

Written Testimony of

The Hon. Kathy Patterson

D.C. Auditor

prepared for the

Council of the District of Columbia

Committee on Education and

Committee of the Whole

Joint Public Roundtable on

PR 23-0193

The Master Facilities Plan Approval Resolution of 2019

June 5, 2019

Room 412

The John A. Wilson Building

1350 Pennsylvania Avenue NW

Washington DC 20004

Chairman Mendelson and Councilmember Grosso, I am sharing this written testimony from the Office of the D.C. Auditor (ODCA) to provide background to the Committee of the Whole and the Committee on Education for the Joint Public Roundtable June 5, 2019, on the approval resolution for the Bowser Administration's *DC Public Education Master Facilities Plan 2018*.

As you know, ODCA continues to respond to a statutory requirement to conduct audits of the District's School Modernization Program. Over the last two years we have undertaken additional work in the public education arena at the request of the Council of the District of Columbia and the State Board of Education. This written statement includes summaries of our recent work that is relevant to the Master Facilities Plan (MFP) and provides questions that members of the Council may wish to ask based on our work and the contents of the 2018 facilities plan.

### **ODCA School Modernization Reports**

On July 1, 2015, ODCA released an audit report, [The District's School Modernization Program Has Failed to Comply with D.C. Code and Lacks Accountability, Transparency, and Basic Financial Management.](#)

We found that there was not a definitive process in place for selecting schools for modernization. The required Master Facilities Plan did not provide clear guidance. We concluded that the public was not well informed about the state of the modernization program, including plans for the future, and taxpayers should have had more opportunities to provide input to the selection process. We called for changes to be made in the process and welcomed the passage of the Planning Act for Comprehensive Education Facilities Amendment Act of 2016 (PACE Act). We also recommended that information explaining why specific schools were chosen for modernization be shared with the public. Although the 2018 MFP provides information about the rankings for each school based on the formula contained in the PACE Act, it still is not clear how the rankings correlate with the District's Capital Improvement Plan (CIP).

In addition, the 2015 report raised concerns about the internal control environment at the Department of General Services (DGS) and with the resulting increased risk of overpayments and other inefficient spending practices.

We further found that the cost per square foot for high school modernizations was running in excess of the standard set forth in the 2013 MFP. The 2018 document before the Council does not contain or even discuss cost standards.

#### **Suggested question**

How does the 2018 MFP provide guidance or information that can be used to help control costs associated with school modernization?

On May 31, 2016, ODCA released a report, [The Department of General Services Failed to Provide Information the D.C. Council Needed to Make Informed Decisions on the Scope and Cost of Modernizing the Duke Ellington School of the Arts.](#)

We found significant problems with the way the Ellington modernization project had been managed, contributing to significant delays and cost increases. Examples included adding the project on the CIP before the education specifications had been finalized, which was one reason for an unrealistically low

initial projected cost; mistakes made by DC PEP, the construction management firm hired to oversee school modernizations for DGS; and the decision by DGS to use the Design-Build procurement method without competition on cost.

In this report, we again noted that decisions about school modernization projects (specifically the Ellington modernization) were not made in a transparent manner. We recommended that the Mayor direct DCPS and DGS to conduct all substantial discussions and negotiations about modernization projects in a fully transparent manner. Please see below for possible questions related to this finding.

On July 13, 2016, ODCA issued a letter report, [The District May Have Forfeited Nearly \\$500,000 Through Changes to the Contract for the HD Cooke Elementary School Modernization Completed in 2010](#).

This report focused on unexplained changes to the construction contract with Gilbane Construction Company for the HD Cooke modernization work. This contract was originally approved by the D.C. Council as a “guaranteed maximum price” contract but was changed at the end to a lump-sum contract. The change meant that cost-savings clauses in the original contract that would have resulted in up to \$500,000 in savings to the District were eliminated and these savings did not materialize. In addition, we again found notable shortcomings in the financial recordkeeping at DGS, making it difficult to be assured that there were no financial irregularities or wasteful spending associated with this contract.

On July 17, 2017, ODCA released an audit report titled, [The Department of General Services Needs Guidance and Assistance to Develop Effective Internal Controls](#). This audit, like its predecessors, was conducted pursuant to our legal requirement to audit the use of capital funds by DCPS. We found that weaknesses in the system of internal controls at DGS, the agency responsible for performing modernization work on behalf of DCPS, were so widespread as to raise significant doubts about the agency’s ability to undertake the work in a cost-effective and transparent manner.

**PACE Act Requirements**

The 2018 Master Facilities Plan has been prepared pursuant to the PACE Act which requires that the document include analyses and data on the following topics, with parenthetical references on whether the requirements have been met

PACE Act Provision	Included	Not Included	Details
1. Facilities condition assessment for each DCPS school building and each public charter school campus	√		<b>Partial</b>
2. Information about:			
a. The capacity of existing schools	√		
b. Current level of utilization	√		
c. Projected 10-year facility needs	√		
d. Recommendations for the utilization or reduction of excess space, including, as appropriate, specific recommendations on:			
i. Consolidation		√	

ii. Closure		√	
iii. Co-location		√	
iv. DCPS school attendance zone boundaries		√	
3. Historical and projected enrollment for each DCPS and PCS school	√		
4. Current and projected demographic information for the surrounding neighborhood		√	
5. Other neighborhood “issues,” in coordination with the Office of Planning		√	
6. A school-by-school description that addresses facility needs		√	
7. Detailed facility portfolio analysis that will inform decisions related to alternate financing options		√	
8. Communications and community involvement plan for each neighborhood cluster		√	
9. Coordination of the District’s education sector with the housing sector and with economic development policies and plans		√	
10. The location, planning, use, and design of the District’s educational facilities and campuses		√	
11. Any school disposition, including information about how the public is involved and what criteria are for making such decisions)		√	
12. Safety and security assessment of educational facilities including:			
a. Surveillance capabilities, both active and passive		√	
b. Access control		√	
c. Facility maintenance		√	

