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LESSONS LEARNED IN THE D.C. PUBLIC SCHOOLS

HEARING

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING, AND THE DISTRICT OF COLUMBIA

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

MARCH 9, 1998

Printed for the use of the Committee on Governmental Affairs

U.S. GOVERNMENT PRINTING OFFICE
48–163 CC WASHINGTON : 1998

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

48–163

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CONTENTS

	Page
Opening statements:	
Senator Brownback	1

WITNESSES

MONDAY, MARCH 9, 1998

Gloria L. Jarmon, Director, Health, Education and Human Services, Accounting and Financial Management, Accounting and Information Management Division, General Accounting Office	3
David L. Cotton, Managing Partner, Cotton and Company; accompanied by Ed Fritts, Senior Manager, Cotton and Company, and Marvin Allmond, Managing Partner, Allmond and Company	5
Joyce Ladner, Member, District of Columbia Financial Responsibility and Management Assistance Authority	12
General Julius W. Becton, Jr., Superintendent, District of Columbia Public Schools; accompanied by Arlene Ackerman, Chief Academic Officer	16
Taalib-Din Uqdah, Parent of D.C. Public School students	28

ALPHABETICAL LIST OF WITNESSES

Becton, General Julius W., Jr.:	
Testimony	16
Prepared statement	120
Cotton, David L.:	
Testimony	5
Prepared statement	104
Jarmon, Gloria L.:	
Testimony	3
Prepared statement with an attachment	35
Ladner, Joyce:	
Testimony	12
Prepared statement	109
Uqdah, Taalib-Din:	
Testimony	28

APPENDIX

Prepared statements of witnesses in order of appearance	35
Letters submitted by General Becton	124
Chart submitted by General Becton	133
Letter from General Becton clarifying the record regarding a statement during the March 9 hearing	134

LESSONS LEARNED IN THE DISTRICT OF COLUMBIA PUBLIC SCHOOLS

MONDAY, MARCH 9, 1998

U.S. SENATE,
OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE,
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 1:14 p.m., in room SD–342, Dirksen Senate Office Building, Hon. Sam Brownback, Chairman of the Subcommittee, presiding.

Present: Senator Brownback.

Senator BROWNBACK. We will call the hearing to order.

OPENING STATEMENT BY SENATOR BROWNBACK

Senator BROWNBACK. I am sorry for being a little bit late. I just flew in out of the snow in Kansas. We had between 6 and 12 inches across Northeastern Kansas, and that was not so bad, but we had about 30-mile-an-hour winds, and there is not a whole lot to stop it there. There was a fair amount of snow-drifting, and so the planes were delayed.

I appreciate you coming to the hearing today. I appreciate our witnesses being here and all the other people interested in D.C. Public Schools. I think we have a lot to talk about, and for all of our panelists, I have some questions for each of you and I hope we can get some good illumination for everybody.

There are a number of educational reforms that could play a critical role in achieving results and success, in the D.C. Public School system. One important reform would be the D.C. scholarship bill. This bill would provide scholarships to low-income children in the District to attend private schools. It passed the Senate, and it is currently pending in the House.

In addition, I, along with Senator Lieberman, sponsored legislation under the fiscal year 1998 D.C. appropriations bill requiring the D.C. Public Schools to give preference to charter schools in selling excess Public School property. I am happy that D.C. Public Schools has been working with the charter school community to implement these changes. The District can now look forward to having more charter schools in the upcoming school year.

At today's hearing, though, we will focus on lessons learned in the D.C. Public Schools during this past year. We have held several hearings in this Committee room on the D.C. Public Schools. It has been an issue that has been very clear in importance to me and

very dear to me as well, along with Senator Lieberman, the Ranking Democrat on the Subcommittee.

I think you have to look at the D.C. Public Schools as being one of the critical components for the District of Columbia. We are going to look at some of the lessons learned over the past year of the D.C. school system's Public Schools.

I have to say, I am troubled certainly by some of the academic results that we have seen. I think one of the first lessons we have to say is that the academic quality of the schools is in dire need of improvement. We have a couple of charts, and I know these figures are nothing new to the people in the District of Columbia Public Schools that have looked at the Stanford–9 test results. I am pleased that the District is doing the Stanford–9 test, so we will have an objective set of tests and factors to look at, but, according to the test results, which were taken at the end of the last school year, 100 percent of the 10th graders in two high schools scored below basics in math. Not one 10th-grade student scored at the basic level in math in two of the high schools that we have in the District of Columbia, and that is simply not good enough.

What we have up here, the two charts, are 10th graders in math, and this is not good enough either. Sixty-one percent of the Nation's 10th graders are below the basic levels, 61 percent in the Nation. In the Nation's Capital, 89 percent of the 10th graders are below the basic levels of math. This is simply not a tolerable situation. We have got to get this turned around. We have to do it in short order. We are failing our students, and our students are not getting the necessary education that they need to succeed in a very competitive world.

As for reading, which we have on the other chart, about 26 percent of the Nation's 10th graders are classified as below basic, and 53 percent of the 10th graders in the District's Public Schools are performing below basic. Again, this is just not acceptable.

I realize that our leadership team has not been in place for that long of a period of time, but we have to get these scores improving on a rapid basis. It has got to get better.

When a child reaches the 10th grade without these basic skills, time is running out for that child to gain those skills back before they graduate. The District's Public Schools must not only begin earlier to teach these basic skills, they must maintain these standards so that the skills are not lost by the 10th grade.

I am concerned on a second set of lessons, and that is on the consistency of school safety and disciplinary policy in the District's Public Schools. We have had a number of security violations that have occurred, a number of them involving weapons that have been confiscated. These have been reported since September of 1997. The information that I have is that more than 1,600 security violations have occurred and at least 157 weapons, such as guns, knives, machetes, etc., have been confiscated since September 1997.

The discipline policy for these serious offenses remains, in my opinion, inconsistent and unclear among the District's Public Schools. This sends the wrong signal to those jeopardizing the safety of the D.C. Public Schools.

Having a successful academic plan and a solid roof on these school buildings means nothing if the students and teachers fear for their lives.

Then we want to look, also, at the school's roof repairs which has been covered quite extensively in the press, and we will have some people here to testify about that.

I am pleased that we have General Becton here to testify and to answer some questions for this Subcommittee. He had been tasked with a very difficult job, and he has had just a little over a year in leadership in that position. It is an extraordinarily difficult task, and I have a great deal of admiration for the General's abilities and character.

He did state in September of 1997 the following, "I believe that our success or failure will be judged on whether or not we have achieved fundamental improvements in three core areas. One is in academics, two is in school facilities, and three in personnel and financial management systems." I think we need to review the progress that has taken place since September of 1997 on those three scores and what is proposed for the near future so that we can get all of those areas improving.

This is an important hearing. It is a difficult subject for everybody that is in leadership and everybody that is working to try to improve the D.C. Public Schools. They simply are not performing up to standards, and I want to be convinced after this hearing that we have a plan and we are actually improving to where these test scores change, to where security of the students in the systems change and improves, and the facilities improve in the near term. Where are we on getting those three core issues moving forward? We simply have to get them better. If we are not getting this done, then we need to take steps to improve that.

The first panel that we have will be Gloria L. Jarmon. She is the Director of Health, Education and Human Services, Accounting and Financial Management, Accounting and Information Management Division of the General Accounting Office.

We have David L. Cotton, the Managing Partner of Cotton and Company. They have done some extensive reviews of some of the financial management and some of the issues that have previously been raised publicly concerning the D.C. Public Schools.

I look forward to your testimony, and I will have some questions regarding the findings that you have brought forward.

Ms. Jarmon, would you care to go first?

Ms. JARMON. Yes.

Senator BROWNBACK. Thank you for joining us, and the floor is yours. We can take your full statement in the record and you can summarize, or you can present your full statement.

TESTIMONY OF GLORIA L. JARMON,[1] DIRECTOR, HEALTH, EDUCATION AND HUMAN SERVICES, ACCOUNTING AND FINANCIAL MANAGEMENT, ACCOUNTING AND INFORMATION MANAGEMENT DIVISION, GENERAL ACCOUNTING OFFICE

Ms. JARMON. Mr. Chairman, I would like to summarize my statement and present the entire statement for the record.

[1] The prepared statement of Ms. Jarmon appears in the Appendix on page 35.

I am pleased to be here today to discuss the results of our review of the District of Columbia Public Schools' efforts to repair school roofs during the summer of 1997.

Consistent with your request, we focused on three issues: First of all, determining when funds were made available to pay for school roofs; second, the cost of the school roofs, including the cost per square foot; and, third, looking at additional roofs to be repaired in 1998 and beyond.

Our primary message today related to the availability of funds is that sufficient funding was available to begin work when schools were closed for the summer on June 20, 1997. Bond proceeds was $11.5 million. It became available in October of 1996, and were being used to fund the GSA-managed roof repair projects.

Additional funds later became available for the DCPS-managed projects, with $18 million becoming available in March of 1997, and an additional $20 million in June of 1997. Therefore, when schools closed on June 20, 1997, at least $38 million was available for DCPS-managed roof repairs.

As you know, much of this work did not start until the third week of July. DCPS was not prepared to begin this work earlier because it had not completed sufficient initial work such as determining the scope of work which forms the basis for seeking bids. In addition, there had been an almost complete turnover in technical support staff within DCPS, and there were problems in securing bids.

DCPS officials also told us that they had planned to do this work through the end of October, but because of the court order that work not be done while classes were in session, they had to do the work in a compressed time frame.

I will now talk briefly about the costs of repairs. Our work shows that DCPS spent about $37 million for these repairs during fiscal year 1997. A significant, but not determinable, amount of these costs were attributable to factors other than what would be strictly interpreted as roof replacement or repair work. Among these were structural integrity, fire damage, general deterioration from neglected maintenance, and warranty stipulations.

Considering the cost of all of this work, we found that the average per-square-foot cost of the roof repairs during fiscal year 1997 was $20, with the GSA-managed roof repairs being about $13 per square foot, and the DCPS-managed roof repairs being about $22 per square foot.

Some of the reasons for the differences seem to be that GSA uses existing contracts to do their work. So they did not have to go out for bids when the market was already saturated with roof work. Second, GSA's projects were done over a longer time frame, thus requiring less overtime, and third, GSA's contracts covered only flat work roof. Whereas, DCPS contracts covered multiple roof areas.

Last, I will address the future roof work plan. For fiscal year 1998, DCPS plans to spend about $35 million for 40 school roof projects. DCPS has about $41.8 million available for these projects, most of that coming from Sallie Mae funds. To date, five schools have been completed, and the scopes of work on the remaining 35 are expected to be completed in May 1998. Twenty-six of these 35

scope of works were completed by the end of February. The other nine, we have been told, will be completed sometime in May.

We would like to stress here that it is very important that these scopes of work are completed, solicitations distributed, and the contracts awarded as soon as possible to ensure that prior year problems with the compressed time frame do not reoccur.

We also know that an additional $63 million is included in a proposed DCPS plan covering the years—fiscal year 1999 through the year 2004. This is not a detailed plan. We were told that the proceeds from the sale of the closed schools are expected to help cover these out-years of 1999 through 2004.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions from you.

Senator BROWNBACK. We will have some questions for you later.

Mr. Cotton, we are pleased to have your statement for the Subcommittee.

TESTIMONY OF DAVID L. COTTON,[1] MANAGING PARTNER, COTTON AND COMPANY; ACCOMPANIED BY ED FRITTS, SENIOR MANAGER, COTTON AND COMPANY, AND MARVIN ALLMOND, MANAGING PARTNER, ALLMOND AND COMPANY

Mr. COTTON. Thank you, sir.

Chairman Brownback, I am pleased to be here today to discuss the results of our audit of the DCPS procurement process.

With me today are Ed Fritts, a senior manager with Cotton and Company; and Marvin Allmond, managing partner of Allmond and Company. Mr. Allmond and his staff assisted Mr. Fritts and me in our audit.

I know that you and your staff have already reviewed our report. I would just like to emphasize two points related to the audit.

First is the issue of whether DCPS followed proper procurement procedures. The second is regarding the refusal by DCPS personnel to affirm in writing certain representations about the roof repair projects.

Since the audit was completed, DCPS official have asserted that they complied with the D.C. Board of Education procurement rules which allow for emergency contracting.

There are two problems with that assertion. First, the DCPS people who were actually performing the procurements told us during our audit that they did not comply with any procurement policies or procedures.

The DCPS Chief of Contract Administration told us in writing that, "There are no procurement procedures which DCPS had to follow in awarding capital contracts. The authority resolution requires only that the CEO enter into contracts which he deems appropriate and in the best interest of the school system."

The DCPS Chief of Capital Projects told us in writing that, "All of the work done by DCPS in fiscal year 1997 was done under emergency conditions as declared by the Control Board. We were thereby exempted from procurement policies and procedures."

The second problem with the assertion that these procedures were followed is that even if DCPS officials thought they were fol-

[1] The prepared statement of Mr. Cotton appears in the Appendix on page 104.

lowing these procedures, what occurred failed to conform to those procedures. For example, our audit found that documentation requirements were ignored. Segregation of duties requirements were bypassed or circumvented. Project managers rather than procurement officials decided what contractors to invite to submit bids, received and opened bids, and made contract award decisions. Contracts and contract modifications were executed without first certifying that funds were available. Contract work was allowed to commence without evidence that required bonds were obtained. Contract compliance requirements were not monitored. Millions of dollars of change orders were approved without justification or written findings and determinations.

Nothing in these procedures, emergency or otherwise, permit such practices. These were the conditions that we cited in our report as being conducive to fraud.

I want to address the issue of management representations. In a hearing on January 23, Delegate Eleanor Holmes Norton asked General Becton and his staff why they refused to sign the management representation letters we asked them to sign as a routine part of our audit. They did not answer that question. Instead, they stated that it was unfair and inappropriate for us to have asked them to sign these letters.

It was neither unfair nor inappropriate, although requesting written management representations is not a mandatory procedure in performance audits, it has been a suggested or recommended procedure for nearly 20 years.

The current version of GAO's Government Auditing Standards suggests that this procedure be considered. The 1988 version and the 1991 version recommended that management representations be obtained.

The focus should not be on whether or not our request for management representations was appropriate. The focus should be on why DCPS officials refused to provide these representations.

We asked six management officials to affirm certain key assertions made to us explicitly or implicitly during the audit. Four officials did not respond. Two officials gave us some, but not all of the representations, 16 days after we issued our report. Our request was simple and straightforward. We asked them to affirm to the best of their knowledge and belief that, for example, they knew of no material recorded transactions; that they had made available to us all relevant information; that they had informed us of all evidence of error or fraud of which they were awarded; that they knew of no violations of law that had occurred in connection with the contracts; that they had provided us with all relevant information regarding the conviction of two DCPS procurement officials for accepting bribes and illegal gratuities, and that these two officials had nothing to do with the procurement process, and so forth. These were legitimate questions within the scope of our audit. You deserve answers to these questions.

Mr. Chairman, that completes my prepared statement. I will be happy to respond to any questions that you have.

Senator BROWNBACK. Thank you very much, Mr. Cotton, for your statement.

Mr. Cotton, let me just kind of cut to the chase of this. You stated that there was an atmosphere that fraud could occur in, and you said some questions were not answered. Do you have any evidence of fraud actually having occurred in this roof repair project that went forward?

Mr. COTTON. We have what I consider circumstantial evidence that fraud could have occurred, and I think further investigations may reveal that bribes, gratuities, or kickbacks could have taken place, perhaps did take place. I think further work is needed to determine that.

Senator BROWNBACK. You will be proposing to this Subcommittee an outline of further investigation to determine whether or not fraud occurred or whether kickbacks or bribes occurred?

Mr. COTTON. We provided an outline of what we think needs to be looked into to the Control Board. My understanding is that the Control Board has asked the D.C. Inspector General to follow up and pursue those issues.

Senator BROWNBACK. Do you feel comfortable discussing with this Subcommittee today the circumstances that you believe show circumstantial evidence of fraud having occurred?

Mr. COTTON. The general points that I outlined in my statement, I think, is as far as I would like to go. We provided the Control Board with some more specifics. If they are under investigation, I would be reluctant to describe them in further detail.

Senator BROWNBACK. You note that the cost was roughly double, for the repair work on the school roofs, what was stated in front of the Subcommittee. I believe it was about a year ago, maybe not quite a year ago. I thought they said it would be about $11, and it was, instead, around $20 per square foot?

Was that the figure, Ms. Jarmon?

Ms. JARMON. Yes. It was about $20 per square foot, and early on in our work, we did ask for the support for the $11 per square foot. We were told that the schedules had been revised and the schedules were not available. So, based on our work, like I said in my opening statement, including all of the additional costs, it was about $20 per square foot.

Senator BROWNBACK. Let's take into consideration all the factors that were in place. There was a court order. The school year was pressing. We ended up having to delay the school year because of the lack of ability to repair the roofs.

There was a lot of emergency-type situations present. Did you consider all of that in determining whether or not those figures going from $11 to the $20-plus were appropriate?

Ms. JARMON. We took those factors into account, and that is why we mentioned these factors within the report.

We really did not look into whether they were appropriate. We were more addressing the question of what the overall costs were.

Senator BROWNBACK. Mr. Cotton, how about you on that? We have a situation that, obviously, there was a lot of pressure at that particular point to get these roofs repaired and to get it done now. Should that have driven the cost up double of what it was told to us?

Mr. COTTON. Well, Senator, I think there is no question that General Williams did an incredible job accomplishing what he ac-

complished, and he started from no staff, and the issue of whether or not he could have gotten statements of work prepared sooner, whether he could have gotten procurements in place in April and May, and had the work ready to be started in June, I guess, is a question I think Gloria's report tried to answer.

We talked with the engineering firm that prepared most of the estimates. They told us that their estimates were already high because they had taken into account the fact that the work was compressed; that D.C. was not a favorite place for contractors to work and so forth.

Our results showed that if you take those factors into account, the actual costs as of the time we completed our work was about 11 percent above those already-high estimates.

I am not sure whether anyone will ever know whether this work could have been done at $12 or $15 a square foot. My focus was on the process, and I understand that DCPS had a legitimate position that they needed to streamline the process. My concern was that I think they streamlined it too much.

Senator BROWNBACK. Did you draw this to their attention early on, or was this ever drawn to the attention of the DCPS about this, excess of a streamlined process that would lend itself to potential for fraud or abuse?

Mr. COTTON. Well, we began our audit work in the last week of October 1997 when most of the procurements were finished, but we kept DCPS officials informed of our findings as they were developed.

Senator BROWNBACK. Ms. Jarmon, in looking at your analysis on the roof repair procurement, the cost of repair and the availability of funds for repair, what are the main flaws that should be addressed immediately in proceeding forward with any other repairs to D.C. Public Schools?

Ms. JARMON. Well, we would suggest that it is going to be very important that there is a detailed plan going forward that would highlight what needs to be done, what schools need to be done, the priorities, and that there be controls in place to make sure it is followed, and when changes are made to it, those changes be documented, and also to ensure that the warranties are honored that warranties have been received based on the work that was done, and to ensure that the neglected maintenance, deferred maintenance that we referred to in our report does not reoccur, and that these contracts be awarded as soon as possible. And if they cannot be awarded very soon, that consideration be given to utilizing GSA more. That was an option also in 1997. Those are the primary issues that we would suggest.

Senator BROWNBACK. Good.

You noted in one place in your study that you did not have sufficient data to make certain determinations. What kind of bookkeeping does the D.C. Public School system have, and do you have any suggestions for them to come up with the type of data that you would need to make appropriate reviews?

Ms. JARMON. Our report talks about at least a couple of examples where documentation was not available to support what we were trying to do. One related to fund availability, where there were some differences as far as—our report talks about when funds were

available to the Control Board. We were told that D.C. Public Schools were not aware of those funds until, in some cases, several months later, and we received no documentation to show us when D.C. Public Schools received the funds.

We are aware now, based on information we received from the District CFO's office, that they are in the process of changing those procedures, so that there will be some written memos or internal memos to notify the agencies when funds are received. We would support that type of documentation.

In addition, in our report when we were talking about the cost of the school roofs that were internally repaired for the District, there were seven school roofs internally repaired. We noted that we could not get cost data on those seven school roofs, and we would recommend that there be a good cost system to support that data.

I know that David Cotton's report talks about many other deficiencies with the record-keeping. So he may be able to better address that.

Senator BROWNBACK. Mr. Cotton, would you care to follow up on that question with some specifics of what additional data is necessary to properly track these projects?

Mr. COTTON. Well, our major concern about record-keeping had to do with the status of the contract files, and we understood that some of the projects were just being completed. Some of them had not been completed yet. The files were understandably incomplete.

Our concern was that many of the documents that should have been in the files, whether the projects were complete or not, were not in the files.

The file organization was not consistent. Files were disorganized. Every file was a little bit different. I understand DCPS has taken steps to correct that.

The paperwork issue is of less concern to me than the other control issues, such as segregating procurement duties from project management duties, requiring supervisory approvals and sign-offs of key procurement decisions and so forth, and I think that is the area that I am most concerned about seeing corrected.

Senator BROWNBACK. Have you outlined those in detail in your report, where you think we need to have different processes in place, different approvals in place to make sure that a situation like this does not come up in the future?

Mr. COTTON. Well, I think you do. It had been my understanding that the procurement responsibility was moved from DCPS to some other D.C. Government organization, but I found out recently that that may not be the case.

I think my recommendation would be that until a set of established and solidly controlled procurement procedures are put in place and formally adopted by either the Control Board or DCPS that we need to go back to what the law said, and the law said that Federal procurement rules need to be followed. If these procurements are done in accordance with the Federal Acquisition Regulation, I think you have the controls you need.

If you decide to allow DCPS or some other organization to adopt its own policies, then I think you need to focus on the issue of segregation of duties, documentation of reviews and approvals, and

another key requirement should be maximum competition for these procurements.

Senator BROWNBACK. Which there was not in this particular case, competition?

Mr. COTTON. No, sir, there was not.

Senator BROWNBACK. Was there any competition for the procurement in these cases?

Mr. COTTON. The Chief of Contract Administration told us that he could not recall how the initial procurements were advertised. He said he thought that they were advertised in the *Washington Times* because the account with the *Washington Post* was delinquent.

The follow-on, procurements late in the process, the final 20 procurements, the degree of competition was limited to a project manager deciding which three or four contractors to invite to bid on the project, and those three or four contractors sometimes would bid, sometimes would not, and they would select from amongst the bids that they got.

Senator BROWNBACK. How many projects did you say, 7 or 17?

Mr. COTTON. Twenty.

Senator BROWNBACK. The last 20 projects? The project manager would invite three or four that he thought were the appropriate ones to bid on this project?

Mr. COTTON. Yes, sir.

Senator BROWNBACK. Then some of those would submit bids and some would not?

Mr. COTTON. They were given sometimes less than 24 hours to prepare a bid. Some of the potential bidders said they simply could not prepare a bid in that period of time.

