

# *Financing Education in the District of Columbia from the Perspective of the Financial Authority*

**Dr. Joyce Ladner**

***District of Columbia Control Board***

## About the Author

Joyce A. Ladner is a Senior Fellow at the Brookings Institution in Washington, DC. She is also a Professor of Sociology (on leave) in the Howard University School of Social Work. She served as Interim President of Howard from 1994 to 1995 and Vice President for Academic Affairs from 1990 to 1994.

In 1995, she was appointed by President Bill Clinton to the District of Columbia Financial Control Board that was created to provide oversight and guidance in restructuring the city's finances and management. Ladner is the control board member with oversight for the public school system.

A nationally known scholar, Dr. Ladner has received the Doctor of Humane Letters from Howard University and Tougaloo College as well as numerous other academic and professional awards. She has published extensively in the areas of diversity, higher education, urban issues, public policy, family and gender problems. She has edited, authored, or co-authored four books, *Tomorrow's Tomorrow: The Black Woman*, *The Death of White Sociology*, *Mixed*

*Families: Adopting Across Racial Boundaries*, and *Lives of Promise, Lives of Pain: Young Mothers After New Chance*. She is currently writing her memoirs on growing up in Mississippi during the civil rights era of the sixties, and a book titled *The Ties That Bind: Timeless Values for African American Families* to be published in 1999. Dr. Ladner has also appeared frequently on television news programs and National Public Radio, where she comments on social issues.

Dr. Ladner received her B.A. in sociology from Tougaloo College (1964), her M.A. (1966) and Ph. D. (1968) in sociology from Washington University in St. Louis. Her memberships include the Council of Foreign Relations, the American Sociological Association, and member of the boards of the Congressional Economic Leadership Institute, the U.S. Attorney General's Advisory Council on Violence Against Women, the Center for National Policy (vice-chair), the Washington Urban League, the Washington Women's Forum, the Coalition of 100 Black Women, and Suited for Change (an organization that helps poor women enter the job market).



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## **Introduction**

The District of Columbia Financial Authority was created by the U.S. Congress in 1995 to repair the District of Columbia's failing financial condition and to improve the management effectiveness of government agencies. The Authority has identified public education, along with public safety and some activities in public works, as priority areas.

In November 1996, the Authority overhauled the governance and administration of the District of Columbia Public Schools (DCPS). After issuing a scathing report on the quality and management of the District's schools, the Authority removed the superintendent and stripped the Board of Education of most of its power to control the schools. In their place, the Authority appointed a new Chief Executive Officer and an Emergency Board of Trustees to run and oversee the schools.

This article describes the condition of the District's public schools that caused the Authority to take such a bold action. Next, it outlines the unique nature of the financing of the District's public schools, and then briefly discusses higher education in the District and the Authority's efforts to address problems at the University of the District of Columbia.

## **The Failure of the District of Columbia Public Schools**

In fall 1996, after extensive study by the Authority's staff and consultants and after conducting several public hearings, the District of Columbia issued a report entitled *Children in Crisis: A Report on the Failure of the D.C.'s Public Schools*. The full text, as well as other D.C. Financial Authority information and reports are available on the Internet at [www.dcfra.gov](http://www.dcfra.gov).

In that report, the Authority concluded that the deplorable record of the District's public schools by every important educational and management measure had left the system in a state of crisis. DCPS was simply failing in its mission to educate the children of the District of Columbia. In virtually every area, and for every grade level, the system failed to provide the District's children with a quality education and safe environment in which to learn.

## ***Abysmal Education Outcomes***

DCPS fails to teach its pupils even the basics of education. As a result, the system's students score significantly lower on standardized academic achievement tests than their peers in comparable districts around the nation.

Figures 1 and 2 benchmark DCPS's performance against other school systems and figure 3 measures DCPS's performance by ward over time. Figure 1 shows that the average SAT scores of students taking the test in school districts surrounding D.C. and peer school districts across the country exceeded those of students attending D.C. public schools.

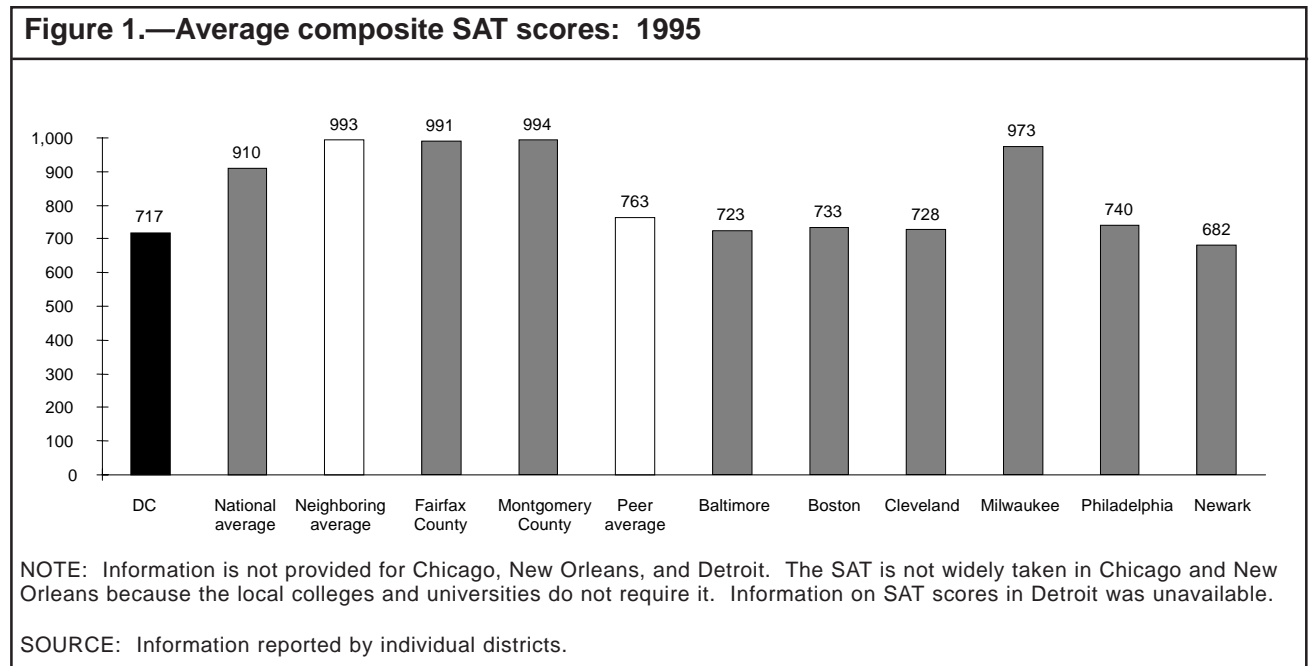
Figure 2 shows that the performance of D.C. public school students on the National Assessment of Educational Progress (NAEP) lagged behind both the average scores of students at the national level and those of students in the northeastern states. In 1994, only 22 percent of DCPS's fourth-grade students scored at or above the basic<sup>1</sup> level—a decrease of 6 percent from 1992.

