

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: December 7, 2021

SUBJECT: Report on Bill 24-432, “School Financial Transparency Amendment Act of 2021”

The Committee of the Whole, to which Bill 24-432, “School Financial Transparency Amendment Act of 2021” was referred, reports favorably thereon with minor amendments, and recommends approval by the Council.

CONTENTS

I.	Background And Need.....	1
II.	Legislative Chronology.....	4
III.	Position Of The Executive.....	4
IV.	Comments Of Advisory Neighborhood Commissions	4
V.	Summary Of Testimony.....	4
VI.	Impact On Existing Law	5
VII.	Fiscal Impact.....	5
VIII.	Section-By-Section Analysis	5
IX.	Committee Action.....	6
X.	Attachments	6

I. BACKGROUND AND NEED

The purpose of Bill 24-432 is to amend certain financial transparency reporting deadlines and to clarify when the District’s local education agencies (LEA) need to report to the Public Charter School Board (PCSB) or to the Office of the State Superintendent of Education (OSSE). Importantly, none of the proposed changes affect public reporting or transparency. Rather, these changes allow for internal consistency and eliminate redundancies from the law.

In 2021, the Council approved the “School Financial Transparency Amendment Act of 2020,” as part of D.C. Law 23-149, the “Fiscal Year 2021 Budget Support Act of 2020.”¹ This Bill requires the Deputy Mayor for Education (DME) to establish common financial reporting standards and set forth to increase transparency around LEAs – both District of Columbia Public Schools (DCPS) and charter – spending. Moreover, it enables the public to have greater insight and input with regard to LEA spending.

¹ See Title IV, Subtitle F of D.C. Law 23-149, effective December 3, 2020.

To enable greater transparency, the Bill lays out several reporting deadlines for makes technical corrections to the internal submission timelines for LEAs to submit financial data. Specifically, this Bill adjusts the date by which the Mayor shall transmit a report of the previous school year's actual expenditures, for each school, to OSSE from December 1, 2023 to March 31, 2024.

As follows, the Bill also modifies that date by which every LEA, to provide OSSE data related to expenditures of such funds consistent with reporting standards established by the Department of Education from December 31, 2023 to March 31, 2024. This adjustment of data reporting seeks align with existing reporting and other school audit timelines that occur annually during the spring.

The Bill also adds two additional requirements which streamline the reporting process. First, by March 31, 2024, and annually thereafter, the Board of Trustees of each public charter school shall prepare and submit to OSSE actual expenditure data for the prior school year. This submission directly to OSSE rather than various entities will streamline reporting procedure. Second, beginning July 29, 2022, and annually thereafter, the Board of Trustees of each public charter school shall prepare and submit to the Public Charter School Board, for each campus under its control, the current school year's budget and a draft budget for the following school year. The Public Charter School Board must electronically publish the data it receives for each school by November 1 each year. The requirement of publication furthers transparency in the school financial data process.

The Deputy Mayor emphasized the point that none of the proposed changes in this Bill impact the public facing timelines or publicly available information. Below is a complete table demonstrating the proposed date changes and rationale, from the respective lead agency:

No change to public-facing publication dates

Section	Lead Agency	Current Action	Current Date	Proposed Correction	Rationale
Sec. 4052	DME	DME establishes Common Financial Reporting Standards (CFRS)	"By May 31, 2021..."	No changes to submission process or timeline	-
Sec. 4053	OSSE	OSSE publishes CFRS-aligned previous school year's actual expenditures	"Beginning in May 2024..."	No changes to submission process or timeline	-