Senator BROWNBACK. Then the project manager had the authority to grant the project at that point in time?

Mr. COTTON. Bids were submitted to the project managers for these final 20. The project manager would then send the paperwork over to the procurement official for signing of the contract, but the selection was essentially made by the project manager.

Senator BROWNBACK. So you had one person with limited competition, possibly no competition, awarding these last 20 projects?

Mr. COTTON. That is correct.

Senator BROWNBACK. Is that the basis of your concern of circumstantial evidence of fraud, or is it something else that is there?

Mr. COTTON. Well, there are five attributes to every fraud, a perpetrator, a victim, intent, motive, and opportunity. The only one of those five attributes that an organization can control is the last one, opportunity. So, by not segregating duties, that created the opportunity for irregularities, fraud to have occurred, we had some additional concerns about some specific procurements that we have communicated to the Control Board that are a little bit more specific than that, but that is a major concern.

Senator BROWNBACK. In those last 20 cases, do you know whether some of those bids that were let with only one contractor bidding on the project?

Mr. COTTON. There might have been one or two with only one bid.

Senator BROWNBACK. Were there several with only two bids?

Mr. FRITTS. I think generally that——

Senator BROWNBACK. I am sorry. Would the gentleman please identify himself, so we could have it for the record here?

Mr. FRITTS. Thank you, Mr. Chairman. My name is Ed Fritts with Cotton and Company.

I recall that for those last 20 projects, a standard number of bids received would be two or three. There were one or two—I do not remember the specifics—but there were one or two in which there was only one bidder or at least the contract file did not document if there were more than one bidder, but, typically, two or three bids would have been received, and those bids were addressed directly to the project manager, not to the procurement officer.

Senator BROWNBACK. And sometimes these bids were pulled together within 24 hours?

Mr. FRITTS. Yes, sir. Well, from 1 to 3 days, something like that, but, yes, a very short turnaround time, much shorter than you would normally expect in a sound procurement process.

Senator BROWNBACK. Were you able to track any of the advertising for these bids?

Mr. FRITTS. The only advertising, as we were told, was the project manager or at least somebody from the Capital Projects office, but the contract file suggested the project manager called the prospective bidders to come out to a school, to walk through the school, and then to subsequently make their independent bids.

Senator BROWNBACK. Mr. Cotton, I want to go back through and get your statement clearly because these are strong statements that you are making.

Mr. COTTON. Yes, sir.

Senator BROWNBACK. You are saying that the potential for fraud clearly existed.

Mr. COTTON. Yes.

Senator BROWNBACK. That there is circumstantial evidence of fraud having occurred in these school repairs?

Mr. COTTON. Yes, sir. That is correct.

Senator BROWNBACK. And that from that, you think it would be wise for further investigation? Obviously, if there is that, I mean, this Subcommittee and many others are going to be asking for further investigation of this to occur.

Mr. COTTON. Yes, sir.

Senator BROWNBACK. Is there anything further you would feel confident in presenting in front of this Subcommittee of the circumstantial evidence concerning the fraud?

Mr. COTTON. I would be uncomfortable getting into more specifics.

Senator BROWNBACK. All right. We will be delving into that at a later time.

Ms. Jarmon, did you have anything further that you would like to add to the Subcommittee and to your report?

Ms. JARMON. No, I do not, Mr. Chairman.

Senator BROWNBACK. All right. Well, thank you, and, Mr. Cotton, I appreciate both of your testimonies. We will be following up on this because they are serious findings and statements. Thank you very much for your help.

Our next panel will be Dr. Joyce Ladner, Member of the District of Columbia Financial Responsibility and Management Assistance Authority, and General Julius Becton, Superintendent of the District of Columbia Public Schools.

I want to thank the two panelists for joining us today, and I think both of you were present for the last testimonies. They are serious allegations that are being put forward.

It is a serious topic. I do not want to lay it out either as any sort of—out here trying to hunt to say "gotcha" on something. I do not like these test scores at all. I do not think anybody in this room likes or agrees with these test scores. I do not like accusations and people saying that there was fraud that occurred, that the circumstances for fraud occurred, and I am sure neither of you do either, but I will look forward to hearing some clear testimony as to what has happened, what systems have been put in place to correct this, and what we can look forward to by correcting these problems in the future. I will have some tough questions for you.

I appreciate the difficulty of the job that you are in, but these are just some terrible accusations and bad test results that we have. We have to get at the root of this.

Dr. Ladner, you can present your full testimony or summarize, whichever you care to do.

TESTIMONY OF JOYCE LADNER,[1] MEMBER, DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

Ms. LADNER. Thank you, Mr. Chairman. I appreciate the opportunity to testify on the progress made and lessons learned in our efforts to reform the District's Public Schools.

When the Authority issued its report in November 1996 entitled "Children in Crisis," the report on the failure of the D.C. Public Schools, we concluded that the deplorable record of the District's schools and every important educational and management area had left the system in crisis, and, virtually, every area, every grade level, the system failed to provide the children—the schools with the quality of education and a safe environment in which to learn.

In response to that report, we took immediate action on November 15, 1996, to fundamentally improve the schools through a resolution and order. We replaced the Superintendent and reduced the powers of the elected Board of Education. In their place, we appointed, as you know, retired Army Lieutenant General Julius W. Becton, and we established an emergency transitional board of trustees.

The progress made to date has laid the foundation for further reform and demonstrable success in the outcomes of children's education. I think that at best, what I can say is that a large number of things have occurred to put in place the foundation, the infrastructure, some of the personnel that can carry this task forth so that those test scores that you have placed here before us do begin to change.

I am a realist, and in being a realist, I recognize that the problems in the school system did not come about overnight. The phys-

[1] The prepared statement of Ms. Ladner appears in the Appendix on page 109.

ical structures have been deteriorating for a period of roughly 50 years. The average age of our schools is in excess of 50 years.

The physical problems and the educational ones cannot be fixed overnight. Yet, the important thing—and I emphasize that here—is that they are being fixed. For the first time, there now exists comprehensive plans both on education and facilities that we did not have before.

Despite the hard work that has gone into this by all parties involved, including the parents, teachers, administrators, and volunteers, much remains to be done. In researching the approach taken by other educational reform efforts, one of the most essential ingredients was the establishment of the reform-minded team that committed to change.

In places such as Chicago that I visited prior to the Authority making the change in the governance structure, they successfully recruited a top management team and eliminated drastically the middle-level management tier. We have strongly encouraged General Becton to employ the same approach. We are very pleased, therefore, that Dr. Arlene Ackerman, who has been appointed Deputy Superintendent and Chief of Academic Office as a result of the national recruitment campaign, has joined the schools, and in the coming months, we know that General Becton will continue to assemble a team that can bring the Public Schools up to the level of achievement that we want them.

With respect to academics, the Chief Academic Officer is instituting a plan that will leverage accountability for educational change throughout the school system. All of the actions in the future, present and going forth, all of the procedures and processes are being examined for their impact upon educational attainment.

Therefore, the schools have limited the appointment of principals to 1 year—that is the first major change that was made—and removed the selection of principals from the previously politicized process. Fifty percent of the principal's evaluation now will be based on students' academic performance. So we are tying performance of students to the effectiveness of principals.

The schools are also moving to make teacher evaluations performance-driven, and that will be instituted next fall. Principals and teachers are receiving training and the expectations supporting performance-based management.

We are also making changes in academic standards. On her arrival, Ms. Ackerman implemented the nationally recognized Stanford–9 test, and they are being administered on a biannual basis.

Mr. Chairman, I would hazard to guess that because all of our efforts are being placed in an intensive way to campaign to raise these scores; that when that test is administered again in the spring, we may well see some—the next time it is administered, we may well begin to see some increase in those scores. I say that because the principals have organized inasmuch as 50 percent of their evaluation is now tied to the way in which children's test scores are turning out. They are under the gun.

The teachers know that come September, their evaluations will also be very, very heavily tied to the performance of students. They also know that we are getting rid of social promotion, come this summer, and by putting in place a safety net for those students

who, as you have demonstrated here on these charts, are not functioning at the adequate level at which they should be.

We expect somewhere between 15,000 and 20,000 students to go to summer school. It will be a tough pill to swallow in the beginning, but we also know that none of us could justify continuing to have students passed on from one grade to the next if they have not mastered the basic skills that they should have mastered.

We also have an educational strategic plan that will guide the development of all the administrative priorities that are set. For a long time, the District's schools have not tied the programs to the finances available, and for the first time, we will have a road map that will be tied to the ability to fund these programs.

In terms of administrative and financial management improvements, we the Authority are assisting the schools in addressing longstanding problems in central personnel and asset management and technology and procurement functions.

I want to clarify something that was said by the last panel, I believe by Mr. Cotton. The procurement and information technology systems are being centralized, and procurement will be placed under—in the process of being placed under the Chief Procurement Officer for the City, Richard Fite, and we will be working with the schools in the months to come to try to make sure that the centralized system will address their specific needs, but there is no question that the Authority has made the decision to place procurement under the aegis of the chief procurement officer.

Information technology is the same. We will work with the schools on asset management and on personnel because many of the other agencies in the City have had those two functions as well centralized.

We have made some progress. The size of the central administration has been reduced from 15 percent of the work force in fiscal year 1997 to 11 percent in 1998, and we are also—have developed in conjunction with the schools—the Authority has implemented, developed a monitoring plan that measures management and programmatic changes. Monitoring program measures, the progress in the schools in terms of results are outcomes that the chief executive officer achieves, and it will help to support the future changes needed to improve these results in the future.

Much has been said about the infrastructure improvements. I would like to say here that while we understand that we were required to make a lot of changes in the physical facilities of the schools in a very short period of time, that we were also under the gun of the judge who ordered many of the changes that resulted in change orders, I should clarify here.

We also know that ultimately all of us bear accountability for what did or did not occur. The Authority met with Mr. Cotton in a closed session, and we have forwarded to the IG our concerns, and they are investigating. We did that immediately after talking with him.

I do not want to say more than that except to say that I am a little surprised at how specific Mr. Cotton was today relative to our conversation we had with him a month or two ago.

The Public Schools are now marketing surplus facilities, including the 11 schools we closed last fall. All the monies that are re-

ceived will be placed in—plowed back into the revitalization of the physical plants of the schools.

One of the remaining challenges facing the schools, Mr. Chairman, is special education. It is a crisis in most major cities around the country, and for the District, it is no different.

We have nearly 7,700 students in special ed, and the numbers are growing precipitously. This growth is having tremendous implications for the future cost of education in the City. Fiscal year 1997 we spent $93.8 million from all sources on special ed. In fiscal year 1998, we estimate we will spend $102 million.

Under the *Mills* decree, the court order, the D.C. Schools are required to assess and place special ed students within 50 days of referral. I might say to you, Mr. Chairman, that I know that you know a great deal about education in conversation and the hearing we had earlier this year. This 50-day referral period is the shortest time period for assessment and placement of any school district in the Nation, according to our research. Most school districts have about 120 days to do the assessment.

Consequently, so many times, what happens is that because we cannot do this turnaround of assessing a child's proper placement in the 50 days, what happens is that on procedural grounds, we lose the cases to families that are represented by counsel, and the school system ends up having to pay the tuition, the exorbitant cost for the child's education, and you know that this occurs irrespective of parents' income and so on. We need relief in this area from the City Council.

Finally, I would just speak to school funding. Unfortunately, as you well know, the District of Columbia is not represented by a State. Therefore, we have to assume City functions, State functions as well, and every major city around the country receives a significant part of its budget for its school system from the parent State, for building, construction, etc., as well as curriculum development and so on.

We do not have that. So I would simply say to you, Mr. Chairman, that in the months ahead, it would be very, very important for us to be able to continue the discussions along the lines of how do we realign a school system that does not have the traditional basis of support that other cities have and still bring it up to standards and to the level at which we know the children have to come.

Thank you.

Senator BROWNBACK. Good. I look forward to having some questions and discussion with you, if I can.

Ms. LADNER. Sure.

Senator BROWNBACK. General Becton, thank you for joining us on the Subcommittee. You have had a tough task placed on you, and a short time frame in which to do it, but the kids deserve a lot. I know you are trying to deliver that. I look forward to your testimony.

TESTIMONY OF GENERAL JULIUS W. BECTON, JR.,[1] SUPERINTENDENT, DISTRICT OF COLUMBIA PUBLIC SCHOOLS; ACCOMPANIED BY ARLENE ACKERMAN, CHIEF ACADEMIC OFFICER

General BECTON. Thank you, Senator Brownback. You have my prepared statement. I will just make a few key remarks from that statement.

We thank you for providing us the opportunity to update you on the progress of our efforts to reform the District of Columbia Public Schools.

The title of this hearing, "Lessons Learned," is appropriate because this has certainly been a learning process for all of us. I am happy to share some of those lessons with you today.

I have with me, by the way, in addition to Ms. Ackerman, my chief finance officer, Ed Stephenson. I also have with me our procurement director, Karen Chambers, and general counsel and other staffers, and I am sure I will have to rely upon them for some responses to some of the questions, if I may.

Senator BROWNBACK. Yes, sir.

General BECTON. You have heard the challenges we faced when we arrived in November of 1996, and I repeat only this portion. According to the Control Board, by virtually every measure of performance, the Public School system failed to provide a quality education for all children and a safe environment in which to learn. The system was broken in fundamental ways, and the public had lost confidence in the schools. These long standing problems were created over decades, and they cannot be erased overnight.

Perhaps I should mention here that this was probably the first lesson learned for me. People are impatient. The public, the City Council, and even the Congress seemed to expect almost immediate progress, sometimes forgetting just how long it took us to get to the point that we are in.

I, too, have been frustrated by the rate of progress, but I know how far we have come. We have made progress in the relatively short period this administration has been in place. We have focused on making improvement in three core areas, and you mentioned those, academic achievement, personal and financial management, and facilities.

I am pleased to report that we have made real progress in all three areas. We have learned quite a few lessons along the way.

In academics, we have taken dramatic steps to begin improving student achievement. We have brought on board a highly qualified chief academic officer who came to the District with a clear plan and a proven track record. Arlene Ackerman, our chief academic officer, is here with me today, and I would like to introduce her and have her join me up here.

Senator BROWNBACK. Ms. Ackerman, please join us.

General BECTON. She has reminded me that she has a 2:30 appointment with the Secretary of Education. I think that is correct.

Senator BROWNBACK. Well, that can wait. Tell him you were in front of the Senate.

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[1] The prepared statement of General Becton appears in the Appendix on page 120.

General BECTON. OK. Ms. Ackerman has developed content standards that clearly define what students should know and be able to do. She is implementing promotion gates to end the practice of moving students on, even if they are not performing at grade level.

We are planning a massive summer school program that Dr. Ladner has already mentioned for students who tested below basic and hope to be promoted this fall. We expect up to 20,000 students, or 1 out of 4 of our students, to participate.

These are, indeed, dramatic steps, and, yet, while parents have been largely supportive of our efforts, some observers had criticized us for not moving more quickly on the academic front. Once again, I learned a lesson. We should have brought Ms. Ackerman on board in November 1996 as opposed to September of last year, after a nationwide search.

My friend, Paul Vallas, who heads up the reform effort in Chicago on which our efforts were modeled, brought 40 professionals with him when he took over. I had one. Paul Vallas had the support of the mayor, the City agencies, and the City Council. I had none of these. Mr. Vallas had the luxury of taking over Chicago Public Schools in July. He had 2 months to prepare for his first academic year. I was appointed after the school year began. Here in the District, we had to do something akin to rebuilding an airplane in mid-flight. We cannot always set the rules of the game; nevertheless, we are moving forward.

In the area of personnel and financial management, we have made progress as well. We balanced our budget in fiscal year 1997 for the first time in 5 years. We downsized the organization and shifted personnel out of the central office into the schools. It has been a slow and difficult process. We have had to work with historic data that is unreliable. We are dependent upon dysfunctional data management systems, and we are tied to a City payroll system which is slow and arduous.

I will now turn to facilities. As you know, this administration inherited a massive facilities problem, estimated to be about $2 billion by GSA. Routine maintenance of our schools have been neglected for years.

When we arrived, there was no long-term capital plan in place, and school maintenance had been contracted out to a private vendor under an arrangement that we judged to be costly and inefficient. As you know, fire code violations were abundant.

We drafted a long-range capital plan in time to meet the congressional deadline. We voted to close 11 schools. We began disposing of surplus property that had previously been allowed to stand empty for decades.

We repaired or replaced over 60 roofs. We did not patch, as people had done in previous years. In fact, we fixed roofs this summer that had been patched countless times before. We did not just put on a new roof. We also did the deferred maintenance that was necessary to ensure that those new roofs would last. As the GAO noted, we had to do this work to get long-term warranties we wanted. Those warranties protected the public's investment.

As the GAO said, these were not ordinary roof jobs. In many cases, we did major upper building repair, to repair damage caused

by years of deferred maintenance. In addition, we worked on numerous different types of roofs, some of which are much more expensive than the basic flat roof you usually find in the suburban areas.

We did this work on a compressed time schedule driven by the court order, which meant higher labor costs. Were the GSA-managed projects completed at a lower cost? Yes, but the GSA projects were far less complicated, and they were done in a much more reasonable time frame. In my view, GAO fully understands the circumstances under which we worked, and it does not believe that we overspent on the projects, given those circumstances.

Could the process be improved? Yes. Did we learn from our mistakes? Yes. Have we made changes as a result? Yes. For example, we now have set up a new document control process to ensure that contract files are well maintained and can easily be audited.

I do hope, however, that we do not lose sight of the progress that we have made last summer. Under extremely difficult circumstances, the public got a quality product for its investment. Children in almost one-half of our schools are warmer and drier than they were before we did the work.

This is a real movement forward, and I am proud of the dedicated staff and competent contractors who made it happen. In this respect, I have several letters from the contractors I will pass on to the Subcommittee for your review at some later date.[1]

Senator BROWNBACK. I am pleased to have those.

General BECTON. I will take care of that.

In closing, I would again like to invite you to visit any of our schools as soon as possible.

Also, Ms. Ackerman would like to meet with you and discuss with you her detailed plans for academic improvement. I hope that such a meeting can be arranged as soon as possible, sir.

Thank you for the opportunity to testify. I am prepared to respond to your questions.

Senator BROWNBACK. Thank you, General.

Again, there is a troubling set of facts that have come forward, and I just want to go right at those.

On the school repair issue, you have both been here and heard the testimony. Mr. Cotton stated—and I asked him twice about this—that the circumstantial evidence of fraud had occurred in the D.C. School repair.

I do not know, Dr. Ladner, if this would be best to direct to you or to General Becton, but what steps are you taking specifically to make sure that does not happen in the future? And then I want to address the line of questioning also, then, to look back at what steps we take to make sure that we catch any perpetrators of fraud on the D.C. Schools.

Ms. LADNER. I will answer part of it, and General Becton can answer the rest.

Assuming there was fraud, assuming the IG finds that to be the case, because the Authority has no proof at this time that there is fraud, then the first thing, order of business, is that we have placed or are in the process of placing procurement functions under the

[1] The letters submitted by General Becton appear in the Appendix on page 124.

chief procurement officer for the City. I think centralized functions here will provide a lot more scrutiny.

Senator BROWNBACK. When will that be completed by?

Ms. LADNER. I will have to get that information back to you, but it is in process now.

Senator BROWNBACK. So that, we will not have the situation where you can just have a procurement officer put it out on short-notice bids and then——

Ms. LADNER. Not at all, sir, because part of what happened with some of the change orders last summer was, if you recall, we were also in court dealing with Fire Code violations, and if the Fire Department went to inspect a site where a roof had been put on a building, even though all of these buildings had been inspected prior to the roof being put on, the judge ordered—gave a blanket order that all schools be reinspected, even though they had previously been cleared of Fire Code violations.

So that, a violation could be as small as—fix it within 5 minutes or it could be something major, but all of these were things that fed into the change order.

I do not think we are dealing here—I have seen no evidence that we are dealing with—what do they call it in the industry?—low-balling a figure of a roof at a considerably low level and then coming back with a change order in order to get the bid.

Senator BROWNBACK. There did not appear to be any low balls here to me.

Ms. LADNER. No.

Senator BROWNBACK. I am not positive of this, but——

Ms. LADNER. The point I am trying to make here is that there is—I have scrutinized these documents very carefully several times, and I did not see any evidence here or any of my other discussion with people in the school system that we were getting a lot of change orders. I think GAO found—was within the scope of about what? $3 million or so——

General BECTON. Yes.

Ms. LADNER [continuing]. Total change orders in what they examined, about $3 million. So that is not millions and millions. You would never want any change orders, but for a job of this size, I would not consider that amount to be out of the ordinary.

Senator BROWNBACK. Are you going to be pursuing this aggressively?

Ms. LADNER. Absolutely. We have had many—I mean, our staff have had many meetings with Mr. Cotton. I know Mr. Cotton from having heard his report. Our board has—we have had good working relations with him, and as I said, we met with him in executive session. I think that the allegations that are being made here today are a lot stronger than those we heard. So it has taken me a little by surprise.

Senator BROWNBACK. I think we have to pursue this aggressively, and we have to put the systems in place in the future you do not allow, as he describe, the opportunity to occur so freely and easily.

As you heard me pose to him, we were in an emergency type of situation. School was 3 weeks late in getting opened up. We were in a very difficult box, but at the same time, you can still maintain

systems that do not allow the opportunities as frequently or as easily for fraud to occur.

Ms. LADNER. I agree with you totally. Our view was that despite the emergency situation that it was still necessary to be able to document the files, and that it was not an either/or situation. I can reassure you that this kind of situation will not occur again.

We also made inquiries and were told that the files were being documented.

Senator BROWNBACK. General Becton.

General BECTON. Thank you, sir.

First, I have heard the extent of Mr. Cotton's remarks about the fraud for the first time. The report that I read, and the briefing I heard, said that the potential for fraud existed. I did not hear anything stronger than that until I sat here in this building today.

Change orders were less than 5 percent. I am told in industry, that is a natural thing. I am not an engineer, but that is what I have been told by our people.

We have relocated and reorganized our procurement unit, even before it goes over to the City. We did that sometime ago. We have a new director. We have five individuals with contracting experience.

The program offices have been briefed on procurement office procedures and we have stressed to them that only a contract officer can award a contract or authorize a change order. I believe we are taking the steps to preclude what I heard today may have been the case.

Senator BROWNBACK. And we will be following up with you on those systems approach and the changes of systems.

General Becton, this fall, school will start on time?

General BECTON. School will start on September 1. I have every expectation of that. There has been some discussion that DCPS should go with the rest of the area, and wait until after Labor Day to begin the new school year. In my view, if I were to authorize beginning school after Labor Day, I may just as well leave town.

Ms. LADNER. I think so.

Senator BROWNBACK. September 1?

General BECTON. September 1. And by the way, that date was picked by the elected School Board when it announced the 5-year plan about 3 years ago.