The results from Stanford Achievement Tests administered in May, 1997, indicate that there has been little improvement since 1994. Thirty-three percent of third-graders were below basic levels in both reading and mathematics. Twenty-nine percent of eighth-graders were below basic levels in reading, and 72 percent of eighth-graders were below basic levels in mathematics.

Performance varies extensively among sections of the District of Columbia (wards); the least affluent wards have experienced the greatest decline in test scores over the last 5 years. Figure 3 shows that while test scores in the more affluent sections of the District have remained the same or improved slightly, scores in the poorer wards have declined dramatically. Several schools in wards seven and eight have seen startling declines in test scores of 15 to 20 percentage points or more. The low achievement levels attest to the fact that thousands of children, especially those in the less affluent sections of the District, are not being taught the fundamental skills necessary to succeed after they leave DCPS.

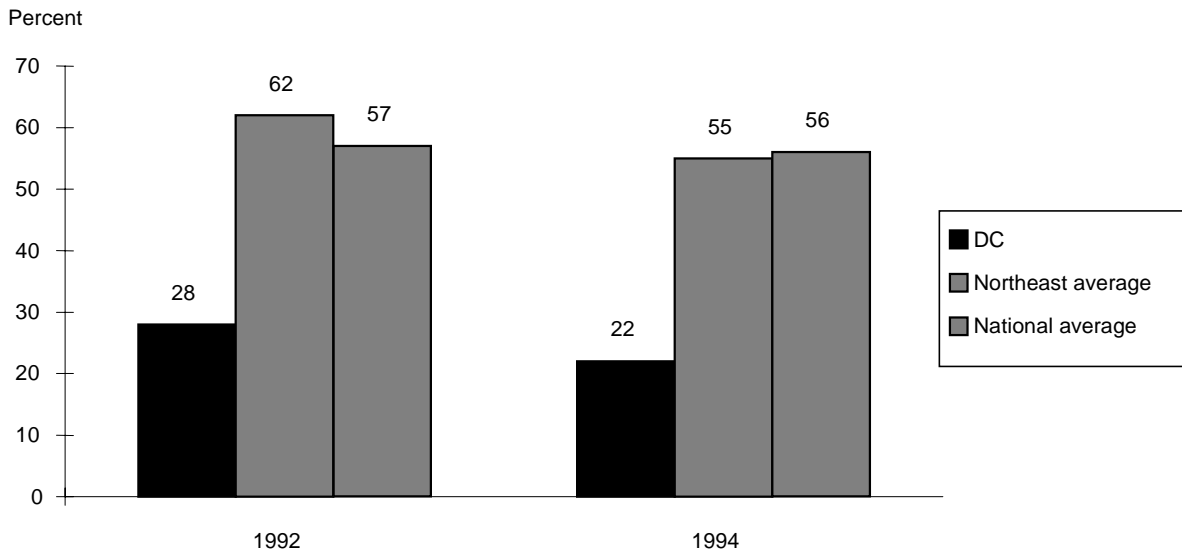
### Drop Out Rates Are Too High

As academic performance continues to decline, many students are dropping out or leaving DCPS for neighboring districts and private schools. Figure 4 illustrates the dramatic migration of students out of the public school system—40 percent of high school students either dropped out or left the District's public schools between 1989 and 1995.



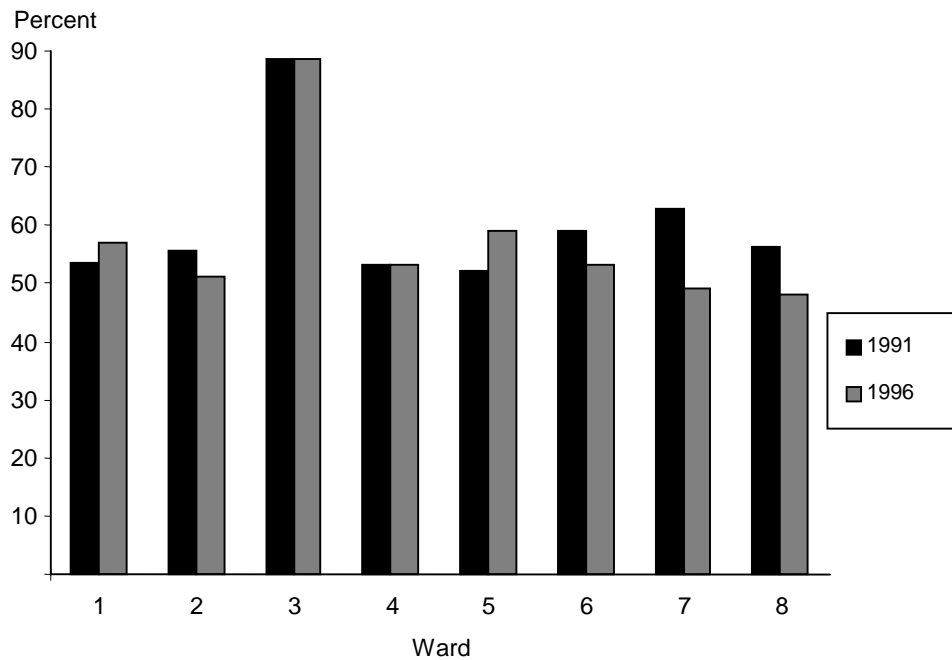
<sup>1</sup> "Basic" is defined as a partial mastery of knowledge and skills that are fundamental for satisfactory work at this grade level. "Below basic" is defined as little or no mastery of fundamental knowledge and skills for this grade level.

**Figure 2.—Percentage of fourth-grade students scoring at or above the basic level on the NAEP trial state assessment of reading achievement: 1992 and 1994**



SOURCE: U.S. Department of Education, National Center for Education Statistics, National Assessment of Educational Progress.

**Figure 3.—Changes in sixth-grade test scores, by District of Columbia wards: 1991 to 1996**



NOTE: Average of reading and mathematics percentiles from the sixth grade.