Date Corrections to align on a singular data submission deadline of March 31

Section	Lead Agency	Current Action	Current Date	Proposed Date Correction	Rationale
Sec. 4054	DCPS	DCPS submits CFRS-aligned actual expenditure data to OSSE	"By December 1, 2023..."	"By March 31, 2024..."	<ul style="list-style-type: none"> OCFO conducts an audit of DCPS' expenditure data and publishes in the CAFR by Feb 1 annually. DCPS needs time to enter the audited data into OSSE's system. This application is open January-March.
Sec. 4055	DCPS + Charter LEAs	LEAs submit CFRS-aligned data for at-risk funds	"Beginning December 31, 2023..."	"By March 31, 2024..."	<ul style="list-style-type: none"> OSSE will use the collection system set up for ESSA financial information (open January-March) One cross-sector deadline streamlines processes
Sec. 4056	Charter LEAs	Charter LEAs submit CFRS-aligned actual expenditures	"Beginning July 29, 2022..."	"By March 31, 2024..."	<ul style="list-style-type: none"> One cross-sector deadline streamlines processes OSSE will only publish starting with SY22-23 data

Technical corrections to which agency will receive the data for publication

Section	Lead Agency	Current Action	Current Receiving Agency	Proposed Receiving Agency Correction	Rationale
Sec. 4056	Charter LEAs	Charter LEAs submit CFRS-aligned actual expenditures to PCSB and OSSE	PCSB and OSSE	OSSE only	<ul style="list-style-type: none"> PCSB does not need, as they will not be publishing agency
	PCSB	PCSB publishes CFRS-aligned expenditures data	PCSB	Remove – PCSB is not publishing	<ul style="list-style-type: none"> PCSB will not receive (based on change above) and only OSSE is responsible for publishing
	Charter LEAs	Charter LEAs submit CFRS-aligned current budget and draft following year budget to PCSB and OSSE	PCSB and OSSE	PCSB only	<ul style="list-style-type: none"> OSSE only needs CFRS-aligned expenditure data; will not be publishing current or following year's budgets.
	PCSB	PCSB publishes CFRS-aligned budget data	PCSB	No change	

Because these technical adjustments to the original legislation will more closely match existing reporting and school audit timelines, the Committee recommends approval of Bill 24-432.

II. LEGISLATIVE CHRONOLOGY

- October 7, 2021 Bill 24-432, “School Financial Transparency Amendment Act of 2021,” is introduced by Chairman Mendelson.
- October 12, 2021 Notice of Public Hearing filed in the Office of Secretary.
- October 15, 2021 Notice of Public Hearing on Bill 24-432 is published in the *District of Columbia Register*.
- October 19, 2021 The referral of the Bill 24-432 to the Committee of the Whole is official.
- October 22, 2021 Notice of Intent to Act on Bill 24-432 is published in the *District of Columbia Register*.
- November 5, 2021 The Committee of the Whole holds a public hearing on Bill 24-432.
- December 7, 2021 The Committee of the Whole marks up Bill 24-432.

III. POSITION OF THE EXECUTIVE

Deputy Mayor Paul Kihn testified on behalf of the Mayor in support of Bill 24-432. Deputy Mayor Kihn applauded not only the will additional transparency this Bill provide for DCPS and charter LEAs from the Common Financial Reporting Standards, but also will reduce redundancy of charter LEA submissions, clarifying that charter LEAs only need to submit their actual expenditure data to OSSE, and not to PCSB as well.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee received no testimony or comments from any Advisory Neighborhood Commission.

V. SUMMARY OF TESTIMONY

The Committee of the Whole held a public hearing on Bill 24-432 on November 5, 2021. The testimony from that hearing is summarized below. Copies of written testimony are attached to this report.

Josh Boots, Executive Director of EmpowerKI, testified in support of Bill 24-432. Mr. Boots stated that transparency of financial data for accountability purposes is critical in demonstrating to our communities their hard-earned tax dollars are utilized for students in the ways the communities expect. Lastly, Mr. Boots opined the Bill removes some of the duplicative reporting burden and maintains an appropriate implementation timeline.

VI. IMPACT ON EXISTING LAW

Pursuant to D.C. Official Code §§ 38-2831(g), by December 1, 2023, and annually thereafter, the Mayor shall transmit a report of the previous school year's actual expenditures, for each school, to the Office of the State Superintendent of Education. The report shall conform to the common financial reporting standards established by the Department of Education pursuant to § 38-191(b)(10). Bill 24-432 amends the reporting date from December 1, 2023 to March 31, 2024.

