



DISTRICT OF COLUMBIA  
PUBLIC SCHOOLS

Office of the Chief Financial Officer

November 29, 2010

# DC Public Schools: Fiscal Year 2012 Budget

Budget Hearing required by Section 38-917 of the D.C. Official Code.

## Financial Landscape: Focus on the DC Economy

- **DC Employment – positive and negative.**
  - Employment in DC did not contract in any year during the recession. Growth is sluggish but positive.
  - DC resident employment, however, fell 3.9% in FY2009 and continued to fall in FY2010 by 1.3%. In FY2011, resident employment will rebound but will not return to peak until FY2013.
  - DC resident unemployment rate will peaked at 12.0% in January 2010 and has declined since then. In August, the latest available data, the unemployment rate was 9.9% compared to the national rate of 9.6%.
- **Wages and income growth for DC residents remains weak but has picked up since 2009.**
  - In the quarter ending June 30, 2010, DC personal income was 2.2% above 2009 and wages for DC residents were 2.4% higher.
  - Revisions to personal income were positive in FY2009 and now the data shows growth rather than contraction.
- **Housing still struggling but Commercial Office outlook better since February.**
  - Single Family Home sales decreased 3.8% in 3-month period ending August 2010, but average prices were up 3.1%, compared with the same period of 2009.
  - Condominium sales were down 20.1% for the same period while prices rose 11.4%.
  - Commercial Office Space: As of September 30, 2010, DC's vacancy rate has declined from its peak of to 10.2% to 9.1%, well below the metropolitan area average of 12.2%. The outlook has improved as well and two years from now the vacancy rate is estimated to be 9.0%, a slight decline rather than an increase as in the previous forecast.

# District of Columbia September 2010 Revenue Estimates

Local Source, General Fund Revenue Estimate (\$ millions)	Actual		Estimate			Projected	
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>February 2010 Revenue Estimate</b>	<b>5,050.6</b>	<b>5,164.4</b>	<b>5,029.1</b>	<b>5,120.8</b>	<b>5,257.5</b>	<b>5,398.3</b>	
Legislative and administrative changes to revenues		24.6	101.4	81.3	81.4	93.2	
<b>February 2010 estimate TOTAL</b>	<b>5,050.6</b>	<b>5,189.1</b>	<b>5,130.5</b>	<b>5,202.1</b>	<b>5,338.9</b>	<b>5,491.6</b>	
<i>Percent growth over previous year</i>	<i>-5.2%</i>	<i>2.7%</i>	<i>-1.1%</i>	<i>1.4%</i>	<i>2.6%</i>	<i>2.9%</i>	
Change from prior		-45.4	-99.8	-38.3	-33.7	-89.7	
<b>September 2010 Revenue Estimate</b>	<b>5,050.6</b>	<b>5,143.7</b>	<b>5,030.7</b>	<b>5,163.8</b>	<b>5,305.2</b>	<b>5,401.8</b>	<b>5,539.3</b>
<i>Percent growth over previous year</i>		<i>1.8%</i>	<i>-2.2%</i>	<i>2.6%</i>	<i>2.7%</i>	<i>1.8%</i>	<i>2.5%</i>

## 2010 Revenue Estimates: Commentary

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### **Comparison with February Estimate:**

- FY11 down \$99.8 million: Transfer taxes and property tax revised up \$45 million but all others revised down.
  - Non-withheld individual income revised down \$69 million even as withholding revised up slightly
  - Sales taxes revised down \$52 million.
- FY12 down \$38.3 million: Property and deed taxes were revised up due to stronger market than thought. Sales and non-withheld income tax continue weakness.
- Forecast years FY2012-FY2014 significantly lower due primarily to slower economic growth and full impact of current property conditions which lag collections.
- **Downward revision despite revenue enhancements of \$101.4 in FY11 and \$81.3 in FY12.**

# FY 2011 – Changes from February 2010 Estimate

(\$millions) Revenue Source	Estimate for FY 2012				Variance	
	Feb. 2010	Adjustments	Feb. 2010 Adjusted	Sept. 2010	Amount	Percent
Property (net of TIF/PILOT)	1,541.5	0.7	1,542.2	1,635.9	93.7	6.1%
Sales (net of convention center transfer, TIF, parking tax transfer to DDOT, ballpark sales tax) and Excise	983.8	8.3	992.1	943.4	(48.7)	-4.9%
Individual Income	1,314.0	2.8	1,316.9	1,257.8	(59.0)	-4.5%
<i>Withholding</i>	<i>1,145.1</i>	<i>2.8</i>	<i>1,148.0</i>	<i>1,169.4</i>	<i>21.5</i>	<i>1.9%</i>
<i>Nonwithholding</i>	<i>168.9</i>	<i>-</i>	<i>168.9</i>	<i>88.4</i>	<i>(80.5)</i>	<i>-47.7%</i>
Business Income (corp. franchise and UB tax)	407.6	(0.4)	407.2	397.9	(9.3)	-2.3%
Gross receipts (net of Ballpark Fund transfer)	261.8	5.4	267.2	258.6	(8.6)	-3.2%
Deed taxes (net of transfers to Housing Production Trust) & Estate	179.9	-	179.9	209.8	29.9	16.6%
Non-tax & lottery	432.1	64.5	496.6	460.4	(36.3)	-7.3%
<b>Total</b>	<b>5,120.8</b>	<b>81.3</b>	<b>5,202.1</b>	<b>5,163.8</b>	<b>(38.3)</b>	<b>-0.7%</b>