SOURCE: Office of Educational Accountability, District of Columbia Public Schools.

An increasing number of high school students left DCPS between 1993 and 1995. Figure 5 shows the annual attrition for the classes of 1993, 1994, and 1995. On average, 24 percent of students left their class in 10th grade, 23 percent in 11th grade, and 6 percent in 12th grade. Drop-out rates are even greater in the transition from elementary to the junior high level as parents who can afford it send their children to private schools.

### **Unsafe Environments Disrupt Learning**

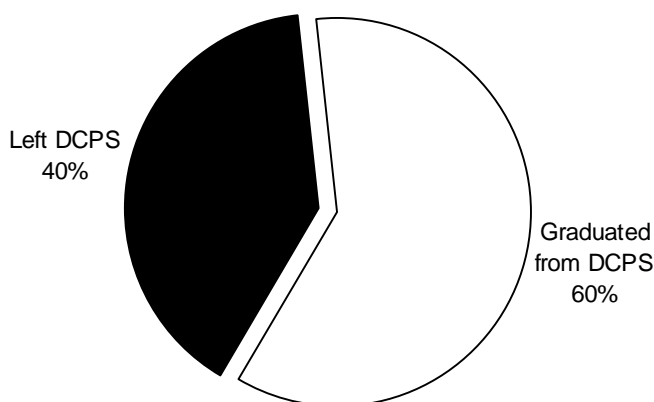
The District's schools, like other urban environments, have serious problems in terms of both security and deteriorating facilities.

A National Center for Education Statistics (NCES) survey of teachers revealed that more instructors from DCPS than instructors from other states believed that a variety of serious problems affected their schools. Problems included: lack of parent involvement, unpreparedness to learn, tardiness, disrespect for teachers, student absenteeism, student apathy, and verbal abuse of teachers (figure 6).

Compared with the national average, more DCPS high school teachers and students report being threatened with violence. Figure 7 shows that according to the 1995 National Education Goals Report, 26 percent of DCPS teachers reported that they were threatened, injured, or physically attacked by a student in the past 12 months, compared with a national average of 14 percent. Other state-level violence statistics are also bleak.

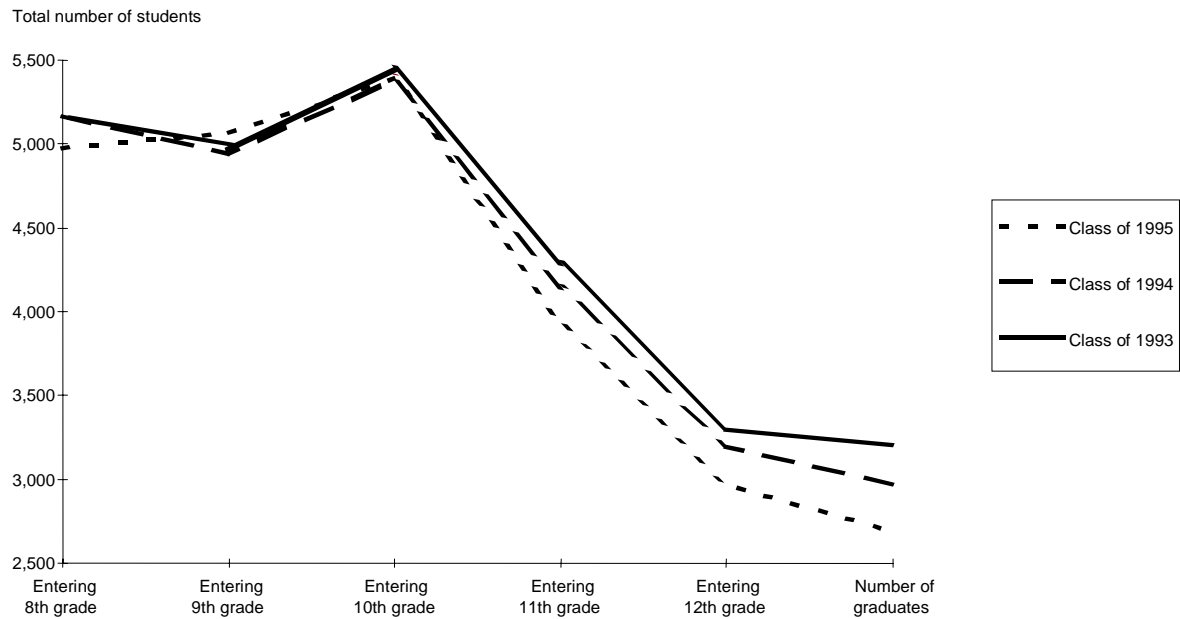
The infrastructure of the District's public schools is collapsing. The alarming condition of facilities leaves students exposed to discomfort and even to potential harm—boilers burst, roofs leak, fire doors stick, bathrooms crumble, and poor security permits unauthorized individuals to gain access, threatening the safety of students. Such conditions make it almost impossible to focus on the primary mission of educating the children. Figure 8 compares the condition of the District's schools to other schools in the nation.

**Figure 4.—Percentage of students beginning ninth grade who eventually left DCPS or who and graduated from DCPS: 1989–95**



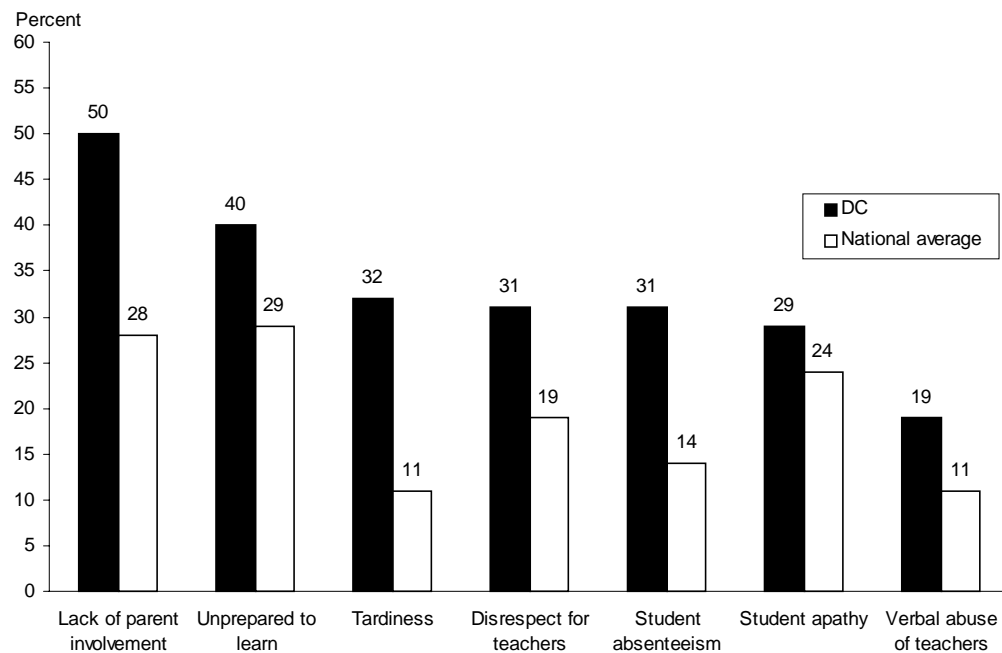
SOURCE: District of Columbia Public Schools (DCPS) Dropout and Migration Statistics 1991–95.

