

ENROLLMENT	Middle School
Grades 6-8	594
Ungraded	7
TOTAL	**601**

Based on system-wide averages: grades 6-8 plus ungraded MS and JHS

Special Needs	Percent	No.
Bilingual	**9%**	
NEP	**5%**	**30**
LEP	**4%**	**24**
Special educat	**20%**	
Level I	**6.4%**	**38**
Level II	**5.8%**	**35**
Level III	**5.4%**	**32**
Level IV	**2.4%**	**14**

	Percent	No.
Free/reduced price lunch	**59%**	**356**

Facility Master Plan recommended school size range 400 - 600

	FTEs	Cost	Per pupil		Assumptions and standards
Classroom Staff					
Teachers					
Grades 6-8	34	$ 1,775,207	$ 2,953.76	21	Class size average 21, 5 teaching periods/teacher/day
Teacher pay raise, FY 02		$ 124,265	$ 206.76	7%	Entering salary at average of surrounding districts, maximum still lowest
Teacher Aides					
Grades 6-8	5	$ 89,574	$ 149.04		1 per 7 teachers
Aide pay raise, FY 02		$ 2,687	$ 4.47	3%	
Schoolwide Staff					
Substitute Teacher		$ 31,155	$ 51.84	5.4%	MCPS pay rate of $93/day; reduce absence to 5.4%
Reading Resource Teacher	1.0	$ 52,366	$ 87.13	1.0	1 per school, per FCPS
Librarian	1.0	$ 52,366	$ 87.13	1.0	1 per building
Library Aide	0.7	$ 12,540	$ 20.87	900	1 per 900 pupils
Change facilitator	0.0	$ -	$ -	-	Replaced by other reforms
Computer lab coordinator	0.5	$ 19,227	$ 31.99	0.5	0.5 per middle school per FCPS
Program coordinator	0.0	$ -	$ -	-	High schools only
Counselor	2.0	$ 104,732	$ 174.26	300	1 per 300 pupils, per MCPS
Social worker/psychologist	1.2	$ 62,839	$ 104.56	500	DCPS experience with Weighted Student Formula
Attendance counselor	1.0	$ 38,453	$ 63.98	1.0	Secondary schools only
Custodian	4.0	$ 94,432	$ 157.12	20,000	Custodians + foreman @1/20,000 sq ft; industry standard
Custodial foreman	1.0	$ 30,659	$ 51.01	170	170 sq ft/pupil; foreman per 3 or more custodians
Security aide	2.4	$ 73,728	$ 122.68	250	1 per 250 pupils
Nurse	0.5	$ 26,500	$ 44.09	0.5	Other half of salary to make Health Dept nurse full-time
Teacher pay raise, FY 02		$ 23,099	$ 38.43	7%	Entering salary at average of surrounding districts, maximum still lowest
Aide pay raise, FY 02		$ 376	$ 0.63	3%	
Support staff pay raise FY 02		$ 3,753	$ 6.24	3%	
Administrators					
Principal	1.0	$ 90,104	$ 149.92	1.0	1 per school per universal practice
Assistant principal	1.3	$ 99,845	$ 166.13	450	1 per 450 students; comparison districts
Administrative aide	1.0	$ 34,825	$ 57.95	1.0	1 per school as part of ratio of 1 clerical per 10 professional positions
Business manager/clerks	3.3	$ 83,266	$ 138.55		Remainder of ratio of 1 clerical per 10 professional positions
Registrar		$ -	$ -		Included in clerical
Principal pay raise FY 02		$ 24,693	$ 41.09	13%	Raises maximum to average of surrounding school districts
Support staff pay raise FY 02		$ 3,543	$ 5.89	3%	

ATTACHMENT 2

	FTEs	Cost	Per pupil	Assumptions and standards	
OTPS					
Texts		$ 86,544	$ 144.00	$ 144	Maintain current per pupil budget levels
Supplies & materials		$ 72,120	$ 120.00	$ 120	Maintain current per pupil budget levels
Instructional technology		$ 48,701	$ 81.03	$ 81	Maintain current per pupil budget levels
Travel		$ 2,550	$ 4.24	$ 2,550	Per school, per FCPS
Programs					
Gifted & talented		$ 44,174	$ 73.50	$ 735	Per pupil, 10% of pupils;per Pr William Cty. BoC $850
Sports/activities		$ 66,618	$ 110.85	$ 111	Per pupil equivalent for FCPS, MCPS
Professional development		$ 26,055	$ 43.35	$ 450	$450 per employee. Industry standard
Career and technical education		$ 57,168	$ 95.12	$ 95	Current
Facilities					
Utilities		$ 199,232	$ 331.50	$ 1.95	DCPS current cost per square foot @ 170 sq ft/pupil
Maintenance		$ 178,798	$ 297.50	$ 1.75	Industry standard per square foot @ 170 sq ft/pupil
Other school-based costs, central accounts					Current levels, which are comparable to other districts
Student services		$ 31,154	$ 51.84	$ 51.84	Visiting instructors, health, conflict resolution
Security		$ 106,865	$ 177.81	$ 177.81	Equipment, investigations
Technology		$ 17,000	$ 28.29	$ 28.29	Wiring, networking for schools
Facilities		$ 62,074	$ 103.28	$ 103.28	Safety, substitute custodians, engineers
Food service		$ 12,073	$ 20.09	$ 20.09	Food supplies
Miscellaneous		$ 5,418	$ 9.01	$ 9.01	Contingency funds
Central Management and Services					Current levels, which are comparable to other districts
Central administration		$ 228,346	$ 379.94	$ 379.94	Superintendent, Board, finance, personnel, legal, communications
Central instructional support		$ 72,516	$ 120.66	$ 120.66	Curriculum, student services, educational accountability
Central services		$ 191,720	$ 319.00	$ 319.00	Warehouse, MIS; central offices of facilities, security, technology

