



DISTRICT OF COLUMBIA

OFFICE OF THE STATE SUPERINTENDENT OF

EDUCATION

OSSE's Report on the Uniform Per Student Funding Formula January 2017

Section 112(a)(2) of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Act of 1998 (UPSFF Act), effective March 26, 1999 (D.C. Law 12-207; D.C. Official Code § 38-2911(a)(2)), requires that the Office of the State Superintendent of Education (OSSE), on behalf of the Mayor, submit every 2 years to Council a report that reviews that UPSFF formula and includes recommendations for revisions to the Formula. Since the Deputy Mayor for Education released the District's first comprehensive education adequacy study, *Cost of Student Achievement: Report of the DC Education Adequacy Study* and the Council enacted the Fair Student Funding and School Based Budgeting Act of 2013 (D.C. Law 20-87) amending the UPSFF Act, OSSE has and continues to analyze and review the Formula, including but not limited to, demographic distribution, LEA and student needs, the LEA Payment process, at-risk funding implementation, and overall fiscal impact.

Section 112(c) of the UPSFF Act required that OSSE convene a working group to solicit input and recommendations regarding revisions to the Formula. The Final Report from the UPSFF Working Group, including the working group's recommendations regarding revisions to the Formula, is presented below. This group met several times over 2016 and reviewed UPSFF policies from DC including the Adequacy Student and examples from other jurisdictions, as well as data on implementation of the at-risk funding designation, LEA Payment process, and other topics.

At this time, OSSE does not recommend making any major changes to the substantive framework of the Formula. The Mayor will consult the working group's recommendations as the city works to develop the Fiscal Year 2018 and future education budgets.

Substantial work has been conducted in the past several years to implement changes in response to Adequacy Study recommendations. Additionally, there are ongoing and forthcoming efforts to analyze and make additional changes that may impact student funding, including LEA payment policy implementation, and examination of adult and alternative student definitions and funding. In light of the ongoing policy work and the timeline needed to implement and observe outcomes from new policies, OSSE suggests amending section 112(a)(2) of the UPSFF Act to require this report be submitted every 4 years, instead of every 2 years, to provide sufficient time to implement and evaluate any recommendations thoroughly.

Report of the Uniform Per Student Funding Formula (UPSFF) Working Group January 2017

The Office of the State Superintendent of Education has convened a Uniform Per Student Funding Formula (UPSFF) Working Group pursuant to section 112(c) of the UPSFF Act. The members of this group included representatives from DCPS, public charter schools, and the public, who were solicited for input and recommendations regarding revisions to the formula.

All meetings for this group were public and took place at OSSE offices on the following dates and times:

Wednesday, June 29th, 12:00pm-2:00pm

Wednesday, August 3rd, 3:00pm-5:00pm

Wednesday, September 7th, 3:00pm-5:00pm

Wednesday, October 5th, 3:00pm-5:00pm

Wednesday, November 2nd, 3:00pm-5:00pm

Wednesday, December 7th, 3:00pm-5:00pm

Topics for consideration of this group were defined by the group, and included analysis of the previous “Adequacy Study” for UPSFF; a summary of the District’s ongoing LEA Payment Initiative to revise how per pupil dollars reach schools; an exploration of open policy questions regarding per pupil rates, including the at-risk weight and special education weights; and examination of other states’ funding practices. Some topics, such as facilities funding, and the funding policies for adult and alternative education settings, were identified by the group as critical areas to consider but were not addressed in this series of meetings due to limited time.

Membership, meeting notices, agendas and minutes for these meetings are available on the OSSE website at this location: <http://osse.dc.gov/release/osse-convenes-uniform-student-funding-formula-upsff-working-group>.

I. UPSFF

The District’s uniform per student funding formula was first implemented in the 1999-2000 school year, following the passage of the UPSFF Act, and is intended to provide funding for students in all local education agencies. The funding formula is based on enrollment and sets forth a minimum foundational level required to adequately fund education; for the 2016-2017 school year the base rate is \$9,682 per student. The UPSFF allocates local funds only, but deliberations on it have taken into account levels of federal and other revenues that support public education in the District.

