

## Testimony of Stephen Kletter – DCPS Budget Hearing – November 16, 2022

Good evening. My name is Stephen Kletter and I am a practicing economist who has lived and worked in the District for over 25 years. I have two children that attend Jackson-Reed High School.

Over the past few years I have spent an enormous amount of my own time deciphering the old and new DCPS school funding budget models. Using my training in economics, I have identified significant problems with both models and I have shared my results with senior DCPS staff on multiple occasions and have testified before the city council.

A serious problem with the old CSM budget model was that it dramatically underfunded large schools, even after accounting for differences in student needs. For example, this flaw in the CMS budget model underfunded Alice Deal Middle School by over \$2 million per year and the Alice Deal LSAT called upon DCPS to fix this chronic problem. To its credit, DCPS itself explicitly recognized this problem in its Summer 2020 budget presentations. However—and this is really disappointing—when the new DCPS budget model was unveiled for FY23, this fundamental problem was left completely unaddressed. As a result, many students in our city—including those that attend Alice Deal, CHEC, and Jackson-Reed—will continue to receive inadequate general educational funding simply because they attend a large school. It is long past time for DCPS to fix this mistake.

Remarkably, the new DCPS budget model is even worse than its predecessor. The new model cuts baseline General Education funding for many elementary schools across the city and a few middle schools such as Alice Deal and Hardy. The funding cuts per student are by far the largest in the Jackson-Reed feeder system.

Many LSATs may be unaware the new model has cut their baseline funding. That's because DCPS supplemented their total FY23 funding amounts with what DCPS refers to as "One-time Stability Funds." If your school received One-Time Stability Funds for FY23, it means—and this is important—that the new DCPS budget model has determined that the school's baseline funding should be cut dramatically. These stability funds appear intended to temporarily mask—in an election year—the inevitable baseline funding cuts for these schools that are scheduled to kick-in in FY24 and continue going forward for the foreseeable future.

To calculate your school's new baseline funding under the new budget model, simply subtract your school's total funding amount by the amount of One-Time Funds you received. For example, doing this simple math for Alice Deal reveals that its baseline funding will be cut \$750,000 relative to FY22.<sup>1</sup> And when you properly account for lost purchasing power due to

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<sup>1</sup> Alice Deal received \$16.7 million in total FY23 funding but \$1.8 million of that amount was in One-Time Stability Funds. Excluding the One-Time Funds, Alice Deal's true baseline funding under the new model is \$14.9 million. That represents a drop of \$750,000 as compared to FY22 where Alice Deal received \$15.7 million.

inflation, the true drop in baseline funding at Alice Deal is over \$1 million.<sup>2</sup> The pain, however, will not be felt until FY24 when the One-Time Funds disappear. Alice Deal received \$1.8 million in One-Time funds, so next year it faces a fiscal cliff that could result in the elimination of a whopping 16 fulltime teaching positions.<sup>3</sup> This is simply unacceptable and the new budget model must be fixed.<sup>4</sup>

Similarly, the elementary and middle schools that feed to Jackson-Reed High School collectively will lose \$8.8 million in annual funding when One-Time Stability Funds are eliminated in FY24. This fiscal cliff represents a whopping 10% funding cut for the feeder system and will necessitate the elimination of nearly 80 fulltime teaching positions. Again, this is simply unacceptable and must be fixed.

I have attached a presentation that outlines this funding problem in detail.

Thank you for your time and hard work.

Sincerely,

Stephen Kletter

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<sup>2</sup> Remarkably, total General Education funding (i.e., non-needs based) at Alice Deal has fallen by nearly \$1.2 million (\$1.9 million when inflation adjusted) relative to FY20. On an inflation-adjusted basis, this represents a drop of nearly \$600 per student. These reported funding cut amounts are very conservative (due to FY23 submitted budgets underreporting ELL and SPED funding) and thus the true total cut to General Education funding at Alice Deal over this period is likely closer to \$2.4 million on an inflation-adjusted basis.