TOTAL General Education	**Total**	**Total Per pupil**	**Federal Per pupil**	**Net Per pupil**
Grades 6-8	$ 4,463,359	$ 7,426.55	$ 762.32	**$ 6,664.24**
Currently budgeted centrally	$ 1,495,165			
Net -- comparable with WSF + fed	$ 2,968,194			
Cf. Hart MS adjusted to average enrollment	$ 3,115,843			

ATTACHMENT 3

PROTOTYPICAL SENIOR HIGH SCHOOL BUDGET

ENROLLMENT	Middle School
Grades 6-8	802
Ungraded	35
TOTAL	**837**

Based on system-wide averages: grades 9-12 plus ungraded SHS

Special Needs	Percent	No.
Bilingual	**9%**	
NEP	**5%**	**42**
LEP	**4%**	**33**
Special educat	**13%**	
Level I	**4.2%**	**35**
Level II	**3.8%**	**32**
Level III	**3.5%**	**29**
Level IV	**1.6%**	**13**

	Percent	No.
Free/reduced price lunch	**46%**	**385**

Facility Master Plan recommended school size range	
Comprehensive	**600-1200**
Magnet	**less than 600**

	FTEs	Cost	Per pupil		Assumptions and standards
Classroom Staff					
Teachers					
Grades	54	$ 2,827,764	$ 3,378.45		Carnegie unit requirements, 5 teaching periods/teacher/day
Teacher pay raise, FY 02		$ 197,943	$ 236.49	7%	Entering salary at average of surrounding districts, maximum still lowest
Teacher Aides					
Grades 9-12	0	$ -	$ -		
Aide pay raise, FY 02		$ -	$ -	3%	Average of surrounding school districts
Schoolwide Staff					
Substitute Teacher		$ 49,627	$ 59.29	5.4%	MCPS pay rate of $93/day; reduce absence to 5.4%
Reading Resource Teacher	1.0	$ 52,366	$ 62.56	1.0	1 per school, per FCPS
Librarian	1.0	$ 52,366	$ 62.56	1.0	1 per building
Library Aide	0.9	$ 16,123	$ 19.26	900	1 per 900 pupils
Change facilitator	0.0	$ -	$ -	0.0	Replaced by other reforms
Computer lab coordinator	1.0	$ 38,453	$ 45.94	1.0	1.0 per high school per FCPS
Program coordinator	2.0	$ 76,906	$ 91.88	2.0	Half-time for each academy
Counselor	2.8	$ 146,625	$ 175.18	300	1 per 300 pupils, per MCPS
Social worker/psychologist	1.7	$ 89,022	$ 106.36	500	DCPS experience with Weighted Student Formula
Attendance counselor	1.0	$ 38,453	$ 45.94	1.0	Secondary schools only
Custodian	7.0	$ 165,256	$ 197.44	20,000	Custodians + foreman @1/20,000 sq ft; industry standard
Custodial foreman	1.0	$ 30,659	$ 36.63	200	200 sq ft/pupil; foreman per 3 or more custodians
Security aide	3.3	$ 101,376	$ 121.12	250	1 per 250 pupils
Nurse	0.0	$ -	$ -	-	Health department nurses already full-time
Teacher pay raise, FY 02		34,593.37	$ 41.33	7%	Entering salary at average of surrounding districts, maximum still lowest
Aide pay raise, FY 02		$ 484	$ 0.58	3%	Average of surrounding school districts
Support staff pay raise FY 02		$ 5,877	$ 7.02	3%	Average of surrounding school districts
Administrators					
Principal	1.0	$ 90,104	$ 107.65	1.0	1 per school per universal practice
Assistant principal	1.9	$ 145,928	$ 174.35	450.0	1 per 450 students; comparison districts
Administrative aide	1.0	$ 34,825	$ 41.61	1.0	1 per school as part of ratio of 1 clerical per 10 professional positions
Business manager/clerks	5.7	$ 143,822	$ 171.83		Remainder of ratio of 1 clerical per 10 professional positions
Registrar		$ -	$ -	0.0	Included in clerical
Principal pay raise FY 02		$ 30,684	$ 36.66	13%	Raises maximum to average of surrounding school districts
Support staff pay raise FY 02		$ 5,359	$ 6.40	3%	Average of surrounding school districts

ATTACHMENT 3

	FTEs	Cost	Per pupil	Assumptions and standards	
OTPS					
Texts		$ 120,528	$ 144.00	$ 144	Maintain current per pupil budget levels
Supplies & materials		$ 104,625	$ 125.00	$ 125	Maintain current per pupil budget levels
Instructional technology		$ 67,825	$ 81.03	$ 81	Maintain current per pupil budget levels
Travel		$ 2,550	$ 3.05	$ 2,550	Per school, per FCPS
Programs					
Gifted & talented		$ 61,520	$ 73.50	$ 735	Per pupil, 10% of pupils;per Pr William Cty. BoC $850
Sports/activities		$ 157,303	$ 187.94	$ 188	Per pupil equivalent for FCPS, MCPS
Professional development		$ 37,350	$ 44.62	$ 450	$450 per employee. Industry standard
Career and technical education		$ 398,499	$ 476.10	$ 476	Current plus increase per Boston
Facilities					
Utilities		$ 326,430	$ 390.00	$ 1.95	DCPS current cost per square foot @ 200 sq ft/pupil
Maintenance		$ 313,875	$ 375.00	$ 1.88	Industry standard per square foot @ 200 sq ft/pupil
Other school-based costs, central accounts					Current levels, which are comparable to other districts
Student services		$ 43,387	$ 51.84	$ 51.84	Visiting instructors, health, conflict resolution
Security		$ 148,829	$ 177.81	$ 177.81	Equipment, investigations
Technology		$ 23,675	$ 28.29	$ 28.29	Wiring, networking for schools
Facilities		$ 86,449	$ 103.28	$ 103.28	Safety, substitute custodians, engineers
Food service		$ 16,814	$ 20.09	$ 20.09	Food supplies
Miscellaneous		$ 7,545	$ 9.01	$ 9.01	Contingency funds
Central Management and Services					Current levels, which are comparable to other districts
Central administration		$ 318,013	$ 379.94	$ 379.94	Superintendent, Board, finance, personnel, legal, communications
Central instructional support		$ 100,992	$ 120.66	$ 120.66	Curriculum, student services, educational accountability
Central services		$ 267,005	$ 319.00	$ 319.00	Warehouse, MIS; central offices of facilities, security, technology