In addition, the PACE Act directed the Deputy Mayor for Education to prepare and make publicly available a supplement that includes:

PACE Act Provision	Included	Not Included	Details
1. Results of the DGS survey on the condition of each DCPS and PCS facility, including whether each facility has a working carbon monoxide detector, the results of the most recent lead tests, and potential asbestos hazards at each facility		√	<b>The document states that these results are available online.</b>
2. Updated information on enrollment projections and facility needs for each LEA			<b>The document includes enrollment projections for LEAs, but not facility needs.</b>
3. A plan to increase utilization at any school with a utilization rate of less than 50%		√	
4. A plan to ensure that each school facility that is at 95% utilization or above does not suffer from overcrowding		√	
5. Each school facility's designation as one or more of:		√	
a. In use primarily as classroom space		√	
b. In use primarily as swing space		√	
c. In use primarily for DCPS admin purposes		√	
d. In use by an entity other than DCPS		√	
e. Vacant		√	
f. Significantly underused		√	<b>Schools are plotted on a map with these identifications, but not named</b>

### Suggested questions

Many of ODCA's findings in our modernization reports have related to a lack of transparency on the part of DCPS and DGS about decision-making and the management of the school modernization program. In light of the fact that the new MFP -- prepared for the first time under the requirements of the PACE Act -- still does not include much of the information required by law precisely to provide greater transparency, ODCA suggests the following questions:

- The 2018 MFP does not include major elements of the information called for in the PACE Act. Can you explain why? When and where will that information be presented?
- What is the timetable for completing the facilities condition assessment called for by the PACE Act? How did the lack of complete facilities condition information affect the development of the MFP?
- Where can the public find information about the prioritization scores for each school facility? (Appendix A.15 of the MFP contains the raw data and the rankings but does not show the calculated scores.)

- In the 2018 MFP, the top four spots in the PACE Prioritization Ranking (Appendix A.15) are Thomas Elementary, Tubman Elementary, the Truesdell Education Campus, and JO Wilson Elementary, but the FY19-24 CIP shows no planned activity at any of these schools until FY24 and beyond. Why?
- In general, can you explain how the public has been informed on the process used to decide how school modernization projects are scheduled and, specifically, why one school is chosen to be next and another school is chosen to wait? How does this process relate to the PACE Prioritization Ranking for each school? What other factors go into making those decisions and how is the public informed about those other factors?
- Can you explain how schools are selected for inclusion in the CIP? Can you give specific examples of how the MFP and the data gathered for it have contributed to the decision to schedule individual schools for inclusion on the MFP?

### **ODCA Enrollment Report**

On September 28, 2018, ODCA released a report, [A Study of Enrollment Projections for D.C.'s Public Schools: Assuring Accuracy and Transparency](#).

The expert consultants who drafted the report found that the District's current methods of projecting enrollment could be improved through centralizing responsibility in the Office of the State Superintendent of Education (OSSE) as the state's longitudinal data warehouse. The current process follows a bottom-up approach in which each LEA creates its own projections in isolation, then passes them along to DME for an opaque final adjustment process.

The more efficient process we recommended would start with historical birth, cohort survival ratio, and mobility data to arrive at citywide baseline projections. Each LEA could still make school-level adjustments but would do so through a shared web portal to allow for greater transparency and cross-sector collaboration. In addition, the proposed methodology calls on DME to work with DCPS and PCSB to reconcile the sum of all school-level projections versus the original system-wide projection.

Last, the ODCA study recommends that OSSE conduct an annual enrollment projection review process to iteratively improve its data and methods. Most cities comparable to the District also use a cohort survival method in which future enrollment is predicted using historical trends. Such a method is most useful, however, when population is stable, and students follow established feeder patterns. Cities like the District, with robust school choice environments, often rely on school-level adjustments to account for new school openings and closings each year. This process is inherently hypothetical and, at times, results in inaccurate school-level projections. The study found that, over five years, less than 40% of DCPS' school-level projections were accurate within 2% of audited October enrollment.

Furthermore, we recommended that the District produce and review its 10-year enrollment projections on an annual basis. The 2018 Master Facilities Plan, which was first published nearly a year after its December 2017 deadline, was the District's first formal look at long-term projections since the 2013 MFP. An annual review process would better inform the CIP process and reduce the need for costly revised modernizations like those at Deal, Lafayette, and Van Ness. A more systematic method of projecting out-year enrollment would also allow the District to refine and improve its methodology in between formal MFPs.

**Suggested questions:**

- How did the 2018 MFP project school-level enrollment, particularly given the District's robust school choice system?
- Errors were made in the first publication of this MFP. Please describe what happened, how the errors were detected and what quality control processes the DME's Office has put in place for future projections work.
- How confident is the Deputy Mayor's Office in these enrollment projections? How will these projections be used to inform the CIP?

Thank you for the opportunity to share this summary of ODCA's recent work and questions suggested by our reports. We are happy to provide any additional information that might be useful.