Pursuant to D.C. Official Code § 38-2905.01(d), beginning December 31, 2023, and annually thereafter, every LEA that is allocated funds shall provide the Office of the State Superintendent of Education with data related to expenditures of such funds consistent with reporting standards established by the Department of Education pursuant to § 38-191(b)(10). Bill 24-432 amends the reporting date from December 31, 2023 to March 31, 2024.

D.C. Official Code § 38-1802.01 explains the process for filing charter petitions. Bill 24-432 adds two additional requirements which streamline the reporting process. First, by March 31, 2024, and annually thereafter, the Board of Trustees of each public charter school shall prepare and submit to the Office of the State Superintendent of Education, for each campus under its control, actual expenditure data for the prior school year. Second, beginning July 29, 2022, and annually thereafter, the Board of Trustees of each public charter school shall prepare and submit to the Public Charter School Board, for each campus under its control, the current school year's budget and a draft budget for the following school year. The Public Charter School Board must electronically publish the data it receives for each school by November 1 each year.

VII. FISCAL IMPACT

According to a fiscal impact statement from the Chief Financial Officer on September 21, 2021, Bill 24-432 will have no fiscal impact on the District of Columbia budget or financial plan. As follows, there are no costs to extending required reporting deadlines or requiring charter schools to submit their budgets solely to the Public Charter School Board.

VIII. SECTION-BY-SECTION ANALYSIS

<u>Section 1</u>	States the short title of Bill 24-432.
<u>Section 2</u>	Amends section 6(g) of the Board of Education Continuity and Transition Amendment Act of 2004 by extending the reporting requirement deadline of the Mayor to submit a report to the Office of the State Superintendent of Education of the previous school year's actual expenditures for each school from December 1, 2023 to March 31, 2024.

- Section 3 Amends section 106a (d) of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 1998 by extending the reporting requirement deadline of every local education agency to provide the Office of the State Superintendent of Education with data related to the expenditures of at-risk student funding from December 31, 2023 to March 31, 2024.
- Section 4 Amends Section 2204(c)(23) of the District of Columbia School Reform Act of 1995 to extend the deadline for the Board of Trustees for each public charter school to submit actual expenditure data for the prior year to the Office of the State Superintendent of Education. Further, this Section clarifies that the Board of Trustees for each public charter school submit the current school year budget and the draft budget for the following school year only to the Public Charter School Board.
- Section 5 Adopts the Fiscal Impact Statement
- Section 6 Establishes the effective date by stating the standard 30-day Congressional review language.

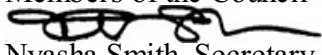
IX. COMMITTEE ACTION

X. ATTACHMENTS

1. Bill 24-432 as introduced.
2. Written Testimony.
3. Fiscal Impact Statement for Bill 24-432.
4. Legal Sufficiency Determination for Bill 24-432
5. Comparative Print for Bill 24-432.
6. Committee Print for Bill 24-432.

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council

From : Nyasha Smith, Secretary to the Council
Date : Friday, October 8, 2021
Subject : Referral of Proposed Legislation

Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Thursday, October 07, 2021. Copies are available in Room 10, the Legislative Services Division.

TITLE: "School Financial Transparency Amendment Act of 2021", B24-0432

INTRODUCED BY: Chairman Mendelson, at the request of Mayor

The Chairman is referring this legislation to Committee of the Whole.

Attachment
cc: General Counsel
Budget Director
Legislative Services



MURIEL BOWSER
MAYOR

October 7, 2021

The Honorable Phil Mendelson, Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue N.W. Suite 504
Washington, D.C. 20004

Dear Chairman Mendelson:

I am pleased to submit to the Council of the District of Columbia the “School Financial Transparency Act of 2021.” This legislation amends the “School Financial Transparency Act of 2020” and makes technical corrections to: 1) align the local education agency (LEA) timelines of audited expenditure data, for the Common Financial Reporting Standards (CFRS), with existing LEA auditing processes and timelines and 2) streamline LEAs’ submission of audited expenditure data to the Office of the State Superintendent of Education (OSSE) with the existing process in place to collect financial data required by the Every Student Succeeds Act (ESSA). These technical adjustments do not impact the public-facing May 2024 date by which OSSE is scheduled to begin publishing expenditure data from LEAs that comply with the Common Financial Reporting Standards.

