

DISCUSSION PAPER

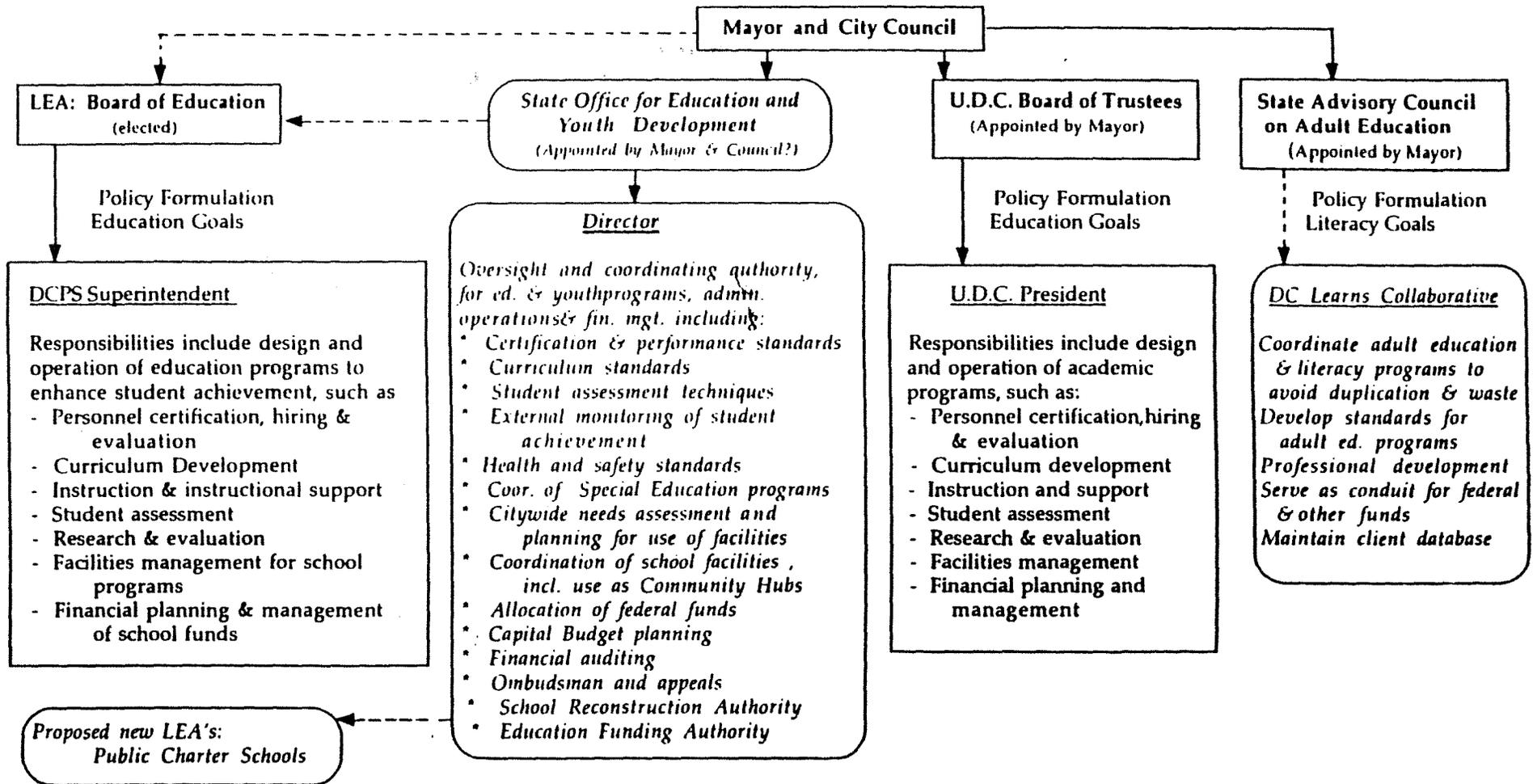
“Education Allotments:”
A New Strategy for Funding Education in the
District of Columbia

Communities across the country are developing new strategies to improve the quality of public education. Repeated themes include: prevent alienation through smaller schools and schools-within-schools, give local schools significant autonomy, treat teachers as responsible professionals, have school-wide reform efforts that include parents, teachers, and community members, promote choice by parents and teachers, develop schools with special themes and schools targeted to children with different needs and interests, encourage schools to adopt “mastery learning,” “cooperative learning” and other efforts to engage children rather than bore them.

Citizens in the District of Columbia face the same poor quality public education as residents of most large US cities, and are interested in adopting innovations. We want to build on ideas that work and to replicate schools that work. But we have a special problem, a Board of Education and Administration which, until recently, have been unwilling to consider real reform. DC has a unified Board of Education which has the powers of both a local education agency (LEA) operating schools, and of a state education agency (SEA), which monitors and inspects itself. As a result, there has been no external organization monitoring the quality of public education since the Board was established in 1968. The Mayor and City Council have had authority only to set the overall amount of the education budget and that has not been an effective tool. Giving the Mayor and City Council more control over education funds (a “line-item veto”) is no solution. The ultimate accountability of the Board is to parents, and after years of effort through PTAs, Parents United and COPE, many parents have chosen either to move out or to send their children to private schools. Notwithstanding the 20% successful students in DCPS, poor quality public education is consistently cited by families as a major reason for moving out of or not moving into the District.