TOTAL General Education	Total	Total Per pupil	Federal per pupil	Net Per pupil
Grades 9-12	$ 6,977,831	$ 8,336.72	$ 762.32	**$ 7,574.40**
Currently budgeted centrally	$ 2,585,523			
Net -- comparable with WSF + fed	$ 4,392,308			
Cf. Anacostia	$ 4,159,625			

ATTACHMENT 3

	FTEs	Cost	Per pupil	Assumptions and standards

Carnegie Unit calculation (high school staffing)

Subject	***Carn Units***	***Carn Units/ Year (CU/4)***	***Class size***	***(S/(H*C))*(CU/4)***
High School				
Art	0.5	0.125	20	2.00
Vocational ed	1.0	0.250	18	3.00
Local govt./history	0.5	0.125	25	1.00
English	4.0	1.000	20	9.00
Foreign Lang	2.0	0.500	23	4.00
Health/PE	1.5	0.375	32	2.00
Math	3.0	0.750	22	6.00
Music	0.5	0.125	25	1.00
Science	3.0	0.750	23	6.00
US Govt	0.5	0.125	25	1.00
US History	1.0	0.250	25	2.00
World geog	0.5	0.125	25	1.00
World hist	1.0	0.250	25	2.00
Electives	6.5	1.625	20	14.00
	25.5			
Total			Reg ed	54.00
Units taught per teacher		5		

ATTACHMENT 4

CENTRAL OFFICES COVERED BY FOUNDATION ***Budget*** ***Category: Local***

	Local	Grant	Total	Alterations	Instructional Support	Central Operations	Central Administration	Exclusions: State, Pass Through	School based
1110 Board of Education	$ 433,400	$ -	$ 433,400				$ 433,400		
2120 General Counsel	$ 1,738,243	$ -	$ 1,738,243				$ 1,738,243		
2140 Channel 28	$ 232,499	$ 11,100	$ 243,599			$ 232,499			
Hearings and Appeals 2150 nonSPED	$ 121,606	$ -	$ 121,606		$ 121,606				
2170 Sumner School	$ 248,196	$ -	$ 248,196			$ 248,196			
3110 Office of the Superintendent	$ 1,996,837	$ -	$ 1,996,837				$ 1,496,837		$ 500,000
3120 Office of the Deputy Superint	$ 837,030	$ -	$ 837,030				$ 737,030		$ 100,000
3140 Office of Policy and Planning	$ 207,059	$ -	$ 207,059				$ 107,059		$ 100,000
3170 Office of School Security	$ 11,933,381	$ -	$ 11,933,381			$ 1,389,381			$ 10,544,000
4110 Assistant Superintendent --	$ 257,826	$ -	$ 257,826				$ 257,826		
4120 Assistant Superintendent --	$ 233,936	$ -	$ 233,936				$ 233,936		
4130 Assistant Superintendent --	$ 251,948	$ -	$ 251,948				$ 251,948		
4140 Assistant Superintendent --	$ 240,004	$ -	$ 240,004				$ 240,004		
4150 Assistant Superintendent --	$ 246,153	$ -	$ 246,153				$ 246,153		
4160 Assistant Superintentent -- S	$ 262,656	$ -	$ 262,656				$ 262,656		
4210 Elementary School Programs	$ 282,719	$ 66,419	$ 349,138		$ 282,719				
4220 Secondary School Programs	$ 347,364	$ 1,093,671	$ 1,441,035		$ 347,364				
4240 Professional Development	$ 525,604	$ 4,270,880	$ 4,796,484	$ 1,425,150	$ 525,604				
4270 Office of Accountability, Testi	$ 2,209,124	$ -	$ 2,209,124		$ 2,209,124				
4280 Teaching and Learning	$ 418,000	$ -	$ 418,000		$ 418,000				
4290 Academic Services	$ 254,234	$ -	$ 254,234		$ 254,234				
4340 Office of Student and School	$ 471,879	$ -	$ 471,879		$ 471,879				
4350 School Health	$ 149,514	$ -	$ 149,514		$ 89,514				$ 60,000
4360 Student Intervention	$ 216,616	$ 1,225,351	$ 1,441,967		$ 216,616				
Office of Career and 4370 Technical Education	$ 250,000	$ 5,828,943	$ 6,078,943		$ 250,000				
4380 Student Affairs	$ 165,095	$ 120,000	$ 285,095		$ 165,095				
4390 Transitory Services	$ 884,501	$ 670,489	$ 1,554,990		$ 483,821				$ 400,680
Office of Business, Corporate, and Volunteer 4510 Services	$ 357,950	$ 264,801	$ 622,751				$ 357,950		
4520 Office of Parent Affairs	$ 1,000	$ 700,250	$ 701,250				$ 1,000		
Public Information Systems 4530 (Communications)	$ 572,390	$ -	$ 572,390				$ 572,390		
Teacher Affairs and 4540 Mentoring	$ 1,398,408	$ 42,990	$ 1,441,398		$ 1,398,408				
7330 Fillmore	$ 414,334	$ -	$ 414,334						$ 414,334
7340 Athletics	$ 1,942,999	$ -	$ 1,942,999		$ 382,000				$ 1,560,999
7340 Substitutes	$ 2,000,000	$ -	$ 2,000,000						$ 2,000,000
7340 Extra Duty Pay	$ 1,200,000	$ -	$ 1,200,000						$ 1,200,000
Extra Duty Pay (non- 7340 athletics)	$ 720,107	$ -	$ 720,107						$ 720,107
7350 Textbooks	$ 8,000,000	$ -	$ 8,000,000						$ 8,000,000
7350 JROTC	$ 1,824,896	$ -	$ 1,824,896						$ 1,824,896
7410 CHOICE Program	$ 1,621,680	$ 150,000	$ 1,771,680						$ 1,621,680

