

Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: March 5, 2012

SUBJECT: Fiscal Impact Statement – “Raising the Expectations for Education Outcomes Act of 2012”

REFERENCE: Bill 19-648, draft bill shared with the Office of Revenue Analysis on March 5, 2012

Conclusion

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the bill. Implementation of this bill will have no cost in FY 2012, but will cost approximately \$2.8 million in the FY 2012 through FY 2015 financial plan period; all costs will be incurred in FY 2013.

Background

The Omnibus bill has four titles with distinct objectives:

The first title establishes an Early Warning and Support System pilot program to track how students in four feeder school groups in grades 4 through 9 are progressing towards high school graduation and college preparedness. The goal of the program is to identify students who are at risk of dropping out of school and to provide them with more individual attention and assistance. The bill also requires the program to collect and report data and for the Mayor to create a report that details plans to expand the early warning and support system to all schools within three years.

The second title of the bill requires the Mayor to establish a plan that ensures all students apply to a college as a requirement for graduation and to assist students with information on applying to college. The bill also requires the Mayor to issue a report detailing students’ educational efforts beyond high school and requires all students to take the SAT or ACT as a requirement for graduation.

The third title of the bill establishes a pilot incentive program to encourage teachers rated as highly-effective to teach in high-need schools. The bill authorizes a \$10,000 bonus for each teacher, access to housing assistance programs, tuition assistance and loan repayment assistance, and income tax credits as the incentives. The program is capped at up to 5 teachers at four high schools, or 20 teachers in total.

The Mayor is charged with creating the plan and submitting it to Council within 90 days of enactment of the bill and reporting on the progress of the program by August 30th each year the program is in place. The intent of the legislation is for the program to be established and directing teachers to the high-need schools for the 2013-14 and 2014-15 school years.

The fourth title of the bill directs the Mayor to establish a Community School Incentive Initiative to award grants to public-private partnerships between public and charter schools and non-profit and community organizations. These partnerships are defined as "Community Schools" in the bill for the purposes of providing and coordinating services ranging from health care and academic enrichment activities to early childhood education and job training programs.

The bill authorizes the Mayor to make grants of up to \$200,000 to each of 5 schools to fund the Community Schools program. The Mayor is also required to establish an Advisory Committee to assist in the design of the program and the awarding of grants. Each grant recipient must report on the effectiveness of its program.

Financial Plan Impact

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the bill.

Implementation of the four titles of this legislation is estimated to cost \$2.8 million in the FY 2012 through FY 2015 financial plan period. The OCFO does not project any costs in FY 2012. The table below summarizes the cost estimates by title. More detailed information on each section follows.

Projected Fiscal Impact of the Raising the Expectations for Education Outcomes Act of 2012 FY 2012 through FY 2015						
Title	Program	FY 2012	FY 2013	FY 2014	FY 2015	Four Year Costs
Title 1	Feeder School Groups Pilot Program ¹	\$0	\$1,400,000	\$0	\$0	\$1,400,000
Title 2	Assisting Students with College Admissions	\$0	\$0	\$0	\$0	\$0
Title 3	Incentives for Highly-Effective Teachers	\$0	\$360,000	\$0	\$0	\$360,000
Title 4	Grants for Community Schools	\$0	\$1,000,000	\$0	\$0	\$1,000,000
Total Fiscal Impact		\$0	\$2,760,000	\$0	\$0	\$2,760,000

Table Notes

¹The estimate is based on DCPS's current programs with Diploma Now.

Title 1 - Early Warning and Support Systems

DC Public Schools (DCPS) currently employs various programs for children who are considered at-risk, but does not have a program that will fulfill the requirement to track students in four feeder school groups in grades 4 through 9 and lacks the resources to meet this new goal. DCPS has a partnership with a private entity named Diplomas Now¹ to provide timely mentoring, coaching and assistance to at-risk kids once they are identified as falling off the graduation track. *Diplomas Now* has active contracts at Browne Education Campus and Shaw Middle School.