For true, long-lasting reform, we need to establish new ways of

EXHIBIT A: EXAMPLE of POSSIBLE NEW ORGANIZATIONAL FRAMEWORK FOR PUBLIC EDUCATION in WASHINGTON, D.C.

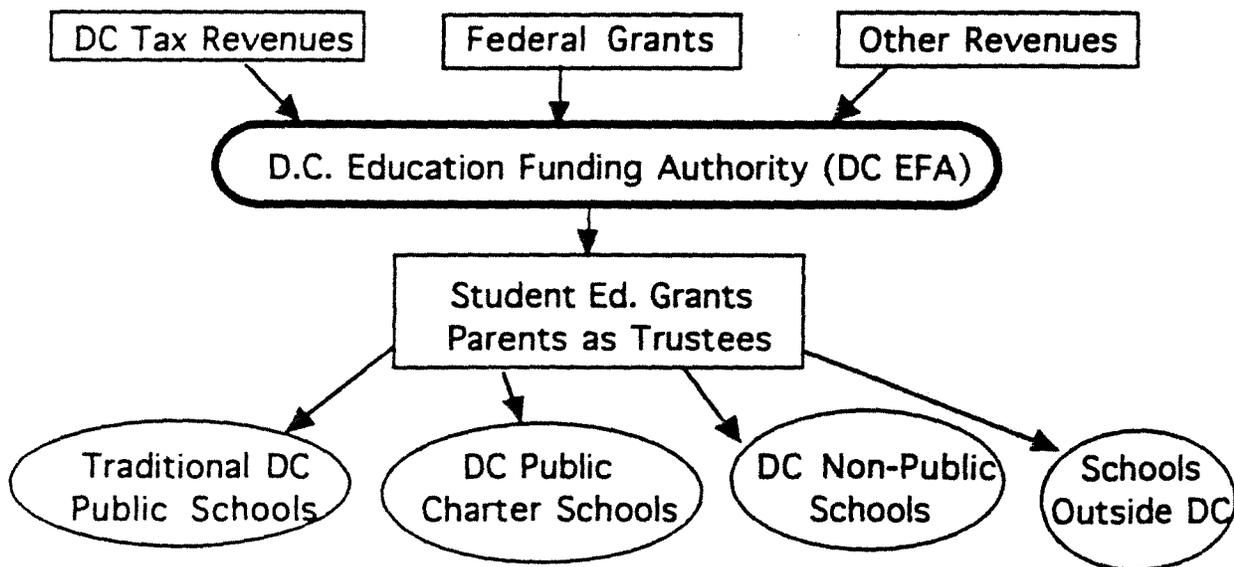


Italics denote proposed organization(s)

funding and monitoring education that will: (1) provide for effective external inspection, and (2) provide a funding mechanism that will enable monies to flow to autonomous local schools without undue interference by the Board of Education, the City Council or the Mayor. We can devise such mechanisms if we adopt the principle that funds should follow the child to the school chosen for him or her by parents or other caregivers. That way, each school's budget will result from the aggregation of each child's "education allotment," supplemented by funds from Federal programs for which the child is eligible. The total education budget for the city would then derive from adding up all the individual education allotments.

Each year, the City Council and Mayor would set the value of the allotments, for example, \$5,000 per elementary student, \$8,000 per secondary student, \$10,000 plus for Special Education students depending on level of need.* To fund the necessary coordinating activities, the administrative budget could be set at 3-5% of the total funds for the children. Such a process would allow city officials to change the value of allotments in response to changing city revenues, and to approve the details of the administrative budget, but would keep them from interfering with the budgets of individual schools. One suggestion is to establish an "Education Funding Authority," a small group of experts who would manage education funds like a giant escrow account, as shown in the following chart.

Chart I. Flow of Dollars.



The directors of the Education Funding Authority could be appointed by the City Council from among qualified accountants and other professionals. Their task would be to design and implement mechanisms for correctly identifying students, the schools which they attend, and auditing financial reports from the schools. The agency responsible for external monitoring of the quality of education (an "Education Auditor"?) would give the Funding Authority a list of schools eligible to receive education allotments. For example, to be eligible, schools might be required to:

1. Provide instruction in academic subjects, including reading, writing and mathematics.
2. Agree not to teach violent behavior, racism, or hatred of any person or group.
3. Meet basic health and safety regulations.
4. Agree to an approved mechanism for external monitoring and reporting of academic achievement.

* These per pupil amounts are suggested based on an analysis of current expenditures by DCPS. An average of about \$6,340 was spent per pupil from the FY 95 annual operating budget, (\$510 million divided by 80,450 students), plus another \$911 per pupil from federal and other revenues. Adding in the approximately \$20 million in Capital Budget funds available per year would add another \$249 per pupil, for a total estimated FY 95 expenditure of \$7,500 per pupil. This estimate does not include funds for teachers' pensions (paid from another budget source), or any funds for the depreciation of buildings. If there are significantly fewer students in the public schools than officially claimed, the average per pupil expenditure would increase. If there were only 67,000 students this year, the average per pupil expenditure in FY 95 would be about \$9,000.

(Source: The Board of Education's FY 1995 Operating Budget, December 1993, as revised by City Council in January 1995 for appropriated funds; pp. 5-7 for nonappropriated funds; the capital budget estimate is an average of the past several years.)