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## Fiscal Year 2011 Overview

	FY08 Actual \$	FY09 Actual \$	FY10 Budget \$	FY10 Budget %	FY11 Budget \$	FY11 Budget %	FY12 Planning Budget
Schools	\$580.2	\$587	\$614.3	79%	\$579.1	78%	TBD
School Support	\$171.7	\$138.9	\$126.8	16%	\$128.1	17%	TBD
Central	\$41.9	\$38.7	\$38.5	5%	\$39.9	5%	TBD
<b>Total</b>	<b>\$793.8</b>	<b>\$764.6</b>	<b>\$779.6</b>	<b>100%</b>	<b>\$747.1</b>	<b>100%</b>	<b>TBD</b>

# Fiscal Year 2011 Overview

Local	ARRA State Fiscal Stabilization Fund**	ARRA formula grant funds	Federal Payment Funds	Federal Grants	Private Grants	Special Purpose Revenue	Intra-district	Total
\$553.10	\$0.00	\$19.50	\$43.00	\$8.24	\$3.99	\$4.50	\$114.77	\$747.14

\*\*Funds fully expended in FY 2010.

## Engagement with School Communities

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- Last year's progress:
  - More transparent school budget sheets
  - Involvement of LSRTs
  
- Improvements incorporated for FY12 school budget planning
  - Deeper engagement with local school community leaders.
  - Budget information sessions for local school communities
  - Longer timeframe to meet and discuss
  
- We need your help figuring this out
  - How else to best include the community in the DCPS budget process?
  - What tools might school communities need in order to participate fully?

## CSM - Core Staffing

		CSM - STANDARD				
Position	CSM - FULL	ES	PreK-8	Middle Schools	High Schools	Special Ed Centers
Principal	✓	✓	✓	✓	✓	✓
Social Worker or Guidance Counselor	✓	✓	✓	✓	✓	✓
Psychologist	✓					
Instructional Coaches	✓	✓	✓	✓	✓	✓
Media Specialist or Librarian	✓	✓	✓	✓	✓	✓
Art teacher	✓	✓	✓	✓	✓	✓
Music teacher	✓	✓	✓	✓	✓	✓
PE teacher	✓	✓	✓	✓	✓	✓
Custodial foreman	✓	✓	✓	✓	✓	✓
Pre-K & K aides	✓	✓	✓			

## Fiscal Year 2012 School Budgets

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- Preserve the number of schools with the Comprehensive Staffing Model in place
  
- Possible refinement of Comprehensive Staffing Model
  - Core positions for all schools
  - Flexible funds for local schools
  - Recommended guidelines for non personnel spending
  
- The CSM recommends core staffing for a school, but schools have the autonomy to make changes to support the specific needs of each school.
  
- We're committed to transparency throughout the entire budget process.

## Fiscal Year 2012 Proposed Budget Timeline

Date	Action
November 29	DCPS Budget Hearing
Early December	Letter to principals and local school community leaders on budget process and timeline
Middle December	School Budget Process Meeting: for principals and local school community leaders, open to community all members
Early January	Budget Information Sessions for local school community leaders
Mid January	Distribution of budget allocations to schools
Mid January	Technical assistance for schools
January 15-February 1	Schools develop budget for submission to chancellor
February 1	Principals submit budget to chancellor
Late January to Early February	Review/roundtables to finalize and approve school budgets.
Late February	DCPS submits proposed FY12 budget to mayor

# Where to get more information – dcps.dc.gov/budget

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**Budget and Finance**

**The Office of the Chief Financial Officer** works to enhance the fiscal and financial stability and accountability of DC Public Schools.

A distinct focus is to support Chancellor Rhee's chief priority to improve student achievement by providing accurate, reliable, and timely financial information to schools and the Central Office.

In addition, our goal is to provide school principals with sufficient funding to support the Comprehensive Staffing Model and as much flexible funding as possible in order to address the needs at their own schools.

We are implementing best practices related to financial management and school budgeting. These practices include significant community engagement in the school budgeting process. The budget development process for FY2011 began in February, and included training and technical support for school leaders and LSRTs so that the budget of each school would reflect the wisdom and values of the school community.

**Contact Us**

**The Office of Chief Financial Officer**  
**Freedom of Information Act Officer (FOIA)**

**View budget information:**

- School Budget Archives
- Final School Budgets for FY10
- Preliminary School Budgets for FY10
- Preliminary School Allocations for FY11
- Proposed FY11 School Budgets
- **FY12 Budget Process**

Done

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