<sup>3</sup> The new budget model continues to penalize Deal for being a large school. Deal receives the lowest General Education funds per student of any school in DCPS (tied with Lafayette).

<sup>4</sup> As mentioned above, Alice Deal had been chronically underfunded under the old budget model, so it was already starting in a funding hole.

# DCPS New Budget Model for FY23: Large Funding Cuts to Jackson Reed Feeder Schools

November 16, 2022

# Key Takeaways for Jackson Reed Feeders

- This is not a typical year because DCPS has implemented an entirely new budget model that replaces the old CMS budget model.
- The new model shifts tens of millions of dollars from elementary schools to high schools, with the largest percentage cuts to Jackson Reed feeder elementary schools. The new model also significantly cuts General Education funding for Alice Deal and Hardy middle schools.
- "One-time Stability Funds" appear intended to temporarily mask the dramatic funding cuts in an election year.
- In FY24, Deal and the Jackson Reed feeder elementary schools will face huge funding cuts, totaling nearly \$8.8 million, the equivalent of nearly 80 fulltime teachers.
- Jackson Reed feeder schools receive General Education funds per pupil (i.e., non-needs based) that are significantly lower than other DCPS schools.

# The New DCPS Budget Model Shifts Funding from Elementary Schools to High Schools Citywide

## Change in Funding Excluding One-Time Stability Funds

School Type	Change in Funding	% Change
Elementary	(\$12,061,295)	(3%)
Middle School	(\$825,920)	(1%)
High School	\$24,009,965	14%
Total	\$11,942,237	2%

Includes Safety Net Stability funds which are not one-time only.

# The New DCPS Budget Model Harms the Jackson-Reed Feeder System While Benefiting All Other Schools

**Change In Total Funding (Excluding One-Time Stability Funds) vs Change in Student Headcount**

<b>Jackson-Reed Feeder System</b>	<b>Change in Funding</b>	<b>Change In Headcount</b>
Elementary	(7%)	(2%)
Middle School	(4%)	(2%)
High School	18%	6%
<b>Total</b>	<b>(1.6%)</b>	<b>(0.6%)</b>