Senator BROWNBACK. Are there any factors out there that loom that may put that date off for——

General BECTON. The only reason, sir, that we were 3 weeks late before, was because we had a judge who said we cannot open schools at the same time we were replacing roofs. That is the only reason we were late.

Senator BROWNBACK. But you do not have that sort of circumstance——

General BECTON. We do not have a judge this time.

Senator BROWNBACK. Right. You do not know who files lawsuits when; that they might allege something, somewhere, but you do not know of any circumstances that exist to date that would draw that opening date past——

General BECTON. I do not know of any circumstances that exist.

Senator BROWNBACK [continuing]. September 1?

General BECTON. September 1 is the date that was selected, and we will be opening our schools on September 1.

Senator BROWNBACK. You are going to have a heavy load this summer, too. Apparently, you are going to have 15,000 to 20,000, did you say, students?

General BECTON. That is correct.

Senator BROWNBACK. And these are students that have not passed—that you are not passing for social reasons, and so they have to take summer school or——

General BECTON. I am not saying for social reasons.

Ms. LADNER. Those are for academic reasons.

General BECTON. If you do not mind, I will let Arlene answer, please.

Ms. ACKERMAN. Actually, it is a combination. We will not know until we administer the test in the spring—but we know we have a substantial number of students who are scoring below basic in either reading and math or in both reading and math. What we are trying to provide in the summer school is an opportunity for all of those students to sharpen those skills.

Senator BROWNBACK. OK. An opportunity or a requirement?

Ms. ACKERMAN. A requirement for some, an opportunity for others who will be passed on. What we are trying to do is use summer school as an intervention strategy for students who have shown us that they need remediation in either one or the other of these two core subject areas.

For many of our students, about 12,000 students, they will be going as a requirement because they have scored below basic in both reading and mathematics.

Senator BROWNBACK. At what level? Is this throughout public education or which students?

Ms. ACKERMAN. It is grades 1 through 11, and 12th graders can go for Carnegie units.

Senator BROWNBACK. So you anticipate you will have approximately 12,000 students that will be required to attend summer sessions?

Ms. ACKERMAN. And that is based on last spring's test scores which, by the way, are really baseline scores. It is the first time we had administered that test system-wide.

Given the strategies that we have already put in place to improve student performance, I do not anticipate that we will have that many, but we have planned for up to 20,000 children, based on last spring's results.

Senator BROWNBACK. Let me turn your attention to these test results, of which I am certain all of you were concerned at the low performance level that existed, and, particularly, the two high schools that did not have a single student in the 10th-grade scoring at math competency. I thought it was appalling.

Now, are these what you anticipated to date, and where can we see these numbers going to in the spring and next year?

Ms. ACKERMAN. I would anticipate that you will see the numbers of students who are scoring below basic to decrease, the number of students who are scoring at basic to increase, and the number of students scoring at proficient and advanced levels also to increase.

We have really focused our attention this year in all of our schools on academic achievement. All of our schools have school improvement plans. We have identified our students who are scoring below basic in reading and math. We have put in place after school, before school and in-school, tutoring programs. We have focused our corporate and community partners on reading. So there are major strategies that we have put in place that I think will improve these test scores this spring. I am confident that will happen.

Senator BROWNBACK. What are your objectives for these test changes this year, this spring? What are you saying? What is your objective for getting these results improved?

Ms. ACKERMAN. Well, the objective is that every school will show improvement in these scores.

Senator BROWNBACK. How much improvement?

Ms. ACKERMAN. What we have said is that all schools must show improvement for our students. In our schools where chronic underachievement has been a problem, there is a problem, they have a 10-percent target that they must meet.

There are 23 schools of those schools that are in—we call them targeted assistance schools. These are schools that have shown us some real serious deficiencies in terms of student achievement, and we did put in place a target for them.

Senator BROWNBACK. For instance, the two high schools that had zero students scoring at basic level in math at the 10th grade, what is the objective, the stated objective for that high school performance measures?

Ms. ACKERMAN. We have met with all of our schools. Based on those meetings and the test scores, we have identified now a new set of schools that we know need extra assistance. We have identified them as new targeted assistance schools. We are working with those schools, and to develop plans for improvement for each of them. We are putting in, again, strategies to help these students improve. We are putting more staff in these schools, and we are providing targeted professional development for these teachers.

Senator BROWNBACK. I understand the general, but I want you to take me through specifically what is the objective for those——

Ms. ACKERMAN. The objective is that they will——

Senator BROWNBACK [continuing]. Two high schools, and what is the specific plan of how we get there.

Ms. ACKERMAN. I believe that you have to look at this on multiple levels. You have to provide professional development. You have to have an instructional program that is tailored to meet the needs of those students who are scoring below basic, and then you have to set some targets for performance. At this time, our targets for the targeted assistance schools are 10 percent.

This new set of schools was just identified this year.

Senator BROWNBACK. Let me be specific with that. Then those two high schools that had zero math competence, math at basic competency levels, your objective this spring is for them to have 10 percent of their students at basic math grade level?

Ms. ACKERMAN. No. Our objective for our targeted assistance schools is that they will improve their overall test scores by 10 percent.

Senator BROWNBACK. So everybody's test scores will go up 10 percent.

Ms. ACKERMAN. We are looking at the overall scores, in those schools; the overall school scores should improve by 10 percent.

Senator BROWNBACK. What happens if they do not?

Ms. ACKERMAN. For those schools that were newly identified—and those two high schools were not in the original cohort of schools—they have 2 years to improve. All schools get 2 years to improve. The 23 schools that were identified last year will be reviewed at the end of this spring as targeted assistance schools. They must show improvement at the end of this school year or they will be reconstituted.

Those schools that have been newly identified have 2 years or two test score periods to improve, counting this year and next June. The two high schools you mentioned are in the second group. They are receiving major interventions now.

Senator BROWNBACK. So that, if those test results do not go up this year——

Ms. ACKERMAN. We will look at reconstitution for those schools, the first 23. We will be looking at those schools.

Senator BROWNBACK. When you say reconstitution——

Ms. ACKERMAN. It means starting over again, looking at those schools, identifying new staff, new principals, and starting over with research-based design models that have proven track records for student achievement.

Senator BROWNBACK. So that some of the principals may be removed if these test results do not go up?

Ms. ACKERMAN. In those schools, yes. The entire staff will have to reapply for their jobs. The whole schools will be emptied out.

Senator BROWNBACK. I am a little concerned, if I understand this correctly. You are saying 2 years to improve 10 percent. Is that correct?

Ms. ACKERMAN. Each year.

Senator BROWNBACK. Each year, 10 percent.

Ms. ACKERMAN. Right.

Senator BROWNBACK. So we are up 20 percent——

Ms. ACKERMAN. Right.

Senator BROWNBACK [continuing]. Over 2 years.

Ms. ACKERMAN. That is a minimum.

Senator BROWNBACK. That seems a minimum to me. In looking at these results, if you have got these up 20 percent, we are still not at national averages, and we are doing that over a period of 2 years——

Ms. ACKERMAN. Right.

Senator BROWNBACK [continuing]. And that does not seem to me to be fair to the D.C. Schools.

Ms. ACKERMAN. Given the fact that we——

Senator BROWNBACK. Why not set a higher target and a stronger objective for them?

Ms. ACKERMAN. I do think you have to set a reasonable target, and I think, given the fact that school did not open on-time, given the fact that basic infrastructures were not in place, that if you look at what other districts are doing, what we are doing is reasonable. In fact, if you look at Chicago, they have not set targets at

all. They have only said that schools have to improve. We have set targets that schools have to improve by a certain amount, especially the schools where we have expressed some real concern.

I think that we have to put in place some infrastructures that were not there in the past. We did not have system-wide standards. We did not have alignment between the standard and the curriculum. Last spring was the first time we had given this test (the Standford–9 Achievement Test). Before that, we had used the same test for the period of 9 years, so we were not even getting good data.

We did not provide professional development for teachers, and require them to go. With all of those things we are now putting in place, I think that we can then begin to set the targets higher, but this year, it was at 10 percent, given all of those factors for those schools that we have identified as needing immediate support.

Senator BROWNBACK. If a student does not score at basic competency level, then will they be required to go to summer——

Ms. ACKERMAN. If they score below basic, in reading and mathematics, they have to go to summer school.

Senator BROWNBACK. And this is 1st through 11th grades?

Ms. ACKERMAN. For 1st through 11th.

Senator BROWNBACK. Well, I would urge you to up the goal. Maybe it is because I have kids that this seems so precious and so important and so critical that it happens in a timely manner.

I realize we can all talk about, well, a year, 2 years, these things will happen, but, my goodness, I mean, each of those children, each year they peg through the system, if they do not get it now, they are not going to get it.

Ms. ACKERMAN. Well, Mr. Chairman, I want you to know that I have spent 29 years as a teacher and in education. It is my life. And I certainly do understand setting clear expectations and high expectations.

I do, though, need to tell you, in the 29 years that I have been in this business, I have never seen a system so broken. You have to put in place those infrastructures that I talked about—both the personnel and the financial management systems to support schools and what we are putting in place on the academic side. I believe there are reasonable expectations to start, and I believe that we can ratchet the standards higher in the future.

Senator BROWNBACK. I do not think you are fast enough. I really do not. This is not good enough for us as a nation. Look at the number, 61 percent of our 10th graders are not scoring at math competency in the Nation.

Ms. ACKERMAN. I did not say I was satisfied with that. I do, though, believe we have a clear plan for improvement.

Senator BROWNBACK. Well, I understand that, but you had basically said that then—General Becton, you have been on board since September of when?

General BECTON. Sixteen months. I came in November 1996.

Senator BROWNBACK. November 1996. That was 2 years from now——

General BECTON. No, that is not what—I do not think she said that, sir.

Senator BROWNBACK. OK. Then I want to get it straight what we are saying.

General BECTON. The targeted assistance schools for the 2 years that——

Ms. ACKERMAN. Right. Those schools——

Senator BROWNBACK. Wait. Let me make my question clearer.

Ms. ACKERMAN. OK.

Senator BROWNBACK. At what point in time will we be at national—at basically, roughly national levels on math and reading in the D.C. Public Schools?

Ms. ACKERMAN. My goal is to have that within the next 3 years, but I think it depends upon the grade level.

At our 1st grade, we start at the national average. So we are already there. We would have to look at it grade by grade, and at some grade levels, we are certainly closer to that than others.

Given this very clear focus on student achievement, I think you will see us get there in some grades a lot quicker because we are closer to the national average. As I said, at the 1st grade, we are there. I think you will see us improve at every level.

Senator BROWNBACK. So, 3 years from now, we will be at the national average?

Ms. ACKERMAN. My goal is to get us there within that 3-year period, by the year 2000.

Senator BROWNBACK. General Becton, you will have been on board then 4 years and some months and we will get to the national average at that point.

General BECTON. Not really because we go away June of 2000. We have until the year 2000, June, before we turn it back over to the elected officials.

Senator BROWNBACK. So we do not even have a plan while you are in office for us to get to national averages.

General BECTON. Sir, I do not have the numbers in front of me, but we can get the numbers for you.

We are a member of the 50 urban area schools. You will not find any, to the best of my knowledge, of those 50 urban schools that are at the national average. We are trying to be a model. We are all working towards that goal, but when you have kids in the 10th and 11th grades who have had a social promotion, who can graduate as they did last year and read at the 6th-grade level with a diploma in their hand, it is going to take more than 2 years to get that child up to speed.

Senator BROWNBACK. But we do not even have a plan in place to get us to national average, and I realize what you are talking about.

General BECTON. We do have a plan.

Senator BROWNBACK. Well, no, you are saying you go out of existence by 2000, and we are not going to get there for 3 years yet from this point.

Ms. ACKERMAN. No, we have a very clear academic plan that included standards, professional development, and clear guidelines for promotion. It is very clear.

Senator BROWNBACK. Let me put it one other way, then.

Ms. ACKERMAN. OK

Senator BROWNBACK. Will we be at national average by the time General Becton's job has concluded?

Ms. ACKERMAN. That is our goal.

Senator BROWNBACK. Thank you. I will accept that.

We have got to do this, and I know I am haranguing on you, General Becton. It is just that this is tough——

General BECTON. But I would like to have the necessary time to——

Senator BROWNBACK [continuing]. And we need to set that objective. If we do not set that objective, we will never hit it.

General BECTON. Can we have time to explain the plan that Arlene has? I do not think this is the place to do it, but we would be more than happy to set down and go over, step by step, how we propose to do it.

Ms. ACKERMAN. And, Mr. Chairman, I would like to say that being at national average would not be my ultimate goal. It would be above the national average——

Senator BROWNBACK. Absolutely.

Ms. ACKERMAN [continuing]. Because I would like to see us exemplary.

Senator BROWNBACK. Absolutely.

Ms. ACKERMAN. And exemplary is above the national average.

Senator BROWNBACK. And that is what has concerned me about this dialogue here, I did not think we really were even looking at trying to and setting that as a goal. I realize you set that as a goal and if you do not make it people say you fail, but if you do not even set it as a goal, we are not going to get anywhere close to it. You have got to set that.

Ms. ACKERMAN. The new vision is to be exemplary. You cannot be exemplary if you are just average.

Senator BROWNBACK. And we have got to have the plan to do that. Dr. Ladner.

Ms. LADNER. I was simply going to say that we should separate the two issues here. One is that when the emergency—state of emergency was declared in the schools, the financial authority set a sunset provision, so that these schools would in 2½ years return back over to the elected school board and so on, but the second factor here is that the education of the children and the goals that are set by the educators will continue, and we are not placing some timetable on—or at least these two factors are not consistent.

I am not saying that we are going to stop making the progress when General Becton leaves. We are saying that what we brought the emergency team in to do was to do the turnaround, fix what Ms. Ackerman just called the most irretrievably broken—I used "irretrievable" as my term—broken system that she has worked in for 29 years, and do all those things for it that will lay the groundwork so that the progress can be made rapid and continuous. We fully expect that to continue no matter who is at the help of the schools.

I would think that this community would demand, after General Becton's team is no longer there, accountability from a top-ranked educator who will continue to make sure that we become an exemplary school.

Senator BROWNBACK. Well, thank you. I will look forward to meeting with you, Ms. Ackerman, to talk about this. Since we met

the first time around, I have continued to be very concerned about the lack of performance taking place, and I do not think we are moving rapidly enough, and I hope that you feel similarly that we have to move more rapidly not only in the academic results, and we have not talked to General Becton today, but also about the safety issues within the schools.

Actually, do you have a comment about how that has occurred here lately?

General BECTON. Yes, I have.

Senator BROWNBACK. Because the numbers that I cited are very troubling as well.

General BECTON. The data we have shows that reports of violent crimes in the categories of simple assault, sexual assault, and fighting have increased over the past 2 years, while reports of assaults with a deadly weapon have occurred at about the same rate.[1]

However, there are two factors that impact these numbers. First, as an administration, we have said to school staff that all incidents must be reported. In the past, I think we can clearly show that some principals did not report incidents in their schools because they believed those reports would "look bad" on their records. This is no longer the case. Therefore, while more incidents are being reported, it does not necessarily follow that more incidents are occurring.

In addition, as you know, we installed new metal detectors in many of our schools during this period. Previously, schools did not have metal detectors or the metal detectors did not work well. This new security technology is helping us to pick up weapons that previously may have gotten into the schools unnoticed. Therefore, our numbers for weapons possession have gone up over the period. However, I view this as positive indication that our methods of identifying weapons and confiscating them are working.

Over the past 2 years, by increasing incident reporting rates and enhancing technology, we have essentially established a legitimate baseline for security. It is my hope and expectation that we will see a decrease from that baseline in the coming years.

Senator BROWNBACK. The figures I have show a huge number of violent incidences taking place, 1,600, I think that we had reported.

General BECTON. I do not recognize that number, except the 1,600 I remember was Fire Code abated, but that is not what you are talking about.

We have 197 knives, 8 cans of pepper spray, firearms, those things that we have identified specifically, and we can give you a chart of all of those kinds of weapons that we have identified.[2]

Senator BROWNBACK. Good, because the students and the teachers have to feel safe, as you noted previously.

General BECTON. I understand that clearly.

Senator BROWNBACK. Well, thank you. There will be a continued review in the U.S. Senate on D.C. Public Schools. You have seen various different proposals come forward from Senator Lieberman

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[1] Letter from General Becton appears in the Appendix on page 134.
[2] Chart referred to appears in the Appendix on page 133.

and myself on charter schools and their expansion, and on vouchers for low-income parents.

I know that there had been a private voucher program where 1,000 voucher scholarships were offered, and this is according to an article today in the *Washington Post*. Over 7,500 applicants, about a tenth of the total of Public School enrollment, enrolled for those, and we will see those efforts continue as we try to provide additional options, and I would like to think competition, too, for you that will help further spur on growth and improvement in those test results because that is what we are all after.

General BECTON. We encourage charter schools because they do bring about competition.

Senator BROWNBACK. I hope you will encourage vouchers, too, here sometime, General Becton. You and I have been around about that a few times.

General BECTON. Why don't we have a referendum for the City, let them figure it out?

Senator BROWNBACK. Well, it seems like 7,500 parents have sure voted here on these scholarships, but I appreciate your input.

I hope we can meet. I am glad that you have set a goal to at least get at national standards by the year 2000 because I think we have to at least do that, and we should do much, much better.

Thank you very much.

General BECTON. Thank you, sir.

Senator BROWNBACK. Our final panel presentation will be a parent of D.C. Public School students. Taalib-Din Uqdah is the presenter, and we would welcome you to the panel.

Mr. Uqdah, thank you very much for joining us today.

TESTIMONY OF TAALIB-DIN UQDAH, PARENT OF D.C. PUBLIC SCHOOL STUDENTS

Mr. UQDAH. Yes, sir. I thank you for having me here as well. I would like to at least take a few minutes to introduce myself to you. I do not come with any commas behind my name. So I am not a bureaucratic official. However, I am a businessman here in the District of Columbia. I have been self-employed for at least the last 24 years.

I am 45 years old, and I am a native Washingtonian. I am also the custodial parent of my niece who is a 1st grader, 6 years old, and my nephew, who is a 6th grader, 11 years old, at Shepherd Elementary School here in the District of Columbia.

I think the greatest distinction that I have in sitting before you is that I am a product of the D.C. Public School system. So I am able to testify as an expert witness, as it were, on what I knew the system to be.

I considered the system at that particular time to be a success, and I am basing that on my own personal success as a businessman here in the District of Columbia. I did not go past the 12th grade. I graduated from Eastern High School in 1970. However, I do feel that my education in the District of Columbia prepared me for life.

My business, I started with $500 and a 4-year lease on someone else's building. Today, I employ 14 people. I own my own building that has a value of over $400,000, even in a bad market, and I

have consistently grossed nearly a half-a-million dollars a year for the last 10 of the 18 years that I have been in this business in particular.

The bottom line is, sir, that I am not a burden on society. I do, however, have to advise this Subcommittee, or at least advise you, that what was the norm for me is no longer the case.

I do not like what is happening today, nor do I feel the confidence in the present system to educate my two children.

Despite my own parents' constant insistence that I personally attend college, I chose not to do so. In fact, everything that I learned within the D.C. Public School system, I actually learned by the time I had finished junior high school because I went to a progressive junior high school at that time where they were giving us progressive college preparatory courses. So, by the time I went to high school, all I had was the same books, but just different teachers. At that particular time, the system did not have a high school to move us on to the next level.

We did not have the luxury of a Banniker High School or a Duke Ellington, which are a couple of the schools in the District of Columbia that have been set aside for students that have high academic achievement or to achieve higher levels of excellence in the arts.

However, we were truly like the generations having preceded us in that we were the children our parents were raising in order to save America. Now I find that we have to raise the consciousness of America in order to save our children.

I believe within the present Public School system, there is a lack of commitment, compassion, professionalism, and a general feeling of distrust amongst for and towards administrators. The D.C. Public School system has no connection with reality, no connections with the day-to-day struggles we make as parents, willing to sacrifice everything for the education of our children. Even if they do not appreciate it, it is what we must do or regret later not having done it.

Those impositions to make decisions in the best interest of the students and their parents do not. They have made them in the best interest of the administration, choosing instead to protect the system and their employment status within it, not to rock the boat or the proverbial apple cart that they do not want to upset. That is why PTA meetings are held only once a month, on a week night at the most inopportune time for parents, with single parents bringing up a child or children alone, where parents with children at two or three different schools or grade levels find it impossible to participate at all, where information is scarce, sporadic, and in many cases slow in coming, if at all.

I, like many parents, believe it is by design. For the less we know, the less likely it is that the natives will become restless. So important telephone numbers that we need to know as parents, numbers that will help us through the system's bureaucratic maze, is a well-kept secret, doled out if at all once a year at a strategic PTA meeting and not printed for all of us to know and understand the process, where policies and rules are learned on an incidental or need-to-know basis, but not common knowledge amongst the majority of parents.

This is why our present Public School system is experimental with a heavy emphasis on socialization and not academics, with a grading system of proficient and in process and not the typical alphanumeric system we are accustomed to.

This is why the focus of attention is now on test and testing procedures and not a comprehensive knowledge-based approach. Teachers have been threatened with termination, non-promotion, or some form of discipline should their charges fail to perform adequately on the upcoming performance test in April. So the focus on educating children, is not what we can teach them, but how can we prepare them to pass the test.

This is why today's administrative educators will support a pre–K and Kindergarten curriculum of inventive spelling, allowing children to purposely misspell words in order not to stifle their creative writing skills, or while within the D.C. Public School system, emphasis is not placed on reading until the 1st grade where students are expected to read, but they are not taught in the pre–K or Kindergarten curriculums, and phonics is not only discouraged as a learning tool, but with many experienced teachers, snuck into the curriculum.

This is why when you bring these concerns to teachers and administrators, they defend or make excuses for the present system, rather than embrace your recommendations or suggestions. They leave you feeling that your way is the old way, and it really did not work for you. You only think it did.

These new methods are now considered to be not the best way, but the way, and if you do not like it, perhaps you should put your child in a private school, as my wife was instructed to do by one of Amber's pre–K teachers, but the truth of the matter is, it has not only become the best way because someone has invested hundreds of thousands of dollars in making it that way, and now that they are reaping the rewards of that investment, all the reports, all the studies, and all the surveys done by public and private companies who have a vested interest in selling their teaching methods to a beleaguered public system like ours have shown that this is now the best way to educate our children and we buy into it blindly.

Administrators know it is experimental. Parents think their children are being educated, not experimented upon, but we are stuck with it. The administration first becomes defensive, then committed to it, not because it is the best, but because they own it.

Now the onus is put on us as parents to act as teachers, and the schools only reinforce what we provide, when my understanding and those of others has always been that the system would educate our children and we as parents would only reinforce what they have acquired during the course of the day. Everything has now been turned around.

