

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:** December 20, 2011

**SUBJECT:** Fiscal Impact Statement – “District of Columbia Public School and Public Charter School Student Residency Fraud Prevention Amendment Act of 2011”

**REFERENCE:** B19-228

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**Conclusion**

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the proposed legislation. Implementation of the proposed legislation would have no cost in the FY 2012 budget, but would cost \$1,128,000 in the remainder of the financial plan period, FY 2013 through FY 2015.

**Background**

The proposed legislation amends the District of Columbia Non-Resident Tuition Act of 1960<sup>1</sup> to require the general counsel of the Office of the State Superintendent for Education (OSSE) to ensure that District of Columbia Public Schools (DCPS) and Public Charter Schools investigate student residency fraud cases, review evidence of fraud and refer any violations to the Office of the Attorney General (OAG) for prosecution; establish a hotline for the reporting of student residency fraud; require schools to post on 8 by 11 poster the hotline number and the penalties for residency fraud; increase fines for residency verification and caregiver status verification violations from \$500 to \$2,000; and establish a fund to collect fines for the purposes of enforcing residency requirements.

DCPS currently has two employees on staff to investigate cases where a student’s residency is questioned. According to this office, as many as 200 students a year have their residency investigated, with as many as 60 to 90 students proven to be non-residents. DC Public Schools then

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<sup>1</sup> D.C. Official Code § 38-312, effective September 8, 1960.

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either charges the student non-resident tuition or expels the student from the school system, but does not levy a fine. The Public Charter Schools do not currently have a centralized system for checking the residency of students but leave the task to each charter school. The OCFO projects that, with an increased emphasis on residency investigations and greater penalties for fraud, up to 300 residency investigations will occur annually with 50 to 75 cases referred to OAG.

### Financial Plan Impact

Funds are not sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the provisions of the proposed legislation. Implementation of the proposed legislation would have no cost in the FY 2012 budget, but would cost \$1,128,000 in the FY 2012 through FY 2015 budget and financial plan period.

The intent of the legislation is for DCPS, the Public Charter Schools, OSSE and OAG to work together in the remainder of FY 2012 to determine the processes and resources necessary to implement a system of referrals and prosecutions of residency fraud cases. This cooperation would culminate in OAG reporting on the volume of cases and resources necessary to prosecute each by May 1, 2012. The agencies can absorb the costs of implementing this legislation in FY 2012 as they establish plans and processes, but will require additional staffing and resources beginning in FY 2013 to fully implement this legislation.

The OCFO projects OSSE will require one full time employee ("FTE") to fulfill the required tasks of reviewing the investigations of DCPS and Charter Schools and referring cases of fraud to OAG. The FTE is projected to have an FY 2013 cost of \$85,000, including compensation, benefits, and technology. The OCFO projects OAG will require two FTEs to fulfill the tasks of prosecuting cases of fraud. The two FTEs are projected to have an FY 2012 cost of approximately \$198,000, including compensation, benefits, and technology. The OCFO projects the Public Charter School Board will require one FTE to coordinate the information and investigations of the various charter schools within the District. The FTE is projected to have an FY 2013 cost of \$80,000, including compensation, benefits and technology.

<b>Projected Fiscal Impact of B19-228 District of Columbia Public School and Public Charter School Student Residency Fraud Prevention Amendment Act of 2011 FY2012 - FY2015</b>					
<b>Fiscal Year</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2012 - FY 2015</b>
<b>Negative Fiscal Impact<sup>1</sup></b>	\$0	\$364,000	\$376,000	\$388,000	\$1,128,000

Table Note

<sup>1</sup> The negative fiscal impact reflects the cost of four FTEs, as discussed in the financial plan impact section of this fiscal impact statement. One FTE would be housed at OSSE, one at the Public Charter School Board, and two at OAG.