A feeder school group for grades 4 through 9 is assumed to consist of approximately 700 to 800 students, so the proposed pilot program could potentially cover 2,800 to 3,200 students. For the purposes of the pilot program required in this bill, DCPS could bring in an outside contract with an experienced group such as Diplomas Now,² rather than internally organizing the program. Based on DCPS's current contract, the new program for four feeder schools groups would cost \$350,000 for each school for a total of \$1.4 million to run the program for one school year. OCFO projects this as an FY 2013 budget cost for the 2013-14 school year, because it would take the remainder of FY 2012 for this bill to become law and to plan for and contract for the program.³

Title 2 - College Applications and Entrance Exams

Title 2 requires the Mayor to create a plan ensuring all students have access to information about college admissions and financial aid. The intention of the bill is for the schools to provide a workshop where this information is shared and discussed. This workshop could be held with existing resources, organized and led by guidance counselors and supplemented by outside groups such as DC College Access Program and the College Success Foundation.

Additionally, this title requires that the Mayor create a plan to ensure all students apply to at least one post-secondary institution, but it does not explicitly require the Mayor to pay for admissions applications. Admissions applications fees are \$35 at University of the District of Columbia and \$75 and George Washington University. This title also requires that students take either the SAT or ACT in order to graduate high school, but it does not explicitly require the Mayor to pay for the exam fee. The exam fee for the SAT is \$49 and is \$45 for the ACT.

Both exam fees and admissions application fees can be waived by the administering institutions if a student is considered to meet low-income qualifications. For example, waivers are available if the family income is below \$41,000 for a family of four. However, if the Mayor chooses to pay for exam fees and application fees for all seniors, OSSE shared its projection of the costs to be approximately \$135,000 annually for each senior. This cost is not included in the table above.

Title 3 - Incentives for Highly-Effective Teachers

The OCFO projects the incentives authorized by Title 3 of the bill to get highly-effective teachers into high-need schools are projected to have a one-time cost of \$360,000. The \$10,000 transfer bonus for 20 teachers costs \$200,000. Providing housing assistance programs to these teachers has

¹ For more information, please see <http://www.diplomasnow.org>.

² If the program were to eventually be expanded to cover all schools as the bill suggests, the schools would need a new, unified data system to track the students through various points of intervention and assistance, and would need significant resources to staff the program internally on a permanent basis.

³ The bill does not state what school year the program should begin or for how long it should run. Should Council and the Mayor choose to extend the program, the \$1.4 million annual cost would need to be budgeted for each subsequent year.

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FIS: "District Education Improvement Omnibus Act of 2012," draft shared with ORA on February 28, 2012

no cost because these programs already exist and no carve-out for teachers is authorized in this bill. The intention of the tuition assistance and student loan repayment incentive is to provide up to \$5,000 for each of the 20 teachers for these purposes. This incentive would cost \$100,000. The intention of the income tax credit incentive is to provide a \$3,000 credit to the 20 teachers, but more detail is needed to understand how it would be administered and what if any the eligibility requirements would be. This incentive would cost \$60,000.

Title 4 –Community Schools

J.C. Nalle Community School in Southeast is a current model for this program, with a non-profit partner in the National Center for Children and Families. This particular program had total revenue of \$595,000 in FY 2011 from grants and donations and total expenses of approximately \$840,000.

The OCFO projects the one-time costs for implementing this title to be \$1 million. The bill authorizes the Mayor to make grants of up to \$200,000 to each of 5 schools to fund the community schools for one school year. The bill intends for the Mayor to supplement this \$1 million with federal and private grants, however no such monies have been identified or allocated for these purposes. Without additional funds, both OSSE and DCPS do not believe a community school would be successful in meeting the goals set forth in this bill.

The public school involved in the partnership will have additional costs associated with keeping school facilities open beyond regular hours, providing staff and labor to support both the program and the availability of the facility, as well as costs for establishing the partnership, overseeing its effectiveness and its appropriate administration, and applying for grants and fulfilling the reporting requirements of the bill.