**Figure 5.—Enrollment changes for students in grades 8 through 12 in District of Columbia public schools (classes of 1993–95)**



SOURCE: District of Columbia Public Schools Dropout and Migration Statistics (1991–95).

**Figure 6.—Percentage of public school teachers perceiving issues as serious problems affecting their schools**



SOURCE: U.S. Department of Education, National Center for Education Statistics, Schools and Staffing Survey, 1993–94.

### Mismanagement Undermines Learning

The inability of the District's schools to effectively implement long-term education and operational plans leaves students without teachers or classrooms, textbooks unordered or lost in warehouses, teachers untrained and uncertified, and students who are disabled without access. Additionally, poor resource allocation distorts priorities, ensuring that educational needs go unmet even when funds are available.

Two critical areas that are mismanaged are personnel and procurement. DCPS' personnel operations are in disarray. Every aspect is problematic:

- inability to identify how many employees work in the schools;
- lack of adequate administrative controls;
- incomplete planning, and
- inability to understand or relate the impact of personnel on the educational mission.

Procurement is just as bad. Poor contract management has left an indelible mark on the District's children—who, among other things, have been

forced to eat cold cereal for lunch and have been subjected to unqualified individuals operating school facilities.

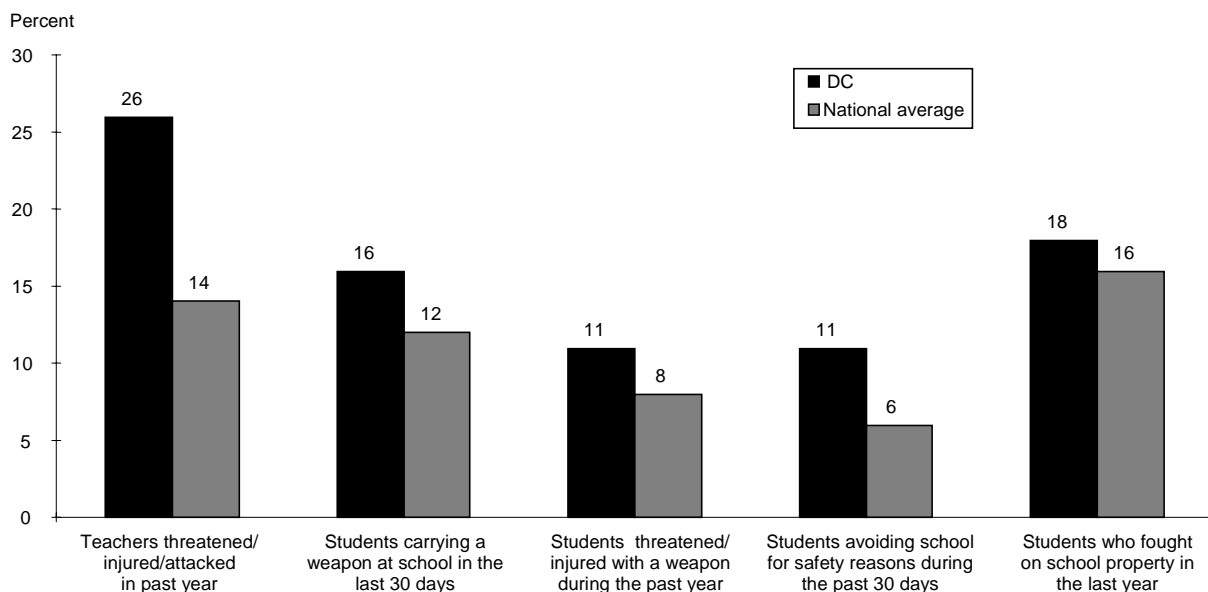
Basic data are also not available. The most critical is that the District public school system does not know how many students it has. Estimates vary between 65,000 and 81,000 students; the discrepancy is alarming. NCES found a discrepancy of 20.6 percent between the 1990 census and the number of students reported by DCPS (figure 9). This discrepancy is significantly greater than any of the other major jurisdictions in the Greater Washington Metropolitan area.

Lack of basic data on students and employees makes budgeting next to impossible.

### Financing Education in the District of Columbia Public Schools

The District has a unique financing arrangement. Not only must the District carry out the roles of a city, a county, and a state, but its budget must be directly approved by Congress. The result is confusion and, in terms of Congress, a level of meddling in local affairs that no other jurisdiction in the coun-