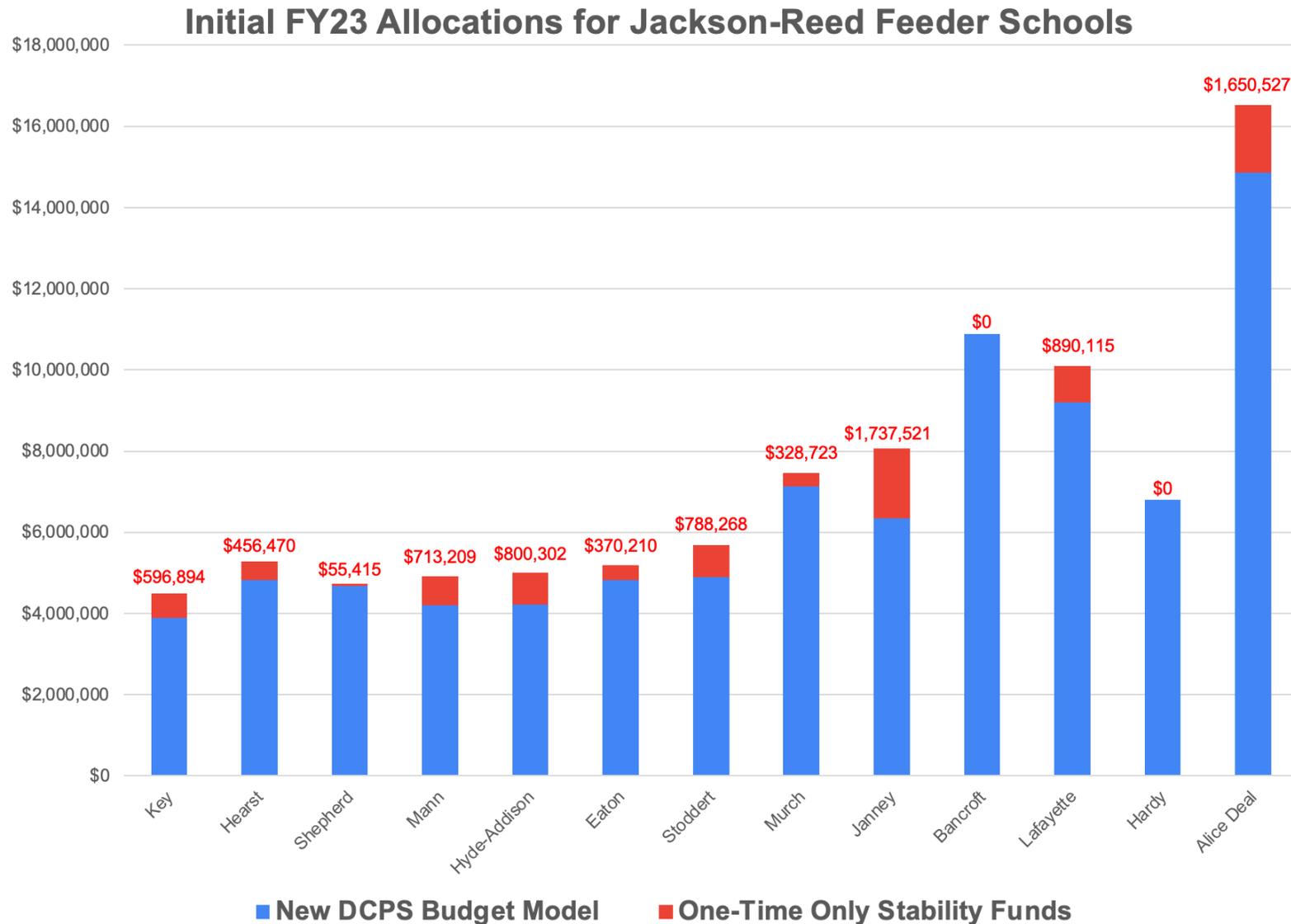
<b>All Other Schools</b>	<b>Change in Funding</b>	<b>Change In Headcount</b>
Elementary	(2%)	(5%)
Middle School	(0%)	(5%)
High School	14%	3%
<b>Total</b>	<b>2.3%</b>	<b>(2.6%)</b>

**The Jackson-Reed Feeder System is receiving a cut in funding at nearly three times the rate of its expected drop in student headcount.**

**In contrast, all other schools are receiving a 2.3% increase in funding despite an expected headcount drop at four times the drop of the Jackson-Reed Feeder System.**