Our children have become business decisions, a brokered commodity to be traded on the open market for poverty and ignorance, hopelessness and despair, drug addiction and nonperformance, vegetative states of ignorance and walking social misfits, for the latest in designer fashion, hip-hop culture, and various doses of entertainment drugs, be it cocaine and marijuana or hard stuff like sports television, video, video games, etc.

So what do we do? I have made certain recommendations, for example, that we require uniforms for pre–K through 12th grade, but with a different approach. Let the kids design the uniforms. Let them travel to the Carolinas and pick out the fabric, set the production schedules, the shows to display their wares, the accounting system to bill parents who cannot afford the cost of uniforms. The students can set a Goodwill-type store that take clothing in for younger children or graduates who have outgrown the clothes, set up embroidery machines for children who may want uniforms with a personal touch. They will learn by doing.

And I have made other recommendations as well. In the interest of time, I will not repeat them.

However, if we can only find someone in this system with half a brain, recommendations like these would work, and the same could be said of any of the other trade services or retail industries in America. It would encourage kids to go to college who want more out of life, and for those who do not, what is the worst that will happen? They will have an experience of a lifetime and a skill they can take anywhere in the world and earn a living. It is a win-win situation for everyone. It does not reduce or diminish academics. In fact, I would submit to you that it only enhances it. It makes academics practical. It can teach math, history, science, economics, and English all at once. It makes education exciting for young minds.

We can then walk away from this process and know that we have done the best for our children to prepare for the coming century; that, if nothing else, we have created individuals who may or may not be high academic achievers, but the one thing they are not is a burden on society, and isn't that what it is all about?

I thank you, and if you have any questions, I would be glad to answer.

Senator BROWNBACK. Thank you, Mr. Uqdah, for your testimony.

You have two children in the D.C. Public Schools?

Mr. UQDAH. Yes, I do.

Senator BROWNBACK. What grades are they in?

Mr. UQDAH. First and 6th.

Senator BROWNBACK. And your 6th grader has been in the D.C. Schools the whole way?

Mr. UQDAH. He has actually been in since the 3rd grade. He came down from Providence, Rhode Island, after 1st and 2nd grade.

Senator BROWNBACK. So he has been in the school system for 3 years, then?

Mr. UQDAH. Well, this is his fourth year.

Senator BROWNBACK. Going on the fourth year?

Mr. UQDAH. Yes, sir.

Senator BROWNBACK. Does he feel safe in the school?

Mr. UQDAH. Safe, I would tell you yes.

Senator BROWNBACK. Does your daughter feel safe in the 1st grade?

Mr. UQDAH. Safety at this particular school is not a major issue.

I have questioned some of the disciplinary actions in which the principal has taken whenever there have been physical altercations which have taken place in the school.

I quite honestly do not know what the policy is on any force or any discipline problems, and you only really find out what they are at the point that the discipline is either meted out or the point the altercation actually occurs, but Shepherd is not a school that is equipped, nor do I feel it needs to be equipped, with metal detectors or anything of that nature.

It does have a security guard that is posted at the school from at least 8:30 in the morning until close of school in the evening.

Senator BROWNBACK. What if you were offered the option of a private school voucher? Do you think that is a good proposal or not?

Mr. UQDAH. Without question. And if I could, I would like to at least elaborate on it for a moment.

Senator BROWNBACK. Please.

Mr. UQDAH. Prior to school vouchers being somewhat popular in today's political vernacular, I only recognized it as poor quality of education and being a tax-paying citizen who pays more than my fair share of taxes by virtue of the fact that I am a businessman in addition to being a homeowner and a D.C. resident. I felt as though the education system was not providing the type of education for my children that I felt would be commensurate with the amount of taxes that I was paying. So I have always looked for a way to be able to improve that by having an option, as you are saying, to be able to put them in a private school.

Here lately, I have learned that what I have attempted to do is known as a school voucher. I just quite honestly did not have that type of definition for what I was looking to do within the D.C. Government, period, and I have testified before the City Council on this very thing, but I was not calling it a school voucher. I was only looking for a better way to have my tax dollars spent on education.

Senator BROWNBACK. Let me ask you, as a parent, you talked about the inability or the difficulty of being able to get the necessary telephone numbers to contact people and the PTA meetings not being regularly called. What are your avenues to express your ideas within the D.C. Public Schools?

Mr. UQDAH. Forums like this, me calling up one of the parents of another classmate or they calling me. We are just kind of bouncing things off of each other.

I did not come here with any illusions that my testimony was going to make a difference. Quite honestly, with you, I believe that I am only here to hear myself talk. I do not think that anything that I am saying before you or any of the administrators or the principals or the teachers who I have talked to for years about these problems are really going to make a difference.

Senator BROWNBACK. What do they say to you?

Mr. UQDAH. For the most part, based on personal conversations that I have had with them, I feel comfortable in telling you that there are going to be many parents, including myself, that plan on putting one, if not both of their children, in private school next year, whether there are vouchers or not.

Senator BROWNBACK. But tell me what do the administrators and the teachers say to you when you express the sort of concerns——

Mr. UQDAH. Well, basically, what they do is they tell me that that was the old way; that there are new systems now in place.

I mean, this whole idea of inventive spelling, I have never heard to that. That is the most ridiculous thing I have ever heard of.

Or, when my children come home with a report card and the grade is "proficient" or "in process," I mean, what does that mean? I do not even know what that means. So I go in with questions, but I come away feeling as if I do not have any answers. So I continue to beat away at this process, and I do that by calling up private schools and asking them to send me applications for their schools, to allow me to come by and visit, because I am at the end. I do not know what else to do.

There have been at least two moves in the District of Columbia to pass vouchers. My only objections to the vouchers as this Congress has tried to pass them is that they have only been limited to poor people. I have got a big problem with that—not you personally, but what is being suggested is that I go out and become homeless, and then all of these things will be available to me, and that is not the way the system should work.

Yes, it is going to be a sacrifice for me and other parents to be able to afford to send our children to private school, but it is a sacrifice that we are willing to make. I have talked to other parents, and they feel the same way.

I have been warned, as it were, not to bash the District of Columbia, but you cannot bash anything that is already broken. Bashing something is if I go out to your brand-new car and I hit it with a baseball bat, but if you have already got a dent in it, there is nothing I can do to make it any worse.

So, when I hear people make certain comments, when I read in the paper that retired general has now quit—he has got close to $200,000 of my money, and he quit whining because he could not get my support. He quit because he could not get public support, but he walked away with his salary, a $30,000 signing bonus, and a $38,000 performance bonus? That is ridiculous. That is what has got me down here. That is what has got me intense about this.

I am not angry. I am just intense because it is not making any sense to me, because I have to go back home and I have to look my two children in the eye and try to explain to them why it is that I am down here testifying before a Senate committee about their education.

What bothers me is I am a product of this very system, and I did not turn out so bad. There is no number in front of my chest. I am not a member of any penal institution. I do not have a police record, but I graduated from these same schools. I had a skills class that taught me how to take notes. I do not see that in the system anymore.

I mean, how do you have a system that requires a 1st grader to know how to read, but they are not taught how to read in pre–K or Kindergarten?

They have got a system in pre–K and Kindergarten now that requires the teacher, requires them under the academic system, to set aside 2 hours for socialization. Well, I am not sending my children to school for a United Nations experience. They can get that at home. That is why I have neighbors. That is why they have classmates, where they can go for a socialization process. I do not want my child off in a corner somewhere taking—in a kitchen pre-

tending like she is cooking. She has got a kitchen at home. I am not sending her to school for that. I am sending her to school to learn, and that it is my responsibility as a parent to reinforce whatever it is she has learned when she comes home, but when she comes home, she brings home assignments by example, where she is learning how to tell time. She is learning right now the hour time and the half-hour time. I see the process that the teacher is beginning to take her through, and then she comes home and she is learning 5, 10, 15, 20, 25, 30. It is like a rhyme for children. I certainly remember it.

But then the next time she comes home, she is learning coins. So I go to the teacher and I ask her what is happening here. She was learning time 1 day and coins the next day. What I am finding out is these teachers—her teacher like many other teachers have a curriculum that they have to get through in order to deal with this test by April. So, if they have a list of 40 things that they have to do, they want to be able to say to their principal, "I did those 40 things," whether or not the student learned anything. That is not important. That is not the issue. The issue is, "Did you get through these 40 things?" "Yes, I did," and that is the problem that I am having.

I would rather for my child to learn 25 of those things adequately, proficiently, and know it backwards and forward, ready to move on to the next grade level, than to know that 40 items have been covered simply so that she can do better on this test. That is the problem.

Senator BROWNBACK. I wish the school officials had stayed here to hear you testify.

Mr. UQDAH. Now it is a feel-good process. I understand that. I know why the room cleared out.

Senator BROWNBACK. Well, it may be for you, but I wish that they had been here to hear it, and I hope there are some people here from the schools that can hear that testimony that you are putting forward because I think a lot of it makes a lot of sense that you are putting forward. Thank you for coming in.

Mr. UQDAH. Thank you for having me, sir.

Senator BROWNBACK. You give us your views from somebody that is a parent in the system, and I think as you can detect from where we are at today, we are trying to get the system improving in a quick order and trying to get it better for your kids before they graduate through it in a system that in many respects is far more harmful to them than it is helpful.

Mr. UQDAH. Yes, sir.

Senator BROWNBACK. We are trying to change that.

Mr. UQDAH. I hope so.

Senator BROWNBACK. Thank you very much for joining us. Thank you all for joining us.

The hearing is adjourned.

[Whereupon, at 3:01 p.m., the Subcommittee was adjourned.]

APPENDIX

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia Committee on Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at
1 p.m.
Monday,
March 9, 1998

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

Availability of Funds and the Cost of FY 1997 Roof Projects

Statement of Gloria L. Jarmon
Director
Health, Education, and Human Services Accounting and Financial Management Issues
Accounting and Information Management Division

GAO/T-AIMD-98-95

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss the results of our review of the District of Columbia Public Schools' (DCPS) efforts to repair school roofs during the summer of 1997. You indicated that your Subcommittee had received widely varying information on the cost of the roof repair work ranging from $11 to $19 per square foot, and that there were divergent views on when funds were available to do that work, ranging from as early as April 1997 to July 1997. Consistent with your request, we focused on when funds were available to pay for the roof work and the cost, including the cost per square foot, of the work completed in fiscal year 1997. These issues are discussed in greater detail in our report, which is being issued today to the Subcommittee.[1]

My statement today covers three points:

- when funds were made available to pay for roof repairs;
- the cost of the roof repairs, including the cost per square foot; and
- additional roofs to be repaired in fiscal year 1998 and beyond.

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[1]District of Columbia Public Schools: Availability of Funds and the Cost of the FY 1997 Roof Projects (GAO/AIMD-98-82, March 9, 1998).

BACKGROUND

Roof repairs were done at 61 D.C. schools during fiscal year 1997. The General Services Administration (GSA) managed the work at 10 schools and DCPS at 51 schools. The majority of District public schools were built over 50 years ago, generally have not been well maintained, and, consequently, substantial deferred maintenance existed. In addition, concerns about safety and problems with leaky school roofs have been widely reported. We and others have documented the less-than-adequate condition of the District's public schools in several reports.[2]

AVAILABILITY OF FUNDS

Sufficient funding was available to begin roof work when schools were closed for the summer on June 20, 1997. Bond proceeds of $11.5 million that became available in October 1996 were being used to fund the GSA-managed work. Additional funds later became available for the DCPS-managed work: $18 million in March 1997 and an additional $20 million in June 1997. Thus, when D.C. schools closed for the summer, at least $38 million was available for DCPS-managed roof repairs.

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[2]School Facilities: Condition of America's Schools (GAO/HEHS-95-61, Feb. 1, 1995); School Facilities: America's Schools Report Differing Conditions (GAO/HEHS-96-103, June 14, 1996); School Facilities: Profiles of School Condition by State (GAO/HEHS-96-148, June 24, 1996); District of Columbia Draft Emergency Supplemental Funding Request for District of Columbia Public Schools (GAO/HEHS-97-116R, May 5, 1997); and GSA's study, Determination and Prioritization of the District of Columbia: Public Schools Projects (February 18, 1997).

Although these funds were available when schools closed, the DCPS-managed roof work was delayed to the third week of July. DCPS was not prepared to start making repairs immediately because it had not completed sufficient initial work, such as determining the scope of work on individual projects that forms the basis for seeking bids. One reason for DCPS not being prepared to start work was the almost complete turnover in technical capital project staff during the school year. Also, work was delayed because of difficulties in securing bids. DCPS told us that at the time the long-range plan was submitted in February 1997, it expected to complete roof work by the end of October 1997 but accelerated it in response to a court order that roof work not be done while classes were in session. Consequently, the work was accomplished under a highly compressed schedule.

COST OF REPAIRS

Our review showed that DCPS spent about $37 million for roof replacement/repair in fiscal year 1997. This cost included an extensive amount of work to ensure that facilities were structurally sound and watertight. A significant, but not determinable, amount of these costs was attributable to factors other than what would be strictly interpreted as roof replacement/repair work. Among these were structural integrity, fire damage, the general deterioration from deferred maintenance, and warranty stipulations. Extensive work was performed to repair and replace masonry, cornices, flashing, and coping and to

clean drains. As a result, the costs were higher than what would have been incurred for roofing work only.

DCPS had initially budgeted $22 million for roof work, which according to DCPS officials, did not address the complexity of the roof areas and other issues. Subsequently, based on the detailed evaluations done at the individual schools as a basis for contracting for work during fiscal year 1997, the aggregate cost estimates--which we understood considered the relevant factors--was $31.7 million. The contracts for work at 54 of the 61 schools totaled about $32.7 million. Work on the remaining seven schools was done primarily by DCPS in-house maintenance staff. As of February 4, 1998, DCPS had provided us with change orders totaling about $2 million for the 54 schools, which brings the total repair costs reported to date to about $34.7 million. In addition, DCPS incurred about $2 million for consulting, contract administration, and construction management fees.

Considering the costs for all the work involved, the average per square foot cost was about $20. For GSA-managed contracts, the average cost per square foot was about $13 whereas, for DCPS-managed contracts, the average cost per square foot was about $22. DCPS officials attributed the higher square-foot costs of their contracts to extensive roof-related work that was required to achieve sound facilities. Also, GSA issued task orders against its existing contracts and did not have to seek bids when the market was saturated with roof work, its projects were done over longer time frames and required

less overtime pay, and its contracts covered only flat roof work whereas DCPS contracts covered multiple roof areas and materials, which are costlier.

The individual schools worked on by DCPS contractors had square foot costs ranging from $4.19 for Ketcham Elementary to $77.27 for Cook Elementary. The square foot cost for GSA-contracted work ranged from $10.10 for Shadd Elementary to $27.43 for Spingarn Gym. According to GSA, it encountered unusual conditions at Spingarn Gym because of fire damage, the installation of a new roof deck and supporting structures, and a significant amount of asbestos removed.

DCPS officials indicated that the wide range in per square-foot costs among schools resulted primarily from roof-related work. For example, less than 20 percent of Cook Elementary's total cost was related to roof replacement. Most of the cost was related to the repair of an ornamental cornice just below the roof level. The cornice had deteriorated, and portions of it were at risk of falling off; therefore, Cook was considered a major safety concern. In addition, the cornice had to be repaired from a crane. Further, DCPS officials stated that much work was done to repair the skylight and to repair coping with new stainless steel covering.

For MacFarland Junior High ($64.45), DCPS officials and engineering consultants stated that large amounts of masonry repair (repointing and replacement of broken brick), installation of metal panels on high parapet walls, and skylight repair were performed. In

addition, the flashing was repaired, the stone coping was replaced, and drains were cleaned.

Insufficient data exist to ascertain with any certainty the added cost associated with the degree of deferred maintenance encountered in this extensive project. Years of neglect and inadequate repair and maintenance practices all served to increase costs over what could be expected in well managed, adequately financed entities. Material suppliers would not provide or honor extended warranties unless prescribed roof-related and other preventive maintenance was completed concurrently with the roofing repairs or replacement. According to GSA, DCPS, and the architectural and engineering firm overseeing the work, these factors precluded a more economical solution to the school roofing project.

FUTURE ROOF WORK

For fiscal year 1998, the DCPS Capital Improvement Program budget indicates that about $35 million will be spent on 40 school-roof projects. DCPS has about $41.8 million to get an early start on these projects. DCPS has engaged an engineering consultant to (1) identify the scope of work and (2) develop cost estimates. DCPS informed us that as of November 3, 1997, they completed roof repair work on five schools for which the scope of work and cost estimates had been completed in fiscal year 1997. DCPS officials anticipate that roof repair work at the remaining 35 schools will begin in the spring and

will be completed during the 1998 summer recess. DCPS told us that as of February 27, 1998, the engineering consultant had inspected 26 of the remaining 35 school roofs and developed scope of work and cost estimates. According to DCPS officials, scope of work and cost estimates for the remaining 9 schools will be prepared some time in May 1998.

Currently, DCPS has 45 closed schools, which it intends to sell or lease. DCPS officials stated that they intend to use the proceeds from those schools to help finance fiscal year 1998 and later school projects. An additional $63 million for school roof repair or replacement is included in the DCPS Proposed Capital Improvement Program Plan for Fiscal Years 1999 to 2004.

Mr. Chairman, this concludes my statement. I will be happy to answer any questions that you or members of the Subcommittee may have.

(916249)

United States General Accounting Office

GAO

Report to the Chairman, Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Committee on Governmental Affairs, U.S. Senate

March 1998

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

Availability of Funds and the Cost of FY 1997 Roof Projects

GAO/AIMD-98-82

GAO

United States
General Accounting Office
Washington, D.C. 20548

Accounting and Information
Management Division

B-278471

March 9, 1998

The Honorable Sam Brownback
Chairman, Subcommittee on Oversight of
Government Management, Restructuring
and the District of Columbia
Committee on Governmental Affairs
United States Senate

Dear Mr. Chairman:

In a September 30, 1997, letter, you requested that we review the District of Columbia Public Schools' (DCPS) efforts to repair[1] school roofs during the summer of 1997. You indicated that your Subcommittee had received widely varying information on the cost of the roof repair work ranging from $11 to $19 per square foot, and that there were divergent views on when funds were available to do that work, ranging from as early as April 1997 to July 1997. Consistent with your request, we focused on the conflicting information presented to the Subcommittee on the availability of funds to pay for the roof work and the cost, including the cost per square foot, of the work completed in fiscal year 1997. This report also provides information on DCPS' plans for roof work during fiscal year 1998 and beyond.

This report contains technical terms concerning roofing structures and repairs, which are defined in the glossary at the end of this report. In addition, key events and related dates pertaining to the fiscal year 1997 roof repairs are in appendix I.

Background

The District of Columbia Public Schools' draft Long-Range Facilities Master Plan, dated July 17, 1997, states that the majority of District public schools were built over 50 years ago, generally have not been well maintained, and consequently, substantial deferred maintenance exists. In addition, concerns about safety and problems with leaky school roofs have been widely reported. We have documented the less-than-adequate condition of the District's public schools in several reports.[2] In 1992,

[1]As discussed in this report, roof work was done at 61 schools during fiscal year 1997.

[2]School Facilities: Condition of America's Schools (GAO/HEHS-95-61, Feb.1, 1995); School Facilities: America's Schools Report Differing Conditions (GAO/HEHS-96-103, June 14, 1996); School Facilities: Profiles of School Condition by State (GAO/HEHS-96-148, June 24, 1996); and District of Columbia Draft Emergency Supplemental Funding Request for District of Columbia Public Schools (GAO/HEHS-97-116R, May 5, 1997).

Parents United for the District of Columbia, an education advocacy group, filed a lawsuit in the Superior Court of the District of Columbia naming several city officials and alleging their failure[3] to perform their duties with respect to the D.C. public schools, including but not limited to, their duties related to hundreds of fire code violations in aging D.C. school buildings.[4]

In an effort to respond to these concerns, the Congress included legislative provisions on this matter in recently enacted legislation: Secs. 2550-2552 of the District of Columbia School Reform Act of 1995,[5] called for the Administrator of the General Services Administration (GSA) to provide technical assistance to the District public schools in the area of facilities management and for the Mayor and the District of Columbia Council, in consultation with the Administrator of GSA, the Financial Responsibility and Management Assistance Authority (Authority), the Board of Education, and the Superintendent of Schools, to design and implement a comprehensive long-term program for the repair, improvement, maintenance, and management of District public school facilities and to designate or establish an agency within the District of Columbia government to administer the program. The plan also was required to include short-term and long-term funding sources.

Section 603(e)(2)(A) of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1997,[6] authorized the Authority to establish an account to receive the proceeds from privatization of certain government entities to carry out the District of Columbia School Reform Act of 1995 (which provides for the repairs and improvement of District schools) and to finance public elementary and secondary school facility construction and repair within the District of Columbia. Section 5201 of the Omnibus Consolidated Appropriations Act of 1997[7] authorized the Authority to contract with private entities to carry

[3]This includes allegations that the Fire Department failed to inspect schools regularly and that the Mayor and Council failed to adequately fund the DCPS capital budget to eliminate fire code violations.

[4]On November 3, 1997, a settlement was reached between Parents United and the Mayor. Pursuant to the agreement, within 5 years, DCPS will perform work, at an estimated cost of $487 million, to complete the "stabilization" and "functionality" repairs required by the draft DCPS Long-Range Facilities Master Plan.

[5]As enacted by the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law No. 104-134, sec. 101(b), Title II, 110 Stat. 1321-141 through 1321-143 (April 26, 1996). D.C. Code Ann. §§ 31-2853-50 through 31-2853-52 (1997 Supp.).

[6]As enacted by the Omnibus Consolidated Appropriations Act of 1997, Public Law No. 104-208, Division A, Title I, sec. 101(e), 110 Stat. 3009-233, 3009-293.

[7]Public Law No. 104-208, 110 Stat. 3009-501 (September 30, 1996), D.C. Code Ann. § 31-2851 note (1997 Supp.).

out a program of school facility repair of District public schools, in consultation with GSA.

On November 15, 1996, the Authority restructured DCPS, installing a nine-member Emergency Transitional Education Board of Trustees and a Chief Executive Officer (CEO), both as Agents of the Authority. The Authority also delegated its authorities to oversee all facilities and property to the new Board of Trustees. The Authority removed the then Superintendent of Schools and gave the CEO responsibility for all the authorities, powers, functions, exemptions, and immunities of the former Superintendent. The CEO established an office of Chief Operating Officer (COO)/Director of Facilities and hired a COO in January 1997 to manage and implement the school facilities improvement program.[8]

To assist in this effort, GSA updated a study,[9] by developing a comprehensive facilities revitalization plan, Determination and Prioritization of the District of Columbia Public Schools Projects,[10] which was delivered to DCPS on February 18, 1997. The plan described problems such as leaky roofs, inoperable boilers, numerous fire code violations, and the absence of a long-range facilities master plan and estimated the cost of upgrading the school infrastructure to be $2 billion. The February 1997 plan and the underlying work were the basis for the long-range facilities master plan. To develop the long-range facilities master plan, a task force was formed including representatives from DCPS, the Office of the Mayor, and the 21st Century School Fund.[11] A February 28, 1997, draft report of the long-range plan was submitted to the D.C. Council in February, and was resubmitted with changes in April, and again in July. The Council did not vote on the plan,[12] and DCPS submitted it to the Congress to meet the congressionally mandated submission date of April 25, 1997. The draft

[8]The United States Court of Appeals for the District of Columbia Circuit recently ruled that the Authority's creation of, and delegation of certain powers to, the Board of Trustees were ultra vires (beyond the powers of the Authority). Shook v. District of Columbia Financial Responsibility and Management Assistance Authority, No. 97-7087 1998 WL 1796, at 10 (Jan. 6, 1998).