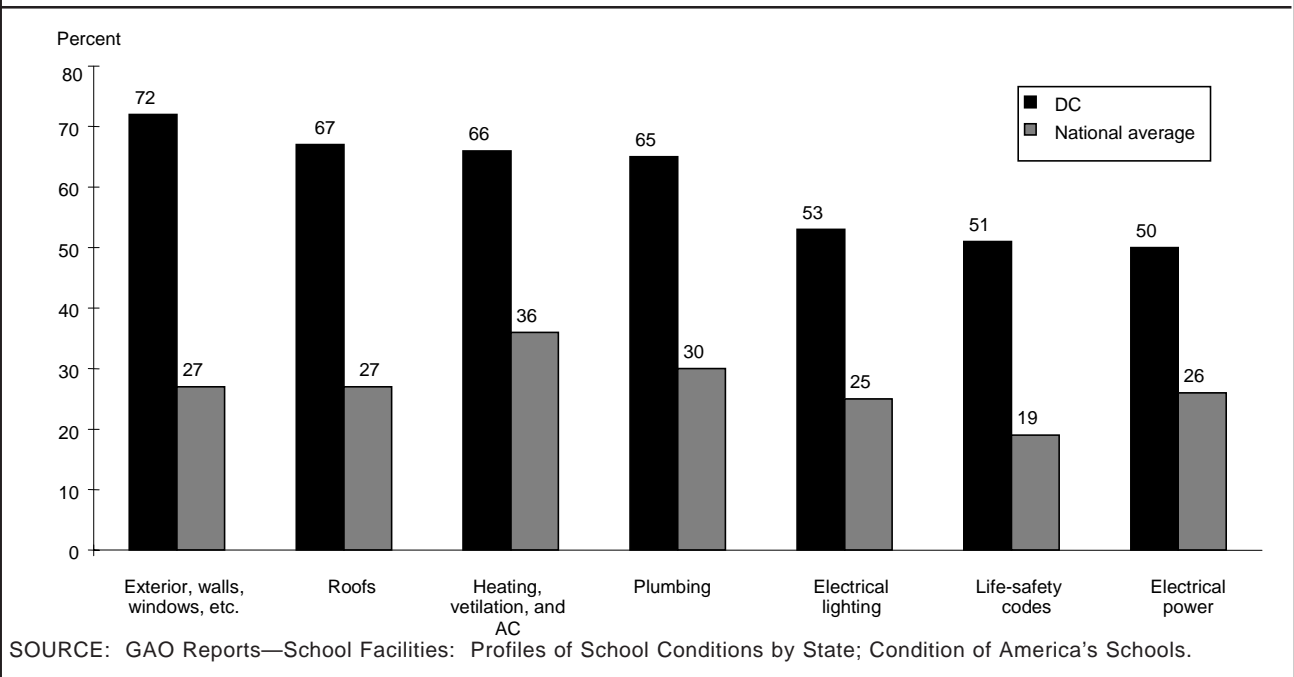
**Figure 7.—Percentage of high school teachers and students reporting violence and safety issues**



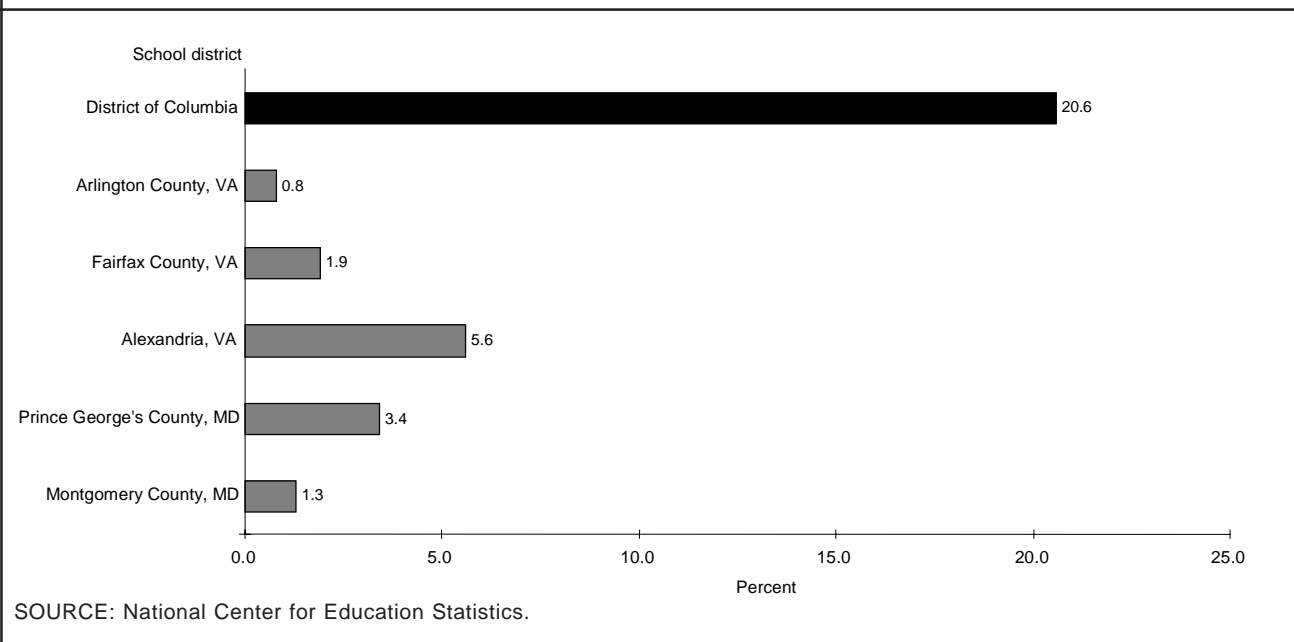
SOURCE: Data Volume for the National Education Goals Report (Volume Two: State Data).



**Figure 8.—Percentage of schools with inadequate features**



**Figure 9.—Discrepancy between public school enrollments as reported by school systems and by 1990 census**



try would permit. Frequently, the congressional members attach all types of stipulations to the District's budget. In no area of the budget has this involvement been more than in education. Congress has mandated charter schools, English literacy requirements, public charter schools, a world class schools task force, per capita school funding, and the establishment of a commission on consensus reform. Public education budgeting in this environment is clearly a challenge.

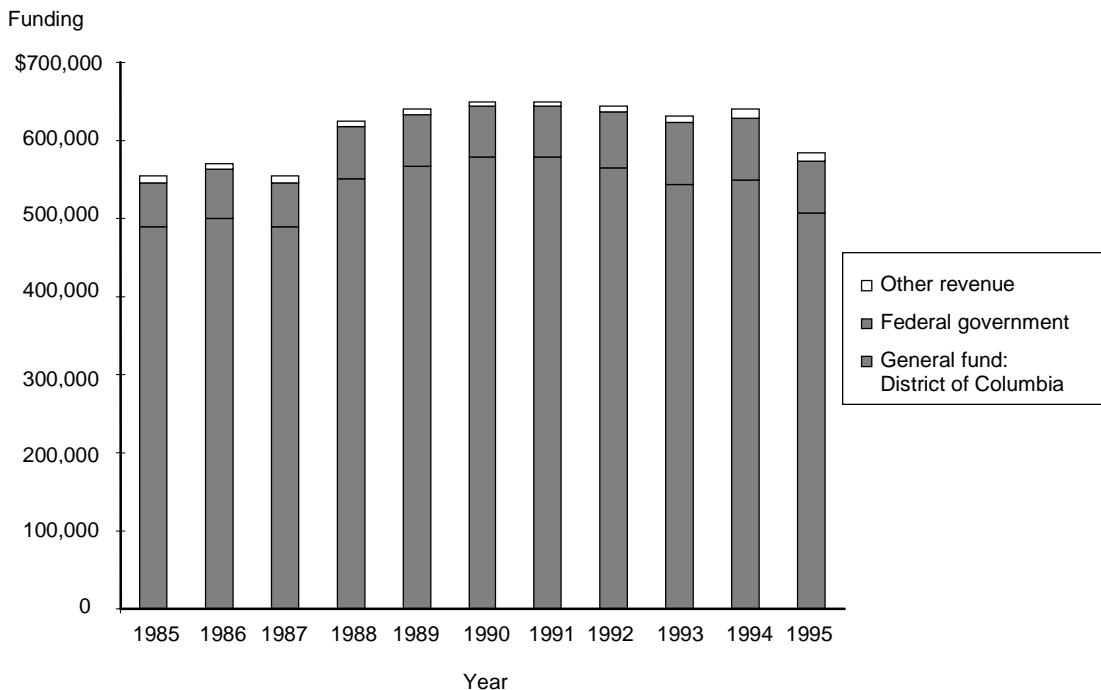
Although the former Superintendent and the former President of the Board of Education argued that more dollars are needed to support the District's schools, it remains to be determined whether or not additional operational funding is needed in light of an assessment of per capita spending. Funding for the District's public schools comes from local funds, and federal and private grants. Funding peaked in Fiscal Year (FY) 1994 and has declined slightly since then. Figure 10 shows funding over the past 10 years in constant 1996 dollars.