ATTACHMENT 4

FOUNDATION

	Local	Grant	Total	Alterations	Instructional Support	Central Operations	Central Administration	Exclusions: State, Pass Through	School based
8110 Office of the Chief Financial Officer	$ 4,605,552	$ 6,726,919	$ 11,332,471				$ 4,605,552		
8210 Chief Technology Officer	$ 4,566,421	$ -	$ 4,566,421			$ 4,566,421			
8220 Enterprise Information Systems	$ 1,810,512	$ -	$ 1,810,512			$ 1,810,512			
8230 Enterprise Technology Services	$ 1,882,695	$ -	$ 1,882,695						$ 1,882,695
8240 Division of Instructional Technology	$ 1,840,315	$ 3,968,163	$ 5,808,478		$ 415,000				$ 1,425,315
8310 Office of Contracts and Procurement (Contracts and Acquisitions)	$ 2,320,467	$ -	$ 2,320,467				$ 2,320,467		
8510 Staffing Division	$ 965,244	$ -	$ 965,244				$ 965,244		
8520 Employee Services	$ 1,700,257	$ -	$ 1,700,257				$ 1,700,257		
8540 Human Resources -- Central Operations	$ 931,670	$ 137,062	$ 1,068,732				$ 931,670		
8720 Water, Sewers, Utilities, and Rent	$ 32,000,000	$ -	$ 32,000,000			$ 3,200,000			$ 28,800,000
9120 Supply Management	$ 1,392,547	$ -	$ 1,392,547			$ 1,392,547			
9130 School-based Building Services	$ 5,805,811	$ -	$ 5,805,811						$ 5,805,811
9140 School Technical Support	$ 1,006,023	$ -	$ 1,006,023			$ 1,006,023			
9150 Capital -- Operating Budget	$ 698,897	$ -	$ 698,897			$ 698,897			
9170 Logistical Support Services	$ 4,722,493	$ -	$ 4,722,493			$ 4,722,493			
9180 Facilities Operations	$ 1,965,504	$ -	$ 1,965,504			$ 1,965,504			
9180 Non-School Based Building Services	$ 16,702,711	$ -	$ 16,702,711						$ 16,702,711
9190 Environmental Systems	$ 1,068,684	$ -	$ 1,068,684						$ 1,068,684
9160 Food Service -- does not include DOA funds)	$ 1,337,100	$ -	$ 1,337,100						$ 1,337,100
Local schools (includes WSF)									
Total	$ 132,792,091	$ 25,277,037	$ 158,069,127		$ 8,030,984	$ 21,232,473	$ 17,459,622	$ -	$ 86,069,012

ATTACHMENT 4

CENTRAL OFFICES COVERED BY FOUNDATION		*Non appropriated*						
		Source	Total	Instruc-tional Support	Central Opera-tions	Central Administrati on	Exclude: State, Pass Through, Expire	School based
1110	Board of Education		$ -					
2120	General Counsel		$ -					
2140	Channel 28		$ 11,100		$ 11,100			
	Hearings and Appeals							
2150	nonSPED		$ -					
2170	Sumner School		$ -					
3110	Office of the Superintendent		$ -					
3120	Office of the Deputy Superint		$ -					
3140	Office of Policy and Planning		$ -					
3170	Office of School Security		$ -					
4110	Assistant Superintendent --		$ -					
4120	Assistant Superintendent --		$ -					
4130	Assistant Superintendent --		$ -					
4140	Assistant Superintendent --		$ -					
4150	Assistant Superintendent --		$ -					
4160	Assistant Superintentent -- S		$ -					
4210	Elementary School Programs	REA	$ 66,419	$ 66,419				
4220	Secondary School Programs	CLC	$ 1,093,671					$ 1,093,671
4240	Professional Development	???	$ 4,270,880	$ 4,270,880				
4270	Office of Accountability, Testi		$ -					
4280	Teaching and Learning		$ -					
4290	Academic Services		$ -					
4340	Office of Student and School		$ -					
4350	School Health		$ -					
4360	Student Intervention	HLA,HLM	$ 1,225,351					$ 1,225,351
	Office of Career and	CRN, FAA						
4370	Technical Education	FGZ, STW	$ 5,828,943	$ 986,582			$ 297,726	$ 4,544,635
4380	Student Affairs	HNA	$ 120,000					$ 120,000
4390	Transitory Services	EAB, EGZ	$ 670,489	$ 213,827				$ 456,662
	Office of Business, Corporate, and Volunteer							
4510	Services	??	$ 264,801			$ 264,801		
4520	Office of Parent Affairs	EAC, EGZ	$ 700,250			$ 700,250		
	Public Information Systems							
4530	(Communications)		$ -					
	Teacher Affairs and							
4540	Mentoring	??	$ 42,990	$ 42,990				
7330	Fillmore		$ -					
7340	Athletics		$ -					
7340	Substitutes		$ -					
7340	Extra Duty Pay		$ -					
	Extra Duty Pay (non-							
7340	athletics)		$ -					
7350	Textbooks		$ -					
7350	JROTC		$ -					
7410	CHOICE Program	EAD	$ 150,000					$ 150,000