[9]This study (3DI-AEPA Facilities Assessment Study) was performed from 1991 to 1992 by 3DI-AEPA Architects and Engineers.

[10]GSA issued a task order on a previously competitively bid contract with the architectural and engineering firm of Daniel, Mann, Johnson, and Mendenhall (DMJM) to assist in the development of the comprehensive facilities revitalization plan.

[11]The 21st Century School Fund is a nonprofit organization, which focuses on the modernization of public school facilities.

[12]In a statement on January 23, 1998, the Chief Operating Officer of DCPS stated that the Council did not act to either approve or reject the plan. According to a Council official, the plan did not adequately address the prioritization of the capital program, including roof repairs.

long-range facilities master plan considered roof replacement to be the number one priority.

GSA contracted for and managed roof work at 10 schools—initially 7 schools at the Authority's request. In June 1997, DCPS requested GSA's assistance, and GSA managed work on an additional three schools. DCPS oversaw work on another 51 schools for which roof work was completed in fiscal year 1997.

Results in Brief

Sufficient funding was available to begin roof work when schools were closed for the summer on June 20, 1997. The District's records show that the Authority had about $18 million available in March 1997 for DCPS-managed roof work, with the available amount increasing to about $38 million by June 1997.

A series of events preceeding the efforts to repair D.C. school roofs contributed to the delayed start. Although it was decided that DCPS would manage the majority of this work, DCPS was not prepared to start immediately because it had not completed sufficient planning, such as determining the scope of work on individual projects which would be the basis for seeking bids for that work. A contributing factor to this delay was the almost complete turnover in technical capital project staff during the school year. These problems were compounded by difficulties in securing bids, resulting in DCPS-managed work not starting until the third week of July. DCPS told us that at the time the long-range plan was submitted in February 1997, it had expected to complete roof work by the end of October 1997 but accelerated it in response to a court order that roof work not be done while classes were in session. Consequently, the work was accomplished under a highly compressed schedule.

Our review showed that DCPS spent about $37 million for roof replacement/repair in fiscal year 1997. As discussed in this report, this included an extensive amount of work not only on the roofs, but also on the adjacent upper portions of the buildings to achieve structurally sound, watertight facilities. As a result, the costs were higher than what would have been incurred for roofing work only. Considering all of these costs, the average cost per square foot of roof surface replaced or repaired was about $20, with DCPS-managed contracts somewhat higher than those managed by GSA. Some factors that contributed to the cost difference between GSA- and DCPS-managed work include:

- GSA was able to issue task orders against its existing architectural and engineering, and construction contracts, and did not have to seek bids when the market was saturated with roof work,
- GSA-managed projects were done over longer time frames, calling for less overtime work, and
- GSA managed only flat roof work, not higher cost multiple roof areas and materials.

Insufficient data exist to ascertain with any certainty the added cost associated with the degree of deferred maintenance encountered in this extensive project. Years of neglect and inadequate repair and maintenance practices all served to increase costs over what could be expected in well-managed, adequately financed entities. Further, material suppliers would not provide or honor extended warranties unless prescribed roof-related and other preventive maintenance was completed concurrently with the roofing repairs or replacement. GSA, DCPS, and the architectural and engineering firm overseeing the work all agreed that this combination of factors precluded a more economical solution to the school roofing project in fiscal year 1997.

DCPS plans for fiscal year 1998 show additional roof work at 40 more schools at an approximate cost of $35 million. In addition, DCPS proposed Capital Improvement Program Plan for Fiscal Years 1999-2004[13] indicates that an additional $63 million is anticipated for roof replacement/repairs during this period.

Objectives, Scope, and Methodology

Our objectives were to determine (1) when funds were made available to pay for roof repairs, (2) the cost of the roof repairs, including the cost per square foot, and (3) whether there are additional roofs to be repaired in fiscal year 1998 and beyond.

To determine when the capital funds were available to pay for roof repairs, we reviewed documents provided by the U.S. Department of Education, Authority, District CFO's office, and DCPS CFO. In addition, we reviewed funding request modification documents prepared by DCPS and approved by the District's Office of Budget and Planning, monthly reports produced by the District's Financial Management System, and other financial documents provided by DCPS.

[13]This plan has not yet been approved by the Congress.

To determine the cost of the roof repairs, we obtained and reviewed information from the contract files at DCPS for fiscal year 1997 projects, which included information on each school, such as the dollar amount and other terms of each contract, types of roofing material used, size of the area replaced/repaired, modifications (change orders), daily inspection sheets, invoices submitted for payment and actual amounts paid to contractors.

In addition, we compared design and construction cost estimates prepared by a DCPS engineering consultant and GSA to the contract amount and change orders for the schools' roofs replaced/repaired. We held discussions with DCPS officials to obtain reasons for any significant variances from the cost estimates.

We also interviewed District Government officials, including officials from the Authority, the Chief Financial Officer for the District, the Deputy Chief Financial Officer for the District's Office of Budget and Planning, the Chief Operating Officer of DCPS and his Capital Project Division staff, the Chief Financial Officer of DCPS, and District Council officials. In addition, we interviewed officials from the General Services Administration, the U.S. Department of Education, a DCPS consultant,[14] Parents United, and the 21st Century School Fund to obtain additional information to satisfy our objectives.

To determine whether additional roofs required repairs, we reviewed DCPS' fiscal year 1997 Capital Improvement Program priority lists of schools needing roof work and various facility assessments prepared by contractors, and we discussed modifications/changes to the plans with DCPS officials. We also reviewed the DCPS' proposed Capital Improvement Program Plan for fiscal years 1999-2004, including roof replacement prioritization schedules, to determine the extent of roofing repair projects planned for fiscal year 1998 and future years.

While we reviewed the information contained in the contract files to determine the cost per square foot of roofs replaced/repaired, we did not independently verify the accuracy of the square footage estimates but instead relied on the measurements prepared by GSA and DCPS engineering consultant. We did not review support for payments made to contractors to determine validity nor did we attempt to determine whether the cost of individual projects was reasonable. We reviewed the work performed by

[14]Daniel, Mann, Johnson, and Mendenhall (DMJM) is the architectural and engineering firm that provided technical advice and field inspection. DMJM is an independent term contractor, under contract with GSA, which was made available for DCPS' use.

the District's independent public accounting firm[15] on DCPS capital project funds.

We requested comments on a draft of this report from the Authority, DCPS, the District's CFO, GSA, and the U.S. Department of Education. Written comments were received from the Authority, DCPS, and GSA and are reprinted in appendixes III, IV, and V, respectively. Oral comments were obtained from the District's CFO and the Department of Education. Those comments have been considered and incorporated in our report as appropriate. We conducted our work from October 1997 through February 1998 in accordance with generally accepted government auditing standards.

Availability of Funding for Roof Repairs

Based on our review of the information obtained from the Authority, the District's Chief Financial Officer, the Department of Education, and the District of Columbia Public Schools' Chief Financial Officer, funds were available to begin roof repairs on June 20, 1997, when D.C. Public Schools closed for the summer vacation. Table 1 shows the sources, dates, and amounts of funds received by the Authority. By June 1997, the Authority had received on behalf of DCPS a total of $49.7 million in capital funds, as follows: $11.5 million in October 1996 from fiscal year 1996 general obligation bond proceeds, approximately $18 million in March 1997 from the federal government's sale of the College Construction Loan Insurance Association (Connie Lee), and $20 million from the June 1997, general obligation bond proceeds. In addition, in September 1997, the Authority received about $36.8 million[16] from the sale of Student Loan Marketing Association (Sallie Mae) stock warrants, making the total received in fiscal year 1997 for capital projects about $86.5 million.

[15]The District's independent auditor for the fiscal year 1997 financial statement audit of DCPS was KPMG Peat Marwick LLP.

[16]The Sallie Mae funds are being used to satisfy fiscal year 1998 capital program needs.

Table 1: Funds Received in Fiscal Year 1997 for DCPS Capital Projects

Month	Source of funds	Funds received by the Authority
October 1996	1996 Bond Proceeds	$11,500,000
November 1996		
December 1996		
January 1997		
February 1997		
March 1997	Connie Lee Proceeds	18,252,080
April 1997		
May 1997		
June 1997	1997 Bond Proceeds	20,000,000
July 1997		
August 1997		
September 1997	Sallie Mae	36,789,516
Total		**$86,541,596**

Source: The Authority, District of Columbia CFO, and DCPS CFO.

Prior to DCPS assuming responsibility for managing the fiscal year 1997 capital program work, the Authority had engaged GSA to oversee roof repair and other work, such as installing boilers and chillers. On November 19, 1996, the Authority entered into a memorandum of agreement with GSA to provide contract administration and program management services for those contracts. On November 27, 1996, GSA issued a task order to an architectural and engineering consultant (DMJM) for design work related to five schools. In February 1997, construction work began on those five schools. According to GSA and DCPS officials, the $11.5 million that the Authority had received in October 1996 was earmarked for GSA-managed contracts.

According to DCPS' Chief Operating Officer (COO), when he assumed his position in January 1997, neither funds nor technical capital project staff[17] were available to prepare or manage the preparation of scope of work, drawings, and cost estimates. While the Authority records showed that additional funds were available in March 1997, the COO stated that he began to hire technical capital staff to address capital program needs in April 1997 after being told that funds were available. We were not provided

[17]In the fall of 1996, the then Superintendent dismissed most of the technical capital project staff. While DCPS had had an ongoing contractual relationship with Service Master since 1993, according to DCPS, Service Master was only responsible for custodial and maintenance services.

any documentation indicating when DCPS was notified that additional funds were available for capital projects on the school facilities.

In its audit report on the District's financial statements for fiscal year 1997, the District's independent auditors identified a material weakness concerning control over transactions involving the Authority. The report indicated that the District has not developed adequate procedures to account for funds held by the Authority and does not effectively reconcile the amounts which are recorded. The auditor noted that the District and the Authority have not developed procedures to notify each other of amounts anticipated or actually received by the Authority on behalf of the District.

On May 19, 1997, DCPS issued a Request for Qualifications (RFQ)[18] for capital projects it intended to manage, which resulted in prequalification of nine contractors. In June 1997, DCPS authorized consulting architectural and engineering firm, DMJM, which had a competitively bid contract with GSA, to provide scope of work for roof replacement at 48 schools. This work was performed from the beginning of June to mid-July and included surveying each roof, reviewing and photographing existing conditions, and developing technical specifications to establish quality standards and a cost estimate.

On July 1, 1997, DCPS issued an Invitation for Bid and Contract (IFBC) for a single (or package) contract for roof replacement at 15 schools and for work on boilers and chillers at five schools. DCPS officials told us that they were not initially successful in obtaining bidders because contractors were hesitant to bid on such a large package, involving such diversity of work. On July 11, 1997, DCPS issued an addendum to the IFBC, resulting in eight separate, smaller packages, two of which included the boiler and chiller work. The other six included roof replacements on 48 schools. Contracts for two of those six packages (15 schools) were awarded. The remaining four packages (33 schools) were reissued as another addendum covering 23 schools. The remaining 10 schools were deferred at that time. Of these 10 schools, 2 were repaired by DCPS in-house maintenance staff. The addendum for the 23 schools allowed prequalified contractors to bid on one or more of those schools; work on 19 schools was awarded on that basis for a total of 34 schools under contract. Roof work for the remaining 12 DCPS managed projects completed during fiscal year 1997 included 3 from the original IFBC and 9 others. DCPS officials told us they urged

[18]An RFQ is used to determine whether potential contractors possess the resources and expertise for construction work.

contractors to submit bids. Based on our analysis of contract documents, the majority (46 schools) of the roof repair work started the third week in July or later.

The draft Long-Range Facilities Master Plan called for roof replacement work at 50 schools. According to the COO, when the Plan was presented at the end of February 1997, he had believed that the work could not be completed until the end of October 1997 but had hoped that a substantial number of schools could be completed prior to September 30, 1997. The COO advised us that on July 10, 1997, he had informed the Superior Court that the estimated completion dates based on the best available data, ranged from mid-August 1997 through September 20, 1997. He said that these estimates did not consider the July 11, 1997, court ruling that this type of work could not be performed while schools were occupied. Ultimately, because of the large number of schools involved, it was decided to delay the opening of D.C. public schools until September 22, 1997.

Cost of Roof Repairs

DCPS records show that as of February 4, 1998, the total cost of the fiscal year 1997 roof repair project, including change orders and consulting fees, was about $37 million. A significant, but not determinable amount of these costs was attributable to factors other than what would be strictly interpreted as roof replacement/repair work. Among these were structural integrity, fire damage, the general deterioration from deferred maintenance, and warranty stipulations concerning deferred maintenance. Extensive work was performed to repair and replace masonry, cornices, flashing, coping, and cupolas, as well as cleaning drains. For ease of presentation, we have characterized this work as roof and roof-related work.

Based on our review and analysis of the data, the average cost per square foot for roof repair work performed on schools managed by both DCPS and GSA in fiscal year 1997 was about $20 per square foot—with costs at individual schools ranging from about $4 to $77. The average cost per square foot for GSA-managed contracts was about $13, whereas the average cost per square foot for DCPS-managed contracts was about $22 per square foot.

As part of its fiscal year 1997 Capital Program budget, DCPS had initially budgeted $22 million for roof work to be performed in fiscal year 1997. According to DCPS officials, the $22 million was a preliminary estimate and

did not include amounts for work such as repairing flashing, masonry, or cornices. In addition, the $22 million did not include costs to address the complexity of the roof areas and other issues discussed below, such as the compressed time schedule. Further, the priority list of schools on which the $22 million estimate was based was modified several times during fiscal year 1997. DCPS officials were aware that they would have to pay a premium for labor and materials because of the various factors that affected costs.

Table 2 summarizes the work performed, cost per square foot, and other information for the roof work managed by both DCPS and GSA. In total, roof work was completed at 61 schools. DCPS capital project staff managed roof projects at 46 schools, and its in-house maintenance staff performed minor work at 7 schools (Cardozo Senior High, Cleveland Elementary, Eaton Elementary, Eliot Junior High, Hart Junior High, Janney Elementary, and Winston Elementary). GSA managed roof projects at 10 schools. Included were two schools (Tyler and Spingarn) where DCPS and GSA managed separate projects. Table 2 does not include data for minor work performed at the seven schools because the cost data were not complete. Accordingly, that work, which DCPS officials estimated to have cost about $189,000, is not included in our computations of total cost or cost per square foot.

Table 2: Summary of Roof Work and Estimated Cost per Square Foot, Fiscal Year 1997

School[a]	Year built	Roof areas[b]	Material used
DCPS-managed contracts			
1. Adams ES	1930	6	2-ply modified bitumen and slate.
2. Aiton ES	1960	7	2-ply modified bitumen.
3. Anacostia SHS	1935	22	2-ply modified bitumen and metal.
4. Bancroft ES	1924	4	2-ply modified bitumen and clay.
5. Barnard ES	1926	6	2-ply modified bitumen.
6. Beers ES	1942	13	2-ply modified bitumen.
7. Bell Multicultural SHS	1915	16	2-ply modified bitumen.
8. Benning ES	1976	6	2-ply modified bitumen.
9. Birney ES	1950	11	2-ply modified bitumen.
10. Browne JHS	1931	20	2-ply modified bitumen and metal.
11. Bruce-Monroe ES	1973	9	2-ply modified bitumen and metal.
12. Bunker Hill ES	1938	10	2-ply modified bitumen and slate.
13. Burrville ES	1980	4	2-ply modified bitumen.
14. Cook JF ES	1921	4	2-ply modified bitumen.
15. Deal JHS	1931	18	2-ply modified bitumen, slate, and metal.
16. Dunbar SHS	1977	37	2-ply modified bitumen.

Roof-related work[c]	Period of work[d] (1997)	Days	Estimated square feet[e]	Amount of contract & change orders as of 2/4/98[f]	Estimated cost per square foot
Replace damaged gutters, masonry joints, and downspouts, and repaint roof.	7/23-8/27	35	2,952	$63,000	$21.34
Repair counter flashing.	7/29-9/3	36	24,722	540,000	21.84
Clean drains and piping for free flow of water. Clean and reseal mortar joints. Replace 2 ventilators and 2 vent hoods with new units. Remove entire skylights, reframe openings, and make watertight. Replace flashing.	7/23-9/9	48	34,679	486,750	14.04
Touch up metal roof with paint. Reinforce roof structure to redirect water flow.	7/24-9/7	45	19,405	289,047	14.90
Repair metal roof and trim.	8/1-9/7	37	23,249	474,620	20.41
Complete minor repairs to masonry.	7/29-9/3	36	32,550	689,889	21.19
Repaint skylights, repoint masonry, seal counter flashing, and clean roof of debris.	8/12-9/9	28	30,365	537,500	17.70
No additional work done.	7/23-9/7	46	34,414	635,000	18.45
Clean drains, repair mortar joints, and remove skylights and replace with new metal covers.	7/23-9/3	42	21,814	474,000	21.73
Repair metal flashing, cornices, and downspouts. Replace drains and various masonry.	8/1-9/10	40	76,079	1,467,291	19.29
Remove skylights and replace with new metal covers, clean drains, repair mortar joints, repoint masonry, and replace ventilator curb and tank.	7/23-8/20	28	40,993	699,700	17.07
Install new stainless steel ridge and flashing. Replace downspouts. Install new tapered insulation on all roofs.	7/29-9/9	42	15,522	463,434	29.86
Install base layer and tapered insulation over concrete, and clean and recoat metal roof.	7/23-8/31	39	42,844	1,088,000	25.39
Seal limestone coping and flashing, repair ornamental cornice, replace glazing in skylight, and replace and paint fascia boards.	8/1-9/3	33	8,366	646,432	77.27
Clean, prime, and repaint metal roof. Replace glazing at skylight. Replace cupola and clean drains and repair gutters.	8/1-9/9	39	30,425	1,150,000	37.80
Clean metal roof, prime and repaint, seal skylight glazing joints, and replace existing mezzanine covers with new membranes.	7/29-9/10	43	93,744	2,380,000	25.39

(continued)

School[a]	Year built	Roof areas[b]	Material used
17. Fletcher-Johnson ES	1980	10	Ethylene Propylene Diene Monomer (EPDM, i.e., rubber roof).
18. Francis JHS	1927	14	2-ply modified bitumen.
19. Gage-Eckington ES	1977	15	2-ply modified bitumen and metal.
20. Garfield ES	1868	15	2-ply modified bitumen, slate, and metal.
21. Green ES	1965	6	2-ply modified bitumen.
22. Jefferson JHS	1940	13	2-ply modified bitumen, slate, and metal.
23. Ketcham ES	1909	13	Slate and tin roof.
24. Lafayette ES	1931	24	2-ply modified bitumen, slate, and metal.
25. Langdon ES	1930	8	2-ply modified bitumen and slate.
26. Leckie ES	1970	1	2-ply modified bitumen.
27. Lee MD SES	1971	14	2-ply modified bitumen.
28. Ludlow-Taylor ES	1969	7	2-ply modified bitumen.
29. MacFarland JHS	1923	15	2-ply modified bitumen.
30. Maury ES	1890	8	2-ply modified bitumen, slate, and metal.
31. Nalle ES	1959	5	2-ply modified bitumen.
32. Orr ES	1974	8	2-ply modified bitumen.
33. Park View ES	1916	10	2-ply modified bitumen, metal, and slate.

Roof-related work[c]	Period of work[d] (1997)	Days	Estimated square feet[e]	Amount of contract & change orders as of 2/4/98[f]	Estimated cost per square foot
Repair ventilator hoods, masonry walls, parapets, and concrete walkway. Repair skylight and counter flashing. Install counter strips. Reseal parapets. Improve drainage.	7/29-8/27	29	41,901	610,135	14.56
Repair masonry joints and coping. Replace roof drains and storm drain piping on two roofs.	8/1-9/10	40	53,030	577,255	10.89
Repair gutters.	8/1-9/8	38	22,818	687,740	30.14
Install new tapered insulation on 2 built-up roofs. Remove and replace all slate, over new felt, on 11 roofs.	7/29-9/7	40	23,267	670,000	28.80
Replace counter flashing and repair concrete.	7/30-9/3	35	26,269	617,500	23.51
Repair cupola and base, clean drains, repoint masonry, replace skylights, provide splash blocks, and repair electrical and mortar joints. Replace drains and reseal coping, move satellite dish, and reseal chimney.	7/23-8/26	34	19,099	547,250	28.65
Replace flat seam copper.	7/23-9/3	42	45,155	189,000	4.19
Replace gutters, downspouts, ridge, and flashing. Clean drains; repair mortar and coping joints; and replace skylights.	7/23-9/9	48	15,228	522,400	34.31
Repair gutters, flashing, and pitch pockets. Seal coping, repoint masonry, clean drains, reinstall cornice, and repaint two cupolas.	9/9-9/27	18	8,700	287,000	32.99
Repair damaged flashing.	9/11-9/14	3	8,800	112,600	12.80
Replace domed skylight.	7/23-8/31	39	34,178	909,000	26.60
Install new tapered insulation on 7 built-up roofs.	7/29-8/30	32	30,331	525,851	17.34
Repoint masonry and replace broken brick. Replace severely cracked parging on parapet walls with new parging or metal panels. Remove and recover skylights. Repair flashing. Replace stone coping. Clean drains.	7/23-9/10	49	11,647	750,675	64.45
Repair roof structure and masonry, and repaint cornices.	7/23-8/31	39	17,670	413,000	23.37
No additional work performed.	7/23-8/27	35	33,122	281,708	8.51
Remove old built-up roof and install new roof over tapered insulation. Install new drains.	7/23-9/8	47	39,724	488,300	12.29
Install 2 new metal roofs over old metal.	7/29-9/8	41	29,110	838,458	28.80

(continued)

School[a]	Year built	Roof areas[b]	Material used
34. Phelps SHS	1934	20	2-ply modified bitumen and slate.
35. Randle-Highlands ES	1912	6	2-ply modified bitumen and slate.
36. Roosevelt SHS	1932	24	2-ply modified bitumen, copper, and slate.
37. Ross ES	1896	1	Slate tiles and metal.
38. Shaed ES	1971	3	2-ply modified bitumen.
39. Spingarn SHS	1941	14	2-ply modified bitumen and slate.
40. Stuart-Hobson MS	1927	14	2-ply modified bitumen.
41. Truesdell ES	1908	9	Metal.
42. Tyler ES	1949	3	2-ply modified bitumen.
43. Washington MM CDC SHS	1912	15	2-ply modified bitumen and metal.
44. West ES	1978	1	Asphalt shingle.
45. Wilson SHS	1935	16	2-ply modified bitumen and slate.
46. Young ES	1931	8	2-ply modified bitumen and slate.
Total DCPS-managed contracts (average days and average cost per square foot)			
GSA-managed contracts			
47. Cooke HD ES	1909	2	Fiberglass asphalt and 2-ply modified bitumen.
48. Houston ES	1961	3	2-ply modified bitumen.
49. Merritt ES	1976	11	4-ply modified bitumen.
50. Meyer ES	1962	3	2-ply modified bitumen.