Comparisons of the District's school expenditures with other jurisdictions are difficult because of the many ways in which expenditures are reported. However, the District's average cost per student clearly exceeds the national average, and it is also substantially higher than many comparable urban school districts and neighboring districts. Figure 11 depicts these comparisons.

Even though spending per student in the District is high, much of that funding is not reaching the classroom. The 1992 report of the DC Committee on Public Education (COPE) found that DCPS spends "less than other districts on instruction and more on central administration and overhead." Four years later, DCPS expenditures toward classroom instruction continued to lag behind that of its neighbors.

Figure 12 compares DCPS' instructional spending to the Washington suburban jurisdictions of Fairfax and Montgomery counties.

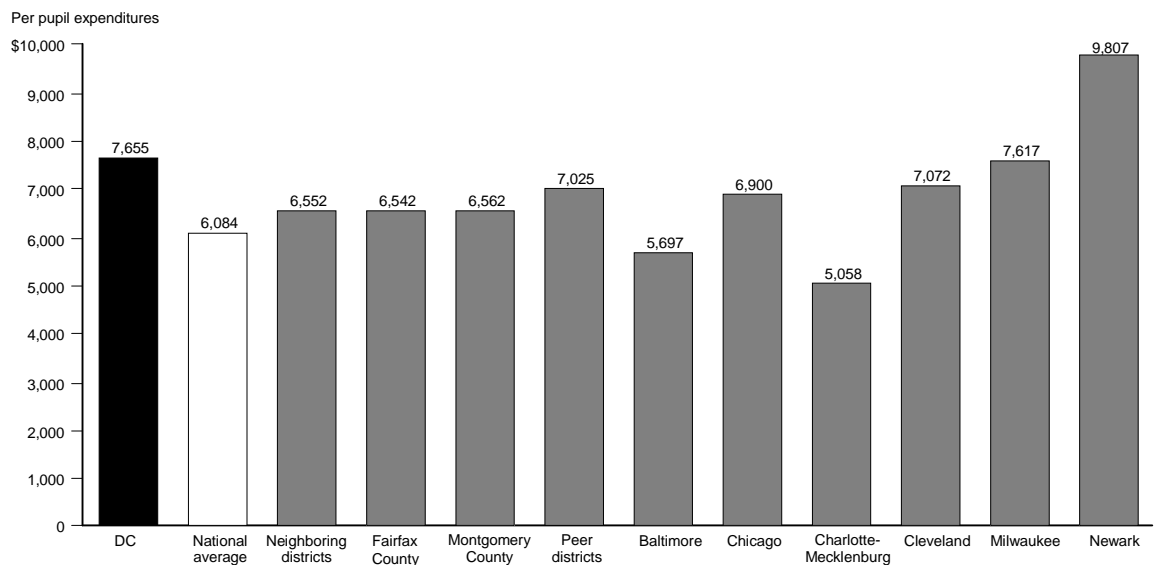
**Figure 10.—District of Columbia public schools' funding from local, federal, and other funds (in constant 1996 dollars): FY 1985–95**



NOTE: All funds are adjusted to 1996 dollars based on consumer price indexes for major expenditure classes.

SOURCE: District of Columbia Public Schools Comprehensive Annual Financial Report, 1995; DCPS Component Unit Financial Report, 1994.

**Figure 11.—Average per-pupil expenditures: 1994–95\***

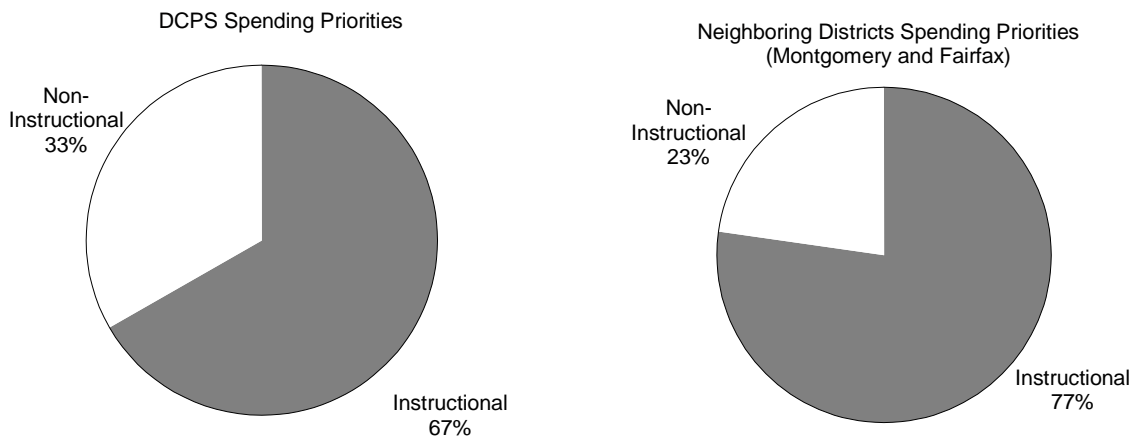


\*These expenditures for the District do not include any cost of financing capital expenditures or the costs of the teacher pension program. It is unclear whether other jurisdictions' average cost per student includes such costs. However, these costs would add another \$1,250 per student in the District.