My administration is committed to the values guiding the Common Financial Reporting Standards: making resource allocation more readily accessible, empowering stakeholders to assess and improve equity, building a better understanding of the link between student outcomes and financial decisions, and enabling innovation across the District. To uphold these values, it’s critical that we are publishing meaningful and accurate budget and expenditure comparisons between public schools. The “School Financial Transparency Act of 2020” currently requires LEAs to submit expenditure data before their auditing processes are complete and earlier than needed for OSSE to begin annual electronic publication starting May 2024.

The Office of the Deputy Mayor for Education, the Office of the State Superintendent of Education, DC Public Schools, and the DC Public Charter School Board collaborated in coordination with DC Council staff to make technical adjustments to the “School Financial Transparency Act of 2021” that ensure the public receives accurate school financial data by the May 2024 publication date set forth in the “School Financial Transparency Act of 2020.”

Sincerely,

A handwritten signature in black ink that reads "Muriel Bowser".

Muriel Bowser

Enclosure



Chairman Phil Mendelson
at the request of the Mayor

A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Board of Education Continuity and Transition Amendment Act of 2004 to extend the due date for the Mayor to submit a report to the Office of the State Superintendent of Education of the previous school year's actual expenditures for each school; to amend the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 1998 to extend the due date for every local education agency to provide the Office of the State Superintendent of Education with data related to the expenditures of at-risk student funding; and to amend the District of Columbia School Reform Act of 1995 to extend the due date for the Board of Trustees for each public charter school to submit actual expenditure data for the prior year to the Office of the State Superintendent of Education, to clarify that the Board of Trustees for each public charter school submit the current school year budget and the draft budget for the following school year only to the Public Charter School Board.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "School Financial Transparency Amendment Act of 2021".

Sec. 2. Section 6(g) of the Board of Education Continuity and Transition Amendment Act of 2004, effective December 7, 2004 (D.C. Law 15-211; D.C. Official Code §§ 38-2831(g)), is amended by striking the phrase "By December 1, 2023" and inserting the phrase "By March 31, 2024" in its place.

Sec. 3. Section 106a (d) of the Uniform Per Student Funding Formula for Public Schools and Public Charter Schools Amendment Act of 1998, effective February 22, 2014 (D.C. Law 20- 87; D.C, Official Code § 38-2905.01(d)), is amended by striking the phrase "Beginning December 31, 2023" and inserting the phrase "By March 31, 2024" in its place.

Sec. 4. Section 2204(c)(23) of the District of Columbia School Reform Act of 1995, approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-1802.01 et seq.), is amended to read as follows:

3 “(23) *School expenditures and budgets.* –

4 “(A) By March 31, 2024, and annually thereafter, the Board of Trustees of each
5 public charter school shall prepare and submit to OSSE, for each campus under its control, actual expenditure
6 data for the prior school year.

7 “(B) Beginning July 29, 2022, and annually thereafter, the Board of Trustees of
8 each public charter school shall prepare and submit to the Public Charter School Board, for each campus
9 under its control, the current school year’s budget and a draft budget for the following school year.

0 “(C) The data submitted pursuant to subparagraphs (A) and (B) of this
1 paragraph shall conform to the common financial reporting standards established by the Department of
2 Education, pursuant to section 202(b)(10) of the Department of Education Establishment Act of 2007,
3 effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-191(b)(10)).

4 “(D) The Public Charter School Board shall electronically publish the data it
5 receives pursuant to subparagraphs (B) of this paragraph in a uniform matter for each school by
6 November 1 each year.”.