Roof-related work[c]	Period of work[d] (1997)	Days	Estimated square feet[e]	Amount of contract & change orders as of 2/4/98[f]	Estimated cost per square foot
Install new tapered insulation on 18 built-up roofs. Install new drains.	8/1-9/10	40	64,637	1,464,700	22.66
Repair or replace gutters and downspouts, clean drains, and repoint masonry. Move cellular equipment.	7/23-9/10	49	25,664	596,700	23.25
Replace damaged slate roof and replace skylight glazing. Repair parapet, cupola, and vents.	8/12-9/10	29	82,186	2,596,820	31.60
Replace existing gutters and coping. Install copper snow guards on slate roof.	7/23-8/26	34	8,000	122,224	15.28
Install new tapered insulation. Remove and reinstall metal coping.	7/29-9/9	42	18,139	395,000	21.78
Seal glazing, replace missing ridge flashing, repoint chimney, and install new coping. Repair expansion joints, and clean and repaint metal steps. Repair gutters, skylights, and flashing.	8/1-9/10	40	35,928	1,300,000	36.18
Repair flashing and coping.	7/23-8/20	28	41,031	663,800	16.18
Install new metal roofing over old. Install new tapered insulation on 3 built-up roofs.	8/1-9/9	39	29,623	697,810	23.56
No additional work performed.	1/27-2/12	16	17,500	129,075	7.38
Wire brush and repaint metal roof, and install stone ballast and metal scupper guard.	7/23-8/20	28	24,041	411,000	17.10
No additional work performed.	5/27-6/20	24	21,000	96,850	4.61
Install stainless steel coping. Repoint masonry wall. Install metal flashing around cupola base.	7/19-9/7	50	25,189	450,366	17.88
Replace exterior cladding on cupola. Replace aluminum coping and repair coping joints. Lower and replace drains.	8/1-9/3	33	31,786	632,563	19.90
		36	**1,416,896**	**$30,569,443**	**$21.65**
Adjust parapets and replace gravelstop, gutter, downspouts, and flashing.	2/26-5/17	80	27,870	$329,636	$11.83
Replace gutters, flashing, parapets, and downspouts.	2/26-6/18	112	36,255	512,480	14.14
Install new tapered insulation. Repair substrate as needed.	8/4-9/10	37	57,000	641,800	11.26
Replace gutters, flashing, parapets, and downspouts, and repaint metal roofing.	2/26-6/6	100	26,100	315,827	12.10

(continued)

School[a]	Year built	Roof areas[b]	Material used
51. River Terrace ES	1952	1	2-ply modified bitumen.
52. Shadd ES	1955	6	4-ply modified bitumen.
53. Sharpe Health SES	1959	6	4-ply modified bitumen.
54. Spingarn SHS Gym[g]	1941	1	4-ply modified bitumen.
55. Turner ES	1946	1	2-ply modified bitumen.
56. Tyler ES[g]	1949	3	4-ply modified bitumen.
Total GSA-managed contracts (average days and average cost per square foot)			
Average days, total square feet, total cost, and average cost per square foot			
Consulting, contract administration and construction management fees			
Total, including fees			

Roof-related work[c]	Period of work[d] (1997)	Days	Estimated square feet[e]	Amount of contract & change orders as of 2/4/98[f]	Estimated cost per square foot
Replace gutters, flashing, parapets, and downspouts.	2/26-5/23	86	39,809	467,571	11.75
Install new tapered insulation. Repair substrate as needed.	7/14-8/26	43	31,000	312,950	10.10
Install new tapered insulation. Install new flashing.	7/26-9/7	43	41,000	442,015	10.78
Replace all roofing materials, including entire roof deck, which had been destroyed by fire. Replace all skylights, blocking, flashing, and downspouts.	6/17-7/25	38	12,000	329,200	27.43
Replace gutters, flashing, parapets, and downspouts.	2/26-5/17	80	26,700	352,626	13.21
Install new tapered insulation. Repair substrate as needed. Emergency replacement of a section of wall.	7/10-8/31	52	17,500	343,687	19.64
		67	**315,234**	**$4,047,792**	**$12.84**
		42	**1,732,130**	**$34,717,235**	**$20.04**
				2,176,054	
				$36,893,289	

Note: This table includes scope of work and change order information. We did not independently determine whether the scope of work or change orders were appropriate.

[a]CDC - Career Development Center.
ES - Elementary School.
JHS - Junior High School.
MS - Middle School.
SES - Special Education School.
SHS - Senior High School.

[b]Generally, replacement is defined as the removal from the entire roof of all existing roofing materials, exposing the roof's structural substrate, followed by the installation of all new materials. A roof may be partially replaced, e.g., one-half, is replaced and the remainder repaired or left as is.

[c]Roof-related work includes repairs and maintenance deemed necessary—in most cases, long-deferred maintenance.

[d]The date on which work began is the date specified in DCPS's Notice to Proceed (NTP) to the contractor, or the date of the NTP if no beginning date was specified. The date on which work ended is the date, provided by DCPS, on which all work at that school passed a "water test" with no leaks or only minor leaks. We did not determine the time required for design work for 7 of the 10 GSA-administered projects.

[e]Estimates of work area, in square feet, to be replaced or repaired were prepared mostly from the beginning of June to mid-July 1997 (five GSA-administered schools were estimated in late 1996) by an architectural and engineering consultant or, in a few instances, by DCPS or GSA staff working with contractors. Estimates were based on field observations to determine existing conditions and the specific location and extent of required work, and included diagrams (and photographs at most schools) of each roof, narrative descriptions, quality specifications of material to be installed, and a cost estimate for each school.

[f]Contract amount consists of original contract amount plus the amount of subsequent changes to work specifications (change orders). Change order costs include those identified by GAO through February 4, 1998, at which time DCPS was continuing to review and approve additional change orders as received.

[g]This table shows 56 roofing projects. There were 54 schools where roof replacements or major repairs were done by contractors in 1997. Spingarn SHS and Tyler ES were each worked on under separate contracts at separate times by DCPS and GSA contractors.

Source: Information obtained from District of Columbia Public Schools, DCPS Capital Projects Division, and General Services Administration.

Table 2 indicates a wide range of costs per square foot by school and by responsible agency (DCPS or GSA). The roofs worked on by DCPS contractors had square foot costs ranging from a low of $4.19 (Ketcham Elementary) to a high of $77.27 (Cook Elementary) per square foot. In contrast, costs for schools worked on by GSA's contractors ranged from a low of $10.10 per square foot (Shadd Elementary) to a high of $27.43 per square foot (Spingarn Gym, where, according to GSA officials, as a result of a fire, a new roof deck and supporting structure were installed and a significant amount of asbestos was removed).

DCPS officials provided various explanations for the wide range in costs per square foot among schools such as Cook Elementary ($77.27), MacFarland Junior High School ($64.45), and Ketcham ($4.19). According to DCPS' officials, less than 20 percent of Cook's total cost pertains to roof replacement. The majority of the cost was due to repairing an ornamental cornice around most of the building just below the roof level. The cornice had deteriorated and portions of it were at risk of falling off; therefore, Cook was considered a major safety concern. In addition, the cornice had to be repaired from a crane. Further, DCPS stated that much work was done to repair the skylight and to repair coping with new stainless steel covering.

According to DCPS officials, work at MacFarland Junior High was awarded to the low bidder of a package, covering nine schools. DCPS officials and engineering consultants stated that large amounts of masonry repair (repointing and replacement of broken brick), installation of metal panels on high parapet walls, and skylight repair were performed. The engineers' original scope of work describes badly deteriorated mortar joints, broken brick, and severely cracked parging on parapet walls—with resulting leaks. In addition, according to DCPS, repairs were performed on the flashing; the stone coping was replaced; and the drain was cleaned. On the other hand, Ketcham was awarded at the low end. According to DCPS officials, the contractor did not give full consideration to the condition of the roof or the complexity of the work to be done.

Several Factors Result in Higher Square Foot Costs for Repairs

Several factors contributed to the costs being considerably higher than what GSA officials stated has been their experience for roofing work in the Washington, D.C., metropolitan area. GSA's estimates ranged from $8 to $10 per square foot and reflect work required to repair and renovate typical flat, large, built-up roof systems that generally have had a good repair record. However, a combination of factors resulted in substantially higher per square foot cost for the D.C. Public Schools. Among these are the compressed schedule under which most of the 1997 roof work was performed; the diversity and complexity of the roofs on the D.C. public school buildings; the extensive deferred maintenance and other roof-related work, including additional work required to secure the long-term warranties from materials suppliers and contractors; and other factors such as the District's history of paying vendors.

Compressed Time Schedule

DCPS-managed work was completed within extremely narrow time frames. This tight schedule was caused by the lack of (1) technical capital project

staff, (2) advance project planning to provide an adequate basis for seeking bids, and (3) the fast approaching opening of schools slated for September 2, 1997. This situation resulted in DCPS scrambling to get contractors in what they found to be a tight summer market and selecting an approach that while faster for getting the work done on time, could have been more costly.

To accelerate the roof work, DCPS relied exclusively on the design-build approach versus the traditional method. Under the traditional method, management separately performs or contracts for project design to provide the drawings, specifications, reports, and other materials needed to obtain bids for the actual repair work. Thus, separate procurements are involved in first designing and then contracting for the renovation work. This approach tends to stretch out the time frame, but provides a great measure of detail to the prospective bidder, thus lowering the risk. In contrast, the design-build method involves the winning bidder providing both the design and performing the renovation work. One of the primary advantages of using the design-build approach is that the project can be completed in a shorter time frame because the design phase can be done concurrently with the construction phase. However, since the contractor assumes more risk for the job under the design-build approach because of unforeseen difficulties, the costs can be higher. Given the level of deferred maintenance and the limited time available both for submitting bids and performing the work, it would appear that the risk assumed was substantial.

GSA's earlier involvement allowed it an average of 67 days to complete its 10 projects. In contrast, all of the DCPS-managed work was completed in well under the 67-day average of GSA's work, with the longest project taking 50 days and the average being 36 days. The shortest DCPS project took 3 days. Despite taking less time, our analysis of the data on table 2 shows that the DCPS-managed work involved more roof areas and, as discussed later in greater detail, more complex work.

GSA was able to secure contracts earlier in the year as it stated when the market was not saturated with roof work, which typically results in lower cost. Similarly, neighboring school systems in the Washington, D.C., metropolitan area pointed out that they did not typically attempt to complete roofing projects in the short time frames accomplished by DCPS during 1997. According to a Montgomery County Public Schools roofing specialist, roof replacement work would typically be done over the full summer session, from about June 20 to August 31. In addition, according

to the Fairfax County Public Schools engineer, contracts are usually awarded in the early part of the year for work to begin in June and they normally operate on a 2-year planning horizon. The Fairfax County Public Schools Director of Design and Construction also told us that depending on the size of the building and material used, a roofing replacement can take from 6 weeks to 6 months. The Fairfax County Public Schools engineer further stated that the cost is generally 20 to 30 percent higher when a project is put out for bid in the summer.

DCPS was unsuccessful in obtaining bids on a larger package advertised on July 1, 1997, for 15 schools and subsequently repackaged all planned work into 8 smaller packages, which went out in mid-July. DCPS officials advised us that they actively solicited bids to get the work performed and that 2 out of 16 vendors involved were from outside the Washington, D.C., metropolitan area, including one brought in purposely to handle the clay tile roof project at Bancroft Elementary.

DCPS also used a sole source procurement in fiscal year 1997 for one project, which it performed on an emergency basis. Work was completed in 18 days, involving extensive overtime. DCPS officials advised us that the Langdon Elementary School project was initiated after the DCPS Quality Assurance Task Force identified a potential structural problem shortly before school was to open. Work started on September 9, and was substantially completed on September 27, 1997, at a cost of $32.99 per square foot.

While a common denominator of much of this work was the premium time (labor costs) involved, DCPS officials told us that they did not believe they had any clear alternatives. According to the COO, it could not cut back on the number of schools or the scope of work at those schools because of the court's mandate regarding fire code violations.

Complexity and Diversity of the Roofs

GSA and the DCPS engineering and architectural consultant agreed that DCPS roof renovation work was not typical since the roofs were diverse and complex and had significantly deteriorated. According to DCPS officials and the DCPS engineering consultant, the diversity and complexity of the roofs on the schools resulted in higher costs. These officials stated that the roofs were not generally the typical flat roofs used on more recently built schools but instead are made up of multiple roof areas and materials. To illustrate, Fairfax and Montgomery County school engineers pointed out that 90 percent of their roofs are generally flat, and use modified bitumen. In contrast, 18 of the 56 DCPS and GSA-managed projects worked on during

fiscal year 1997 involved two types of material, such as modified bitumen and slate, and 7 involved three types of roofing material. Inherent in these contrasts are that the newer suburban structures have larger, flat, easier and safer-to-work on surfaces versus DCPS often smaller and sloped surfaces using metal and slate.

The number of roof areas is also a factor. The number of roof areas that were replaced/repaired at each school ranged from 1 (at Leckie Elementary) to as many as 37 roof areas (at Dunbar Senior High School). Forty had 6 or more areas repaired; 25 had at least 10; and 6 had 20 or more. (Appendix II illustrates a typical District of Columbia public school roof, where multiple roof areas were replaced/repaired. It also highlights some of the technical features, including cupolas and skylights.)

According to the DCPS engineering consultant, different types of roofing specialists were required to address the diversity of the roofs. The material that was most frequently used to replace these roofs was two-ply modified bitumen.[19] Table 2 reveals that in addition to two-ply modified bitumen, a variety of materials were used to repair the roofs, such as slate tiles, clay tiles, metal, asphalt shingle, and fiberglass asphalt. Some materials are more expensive than others. Metal and slate roofs are commonly considered more expensive than a modified bitumen roof. In addition, DCPS officials stated that a subcontractor was brought in from another state to repair clay tiles since no local firm was available at the time work had to be completed.

Deferred Maintenance and Warranties

In recent years, it has been widely documented[20] that the majority of DCPS roofs were badly deteriorated because maintenance had been deferred for many years. DCPS officials stated that the $22 million, which was budgeted for roof repairs at the beginning of fiscal year 1997 did not assume funding for deferred maintenance and the 20-year manufacturers' warranties. The manufacturers' warranties were conditional on certain deferred maintenance and other roof-related work being done.

Table 2 reveals that for the majority of the schools, a substantial amount of roof-related or deferred maintenance work was performed. For instance,

[19]A roof membrane (the waterproofing layer between the roof substrate and the top surface) with two layers (plies) of fiberglass or saturated felt, applied with alternate layers of asphalt or coal tar mixture (bitumen), which has been rubberized or plasticized (modified) to improve durability. According to DCPS, two-ply modified bitumen was primarily used because it was recommended by its consultant and the Environmental Protection Agency as sufficient for the District's climate and as relatively simple and more economical to install than three or four plies.

[20]See footnotes 2 and 10 in this report.

common roof-related work included replacing skylights and gutters, repairing coping and flashing, repointing masonry, and cleaning drains. In addition, many roofs required tapered insulation, resealing or repointing of parapets, and structural reinforcement of the roof to redirect the water flow. According to DCPS officials, many of the roofs and supporting structures had to be completely replaced because they were badly deteriorated and beyond patching. They stated that patching would have been only a short-term solution to a long-standing problem. For example, Spingarn Senior High School repairs[21] averaged $36.18 per square foot because of the major structural work required. DCPS officials informed us that the entire slate roof was badly deteriorated and that daylight could be seen from inside the attic. Slate on 14 roof areas was replaced. To support the new slate, new wood blocking was required and 700 feet of new coping was installed. In addition, we were told that numerous roof expansion joints were repaired and that the triangular pediment over the colonnade at the front entrance was also repaired.

The bid solicitation process used in the replacement of DCPS roofs required contractors to provide 2-year guarantees on workmanship and 20-year manufacturers' warranties on materials. DCPS officials stated that the deferred maintenance work was necessary to obtain the guarantees/warranties that they had required.[22] According to DCPS officials, manufacturers perform site inspections to ensure that the roofs are installed according to their design specifications and that factors, such as flashing and caulking, which can contribute to premature roof failure, are up to industry standards. DCPS officials told us that as of January 26, 1998, it had received 20-year manufacturers' warranties for 44 roof projects and 2-year contractor guarantees for 35 roof projects.

DCPS officials also stated that while some of the school roofs that were replaced this summer may have had existing warranties, they believe that since the roofs were not well maintained and protected, DCPS would not have prevailed in a warranty claim.[23] For example, the officials cited numerous cases in which inspections of leaky roofs disclosed that large amounts of debris, or even mattresses, had been allowed to accumulate.

[21]DCPS managed this project at Spingarn Senior High School.

[22]In order for these warranties to remain in force, DCPS is required to perform regular preventive maintenance. DCPS officials informed us that school maintenance personnel are now required to inspect each roof every 6 months and to perform any needed repairs.

[23]In addition, DCPS officials stated that because of poor recordkeeping, they could not identify schools that were under existing manufacturers' warranties. However, they informed us that they had started the process to assemble a database of information on the roof replacements and repairs and that they will include information on warranties.

To the extent that such items retain water, they keep the roof surface saturated, thus accelerating deterioration of the roof membrane and substrate.

Other Factors

The District had a well-publicized poor payment history in recent years. For example, in fiscal years 1994, 1995, and 1996, the District delayed payments owed to vendors and Medicaid providers because it had cash flow problems. Consequently, contracting firms have expressed reluctance to do business with the District, and this, according to DCPS officials, became quite evident in the summer of 1997 when it issued its invitation for bids. Contractors were particularly reluctant to submit bids for large contracts (packages), fearing that DCPS would not be able to honor its obligations. Therefore, according to DCPS officials, contractors had to be urged to submit proposals, which DCPS officials believe could have resulted in DCPS paying a higher than normal cost to repair the roofs.

Cost Estimates Versus Contract Amounts and Change Orders

Given the nature of the work and the circumstances involved, the costs have not differed significantly from what was expected before contracting for this work. The aggregate estimated cost for the roof work managed by both GSA and DCPS in fiscal year 1997 was approximately $31.7 million, about 3.5 percent less than the $32.7 million contract amounts. As of February 4, 1998, DCPS had provided us with change orders totaling about $2 million, which brings the preliminary total to about $34.7 million, or about 10 percent over the consultants' cost estimates. In addition, DCPS incurred about $2.1 million for consulting, contract administration, and construction management fees.[24]

Prior to contracting out the roof work, DCPS had engaged an architectural and engineering firm, with whom GSA had a contract under which it could issue task orders, to develop cost estimates of the roof replacement/repair work. Almost all estimates were prepared by one of two architectural and engineering consultants,[25] and in a few instances DCPS or GSA staff worked with contractors to prepare estimates. Estimates were based on field observations to determine existing conditions and the specific location and extent of required work, and included diagrams (and, for most schools, photographs) of each roof, narrative descriptions, quality

[24]Of this amount, about $1.6 million went to DMJM, about $300,000 to GSA, and about $300,000 to Sverdrup Facilities, Inc.

[25]The two architectural and engineering firms are DMJM and Sverdrup. Sverdrup prepared scope of work and estimates for the first five of the GSA-managed contracts.

specifications of material to be installed, and a cost estimate for each school.

As of February 4, 1998, DCPS had received proposals for change orders pertaining to 27 schools for a total of about $2 million. In most cases, the proposals resulted from requiring additional work beyond the original scope of work, such as structural repairs of decks and work to clean or replace drains, flashing, and coping. About 60 percent, or $1.2 million, of the change orders are associated with additional costs at two schools, Browne Junior High and Roosevelt Senior High. About 35 percent of this $1.2 million was a result of premium labor rates required to accelerate the work, and the remainder was primarily for additional masonry work, installation of a new metal roof, and drain and gutter repairs.

Planned Roof Repairs

As of February 4, 1998, the DCPS Capital Improvement Program budget indicates that about $35 million is expected to be spent on 40 school roof projects in fiscal year 1998. According to the DCPS COO, DCPS has about $41.8 million[26] available to enable it to get an early start with the procurement process.

According to DCPS officials, on October 31, 1997, they engaged an engineering consultant to (1) identify the scope of work and (2) develop cost estimates. The scope of work and cost estimates for 12 schools were completed in fiscal year 1997. DCPS officials told us that as of February 27, 1998, the engineering consultant had inspected an additional 19 school roofs and developed scope of work and cost estimates that reflect direct labor and materials costs and other costs, such as overhead, general conditions, bond and insurance, and contingencies. According to DCPS officials, scope of work and cost estimates for the remaining nine schools will be prepared in May 1998.

DCPS officials informed us that as of November 3, 1997, they had completed roof repair work on five schools for which the scope of work and cost estimates had been completed in fiscal year 1997.[27] DCPS officials anticipate that roof repair work at the remaining 35 schools will begin in the spring and will be completed during the summer 1998 recess. Because the lawsuit from which the court ruling on performing roof work while the schools are occupied has been settled, DCPS expects to be able to work during the

[26]This amount is the proceeds from the sale of Sallie Mae stock warrants ($36.8 million) and the proceeds ($5 million) from the continued use of the name Sallie Mae as a trademark.

[27]These five schools are Garnet-Patterson, Paul, Taft, Leckie, and Ballou.

school year using similar precautions as are employed in neighboring school jurisdictions. It advised us that in the event of emergency roof repairs, DCPS has a plan that involves relocating students so that the necessary work can be completed during the school year. This earlier start than for fiscal year 1997 should allow more time to have roof work conducted under normal conditions, possibly resulting in lower costs to the District Government.

The District of Columbia Public Schools proposed Capital Improvements Plan for fiscal years 1999-2004 indicates that an additional $63 million in roof replacement is anticipated during this period. According to a Facilities Planning, Programming and Quality Assurance Division official, the $63 million projection is an estimate for budget and planning purposes and the amount is not associated with particular schools.