ATTACHMENT 4

FOUNDATION

		Source	Total	Instruc-tional Support	Central Opera-tions	Central Administrati on	Exclude: State, Pass Through, Expire	School based
8110	Office of the Chief Financial Officer	various	$ 6,726,919			$ 6,726,919		
8210	Chief Technology Officer		$ -					
8220	Enterprise Information Systems		$ -					
8230	Enterprise Technology Services		$ -					
8240	Division of Instructional Technology	HAS,RCZ	$ 3,968,163	$ 96,600				$ 3,871,563
8310	Office of Contracts and Procurement (Contracts and Acquisitions)		$ -					
8510	Staffing Division		$ -					
8520	Employee Services		$ -					
8540	Human Resources -- Central Operations	??	$ 137,062			$ 137,062		
8720	Water, Sewers, Utilities, and Rent		$ -					
9120	Supply Management		$ -					
9130	School-based Building Services		$ -					
9140	School Technical Support		$ -					
9150	Capital -- Operating Budget		$ -					
9170	Logistical Support Services		$ -					
9180	Facilities Operations		$ -					
9180	Non-School Based Building Services		$ -					
9190	Environmental Systems		$ -					
9160	Food Service -- does not include DOA funds)		$ -					
	Local schools (includes WSF)							
	Total		$25,277,037	$ 5,677,296	$ 11,100	$ 7,829,031	$ 297,726	##########

ATTACHMENT 5

Centrally budgeted SB	Appropriated	Grants	Total	Central	Overlap w/ prototypical school models	School based net total	School based federal	Elementary	Middle	Senior
3110 Office of the Superintendent	$ 1,996,837	$ -	$ 1,996,837.00	$ 1,496,837		$ 500,000				
3120 Office of the Deputy Superintendent	$ 837,030	$ -	$ 837,030.00	$ 737,030		$ 100,000				
3140 Office of Policy and Planning	$ 207,059	$ -	$ 207,059.00	$ 107,059	$ -	$ 100,000				
3170 Office of School Security	$11,933,381	$ -	$ 11,933,381.00	$ 1,389,381	$ 5,876,429	$ 4,667,571				
4220 Secondary School Programs	$ 347,364	$ 1,093,671	$ 1,441,035.00	$ 347,364	$ -	$ 1,093,671	$ 1,093,671			
4350 School Health	$ 149,514	$ -	$ 149,514.00	$ 89,514	$ -	$ 60,000				
4360 Student Intervention	$ 216,616	$ 1,225,351	$ 1,441,967.00	$ 216,616	$ -	$ 1,225,351	$ 1,225,351			
Office of Career and Technical										
4370 Education	$ 250,000	$ 5,828,943	$ 6,078,943.21	$ 250,000	$ -	$ 5,828,943	$ 4,544,635	$ 221,000	$850,000	$4,757,943
4380 Student Affairs	$ 165,095	$ 120,000	$ 285,095.00	$ 165,095	$ -	$ 120,000	$ 120,000			
4390 Transitory Services	$ 884,501	$ 670,489	$ 1,554,990.00	$ 483,821	$ -	$ 1,071,169	$ 456,662			
7330 Fillmore	$ 414,334	$ -	$ 414,334.00	$ -	$ 414,334	$ -				
7340 Athletics	$ 1,942,999	$ -	$ 1,942,999.00	$ 382,000	$ 1,560,999	$ -				
7340 Substitutes	$ 2,000,000	$ -	$ 2,000,000.00	$ -	$ 2,000,000	$ -				
7340 Extra Duty Pay	$ 1,200,000	$ -	$ 1,199,999.60	$ -	$ 1,200,000	$ -				
7340 Extra Duty Pay (non-athletics)	$ 720,107	$ -	$ 720,107.40	$ -	$ 720,107	$ -				
7350 Textbooks	$ 8,000,000	$ -	$ 8,000,000.00	$ -	$ 8,000,000	$ -				
7350 JROTC	$ 1,824,896	$ -	$ 1,824,896.00	$ -	$ 1,824,896	$ -				
7410 CHOICE Program	$ 1,621,680	$ 150,000	$ 1,771,680.00	$ -	$ -	$ 1,771,680	$ 150,000			
8230 Enterprise Technology Services	$ 1,882,695	$ -	$ 1,882,695.00	$ -	$ -	$ 1,882,695				
8240 Division of Instructional Technology	$ 1,840,315	$ 3,968,163	$ 5,808,478.00	$ 415,000	$ 5,393,478	$ -	$ 3,871,563			
8720 Water, Sewers, Utilities, and Rent	$32,000,000	$ -	$ 32,000,000.00	$ 3,200,000	$ 28,800,000	$ -				
9130 School-based Building Services	$ 5,805,811	$ -	$ 5,805,810.65	$ -	$ -	$ 5,805,811				
9180 Non-School Based Building Services	$16,702,711	$ -	$ 16,702,711.00	$ -	$ 16,702,711	$ -				
9190 Environmental Systems	$ 1,068,684	$ -	$ 1,068,684.00	$ -	$ -	$ 1,068,684				
9160 Food Service -- does not include DOA f	$ 1,337,100	$ -	$ 1,337,100.00	$ -	$ -	$ 1,337,100				
Total	$92,307,803	$ 13,056,617	$ 105,364,419.86	$ 6,938,791	$ 72,492,954	$ 25,932,675	$ 11,461,882			