7 Sec. 5. Fiscal impact statement.

8 The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement
9 required by section 4a of the General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat.
0 2038; D.C. Official Code § 1-301.47a).

1 Sec. 4. Effective date.

2 This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action
3 by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of

4 the District of Columbia Home Rule Act, approved December 24, 1973 ([87 Stat. 813](#); D.C Official Code § 1-
5 206.02(c)(1)), and publication in the District of Columbia Register.

6

10
11 A BILL

12
13 24-432
14

15 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
16
17
18
19

20 To amend the Board of Education Continuity and Transition Amendment Act of 2004 to extend
21 the due date the Mayor to submit a report to the Office of the State Superintendent of
22 Education of the previous school year’s actual expenditures for each school; to amend the
23 Uniform Per Student Funding Formula for Public Schools and Public Charter Schools
24 Amendment Act of 1998 to extend the due date for every local education agency to
25 provide the Office of the State Superintendent of Education with data related to the
26 expenditures of at-risk student funding; and to amend the District of Columbia School
27 Reform Act of 1995 to extend the due date for the Board of Trustees for each public
28 charter school to submit actual expenditure data for the prior year to the Office of the
29 State Superintendent of Education, to clarify that the Board of Trustees for each public
30 charter school submit the current school year budget and the draft budget for the
31 following school year only to the Public Charter School Board.
32

33 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
34 act may be cited as the “School Financial Transparency Amendment Act of 2021”.

35 Sec. 2. Section 6(g) of the Board of Education Continuity and Transition Amendment Act
36 of 2004, effective December 7, 2004 (D.C. Law 15-211; D.C. Official Code §§ 38-2831(g)), is
37 amended by striking the phrase “By December 1, 2023” and inserting the phrase “By March 31,
38 2024” in its place.

39 Sec. 3. Section 106a(d) of the Uniform Per Student Funding Formula for Public Schools
40 and Public Charter Schools Amendment Act of 1998, effective February 22, 2014 (D.C. Law 20-
41 87; D.C. Official Code § 38-2905.01(d)), is amended as follows:

42 (a) Strike the phrase “Beginning December 31, 2023” and insert the phrase “By March
43 31, 2024” in its place.

44 (b) Strike the phrase “such funds consistent” and insert the phrase “such funds for the
45 previous school year consistent” in its place.

46 Sec. 4. Section 2204(c)(23) of the District of Columbia School Reform Act of 1995,
47 approved April 26, 1996 (110 Stat. 1321; D.C. Official Code § 38-1802.01 *et seq.*) is amended to
48 read as follows:

49 “(23) *School expenditures and budgets.* —

50 “(A) By March 31, 2024, and annually thereafter, the Board of Trustees of each
51 public charter school shall prepare and submit to OSSE, for each campus under its control, actual
52 expenditure data for the prior school year.

53 “(B) Beginning July 29, 2022, and annually thereafter, the Board of Trustees of
54 each public charter school shall prepare and submit to the Public Charter School Board, for each
55 campus under its control, the current school year’s budget and a draft budget for the following
56 school year.

57 “(C) The data submitted pursuant to subparagraphs (A) and (B) of this paragraph
58 shall conform to the common financial reporting standards established by the Department of
59 Education, pursuant to section 202(b)(10) of the Department of Education Establishment Act of
60 2007, effective June 12, 2007 (D.C. Law 17-9; D.C. Official Code § 38-191(b)(10)).

61 “(D) The Public Charter School Board shall electronically publish the data it
62 receives pursuant to subparagraph (B) of this paragraph in a uniform manner for each school by
63 November 1 each year.”.

64 Sec. 5. Fiscal impact statement.

65 The Council adopts the fiscal impact statement in the committee report as the fiscal
66 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
67 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

68 Sec. 6. Effective date.

69 This act shall take effect following approval by the Mayor (or in the event of veto by the
70 Mayor, action by Council to override the veto), a 30-day period of congressional review as
71 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
72 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
73 Columbia Register.