DCPS expects to use proceeds from the sale of schools to help finance fiscal year 1998 and later school projects. Section 5206(a) of the Omnibus Consolidated Appropriations Act, 1997, authorizes the Authority to dispose of certain school property and deposit the proceeds in the Board of Education Real Property Maintenance and Improvement Fund.[28]

Currently, DCPS has 45 closed schools, which it intends to either sell, lease, lease with the option to buy, or develop as public/private partnerships. DCPS sold 1 school in the fall of 1997[29] and expects to generate $20 million from the sale of an additional 15 schools in fiscal year 1998. In addition, the Authority has agreed to commit a minimum of 27.5 percent of the District's general fund long-term financing authority (annual bond proceeds) toward completion of the repairs required by the Long Range Facilities Master Plan.

Comments and Our Evaluation

We received comments from the Authority, the District's Chief Financial Officer, DCPS, GSA, and the U.S. Department of Education on a draft of this report. Written comments from the Authority, DCPS, and GSA are reprinted in appendixes III, IV, and V, respectively.

Those commenting generally agreed with the facts presented in this report. The Authority noted that most of the significant events and time frames outlined in the report are consistent with its records. DCPS stated that our major findings on the cost and conduct of the 1997 upper building

[28]Public Law No. 104-208, 110 Stat. 3009-508, D.C. Code Ann. § 47-392.25.

[29]Dent Elementary was sold for $410,000.

stabilization program are accurate. The District's CFO, GSA and the U.S. Department of Education agreed with the report as related to their respective activities.

Both the Authority and DCPS offered their perspectives on the availability of funds issue discussed in the report. DCPS stated that funds were not available to DCPS for capital projects until April 1997. In that regard, the Authority stated that it advises the Office of the Chief Financial Officer of the District regarding the availability of funds which, in turn, is responsible for communicating with District agencies, including DCPS.

The Authority and DCPS also suggested additional discussion of the impact of the D.C. Superior Court ruling related to the roof repair projects. The Authority noted that the additional requirements imposed by the court ruling increased the difficulty of project management and added to the cost of the repair program. Similarly, in several sections of its comments to our draft report, DCPS referred to the July 11, 1997, court order as imposing restrictions, compressing the work schedule, and ultimately delaying the opening of all District public schools until September 22, 1997.

Regarding the availability of funds to DCPS during fiscal year 1997, as discussed in the report, we were not provided documentation that would establish when DCPS was notified that the Authority had funds available for capital projects. This communication issue, which apparently is not isolated to the DCPS capital projects funding, was highlighted in the most recent report of the independent public accounting firm hired by the District. As noted in our report, the independent auditors identified a material weakness concerning control over transactions involving the Authority. The report indicated that the District has not developed adequate procedures to account for funds held by the Authority and does not effectively reconcile the amounts which are recorded. The auditor noted that the District and the Authority have not developed procedures to notify each other of the amounts anticipated or actually received by the Authority on behalf of the District.

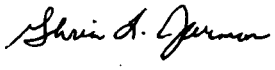
Concerning the impact of the court involvement, as discussed in our report, there were a number of factors that were either within or outside the managerial control of the Authority and current or former DCPS management. We do not offer any view on whether any one of these factors was the dominant reason for either the cost or timing issues

concerning the roof repairs or whether current DCPS management could have reasonably mitigated those effects.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 15 days from the date of the report. At that time, we will send copies of this report to the Ranking Minority Member of your Subcommittee and the Chairmen and Ranking Minority Members of the Senate and House Committees on Appropriations and their Subcommittees on the District of Columbia and the Subcommittee on the District of Columbia of the House Committee on Government Reform and Oversight. We will also send copies to the Chairman of the District of Columbia Financial Responsibility and Management Assistance Authority, the Chief Financial Officer of the District of Columbia, and the Chief Executive Officer of the District of Columbia Public Schools. Copies will be made available to others upon request.

Major contributors to this report are listed in appendix VI. If you or your staff need further information, please call me at (202) 512-4476.

Sincerely yours,



Gloria L. Jarmon
Director, Health, Education, and Human
Services Accounting and Financial
Management Issues

Contents

Letter	1
Appendix I Key Dates Related to Fiscal Year 1997 Roof Repairs at D.C. Public Schools	34
Appendix II A Typical District of Columbia School With Multiple Roof Areas	38
Appendix III Comments From the District of Columbia Financial Responsibility and Management Assistance Authority	40
Appendix IV Comments From the District of Columbia Public Schools	43
Appendix V Comments From the General Services Administration	54

Appendix VI Major Contributors to This Report 55

Glossary 56

Tables

Table 1: Funds Received in Fiscal Year 1997 for DCPS Capital Projects 8

Table 2: Summary of Roof Work and Estimated Cost per Square Foot, Fiscal Year 1997 12

Abbreviations

CEO	Chief Executive Officer
COO	Chief Operating Officer
DCPS	District of Columbia Public Schools
DMJM	Daniel, Mann, Johnson, and Mendenhall
GSA	General Services Administration
IFBC	Invitation for Bid and Contract
NTP	Notice to Proceed
RFQ	Request for Qualifications

Appendix I

Key Dates Related to Fiscal Year 1997 Roof Repairs at D.C. Public Schools

March 3, 1992	Parents United for the District of Columbia, an education advocacy group, filed a lawsuit against the former Mayor, the District of Columbia, and the Fire Chief of the D.C. Fire Department alleging failure of the D.C. officials to adequately inspect for and remedy violations of the District of Columbia Fire Prevention Code and other safety hazards in the public schools.
May 2, 1994	A trial was held regarding the Parents United lawsuit.
June 10, 1994	The trial resulted in a D.C. Superior Court Order requiring: (1) the D.C. Fire Chief to conduct semiannual inspections of every public school in the District and to submit reports of fire code violations to the Court and the plaintiffs, (2) the Fire Chief to order the immediate closing of any public school building in D.C. with life threatening fire code violations, including ruptured ceilings, and (3) the plaintiffs to file reports with the Court detailing the abatement or the abatement plan for the fire code violations noted.
August 14, 1995	The District of Columbia Public School Superintendent's Task Force on Education Infrastructure for the 21st Century issued the Preliminary Facilities Master Plan 2005 for the District of Columbia Public Schools. The task force was established by the Superintendent of D.C. schools to address the aging and physical deterioration of the D.C. public schools.
April 26, 1996	Public Law 104-134 was enacted, requiring the General Services Administration to provide technical assistance to the District of Columbia Public Schools and to assist the District of Columbia Public Schools in developing a facilities revitalization plan. The General Services Administration was to consider the Preliminary Facilities Master Plan 2005 for the District of Columbia Public Schools in the development of the facilities revitalization plan.
July 25, 1996	A Memorandum of Understanding between the General Services Administration and the Superintendent of the District of Columbia Public Schools was signed, requiring the General Services Administration to provide technical assistance and related services to the District of Columbia in the development of a repair and capital improvement program for the District of Columbia Public Schools.
September 9, 1996	Public Law 104-194, the 1997 Appropriations Act for the District of Columbia, was enacted, providing $9.2 million for school repairs in a restricted line item.
September 30, 1996	Public Law 104-208 was enacted, providing Student Loan Marketing Association (Sallie Mae) and College Construction Loan Insurance Association (Connie Lee) funds as well as transferring the $9.2 million from Public Law 104-194 to the Authority to finance D.C. public school facility construction and repair. The law also gave the Authority authorization to contract out for public school repair, in consultation with the General Services Administration. Further, the General Services Administration was required to assist in the short-term management of the repairs and capital improvements.

(continued)

October 3, 1996	The Authority received $11.5 million from fiscal year 1996 general obligation bond proceeds to be used for D.C. public school repairs and capital improvements.
November 15, 1996	The Authority restructured the District of Columbia Public School by establishing a Board of Trustees and replacing the then Superintendent of Schools with a new Chief Executive Officer.
November 19, 1996	A Memorandum of Understanding between the General Services Administration and the Authority was signed, requiring the General Services Administration to provide program management services to assist in the short-term management of the repairs and capital improvements for the District schools, per Public Law 104-208.
January 1, 1997	The District of Columbia Public School Chief Executive Officer hired a Chief Operating Officer to manage and implement the school facilities improvement program.
February 18, 1997	The General Services Administration provided the District of Columbia Public Schools with a facilities revitalization plan as agreed to in the Memorandum of Understanding dated July 25, 1996.
February 26, 1997	The General Services Administration issued Notices to Proceed to roofing contractors for certain D.C. public schools.
February 28, 1997	The District of Columbia Public Schools submitted a draft Long-Range Facilities Master Plan to the D.C. Council for approval. The plan included a priority listing of 50 schools to receive roof replacement in Fiscal Year 1997.
March 4, 1997	The Authority received $18.25 million from the federal government's sale of Connie Lee to be used for D.C. public school repairs and facility construction.
April 4, 1997	The District of Columbia Public Schools submitted a request to D.C. Office of Budget and Planning for $28.5 million for capital improvements.
April 7, 1997	District of Columbia Public School Chief Operating Officer hired a Chief of Capital Projects to direct the program management, program planning and control, and design review team managers.
April 14, 1997	The Authority requested $36.85 million in supplemental funds from Congress for emergency public school facility improvements. Congress declined to provide any additional funds.
April 25, 1997	The District of Columbia Public Schools submitted a revised Long-Range Facilities Master Plan to the D.C. Council for approval. The plan was also submitted to the Congress. The plan included a priority list of 50 schools to receive roof replacement in fiscal year 1997. The priority list changed slightly—Tyler was added to the list of school roof projects to be managed by the District of Columbia Public Schools, and Spingarn no longer appeared on the list of school roof projects to be managed by the General Services Administration.
May 19, 1997	The District of Columbia Public Schools issued a Request for Qualifications to pre-qualify potential roofing contractors.

(continued)

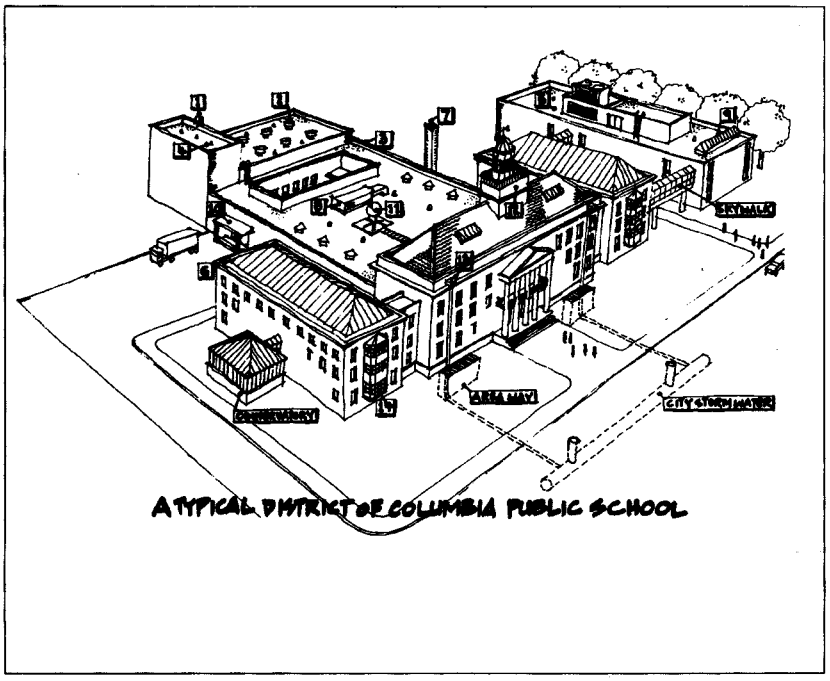
June 4, 1997	The Authority received $20 million from the May 28, 1997, general bond proceeds to be used for school repairs and capital improvements.
June 20, 1997	District of Columbia Public Schools recessed for summer vacation.
July 1, 1997	The District of Columbia Public Schools issued an Invitation for Bid and Contract notice seeking a single contractor to perform 15 roof repair projects and 5 boiler/chiller projects. No bids were received.
July 10, 1997	The District of Columbia Public School Chief Operating Officer testified before D.C. Superior Court that there were 47 school roof repair projects scheduled and that some roofs would not be completed before September 20, 1997. The 47 schools listed differed from the priority list included in the April 25, 1997, Long-Range Facilities Master Plan. For example, the 47 school roof repair projects did not indicate that roof repairs would be performed at 13 of the schools on the roof repair list included in the Long-Range Facilities Master Plan, dated April 25, 1997.
July 11, 1997	A District of Columbia Superior Court judge reiterated the June 10, 1994, Order and stated that schools would be closed while roof work was performed. The Order also required the District of Columbia Public Schools to submit a plan, by August 18, 1997, to the Superior Court detailing alternative sites for students to report to on September 2, 1997, the first day of the 1997-1998 school year.
July 11, 1997	The District of Columbia Public Schools issued an amendment to the July 1, 1997, Invitation for Bid and Contract notice. The amended Invitation for Bid and Contract notice divided the required construction work into packages. There were six roof repair packages at a total of 48 schools, and two boiler/chiller packages at a total of 16 schools. Contractors were asked to submit bids on one, more, or all project packages. The schools scheduled for roof repairs indicated on the Invitation for Bid and Contract differed somewhat from the schools scheduled for roof repairs indicated on the July 11, 1997, Order. For example, the Invitation for Bid and Contract included roof repair projects at seven schools that were not listed on the July 11, 1997, Order.
July 14, 1997	The District of Columbia Public Schools submitted a request to D.C. Office of Budget and Planning for an additional $20 million for capital improvements.
July 17, 1997	The District of Columbia Public Schools submitted a revised Long-Range Facilities Master Plan to the D.C. Council for approval. The plan included a priority listing of 56 schools to receive roof replacement in fiscal year 1997. The priority list included thirteen schools that were not indicated in the July 11, 1997, Court Order and 6 schools that were not on the amended (July 11, 1997) Invitation for Bid and Contract.
July 23, 1997	The District of Columbia Public Schools issued first Notices to Proceed to roofing contractors.

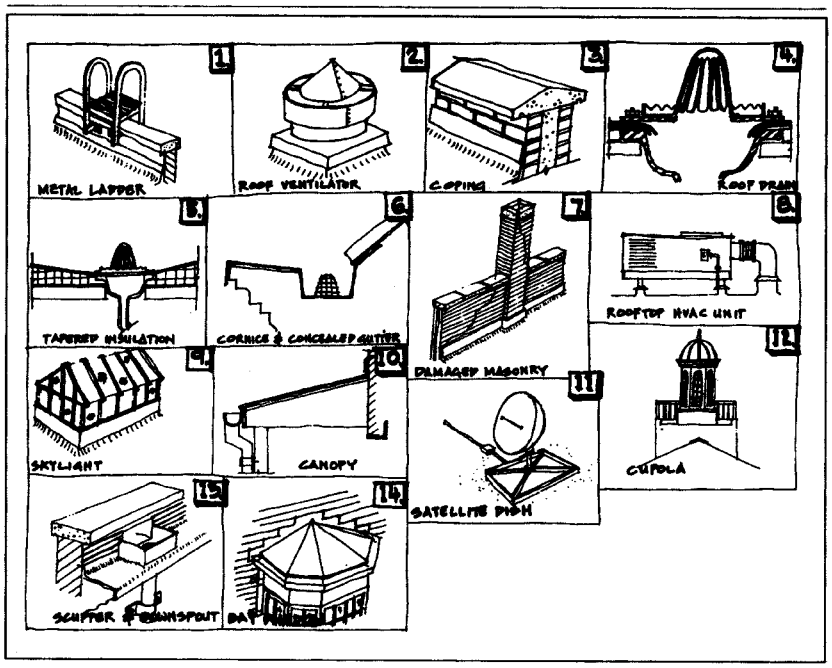
(continued)

August 18, 1997	The District of Columbia Public Schools submitted a report to the Superior Court stating that there was no contingency plan for relocating students and staff who attend those schools where roof repairs were taking place, and that the plan was to delay the start of the school year until roof repairs were completed (September 22, 1997).
September 2, 1997	The Authority received $36.8 million of Sallie Mae proceeds (from stock warrants) to be used for school repairs and capital improvements.
September 22, 1997	District of Columbia public schools opened, commencing the 1997-1998 school year.
October 6, 1997	The Authority received $5 million of Sallie Mae proceeds (from the sale of naming rights) to be used for school repairs and capital improvements.
November 3, 1997	A settlement was reached among Parents United, the Mayor, the Fire Chief, and the District of Columbia Public Schools Chief Executive Officer, which laid the foundation for ensuring that D.C. public schools were free of Fire Code violations and requiring the District of Columbia Public Schools to continue the necessary repairs and capital improvements to the school buildings, as indicated in the Long-Range Facilities Master Plan.

Appendix II

A Typical District of Columbia School With Multiple Roof Areas





Source: DCPS Capital Program Division.

Appendix III

Comments From the District of Columbia Financial Responsibility and Management Assistance Authority

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

District of Columbia Financial Responsibility
and Management Assistance Authority
Washington, D.C.

February 20, 1998

Mr. Gene L. Dodaro
Assistant Comptroller General
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Dodaro :

This letter provides the views of the District of Columbia Financial Responsibility and Management Assistance Authority ("Authority") regarding the draft report of the General Accounting Office titled, ***"District of Columbia Public Schools: Availability of Funds, and the Cost of FY 1997 Roof Projects"***.

See comment 1.

Most of the significant events and time frames outlined in the draft report are consistent with the records of the Authority. However, the draft report does not refer to the April 14, 1997, request of the Authority, to the President and the Congress, for additional funding. That request included $36.85 million for the District of Columbia Public Schools ("DCPS"). This amount, when combined with the $49.75 million anticipated from other sources, would have provided a total funding of $86.6 million for the emergency school repair program during the summer of 1997.

See comment 1.

The work originally contemplated under the emergency school repair program was not limited to roof repairs but included repairs to boilers and chillers, and work that was required for compliance with the Americans with Disabilities Act ("ADA"). The DCPS capital program staff developed a plan to utilize these funds. Congress passed the supplemental appropriations bill for Fiscal Year 1997 on June 12, 1997. This bill did not include the requested funds for school capital improvements. Therefore, the emergency school repair program had to be redesigned to accommodate the reduced funding level of $49.75 million. This occurred eight days before school was dismissed for the summer.

See comment 2.

The Authority recommends that the report include a discussion of the effect of the changes required by the District of Columbia Superior Court. These additional requirements added to the cost of the repair program, and increased the difficulty of project management. For example, the court held that no persons including students, teachers, or janitorial personnel, could occupy the buildings during roof repairs. Additionally, the court decided to review and approve all work, before the work could begin. As a result, the plan was constantly modified to accommodate the directives of the court.

One Thomas Circle, N.W. • Suite 900 • Washington, D.C. 20005 • (202) 504-3400

See comment 2.

It is important to note the policy of the Authority regarding notification of the availability of funds. The Authority advises the Office of the Chief Financial Officer of the District ("OCFO") of the availability of funds. It is the responsibility of the OCFO to communicate with the financial personnel in District agencies, including DCPS. Financial personnel in the agencies are a part of and report directly to the OCFO.

See comment 3.

Finally, we suggest that the draft report refer to the efforts of the Authority to increase the amount of future capital funding for DCPS. During the development of the Fiscal Year 1998 capital budget for the District, the Authority, with the support of Mayor Barry and the Council of the District of Columbia, increased the capital allocation for DCPS to $30 million. Additionally, on October 6, 1997, the Authority received, and reported to the District, an additional $5 million from Sallie Mae.

We appreciate this opportunity to provide comments before the report is finalized.

Sincerely,

John W. Hill, Jr.
Executive Director

The following are GAO's comments on the District of Columbia Financial Responsibility and Management Assistance Authority's letter dated February 20, 1998.

GAO Comments

1. Our report does not address whether ample funding was available for the emergency school repair program during fiscal year 1997. However, table 1 in the report shows that DCPS had about this same amount of funds ($86.5 million) available for capital projects during the fiscal year.

2. This point is discussed in the Comments and Our Evaluation section of the report.

3. We have augmented our discussion in the Planned Roof Repairs section of the report to refer to the additional $5 million from Sallie Mae. The report refers to the Authority's commitment to provide a minimum percentage of the District's general fund long-term financing authority (annual bond proceeds) for completion of repairs required by the Long-Range Facilities Master Plan.

Appendix IV

Comments From the District of Columbia Public Schools

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Office of the Chief Operating Officer / Director of Facilities
415 12th Street, N.W.
Room 903
Washington, D.C. 20004
(202) 724-4362
FAX (202) 724-5580

February 17, 1998

Mr. Gene L. Dodaro
Assistant Comptroller General
General Accounting Office
Washington, D.C. 20548

Dear Mr. Dodaro:

We received your draft report of the District of Columbia Public Schools: Availability of Funds and Cost of Fiscal Year 1997 School Roof Projects. We have provided our comments as requested.

We have appreciated the professionalism displayed by the team lead by Gloria L. Jarmon on this audit.

Sincerely,

Charles E. Williams
Chief Operating Officer/Director of Facilities

Attachment

Children First

DCPS COMMENTS TO DRAFT GAO REPORT

See comment 1.

In response to the draft report entitled "District of Columbia Public Schools: Availability of Funds and Cost of Fiscal Year 1997 School Roof Projects," DCPS submits the following comments. We do not disagree with the majority of the subsidiary findings set forth in the body of the draft report. However, we believe that the principal findings set forth in the section entitled "Results in Brief" are incomplete. Additionally, we are providing the following comments to set forth our understanding of the exact sequence of events which preceded the initiation of the roof replacement and upper building stabilization program in the summer of 1997, as well as the circumstances we confronted in managing that program.

1. PRINCIPAL FINDINGS

a. Availability of funds.

See comment 1.

In the section entitled "Results in Brief," the draft report states that the "District's records show that about $18 million was available in February 1997 for DCPS-managed roof work with the available amount increasing to about $38 million by June 1997." (Draft report at page 6). However, as set forth in page 11 of the draft report, those funds were only made available to the District of Columbia Financial Responsibility and Management Assistance Authority in February 1997 and June 1997. In contrast, our records show that DCPS received $18.2 million in budget authority from the privatization of the College Construction Loan Insurance Association (Connie Lee) on April 11, 1997, and that DCPS received $20 million on July 22, 1997 from the sale of general obligation bonds. As discussed in greater detail in these comments, this budget authority was used as soon as DCPS had authorization to utilize those funds. Prior to the transfer of those funds from the Authority to DCPS, we did not have the required authorization to utilize those funds to initiate procurement actions or to hire employees to replenish our capital construction projects staff.

b. Impact of court proceedings.

See comment 1.

We must emphasize that the court's July 11, 1997 order in *Parents United for the District of Columbia v. Barry, et al.* (C.A. No. 92-3478) played a critical role in the initiation and management of DCPS' 1997 summer roof replacement and upper building stabilization program. Under the terms of this order, DCPS was prohibited from opening any school that had been scheduled for any roof work in Fiscal Year 1997 even though all known fire code violations had been abated by July 10, 1997 and even though it was common practice to conduct roof repair or roof replacement work in occupied buildings. As discussed in greater detail, this order resulted in the establishment of a compressed work schedule for the completion of all required roof replacement work or upper building stabilization work in the summer of 1997 and it ultimately resulted in postponing the opening of all District schools until September 20, 1997.