ATTACHMENT 6

FEDERAL GRANTS, FY 2001 (as of June 30, 2001)		DCPS SB	DCPS Central	Pass-thru	State	DCPS Spec ed	DCPS LM	Total	
ABL	Goals 2000 school improvement	$ 975,423						$ 975,423	
ABJ	Goals 2000 mini-grants		$ 57,961					$ 57,961	
ABK	Goals 2000 state set-aside		$ 278,587					$ 278,587	
ABM	Goals 2000 tech non DCPS			$ 250,740				$ 250,740	
ABN	Goals 2000 advisory committee				$ 365,648			$ 365,648	$ 1,928,359
DAB	Title VI non public schools			$ 116,624				$ 116,624	
DAC	Title VI technical		$ 105,562					$ 105,562	
DAE	Title VI site-based decisionmaking	$ 881,605						$ 881,605	
DAM	Title VI public charter schools			$ 146,276				$ 146,276	
DCC	Title VI state grants				$ 278,853			$ 278,853	$ 1,528,920
EAA	Title I local administration		$ 1,910,622					$ 1,910,622	
EAB	Title I homeless		$ 190,000					$ 190,000	
EAC	Title I parental involvement		$ 450,000					$ 450,000	
EAD	Title I DC Academy/CHOICE	$ 150,000						$ 150,000	
EAE	Title I program improvement	$ 180,000						$ 180,000	
EAF	Title I state administration				$ 400,000			$ 400,000	
EAG	Title I non public schools LEA			$ 290,911				$ 290,911	
EAH	Title I public charter schools			$ 2,740,941				$ 2,740,941	
EAR	Title I evaluation		$ 300,000					$ 300,000	
EAZ	Title I DCPS LEA	$ 18,264,637						$ 18,264,637	$ 24,877,111
EBZ	Title I Oak Hill				$ 55,548			$ 55,548	
ECZ	Title I neglected & delinquent			$ 9,362				$ 9,362	
EDZ	Title I DC Academy/CHOICE	$ 38,924						$ 38,924	
EEZ	Title I Lorton			$ 327,194				$ 327,194	
EFZ	Title I neglected & delinquent			$ 17,798				$ 17,798	$ 448,826
EGZ	Title I migrant	$ 289,089	$ 153,633					$ 442,722	
EJZ	Title I accountability	$ 443,121						$ 443,121	
EKZ	Title I capital			$ 197,710				$ 197,710	
FAA	Voc ed state admin				$ 250,000			$ 250,000	
FAC	Voc ed program leadership assess		$ 120,000					$ 120,000	
FAD	Voc ed curriculum development		$ 70,000					$ 70,000	
FAE	Voc ed professional development		$ 30,088					$ 30,088	
FBE	Voc ed sex equity		$ 120,000					$ 120,000	
FBF	Criminal offenders education			$ 42,150				$ 42,150	
FCG	Voc ed instructional programs	$ 573,230						$ 573,230	
FCI	Voc ed guidance & counseling		$ 120,000					$ 120,000	
FCJ	Voc ed program improvements	$ 2,889,453						$ 2,889,453	$ 4,214,921

Prepared by Mary Levy for the State Education Office of the District of Columbia

ATTACHMENT 6

FEDERAL GRANTS, FY 2001 (as of June 30, 2001)		DCPS SB	DCPS Central	Pass-thru	State	DCPS Spec ed	DCPS LM	Total	
FGZ	Tech Prep organization		$ 303,250					$ 303,250	
CRN	Career Resource Network		$ 107,805					$ 107,805	
								$ -	
GAZ	Impact Aid		$ 890,100					$ 890,100	
GBZ	Impact Aid		$ 139					$ 139	
HAA	Title II professional development		$ 1,011,245					$ 1,011,245	
HAC	Title II state demonstration		$ 69,439					$ 69,439	
HAD	Title II state administration				$ 69,573			$ 69,573	
HAE	Title II non public				$ 151,154			$ 151,154	
HAF	Title II public charter schools				$ 100,972			$ 100,972	$ 1,402,383
								$ -	
HLA	Title IV safe & drug free DCPS	$ 1,207,710						$ 1,207,710	
HLB	Title IV safe& drug free DCPS	$ 119,738						$ 119,738	
HLK	Title IV safe& drug free LEA		$ 67,868					$ 67,868	
HLM	Title IV safe & drug free SEA		$ 148,698					$ 148,698	$ 1,544,014
HNA	Byrd scholarship			$ 60,000				$ 60,000	
BAA	Comprehensive School Reform		$ 408,230					$ 408,230	
BAB	Comprehensive School Reform			$ 190,000				$ 190,000	
BAD	Comprehensive School Reform		$ 10,319					$ 10,319	$ 608,549
MAR	Oyster incentive school grant	$ 243,212						$ 243,212	
PCE	Partnership in Character Educa	$ 208,581						$ 208,581	
PCF	Partnership in Character Educa	$ 63,150						$ 63,150	$ 271,731
QBA	Title VII Emer Imm state admin				$ 110,902			$ 110,902	
QBB	Title VII non-public schools			$ 11,517				$ 11,517	
QBC	Title VII public charter schools			$ 22,230				$ 22,230	
QBF	Title VII Emer Imm DCPS						$ 267,638	$ 267,638	$ 412,287
QCZ	Bilingual ed technical assistance						$ 100,000	$ 100,000	
QDD	Development and implementation						$ 91,739	$ 91,739	
QDE	Training for all teachers						$ 180,058	$ 180,058	
QDG	Teachers and personnel						$ 231,560	$ 231,560	
LDZ	McAuliffe fellowship				$ 42,990			$ 42,990	
RCZ	Tech literacy challenge	$ 2,125,000						$ 2,125,000	