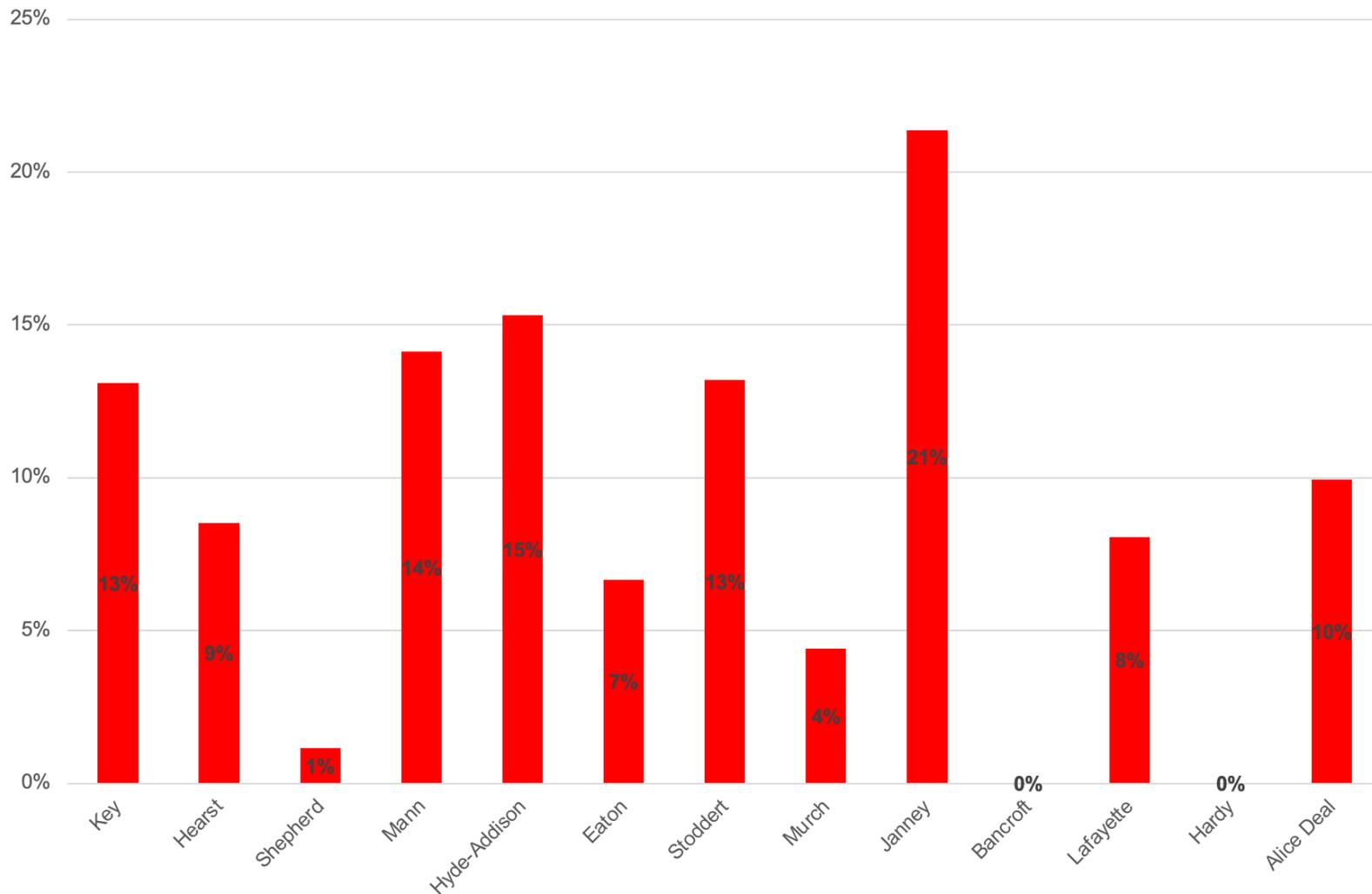
Notes: Change in funding does not account for the loss of purchasing power due to inflation. All stability funds with the exception of Safety Net Funds are one-time only.