The formula also provides additional funding to support extra costs associated with:

- Some grade levels;
- Students with disabilities;

- Limited English proficiency (LEP)/English Language Learners;
- At-risk status; and
- Students in alternative and residential schools.

In addition to the foundational funding level and percentage add-ons for particular student characteristics, the formula also provides funding to cover facilities costs at public charter schools on a per pupil basis. For the 2016-2017 school year the facilities allotment rate is \$3,124 for non-residential facilities and \$8,395 for residential facilities.

Throughout the past 16 years, the funding formula has been periodically revised, with funding categories added or removed, and funding levels adjusted (e.g. the removal of the summer school rate, increases to the foundational level, etc.). In 2013, the Deputy Mayor for Education sponsored a study, “The Cost of Student Achievement: Report of the DC Education Adequacy Study” (referred to as the “Adequacy Study”) to:

- Estimate the resources needed to ensure all DC students can meet current academic performance standards, including the Common Core State Standards.
- Identify potential changes in the structure and policies governing education funding to ensure funding equity between DCPS and the public charter school sector.
- Provide transparency into the costs that are included in the UPSFF, as well as local funds DCPS and public charter schools receive that flow to schools outside the UPSFF.

Findings of the Adequacy Study indicated gaps between current and recommended funding levels for several categories of students, including: middle school students, high school students, English language learners, and alternative and adult students.

In addition to prioritizing the funding for students with the greatest “gaps,” the Council enacted the Fair Student Funding and School Based Budgeting Act of 2013 which introduced the “at-risk” weight, which subsumed the previous stand-alone weight for summer school, as a result of the Study. This category is intended to provide additional funding support for those students most “at risk” of academic failure. Students in this calculation include TANF/SNAP-receiving students; high school students that are one year or more over the expected age for their current grade; students involved with the District’s Child and Family Services Agency (CFSA); or students experiencing homelessness. The at-risk category is calculated at a per pupil rate of \$2,120 in the 2016-2017 school year. In the 2015-2016 school year, this at-risk category applied to 40,116 students in the enrollment audit report (23,080 at DCPS and 17,036 at public charter schools), which equals a total at-risk funding amount of \$83.4M.

II. Working Group Recommendations

In the meeting on November 2, 2016, the working group came to consensus around a recommendation. While the group examined multiple approaches to strengthening or improving the UPSFF, it prioritized making a recommendation that was discrete and

strategic. The following recommendation also reflects the context and content of the groups' engagement.

The recommendation of the UPSFF working group is to increase the base rate of the UPSFF by 3.5%, from the FY17 rate of \$9,682 to \$10,021 for the following justifications:

- Increasing the base rate significantly, above the rate of inflation, continues to treat the Adequacy Study, the most recent, thorough and comprehensively researched examination of the UPSFF, as the “North Star” for guidance on the rate¹.
- By default, an increase in the base rate impacts the amounts in weights across the board
- An increase in the base rate provides:
 - o The greatest flexibility to meet the diverse needs of the greatest number of schools, and schools with varying demographic populations, including alternative schools, charter schools and DCPS schools
 - o Funding for the single greatest cost for providing students a high quality education: the cost of salaries and benefits for the educator workforce. This includes, for example, the rising cost of healthcare and the interest of DC schools to have competitive compensation with surrounding jurisdictions.
- A significant increase of 3.5% to the base rate specifically helps to:
 - o Further defray the costs of transition from the previous summer school weight to the implementation of the at-risk weight, especially given evidence that some LEAs and schools gained more funding from this transition than others
 - o Provide the most flexible funding for core program services, and is enough to help fill identified gaps in funding at DCPS²
 - o Ensure that there is adequate funding for all students, and ensure that funding distributed from the at-risk weight is better leveraged and remains a supplement for the needs of those students most at risk.

III. Further Working Group Discussions and Feedback

This section provides a high level summary of key areas that the working group discussed. This context is provided to share greater insight into other deliberations of the group, and provide context for their final recommendations and potential future areas of consideration.