ATTACHMENT 6

FEDERAL GRANTS, FY 2001 (as of June 30, 2001)		DCPS SB	DCPS Central	Pass-thru	State	DCPS Spec ed	DCPS LM	Total	
ZGZ	Even Start administration				$ 34,875			$ 34,875	
ZHZ	Even Start education	$ 662,625						$ 662,625	
HRA	HIV/AIDS education		$ 245,250					$ 245,250	
HAS	TEAMS Star Learning		$ 21,250					$ 21,250	
RDZ	Prime DC						$ 570,500	$ 570,500	
STW	School to Work	$ 2,247,091	$ 597,366					$ 2,844,457	
RBZ	Public charter schools			$ 3,824,202				$ 3,824,202	
REA	Reading Excellence Act	$ 1,165,963	$ 51,750					$ 1,217,713	
CSP	Class size reduction charter sch			$ 590,223				$ 590,223	
CSR	Class size reduction DCPS			$ 5,503,820				$ 5,503,820	$ 6,094,043
ADV	Advanced Placement	$ 448,752	$ 68,748					$ 517,500	
CLC	21st Century	$ 1,229,594						$ 1,229,594	
JBD	IDEA					$ 6,320,292		$ 6,320,292	
JCB	Transition initiative					$ 492,065		$ 492,065	
RCI	Refugee children						$ 222,439	$ 222,439	
LTZ	Learn and serve (Corp Nat'l Svc)		$ 47,918					$ 47,918	
ZAF	Headstart	$ 5,209,895						$ 5,209,895	
ZDZ	Consolidated Headstart	$ 2,740,298						$ 2,740,298	
ZAK	Medicaid					$ 31,083,724		$ 31,083,724	
		$ 42,357,091	$ 7,955,828	$ 14,341,698	$ 1,860,515	$ 6,812,357	$ 1,663,934	$ 74,991,423	
		$ 762							

ATTACHMENT 7

BASIC DATA AND NUMERICAL ASSUMPTIONS

PAYROLL	Rate	Factor	Application		Source
Classroom Staff					
Teachers	$ 52,366	1.00	$ 52,366		Staff salary rates: except as otherwise noted:
General ed teacher aide	$ 25,232	71%	$ 17,915		DCPS Requested Budget for FY 2002, updated by Budget Division staff
Special ed/bilingual teacher aide	$ 25,232	1.00	$ 25,232		(salaries pre-date collective bargaining for FY 2002)
School Staff					
Substitute teachers	$ 93	183.00	$ 17,019		$93 rate from MCPS, highest in surrounding districts
Reading resource teacher	$ 52,366	1.00	$ 52,366		
Librarian	$ 52,366	1.00	$ 52,366		
Library aide	$ 25,232	1.00	$ 25,232		
Change facilitator	$ 52,366	1.00	$ 52,366		
Program coordinator	$ 38,453	1.00	$ 38,453		
Computer lab coordinator	$ 38,453	1.00	$ 38,453		
Counselor	$ 52,366	1.00	$ 52,366		
Social worker/psychologist	$ 52,366	1.00	$ 52,366		
Attendance counselor	$ 38,453	1.00	$ 38,453		
Custodian	$ 23,608	1.00	$ 23,608		
Custodial foreman	$ 30,659	1.00	$ 30,659		
Security aide	$ 21,504	1.00	$ 30,720		
Nurse (half-time)	$ 53,000	1.00	$ 53,000		
Administrators					
Principal	$ 90,104	1.00	$ 90,104		
Assistant principal	$ 76,804	1.00	$ 76,804		
Administrative aide	$ 34,825	1.00	$ 34,825		
Business manager	$ 44,895	1.00	$ 44,895		
Clerk	$ 25,232	1.00	$ 25,232		
Registrar	$ 28,430	1.00	$ 28,430		

OTPS	ES	MS	SHS	Other	
Texts/student	$ 135.00	$ 144.00	$ 144.00		
Supplies & materials/student	$ 95.00	$ 120.00	$ 125.00		
Instructional technology/student	$ 81.03	$ 81.03	$ 81.03	$ 58.17	Current DCPS budget
Travel/school	$ 2,550.00	$ 2,550.00	$ 2,550.00		
Other Activities					
Programs				**Federal**	
Gifted & talented/student	$ 735.00	$ 735.00	$ 735.00		
Sports/activities/student	$ 23.37	$ 110.85	$ 187.94		Increase to FCPS/MCPS levels, per PUDCPS report
Professional development/employee	$ 450.00	$ 450.00	$ 450.00		
Career & technical/student	$ 5.03	$ 95.12	$ 476.10	$ 354.25	
JROTC	$ -	$ -	$ 142.25		Current DCPS budget (local share)

Federal Aid Offset	
General education	$ 762.32
Special education--level 1	
--level 2	
--level 3	
--level 4	
Language minority education	$ 310.44

ATTACHMENT 7

CALCULATIONS

Carnegie Unit calculation (high school staffing)

Subject	***Carn Units***	***Carn Units/ Year (CU/4)***	***Class size***	
High School				
Art	0.5	0.125	20	
Vocational ed	1.0	0.250	18	WTU contract limit
Local govt./history	0.5	0.125	25	WTU contract limit
English	4.0	1.000	20	
Foreign Lang	2.0	0.500	20	
Health/PE	1.5	0.375	20	
Math	3.0	0.750	20	
Music	0.5	0.125	20	WTU contract limit
Science	3.0	0.750	20	
US Govt	0.5	0.125	20	WTU contract limit
US History	1.0	0.250	20	WTU contract limit
World geog	0.5	0.125	20	WTU contract limit
World hist	1.0	0.250	20	WTU contract limit
Electives	6.5	1.625	20	
	25.5			
Units taught per teacher		5		

Facilities	**ES**	**MS**	**SHS**	**Total**	From the Facilities Master Plan except as noted
Current inventory - square feet	7,284,400	3,693,200	3,789,900	14,767,500	
Square feet per student actual	166	413	295		Based on FY 2001 enrollment
Square feet per student needed	150	170	200		FMP Ed Specs (III-34)
Inventory needed	6,595,500	1,519,120	2,565,800	10,680,420	Based on FY 2001 enrollment
Replacement cost per square foot	$ 163	$ 175	$ 188		FMP IV-7
Utilities per square foot	$ 1.95	$ 1.95	$ 1.95		DCPS current (CFO report on deficit)
Maintenance per sq. foot	$ 1.63	$ 1.75	$ 1.88		Industry standard: 1% replacement cost
Custodial workload	20,000	20,000	20,000		
Facility Master Plan recommendations: optimal school size					Based on review of the research literature on successful schools
Low end of range	300	400	600		For comprehensive high schools only
High end of range	500	600	1,200		Magnet high schools < 600
Actual average	423	447	755		
Adjusted for grade level consistency	380	601	837		