# In FY24, Jackson Reed Feeder Schools Will Lose One-Time Stability Funds Reported in Red

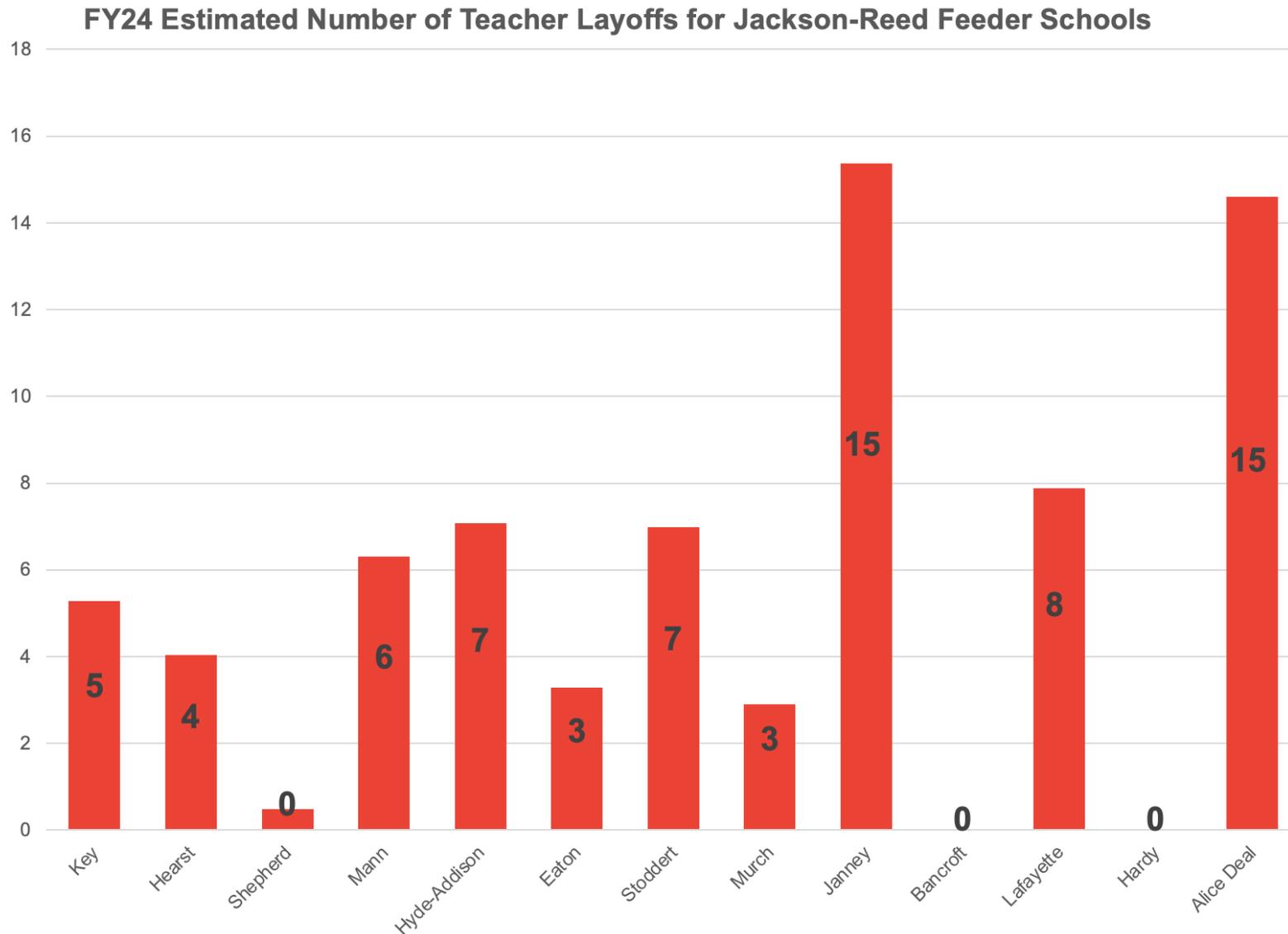


# In FY24, Six Jackson Reed Feeder Schools Will Face Funding Cuts of Over 10%

**FY23 One-Time Only Stability Funds for Jackson-Reed Feeder Schools as Share of FY23 Initial Allocation**



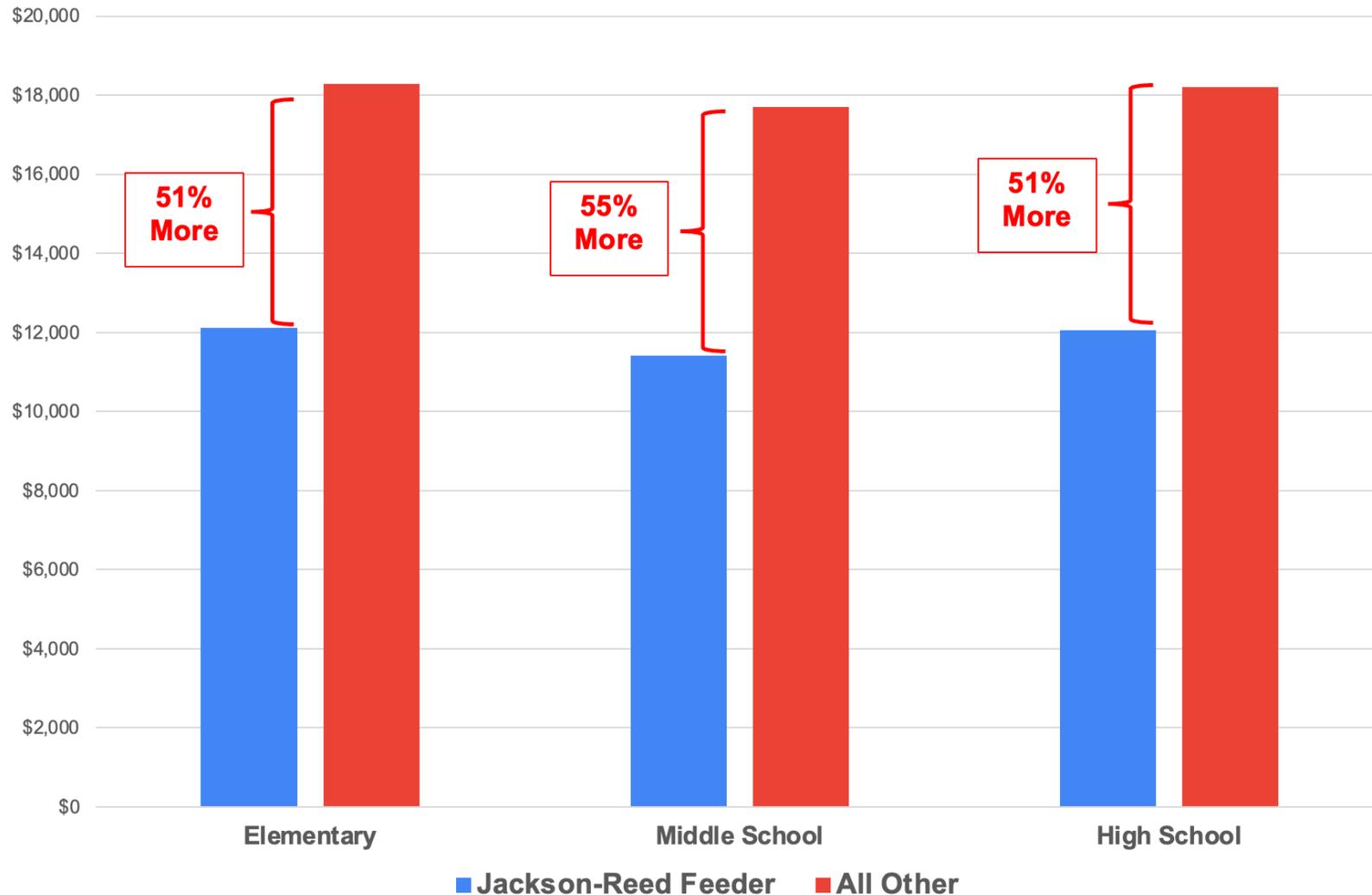
# In FY24, Jackson Reed Feeder Schools Will Face Teacher Layoffs



Hardy was forced to eliminate three teaching positions in FY23.

# The New DCPS Model Allocates Over 50% More Total Funding per Pupil to Non-Jackson Reed Feeders

**Total Funding Per Pupil Excluding One-Time Stability Funding:  
Jackson-Reed Feeder System vs All Other**



# The New DCPS Model Allocates More General Education Funding per Pupil to Non-Jackson Reed Feeders

**General Ed Funding Per Pupil Excluding One-Time Stability Funding:  
Jackson-Reed Feeder System vs All Other**