LEA Payment

¹ The Adequacy Study recommended \$10,557 as the foundation amount and \$3,906 per at risk student in FY 2014 dollars

² DCPS testimony to Education Committee <http://dccouncil.us/videos/archive/>, starting at 2:37.

In August 2016, the group discussed the LEA Payment initiative being undertaken by the Deputy Mayor for Education and the OSSE. The goals of the revised LEA Payment initiative are to fund schools equitably for the students they serve; incentivize LEAs to enroll students throughout the year and minimize dis-enrolling; improve student data systems and tracking that will positively impact other data collection and reporting efforts; and automate OCFO payments of local school funds to increase accuracy, efficiency, and timeliness.

The LEA Payment initiative was presented to the group because while it does not specifically impact the UPSFF rate, it impacts the way the rate is allocated and used, and may impact considerations of changes to the rate itself. As part of this meeting, the group discussed methods of payment in DC versus those used in other states, and reviewed the differences between DCPS funding based on projections versus charter LEA funding with payments based on projections and reconciled against the single audit measurement.

While no specific recommendations regarding the UPSFF were considered, the working group was in support of further examination of the policies described. The working group expressed the need for a full-year pilot with fiscal modeling to better understand the ramifications of implementing the proposed plan. They recommended revisiting UPSFF rates after the pilot is studied and once the initiative implementation is underway.

At-Risk

The group examined funding for the at-risk weight in detail, including distribution of at-risk funds by pupil count of at-risk eligibility status, grade, race, Ward, and special education status. Use of at-risk funds were discussed at length, including the diverse ways they are used by schools, and how at-risk funding "replaced" previous summer school payment. There was also discussion about the use of at-risk funds to supplant, instead of supplement, other funding needs in DCPS schools, and not just support increased supports for at-risk students.

The group raised a number of questions regarding at-risk funding, for which there are not yet answers, where they believe research or multiple years of implementation is needed, in order to collect appropriate data. These included:

- Whether all qualifying categories indicate the same level of "risk" based on student outcomes or if some eligibility categories are correlated with greater risk;
- Comparison with other measures of risk such as "economic disadvantage" or income level;
- Correlation of at-risk investment with student outcomes;
- How to provide transparency on the use of at-risk funding, particularly for parents and communities; and
- Potential usefulness of using a "community eligibility" standard for at-risk designations at schools, e.g. designating an entire school "at-risk" if a minimum percent of students qualify.

Overall there was no specific recommendation for increasing the at-risk weight specifically, outside of a base rate increase.

Students with Disabilities

The working group considered some issues related to funding for students with disabilities. It was noted that the Adequacy Study did not include recommendations for increases to the weights for Special Education. Funding for students with disabilities was also examined in the context of the population of at-risk students.

After it was raised by OSSE, the group had consensus that it would generally support re-leveling the “Extended School Year” rates, which are the rates for summer education provided by LEAs to students with disabilities, to ensure that the “Level 1” and “Level 2” rates were appropriately weighted, if OSSE were to submit such a proposal. This would correct a previous drafting error in the code.

Finally there was discussion of providing a weight for students with a 504 plan, pursuant to Section 504 of the Rehabilitation Act of 1973, approved Sept. 26, 1973 (Pub. L. No. 93-112, 87 Stat. 394), which prohibits discrimination against individuals with disabilities. A 504 plan requires LEAs provide specific learning accommodations for students based on their individual diagnosed needs. Broadly, there was not support to create UPSFF funding specifically for students with 504 plans, due to the range of diagnoses that 504 covers; potential for increased burdensome regulation that might come with funding; and potential lack of cost benefit to administer the rate vs. the amount spent on the rate itself.

Overall there was no specific recommendation for increasing weights for students with disabilities.

IV. Conclusions

The results of the UPSFF working group are summarized in this document, and as mentioned in the introduction, agendas and further notes of the meetings are available on OSSE’s website.

Per the detailed report above, the recommendation of the UPSFF working group convened in 2016 is to increase the base rate of the UPSFF by 3.5%, from the FY17 rate of \$9,682 to \$10,021.

The Office of the State Superintendent of Education extends its immense gratitude to the LEA leaders and members of the public who participated in this working group.