NOTE: DC expenditures per pupil assume 80,450 students and total expenditures of \$615.8 million and includes food services, continuing education, and other Federal education costs.

SOURCE: FY 1996 Budgets; National Center for Education Statistics.

**Figure 12.—Comparison of District of Columbia public schools' (DCPS) instructional and non-instructional spending to Washington suburban jurisdictions**



SOURCE: FY 1997 Budgets.

DCPS' large central administration takes away from instructional spending. DCPS' teacher to central administrator ratio highlights the size of its administration. Figure 13 depicts the fact that DCPS employs 16 teachers for every central administrator employed, compared with its peers who employ 42 teachers for every central administrator employed.

In 1996, DCPS allocated more toward its Office of the Superintendent than the Fairfax County, Montgomery County, and Baltimore City public school systems combined. DCPS exceeded its neighbors' average allocation by \$4.55 million and its peers' by \$3.38 million (figure 14).

DCPS spent more than twice as much on its Office of the Board of Education than peer and neighboring district average. In FY 1996, DCPS allocated over \$1.4 million to the Office of the Board of Education—more than three times the average \$454,000 of neighboring Fairfax and Montgomery counties (figure 15). DCPS even allocated \$203,000 more than Chicago Public Schools (CPS), despite the fact that the CPS board was responsible for overseeing a district with 400,000 students—five times as many as DCPS.

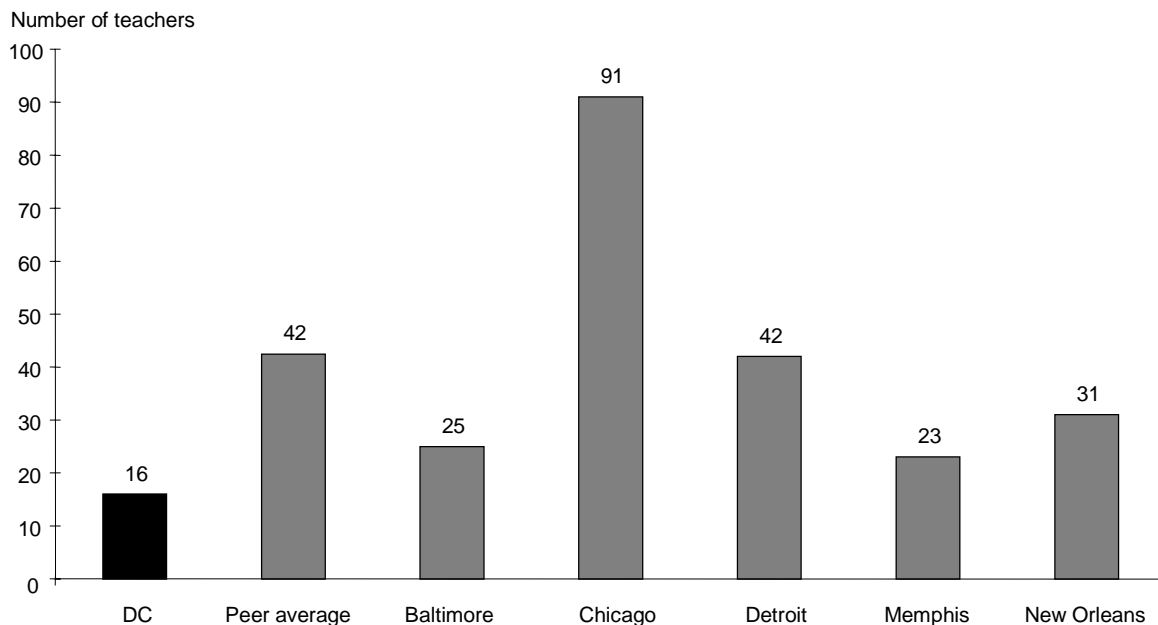
## Authority Actions and Progress

With the deplorable conditions outlined in our report, the Authority believed that strong action needed to be taken. Therefore on November 15, 1996, the Authority, through use of powers granted by Congress, ordered the removal of the Superintendent and reduced the powers of the elected Board of Education. In their place, the Authority installed a retired Army Lieutenant General, Julius Becton, and established an Emergency Transitional Education Board of Trustees made up of experienced leaders with the ability to instill a vision and lead a large organization in the direction of that vision until June 2000.

The Authority also ordered the Trustees and the CEO to develop specific measures that will be used to gauge their success in meeting the following goals:

- enhancing the quality of education at all District schools;
- improving student participation, performance, and outcomes;

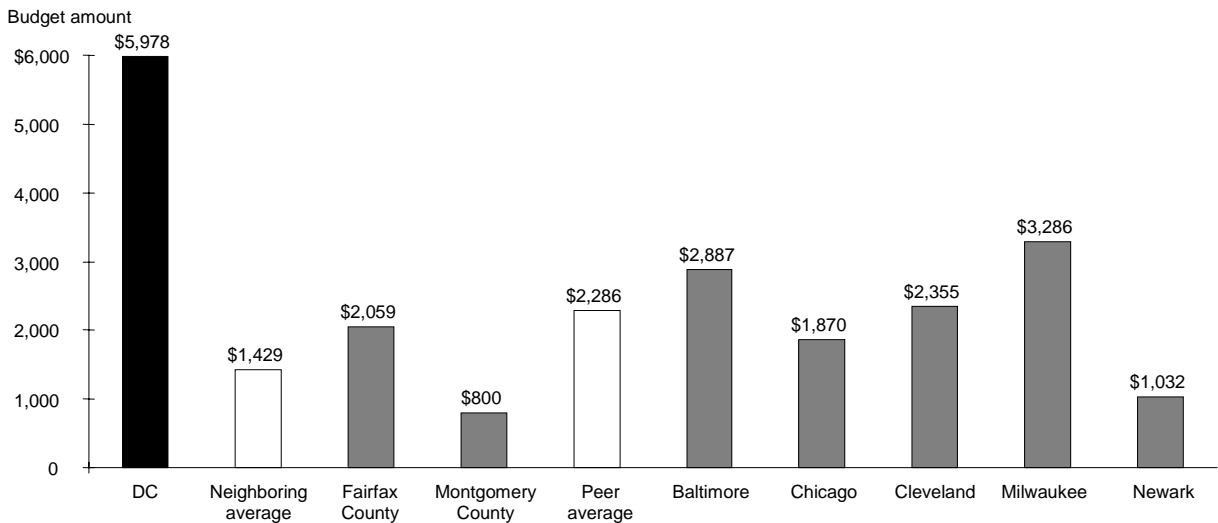
**Figure 13.—Total number of teachers per central administrator: 1992–93**



NOTE: Peer district data are not available for Boston, Cleveland, Milwaukee, and Newark.

