

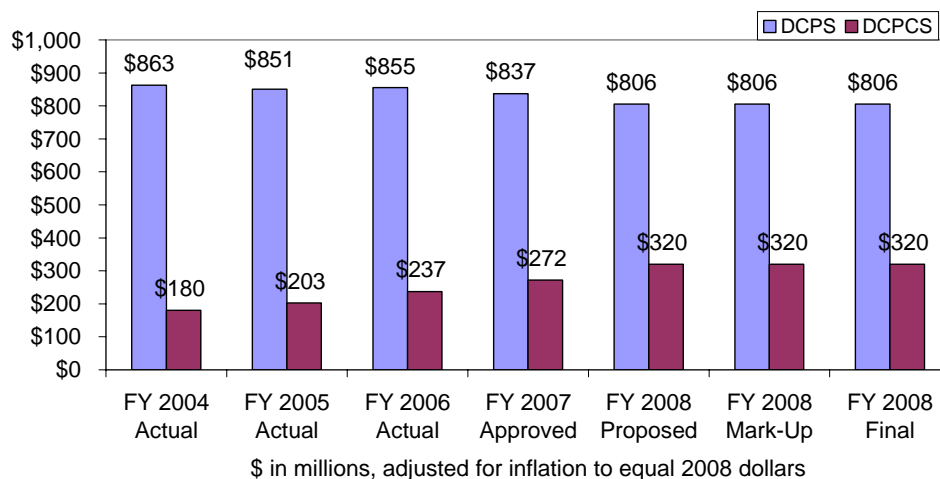
## WHAT'S IN THE FY 2008 BUDGET FOR EDUCATION?

### Funding Summary

#### Mayor's Budget Request:

DC Public Schools:  
The FY 2008 general funds budget request for DCPS is \$806 million. This is \$31 million, or four percent, lower than the revised FY 2007 general funds budget after adjusting for inflation.

### Local Funding for Education FY 2004 - FY 2008



DC Public Schools has responsibility for both the operation of local schools and for functions typically operated at the state level in other jurisdictions.

Funding for the operation of local schools in the proposed FY 2008 budget is \$555 million, a drop of \$43 million, or seven percent from FY 2007 after adjusting for inflation. This drop reflects continued decline in enrollment in DCPS combined with a modest increase in the per-pupil funding level that is used to set the local education budget.

- The per-pupil funding level in the proposed budget is \$8,322, a four percent increase over the 2007 level.
- Enrollment in DC Public Schools is projected to fall by more than 3,000 next year — from 52,000 to 49,000. As discussed below, a proposal from Mayor Fenty to change the funding formula would result in an additional reduction in funding for DCPS in FY 2008.

Proposed funding for state-level functions — primarily tuition and transportation for special education students enrolled in private schools and oversight by the DC Board of Education — is \$242 million, a five percent inflation-adjusted increase over the FY 2007 budget. This reflects a continuation of the long-term trend of increasing special education costs. The FY 2008 budget includes an increase of \$27 million, or 13 percent — in tuition and transportation costs for special education students enrolled in private institutions.

The proposed FY 2008 budget also includes \$30.6 million for state-level functions that are related to proposed school reform legislation under which the Mayor would take over many responsibilities for

school operations. Because this legislation has not been adopted, the \$30.6 million appropriation is not included in the DCPS budget but instead is included in a separate budget account.

DC Public Charter Schools: The FY 2008 budget request for DCPCS is \$320 million. This is \$48 million, or 18 percent higher than the revised FY 2007 budget, adjusting for inflation. The increase in funding reflects an expected increase of nearly 3,000 enrolled in charter schools, from 19,300 to 22,300. It also reflects the proposed increase in per-pupil funding noted above. Since DC Public Charter Schools receive the same per-pupil funding as DC Public Schools. Charter schools also receive a per-pupil funding level to cover facility costs. The Charter School facility allotment for FY 2008 is \$15 million higher than the FY 2007 allotment.

**Council Mark-up:** The Committee of the Whole met on May 2 to mark-up the education budget. There were no major changes adopted to the budget for DCPS or DCPCS.

**Final Submission:** The DC Council Committee of the Whole considered the entire FY 2008 budget request on May 15, 2007. They did not make any changes to the committee mark up of the budget for DC Public Schools or DC Public Charter Schools.

## Issues to Track

### **Change in Funding Method for DC Public Schools Will Result in \$25 Million Funding Cut:**

Until this year, the funding for DCPS that is tied to enrollment — the per-pupil funding allotment — has been based on enrollment as certified in the prior year. For example, funding for school year 2006-07 was based on enrollment as of school year 2005-06. This method was used to provide stability to school funding. DCPS enrollment has dropped sharply in recent years, primarily as students move to charter schools. But the actual enrollment drop for a particular school is difficult to predict before the school year starts. If funding were based on actual enrollment, a school's budget would not be known until the school year starts, and a school that loses a large number of students could face a large budget cut just as the school year starts.

Funding for charter schools, on the other hand, has been based on actual enrollment. This means that a school that has lower-than-expected enrollment gets less funding than it had planned, while schools with higher-than-expected enrollment get more.

The Mayor's FY 2008 budget proposes to fund DC Public Schools the way that DC Public Charter schools are funded — based on projected enrollment. The DCPS school enrollment projection for the 2007-08 school year would include an adjustment to reflect average enrollment declines over the past three years. This results in a projected enrollment decline of six percent, or 3,000 students.

While this creates parity with the funding formula for charter schools, it could present problems for DC Public Schools. This change will have the effect of providing \$25 million less for DC Public Schools than would expect without the formula change. While the budget includes a four percent increase in per-pupil funding, the formula change results in an effective two percent cut in the per-pupil funding amount for DC Public Schools when compared with per-pupil funding this year.

**Funding for School Modernization:** Legislation adopted in March 2006 adds \$100 million per year for school construction, with annual adjustments for rising construction costs. Funds under this legislation were first provided in FY 2007. When combined with the \$98 million base funding in the schools' capital budget, the total school construction budget in FY 2007 is \$223 million. The FY 2008 budget includes \$218 million for school construction efforts.