

**PUBLIC OVERSIGHT ROUNDTABLE ON  
THE PERFORMANCE AND POTENTIAL TRANSFER  
OF STATE EDUCATION FUNCTIONS IN THE  
DISTRICT OF COLUMBIA**

**Before the**

**Committee on Education, Libraries and Recreation  
Council of the District of Columbia**

**The Honorable Kathy Patterson, Chairperson**

**November 17, 2006, 10:00 a.m.  
Council Chambers, John A. Wilson Building**



**Testimony of  
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Good morning, Chairperson Patterson and members of the committee. I am Robert Zahradnik, senior policy analyst in the Office of Revenue Analysis, and I am here to offer brief remarks on behalf of the Office of the Chief Financial Officer on:

- (i) the current allocation of resources between local and state education functions in the District of Columbia;
- (ii) the general functions of a state education agency;
- and (iii) administrative issues related to the potential transfer of grants administration responsibilities between the District of Columbia Public Schools (DCPS) system and the State Education Office (SEO).

## **Current Allocation of Resources Between Local and State Education**

### **Functions as Defined by the District**

The two primary areas of the District budget in which a distinction has been made between local and state education expenditures are the District of Columbia Public Schools and the State Education Office.

Local fund revenues are allocated to DCPS through the Uniform Per Student Funding Formula Allocation. The legislation establishing this funding formula explicitly excluded from the formula activities that D.C. identifies as “state”

activities, including: transportation for students with special needs, tuition payments for private placements for students with special needs, and state education agency functions of the DCPS system. The legislation indicated that those items would be appropriated by the Mayor and Council in addition to the amount generated by the formula. The practical impact of this provision is that the local fund revenue allocated by the funding formula is considered the funding for the local education agency and the balance of funding available to DCPS is considered funding for the state education agency.

This funding structure results in some state functions remaining within DCPS, and differs from the approach of other states that have a separate state education agency to perform all state functions. The functions of a state education agency vary across states; however, there are some core functions performed by a typical state education agency including: the administration of federal grants, curriculum development, accountability and support, teacher certification, teacher training, special education, and data collection. These core functions will be discussed in greater detail later in my testimony.

Table 1 provides the allocation of local and state expenditures within the DCPS budget. In FY 2007, per the Uniform Per Student Funding Formula (UPSFF),

\$584 million (72 percent) of the local funds budget of DCPS is considered local education spending and \$224 million (28 percent) is state education spending. The local education spending is focused in four primary areas: general education, local special education, school-based administration, and system-wide administration.

Almost 75 percent of the state education expenditures within DCPS are related to special education in the form of non-public tuition payments and special education transportation. The other state functions include programs such as the assessment and accountability program and grants administration.

**Table 1**

<b>DCPS FY 2007 Local Funds Budget</b> Per the Uniform Per Student Funding Formula			
Activity	Local Education Agency	State Education Agency	Total DCPS Budget
General Education	471,619,000		471,619,000
Special Education	83,884,000		83,884,000
LEP/NEP	12,547,000		12,547,000
Summer School	12,408,000		12,408,000
Special Education Summer School	3,600,000		3,600,000
Special Education Non-Public Tuition Payments		106,571,260	106,571,260
Special Education Transportation		61,248,000	61,248,000
Other State Functions		56,453,831	56,453,831
<b>Total</b>	<b>584,058,000</b>	<b>224,273,091</b>	<b>808,331,091</b>

### **State Education Office**

The second area of the District budget in which a distinction has been made between local and state education expenditures is that of the State Education Office (SEO). The State Education Office was established under the Office of the Mayor on October 1, 2000, as required by the State Education Office Establishment Act of

2000 (DC Act 13-387). The Act specified several specific responsibilities of the State Education Office, including:

- Performance of all state functions for federally-sponsored child nutrition programs in the District, including those sponsored by the U.S. Department of Agriculture;
- Verification of annual fall enrollment counts for all public and public charter schools;
- Formulation and promulgation of rules for the documentation and verification of District residency for public and public charter school students;
- Development of recommendations to the Mayor and Council of periodic revisions to the Uniform Per Student Funding Formula, and provide information and data related to such revisions including the study of actual costs of education in the District of Columbia, consideration of performance incentives created by the formula in practice, research in education and education finance;
- Preparation of a study to be submitted to the Mayor and Council recommending additional functions to be assumed by the SEO;
- Oversight of the functions and activities of the Education Licensure Commission.

Additionally, the SEO has assumed responsibility for existing state-level education functions in other areas, including:

- Higher Education Financial Services – including financial aid programs such as the DC Tuition Assistance Grant Program,
- Office of Public Charter School Financing and Support, and
- A policy research and analysis department.

**Table 2**

<b>State Education Office FY 2007 Budget (Excluding Intra-Districts)</b>		
Activity	FY 2007 Local Budget	FY 2007 Gross Budget
Agency Management Program	1,576,000	1,576,000
Agency Financial Operations	129,000	129,000
Nutrition Services	1,875,000	28,529,000
Financial Aid Services	4,069,000	39,758,000
Policy, Research and Analysis Activity	5,883,000	5,883,000
Customer Service	-	-
Educational Licensure	925,000	3,446,000
Officer of Charter Schools Finances and Support	50,000	9,802,000
<b>Total</b>	<b>14,507,000</b>	<b>89,123,000</b>

Table 2 above shows the FY 2007 budget for the State Education Office. On a local funds basis, the largest activities are the Policy, Research and Analysis Activity and Financial Aid Services. About 77 percent of the SEO’s gross funds are the federal funds associated with Nutrition Services and Financial Aid Services.

## Functions of a State Education Agency

As I mentioned earlier, the functions of a state education agency vary across states. However, there are some core functions performed by a typical state education agency, including: the administration of federal grants, curriculum development, accountability and support, teacher certification, teacher training, special education, and data collection. If the District were to follow this model, some of the responsibilities funded from the Unified Per Student Funding Formula (and thereby considered local functions) would more appropriately be considered state functions. For comparative purposes, table 3 below lists the functions of the state education agencies in Maryland and Virginia.

**Table 3**

<b>State Education Functions in Maryland and Virginia</b>	
<b>Maryland Department of Education</b>	<b>Virginia Department of Education</b>
Academic Policy	Assessment and Reporting
Accountability and Assessment	Finance
Business Services	Instruction
Career Technology and Adult Learning	Policy and Communication
Certification and Accreditation	School Improvement
Information Technology	Special Education and Students Services
Instruction	Teacher Education and Licensure
Instruction and Academic Acceleration	Technology and Human Resources
Leadership Development	
Library Services	
Early Childhood Development	
Rehabilitation Services	
Special Education and Early Intervention	
Student and School Services	

In Maryland and Virginia, the departments of education perform the core functions listed above as well as other functions such as early childhood development and library services.

## **Shifting of Grants Administration Responsibilities: Grants Management and Monitoring**

One potential fiscal outcome of separating the local education functions from the state education functions is the shifting of significant grants administration responsibilities from DCPS to the State Education Office.

This shift of responsibility would have significant fiscal and administrative implications. The FY 2007 budget for DCPS includes \$156 million in federal funds – only the Department of Human Services and the Department of Health have larger amounts of federal funds. The transfer of some portion of these funds would require careful planning to ensure that sufficient program management and financial management resources are in place so that funds can be administered up to the standards set by the federal government.

I hope the information I have provided has been helpful to you. I am available to answer any questions you may have.