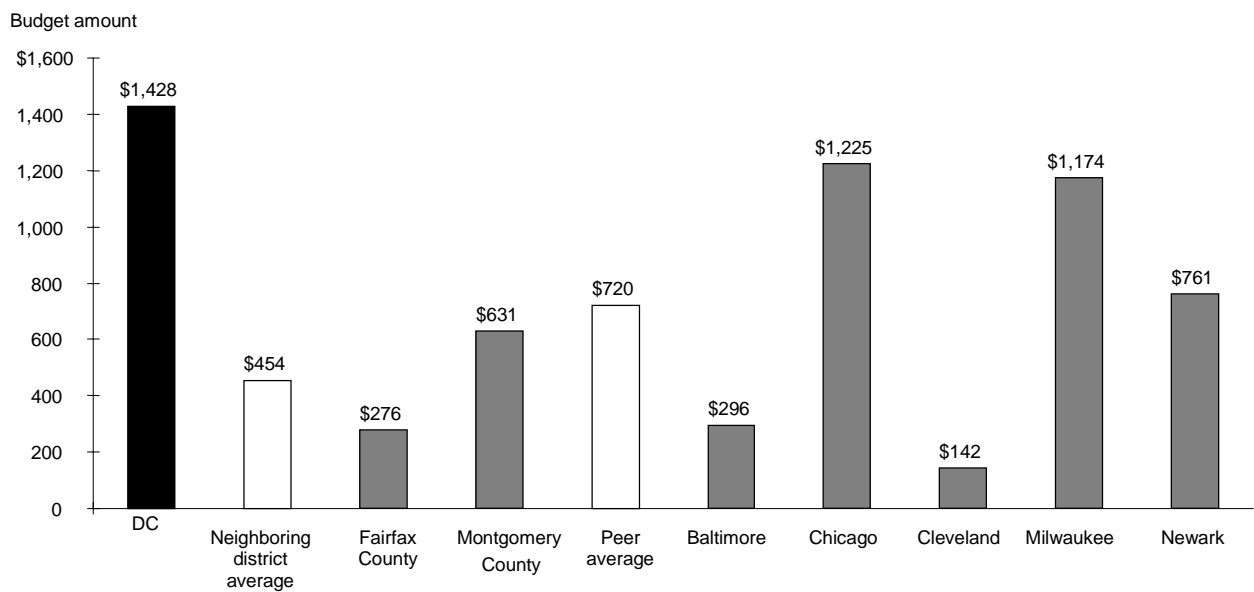
SOURCE: National Urban Education Goals: 1992–93 Indicators Report (Council of Great City Schools).

**Figure 14.—Office of the Superintendent (or equivalent) adopted budget (in thousands of dollars): 1996**



SOURCE: School District Budgets or Comprehensive Annual Financial Reports, FY 1996.

**Figure 15.—Board of education (or equivalent) adopted budget (in thousands of dollars): 1996**



SOURCE: School District Budgets or Comprehensive Annual Financial Reports, FY 1996.

- improving the quality, effectiveness, and efficiency of school system management;
- creating internal accountability and focus on customer satisfaction;
- improving the physical conditions of school properties; and
- reducing incidences of crime, especially offenses that threaten student and staff safety.

Within months of instituting the new structure, General Becton and the Board of Trustees found that as bad as the Authority's report painted the District's school system, the true situation was even worse:

- stacks of unpaid bills piled in boxes;
- personnel actions that had not been processed for months, even years;
- a special education program that was completely broken;
- numerous teachers who were not certified to teach;
- several personnel on the payroll who had died;
- no plans for facilities improvements; and
- a maintenance contractor who, according to the District's Inspector General, had overcharged the struggling school system by more than \$6 million over the past 3 years.

To correct these problems, the new management team has:

- hired an academic officer, an operating officer, a human resource officer, and a chief financial officer;
- fired budgeting and finance personnel;
- updated all personnel actions and imposed a hiring freeze;
- developed a performance measurement system;
- developed a facilities plan and abated more than 1,600 fire code violations;

- closed 11 schools and replaced approximately 50 roofs;
- painted and spruced up over 40 schools (volunteers);
- increased security with new metal detectors and increasing training for security guards;
- established a teacher evaluation program;
- proposed new academic standards that end social promotions and require passing standardized reading and mathematics tests before progressing to certain key grades and a C average before graduating from high school;
- terminated a large school maintenance contract;
- awarded new contracts to provide better school breakfast and lunches; and
- provided closer coordination and interface with city personnel and financial management systems to record the school's employees and budget expenditures more accurately.

These are obviously just a beginning, and there have been some slips along the way such as the 3-week delay in school opening to finish roof replacement. General Becton and his chief operating officer have recently resigned. The chief academic officer replaced General Becton. But true reform, particularly in the academic area, is a long-term task and cannot be achieved overnight. The Authority will be closely monitoring the progress on the new management team to ensure that significant progress is made.

## **Higher Education in the District of Columbia**

Public higher education in the District is principally provided by the University of the District of Columbia (UDC). UDC is unique in that it is the only urban land grant institution of higher education in the United States. UDC has an open enrollment policy and about 4,500 full-time equivalent students.

As a part of the Authority's efforts to revitalize public education in the District, we have undertaken a comprehensive review of higher education services in the District of Columbia, specifically UDC. UDC has had a difficult time adjusting to reductions in public funds, which currently are about 50 percent of the UDC budget. Our review of UDC found:

- UDC has never had a clear mission;
- the role of the faculty in the shared governance model has never been sufficiently detailed;
- operations and management functions have failed to provide efficient or effective services in support of the academic, community, or research mission of the institution;
- academic programs are not focused in meeting student or market needs; and

- UDC's allocation of resources is misdirected.

In summary, the Authority has recognized that if the District's quality of life and government is truly going to get better, we must fully invest our resources and efforts toward providing a better-than-adequate education for students in the District of Columbia school system. In making an investment in the world class education our students deserve, we will find what other systems have found—a better functioning school system will offer our youth hope for the future, a better opportunities for life-time employment, and increased awareness of life's opportunities. In doing so we will find, just as other cities have found, that as we invest in education, the need for human service dollars will decrease as our students are better educated and are better prepared for a productive life.