Athletics/Activities				Amount	
Current budget					
Trainers	0%	0%	100%	$ 641,000	
OTPS	18%	29%	53%	$ 868,000	
Coaches	18%	29%	53%	$ 1,200,000	
Activity sponsors	65%	14%	20%	$ 720,000	
Total	$ 847,440	$ 700,520	$ 1,881,040	$ 3,429,000	
New funding	$ 180,000	$ 260,000	$ 530,000	$ 1,000,000	Based on suburban comparison, PUDCPS
Total	$ 1,027,440	$ 960,520	$ 2,411,040	$ 4,429,000	
Per pupil	$ 23.37	$ 110.85	$ 187.94		

Career/Technical				
Current budget	$ 221,000	$ 850,000	$ 4,757,943	$ 4,544,635
New funding			$ 1,350,000	
Total	$ 221,000	$ 850,000	$ 6,107,943	
Per pupil	$ 5.03	$ 95.12	$ 476.10	

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ATTACHMENT 7

RATIOS AND ASSUMPTIONS

Class size			
Teachers ECE	18		
Teacher Gr 1-3	20		
Teachers - classroom regular	21	21	
Secondary planning period factor		1.20	1.20
Aides/teacher		0.5	0.5
Pay increases			
Teachers	7%	7%	7%
Principals/assistant principals	13%	13%	13%
Aides	3%	3%	3%
Support staff	3%	3%	3%
School-wide staff			
Reading Resource Teacher	1.0	1.0	1.0
Librarian	1.0	1.0	1.0
Library Aide	900	900	900
Change facilitator			
Computer lab coordinator	0.5	0.5	1.0
Program coordinator	-	-	2.0
Counselor	300	300	300
Social worker/psychologist	500	500	500
Attendance counselor		1.0	1.0
Custodian			
Custodial foreman			
Security aide	250	250	250
Nurse	0.5	0.5	-
Principal	1.0	1.0	1.0
Assistant principal	450	450	450
Administrative aide	1.0	1.0	1.0
Business manager			1.0
Clerks: data, guidance, general			
Registrar			1.0

Centrally funded school-based services/student				Federal
Student services (VIS, mediation, health)	$ 51.84	$ 51.84	$ 51.84	$ 41.70
Security equipment, investigations	$ -	$ 177.81	$ 177.81	$ -
Technology infrastructure	$ 28.29	$ 28.29	$ 28.29	$ -
Facilities	$ 103.28	$ 103.28	$ 103.28	$ -
Food service	$ 20.09	$ 20.09	$ 20.09	$ -
Miscellaneous	$ 9.01	$ 9.01	$ 9.01	$ -

Central management and services	Total	Federal	Local	Federal
Central administration	$ 379.94	$ 117.63	$ 262.32	$ 117.63
Central instructional support	$ 120.66	$ 85.30	$ 120.66	$ 85.30
Central services	$ 319.00	$ 0.17	$ 319.00	$ 0.17

ATTACHMENT 7

ENROLLMENT SY 2000-01

	ES	MS	SHS		
School buildings	43,970	8,936	12,829		
Percent special education	10%	20%	13%		
Level I				2130	32%
Level II				2413	29%
Level III				2089	27%
Level IV				1585	12%
Percent LEP/NEP					
LEP				5360	4%
NEP					5%
Free & reduced price lunch (SY 99-00)	69%	59%	46%		63%

GRADE	No.	PRE-S	PRE-K	KGN.	1	2	3	4	5	6	7	8
ELEMENTARY SCHOOLS	104	1,075	3,214	5,355	6,250	6,204	5,833	5,819	5,153	3,833	419	360
MIDDLE SCHOOLS	11								127	944	1,557	1,453
JUNIOR HIGH SCHOOLS	9										1,758	1,546
SENIOR HIGH SCHOOLS	17											
CHOICE (alternative)	1										5	2
SPECIAL EDUCATION SCHOOLS	4	-	-	2	3	8	6	10	1	-	24	1
SPECIAL EDUCATION CENTERS	4											
TOTAL DCPS	150	1,075	3,214	5,357	6,253	6,212	5,839	5,829	5,281	4,777	3,763	3,364
Total principals	148											
TUITION GRANT												
PRIVATE SCHOOLS												
RESIDENTIAL SCHOOLS												
Total												
OAK HILL											3	7
GRAND TOTAL		1,075	3,214	5,357	6,253	6,213	5,839	5,830	5,281	4,777	3,766	3,371

GRADE	9	10	11	12	Non-GRADED	TOTAL	AVERAGE		CONSOLIDATED Enrollme	Average
ELEMENTARY SCHOOLS					455	43,970	423	Gr preS -	39,485	380
MIDDLE SCHOOLS					122	4,203	382	Gr 6-8	12,019	601
JUNIOR HIGH SCHOOLS	1,402				25	4,733	526			
SENIOR HIGH SCHOOLS	2,715	3,555	3,174	2,782	603	12,829	755	Gr 9-12	14,231	837
CHOICE (alternative)	2	3	2	3		17				
SPECIAL EDUCATION SCHOOLS	1	1	1	-	749	807				
SPECIAL EDUCATION CENTERS										
TOTAL DCPS	4,120	3,559	3,177	2,785	1,954	66,559				
Total principals										
TUITION GRANT										
PRIVATE SCHOOLS					1,728	1,728				
RESIDENTIAL SCHOOLS					334	334				
Total					2,062	2,062				
OAK HILL	87	47	6		2	152				
GRAND TOTAL	4,207	3,606	3,183	2,785	4,168	68,925				

Prepared by Mary Levy for the State Education Office of the District of Columbia

1/13/02