1

2. GENESIS OF THE PROGRAM

a. The State of Emergency.

On November 15, 1996, the District of Columbia Financial Responsibility and Management Assistance Authority declared a state of emergency and appointed an Emergency Board of Trustees and a Chief Executive Officer to administer the D.C. Public Schools. The Authority took this drastic step because, among other things, DCPS had "failed to provide a...safe environment in which to learn." Specifically, the Authority found that the DCPS management of its facilities had been characterized by: "numerous fire code violations, preventing all District schools from opening on time... continued use of aging facilities, mismanagement of capital funds for repair and renovation; failure to close unneeded schools; and lack of a comprehensive facilities plan, resulting in numbers of under-utilized and poorly maintained schools facilities...." (See Resolution, Order and Recommendation Concerning District of Columbia School System). Due to the state of emergency and the need to take immediate, emergency action, the CEO selected General Charles E. Williams, who had over thirty years of experience in managing major construction and rehabilitation programs under difficult conditions, in December 1996.

b. DCPS Resources and initial funding level.

When General Williams assumed office in January 1997, DCPS did not have the staff and resources required to devise and manage an extensive capital improvement program. As stated in the draft report, prior to November 1996, virtually the entire capital (*i.e.* construction management) staff had been terminated, and all available capital funds --$11.5 million--had been obligated for construction contracts managed by the General Services Administration (GSA) or had been earmarked to pay prior year bills. Additionally, DCPS was the subject of court supervision as a result of a lawsuit filed by Parents United for the District of Columbia, an advocacy group, which alleged that DCPS and other District agencies had failed to discover or abate fire code violations such as leaking roofs which could result in electrical fires.

Despite this lack of resources, DCPS released its first Draft Long-Range Facilities Master Plan on February 28, 1997, the findings in the plan and subsequent assessments revealed that 50 per cent of DCPS 157 buildings were unsafe. Additionally, there were over 1,600 fire code violations. In the draft plan, DCPS had concluded that in addition to the roof replacement work managed by GSA, approximately 50 schools required roof replacement work in Fiscal Year 1997. Since DCPS had neither the funding nor the staff to support new capital construction projects on February 28, 1997, DCPS believed that these projects could not be fully completed prior to October 30, 1997 even though it hoped that a substantial number of these projects would be completed prior to September 30, 1997.

2

In the meantime, on February 26, 1997, GSA issued "Notices to Proceed" which authorized roofing contractors that had been supported by the $11.5 million in obligated funds to begin construction at five District schools. These contractors were firms that had been retained by GSA to perform construction work through "indefinite quantity" contracts that had been awarded at earlier date. In order to receive services from these retained firms, GSA simply issued "task orders" directing the firms to begin work as instructed.

Construction at the five schools was based on designs that had been prepared by a retained architectural firm pursuant to task orders issued by GSA on November 26, 1996. However, further design and construction work could not be initiated by DCPS without additional capital funding.

c. Connie Lee proceeds.

On April 11, 1997, further funding to support capital improvement projects became available when $18.2 million resulting from the sale of Connie Lee was entered into the DCPS Financial Management System (FMS). Prior to the entry of those funds in the DCPS FMS system, those funds could not be used to support additional contracts even if the funds may have been available to the Authority at an earlier date. Meantime, on April 7, 1997, the Chief of the Capital Projects Division was hired and began to recruit and hire employees to initiate and manage capital construction projects. By the end of May 1997, six additional employees had been hired to manage DCPS' capital construction projects.

On May 19, 1997, DCPS issued a Request for Qualifications (RFQ) to pre-qualify (i.e., determine whether potential contractors possessed the resources and expertise for construction work) contractors. In June 1997, Daniel, Mann, Johnson, and Mendenhall (DMJM), an architectural and engineering firm retained by GSA was instructed to survey roofs, develop technical specifications for roof repair or upper building stabilization and to devise a government cost estimate for the construction work required for roof replacement at 48 buildings.

During this period, DCPS also asked GSA to use its retained contractors to perform additional construction work. Ultimately, GSA agreed to use contractors to perform roof replacement work at three additional schools and to complete four boiler/chiller projects at three additional schools. However, GSA would not direct its contractors to perform additional work unless DCPS transferred funds and budget authority directly to GSA. GSA was unwilling to continue the practice of allowing DCPS to retain funding authority while it was responsible for directing its retained contractors to perform work on behalf of DCPS. In doing so, GSA was merely resuming its customary, past practice. GSA had not followed its past practice in the limited number of projects that it had managed on behalf of DCPS due to the emergency conditions confronted by DCPS.

3

Additionally, as indicated by Mr. William Lawson, Assistant Regional Administrator of GSA, during his testimony on January 23, 1998, it is doubtful if the contractors retained by GSA would have been willing or able to perform additional services for DCPS within the time frames required by DCPS or under conditions found in this report and discussed below. Since DCPS was prohibited by Authority instructions from transferring funds to other entities, all additional construction projects were managed as well as funded by DCPS.

On July 1, 1997, DCPS issued an Invitation for Bid and Contract (IFBC) for a contract to design and build boilers and chillers in five schools and for roof replacement or upper building stabilization in 15 schools. As used in these comments, "upper building stabilization" or "upper building construction" refers to the repair or renovation of non-roof structures on the upper portion of buildings as well as roof replacement or roof repair. As discussed in greater detail below, non-roof related repair or renovation which occurred in the summer of 1997 included the repair or replacement of masonry, cornices, flashing, coping, and cupolas as well as work such as clearing drains.

Thereafter DCPS did not receive any bids in response to its initial invitation because, in our opinion, the IFBC sought mechanical work in the form of boiler and chiller replacement as well as roof replacement. As discussed below, the IFBC was later amended.

d. Court proceedings.

During the period from January 1997 through June 1997, DCPS officials were ordered to testify and attend hearings or pre-hearing conferences in the case of *Parents United for the District of Columbia v. Barry, et al.* (C.A. No. 92-3478). Initially, the hearings or conferences were scheduled for one day each week. Thereafter, the hearings and conferences were scheduled for two days a week. By July 1997, however, the pre-hearing conferences were scheduled for each day from July 1 to July 9, 1997.

On July 10, 1997, General Williams testified that all 1,600 of the fire code violations that had been identified on or after he began service in January 1997 had been abated. However, as set forth in the Long Range Master Facilities Plan, he also testified that DCPS planned to replace the roofs on approximately 50 schools. The completion dates for these projects, excluding the period of time required for Fire Marshal inspection or for "punch-list" work, were August 15, 1997, August 31, 1997, and September 20, 1997. The completion dates that were the subject of testimony were estimated completion dates based on the best available information. They were not meant to be predictions of the actual completion of the work, the removal of all equipment, the completion of all required finishing work. Additionally, these dates assumed that the buildings would be fully occupied and fully utilized during the period of the roof replacement effort.

4

Because, in the Court's opinion, the planned work would result in fire code violations and would endanger occupants of the buildings, on July 11, 1997, the Court prohibited DCPS from opening 50 schools until the Fire Marshal had cleared and approved the schools for opening. The Court took this step even though it is common practice to perform roof repair or replacement work in occupied buildings and even though the Superior Court building itself was occupied during its own roof repair effort.

The Court's order of July 11, 1997 had three drastic consequences for DCPS, its students, and the public. First, the order delayed the opening of all school buildings from September 2, 1997 to September 20, 1997 since it was impossible to find sufficient space to accommodate the students and faculty from 50 schools. Second, as a practical matter, the Court's order essentially prohibited DCPS from pursuing the strategy of temporarily patching roofs since there was no reason to believe that patchwork would be sufficient to abate all potential fire code violations. By July 11, 1997, DCPS was well aware that the failure to abate all potential and known fire code violations would lead to the imposition of the drastic sanction of ordering the closure of additional schools.

a. The revised construction schedule.

See comment 2.

As a result of and following the July 10, 1997 hearing, on July 11, 1997, DCPS amended its initial Invitation for Bid and Contract and issued additional IFBC's. The amended IFBC separated boilers and chillers from roof packages, and sought bids for a total of six roof replacement and upper building construction packages for the 48 schools closed by the Court's order. The amended procurement packages also sought bids for roof replacement or upper building construction at seven additional schools. DCPS had no difficulty in attracting highly qualified bidders to respond to the IFBC's. For this reason, DCPS must disagree with the report's statement indicating that DCPS "continued to experience difficulty in attracting bidders and urged contractors to submit bids."

Thereafter, on July 22, 1997, DCPS entered an additional $20 million in capital construction funds into the FMS. As soon as the $20 million in capital construction funding authority became available, DCPS issued notices to proceed to roofing contractors on July 23, 1997. The contractors were instructed to complete work prior to the time the buildings were originally scheduled to become occupied on September 2, 1997.

3. The upper building construction program.

DCPS believes that the report's major findings on the cost and conduct of the 1997 upper building stabilization program are accurate. The following comments are provided only to amplify the findings set forth in the report.

a. Cost of the program.

The report notes that DCPS had initially estimated that $22 million would be required for roof work in Fiscal Year 1997.

5

This preliminary estimate is contained in the Draft Long-Range Facilities Master Plan released on February 28 1997. However, as General Williams, his staff, the engineering consultant and the contractors uncovered more and more information about the actual state of DCPS' buildings, it became clear that safety and habitability required repair or construction work on the entire upper portion of many of the buildings. Such work involved repairing damage to the actual structure of the building caused by years of deferred maintenance, and repairing non-roof structures such as flashing, masonry, or cornices.

Additionally, the report correctly points out that the initial $22 million estimate did not include costs flowing from the complexity of DCPS' roof structures and costs associated with the amount of work to be performed within a compressed time schedule. This compressed time schedule was a direct effect of the Court's July 11, 1997 order, which required the completion of all roof replacement work before those schools could be open for occupancy, and delay in the availability of required funding. While it may be true that funds had been transferred to the Authority at an earlier date, it is also true that DCPS could not utilize those funds until they were entered into DCPS' FMS system.

Moreover, in addition to the factors cited by the report, the wide disparity in cost per square foot between GSA managed projects and DCPS managed projects is largely attributable to the relative simplicity of the GSA projects and the absence of a compressed work schedule flowing from the July 11, 1997 court order. The contrast between the DCPS and GSA projects is compelling. While DCPS was required to replace slate, metal, asphalt, and bitumen roofs with multiple heights, multiple angles, multiple materials and a poor maintenance record, GSA was only required to replace flat roofs using one type of material. Additionally, DCPS was required to perform extensive and expensive non-roof work such as repairing the cornice and skylight at J.F. Cook Elementary School which was significantly more difficult than performing roof replacement work. In contrast, the GSA projects were not significantly burdened with non-roof work.

Finally, we note that the MacFarland Junior High School project, cited as an example of a high cost DCPS project, was included in a contract solicitation package which included roof replacement work and non-roof work at nine schools. As required by all applicable procurement rules, this contract was awarded to the lowest bidder.

A. *Compressed time schedule*

As a result of the Court's order of July 11, 1997, DCPS made every conceivable effort to complete all roof repair or roof replacement work by the original scheduled opening date of September 2, 1997.

6

After it became evident that all required roof replacement or upper building construction could not be completed by September 2, 1997 and after it became clear that it would be impossible to relocate the faculty and students from 50 of 146 schools, DCPS reluctantly determined that it was required to delay the opening of all schools until September 20, 1997 in order to comply with the Court's edict which prohibited the opening of schools until all roof replacement and upper building construction had been completed.

As a practical matter, the Court's order established a work schedule of July 23, 1997 (one day after all required funds became available) and September 20, 1997 (the delayed school opening date) to complete all required design and construction work at 50 schools. The report's findings confirm that DCPS met this difficult schedule. The report found that GSA had an average of 66 days to complete its 10 projects while DCPS' projects were completed well under the 66 day average. We would point out that the time differential identified in the report is even greater since the 66 day average for GSA managed projects ***only included construction*** while the DCPS managed projects included both design and construction. As the report noted, the design phase of the GSA projects began on November 27, 1996 and the construction phase began on February 26, 1997, three months later. In contrast, both the design and the subsequent construction phases of the DCPS projects began on July 23, 1997.

DCPS agrees that in order to expedite the completion of all required work, it relied on the design-build construction method. DCPS, however, disagrees that such an approach is inherently more expensive than the "traditional" approach where separate procurement actions are initiated for design and construction. With respect to this issue, we believe that the cost of the upper building stabilization program was driven by factors such as the need to replace or repair a number of non-roof related structures, the complexity and diversity of DCPS' roofs as well as the compressed time schedule, but, we do not believe that the cost of the program was due to reliance on the Design Build method.

See comment 3.

DCPS also disagrees with the statement that it experienced difficulty in securing bids due to the size of its contract solicitation packages. While there may have been some hesitancy in bidding on a package, which included boiler and chiller replacements as well as roof replacement work, there was no lack of bidders for contract packages, which only sought roof and upper building stabilization contractors. This is confirmed by the fact that DCPS ultimately awarded at least three contracts, which covered multiple schools. One package covered nine schools, a second package covered six schools, and a third package covered five schools.

See comment 2.

With one exception, all of the contracts were awarded in Fiscal Year 1997 were awarded on the basis of competition. The one exception occurred in the case of the Langdon School. As discussed in the report, in this instance, a sole source contract was awarded after DCPS' own quality assurance task force discovered a potential structural problem and recommended immediate repair work prior to the opening of school in order to abate a potential safety hazard.

7

Finally, due to the Court's order that closed 50 schools on July 11, 1997, DCPS could not reduce the scope of its work and was required to complete work at all 50 schools before those schools could be opened and occupied. Such a course of action was mandated by Court's order. It was not a matter of preference or choice.

c. Complexity and diversity.

We agree with the report's findings that demonstrate and confirm that DCPS was required to replace, renovate, and stabilize an atypical, complex and diverse set of roof and upper building structures during the summer of 1997. As set forth in the report, DCPS does not have the "typical" flat, routinely maintained, safe structures with one building material that are found in the suburban jurisdictions cited in the report. In contrast, DCPS buildings often had multiple roof areas that had not been routinely maintained, sloping structures, and multiple building materials. The report correctly finds that renovation and repair of these structures often required the services of several different roofing specialists and a variety of expensive building materials.

d. Deferred maintenance, warranties and payment history.

We agreed that the majority of the DCPS roofs were badly deteriorated as a result of deferred or inadequate maintenance for many years. We also agree with findings which demonstrate that DCPS significantly guaranteed the continued maintenance of its roofs by insisting that contractors provide 2-year workmanship guarantees and 20-year manufacturers' warranties on building materials. As of January 26, 1998, DCPS had received 20-year manufacturers' warranties for 47 roof projects and contractors' guarantees for 37 roof projects. To our knowledge, no administration in DCPS' history has obtained such an extensive program of warranty protection for repair, renovation or construction work conducted on behalf of DCPS.

We would amplify these findings, however, by pointing out that we are convinced that the other technical and non-technical factors cited in the report also significantly contributed to the cost of the upper building stabilization effort. The technical factors which contributed to the cost of the upper building stabilization effort include the absolute need to perform costly additional upper building renovation work such as replacing skylights and gutters, repairing mortar joints and flashings, repointing masonry, and repairing cornices as well as roof replacement. A significant portion of this upper building stabilization work was more costly and difficult than the roof replacement work itself. Other technical factors include the complex and diverse nature of the roof structures, the need to use multiple building materials, and the need to use the services of several different types of roof specialists.

The primary non-technical factors, which contributed to the cost of the stabilization effort, centered around the compressed work schedule resulting from the Court's July 11, 1997 order. Other non-technical factors such as the District's payment history also played a role in determining the cost of this effort.

8

e. Cost estimates versus contract amounts and change orders

We agree with the report's findings which show that the difference between the estimated and actual cost of the construction projects conducted by DCPS was below ten per cent. In our opinion such a difference is well within the ten percent industry standard for construction projects and that such a difference is relatively minor given the size and number of the construction projects initiated and completed in the summer of 1997.

We also believe that the number of change orders associated with those projects was negligible. As demonstrated by the findings in the report, the vast majority of the changes orders for 27 schools was caused by the need to repair, renovate or replace upper building structures unrelated to roofs such as decks, drains or flashings.

f. The 1998 upper building repair program.

In 1998 DCPS has programmed approximately $35 million for 40 roof or upper building stabilization projects in Fiscal Year 1998. The report's findings confirm that there are significant differences between the planned 1998 program and the 1997 program.

- Initially, the lawsuit filed by Parents United for District of Columbia has been settled and an advisor who has significant construction experience has been appointed under the agreement to advise DCPS on compliance with the agreement. Due to the settlement of the case, DCPS will be able to conduct required upper building construction under an expanded time frame and will be able to conduct such work while the buildings are occupied.

- Unlike Fiscal Year 1997, when DCPS did not receive funding to support new capital projects until April 1997 and only received $18.2 million in new, uncommitted funding in April 1997, DCPS has already received about $40 million in budget authority to support the capital improvement program. DCPS also expects to receive $ 20 million in additional funding from the disposition of 15 schools in Fiscal Year 1998. Additionally, the Authority has committed $42 million in D.C. Fiscal Year 1998 bond proceeds for school construction.

- Unlike Fiscal Year 1997, when DCPS had no capital project staff members until April 1997 and only six additional staff members by the end of May 1997, DCPS has now formed a planning staff, a capital execution staff, as well as a contract review and document control staff to administer the capital program.

For these reasons, we are convinced that the non-technical difficulties encountered by DCPS in the summer of 1997 will not recur in the conduct of the 1998 program.

9

The following are GAO's comments on the District of Columbia Public Schools' letter dated February 17, 1998.

GAO Comments

1. This point is discussed in the Comment and Our Evaluation section of the report.

2. We modified this section of the report slightly. Of the 46 schools at which DCPS-managed roof work during fiscal year 1997, DCPS received three to five bids for 29 schools; 2 bids for each of 9 schools; and one bid for each of the remaining 8.

3. We modified the report to provide additional information concerning bidder risk associated with the extensive deferred maintenance and the short time frames provided for submitting bids and completing the work.

Appendix V

Comments From the General Services Administration

General Services Administration
National Capital Region
Washington, DC 20407

FEB 26 1998

Mr. Gene Dodaro
Assistant Comptroller General
Accounting and Information Management Division
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20648

Dear Mr. Dodaro:

This letter is in reference to your draft audit report titled "DCPS Availability of Funds and the Cost of FY97 Roof Projects". First and foremost, I wish to express my appreciation to your office for providing General Services Administration (GSA) the opportunity to comment on the subject Draft Report.

After reviewing the draft audit report and your recent adjustments, we find it to be acceptable with regard to issues related to GSA and take no exceptions to those sections. If we can be of any further assistance, please do not hesitate to contact me or Mr. Frank Miles of my staff.

Sincerely,

William R. Lawson, FAIA
Assistant Regional Administrator
Public Buildings Service

Federal Recycling Program Printed on Recycled Paper

Appendix VI

Major Contributors to This Report

Accounting and Information Management Division, Washington, D.C.	Hodge Herry, Assistant Director Barbara Shields, Audit Manager Bonnie Derby, Senior Auditor Fred Evans, Senior Auditor Lou Fernheimer, Senior Evaluator Kwabena Ansong, Auditor Mel Mench, Senior Assistant Director Meg Mills, Communication Analyst
Office of General Counsel	Richard Cambosos, Senior Attorney

Glossary

Asphalt	A petroleum compound, dark brown or black in color, used in the manufacture of roofing products.
Ballast	Coarse stone, gravel slag, etc., used as an underlayer for poured concrete.
Bitumen	Asphalt or coal-tar pitch.
Blocking	Sections of wood built into a roof assembly, usually attached above the deck and below the membrane or flashing, used to stiffen the deck around an opening, act as a stop for insulation, support a curb, or to serve as a nailer for attachment of the membrane and/or flashing.
Built-Up Roofing	A continuous semiflexible roof covering of lamination, or plies, or saturated or coated plies alternated with layers of bitumen, surfaced with mineral aggregate or asphaltic materials.
Cant Strip	A continuous strip of flashing forming a triangle with a structural deck and a wall or other vertical surface.
Cladding	A material used as the exterior wall enclosure of a building.
Colonnade	A number of columns supporting one side of a roof.
Coping	Top covering of a wall that is exposed to the weather, usually made of metal, masonry, or stone. It is preferably sloped to shed water back onto the roof.
Counterflashing	Metal strips used to prevent moisture from entering the top edge of roof flashing, as on a chimney or wall.
Cupola	A terminal structure, square or round, rising above a main roof. While generally ornamental, a cupola can provide for ventilation.
Cornice	The molded and projecting horizontal member that crowns a wall.

Deck	The structural surface to which a roof covering system is applied.
Design	The architectural concept of a building as represented by plans, elevations, renderings, and other drawings.
Design-Build	The design-build approach gives a single contractor the responsibility for both designing and constructing a project rather than separating the responsibilities among a number of contractors.
Downspout	A conduit that carries runoff water from a scupper, conductor head, or gutter of a building to a lower level, or to the ground or storm water runoff system.
Drain	An outlet or other device used to collect and direct the flow of runoff water from a roof area.
EPDM	Ethylene Propylene Diene Monomer (rubber roof).
Estimate (Scope)	A forecast of construction cost based on a detailed analysis of materials and labor. Also referred to as a conceptual estimate or parametric estimate.
Expansion Joint	A structural separation between two building elements that allows free movement without damage to the roofing or waterproofing system.
Fascia	A vertical or steeply sloped roof or trim located at the perimeter of a building. Typically, it is a border for the low-slope roof system that waterproofs the interior portions of the building.
Flashing	Strips of copper, aluminum, galvanized sheet metal, or similar materials used along walls, dormers, valleys, and chimneys to prevent moisture seepage.

Flood Test	The procedure in which a controlled amount of water is temporarily retained over a horizontal surface to determine the effectiveness of the waterproofing.
Glazing	Cutting and fitting panes of glass into frames.
Gravel Stop	A low profile upward-projecting metal edge flashing with a flange along the roof side, usually formed from sheet or extruded metal, designed to prevent loose gravel from washing off the roof and to provide a finished edge detail for the built-up roofing assembly.
Gutter	A channelled component installed along the downslope perimeter of a roof to carry runoff water from the roof to the drain leaders or downspouts.
Insulation	Materials designed to reduce the flow of heat either into or from a building.
Masonry	Anything constructed of material such as brick, stone, concrete blocks, or ceramic blocks.
Modified Bitumen	A roofing bitumen which generally has been rubberized or plasticized to provide greater elasticity, flexibility, and improved working characteristics.
Parapet	A low, retaining wall at the edge of a roof. Usually an upward extension of a building's exterior curtain wall.
Parging	In masonry construction, a coat of cement (generally containing dampproofing ingredients) on the face of rough masonry, the earth side of foundation, or basement walls.
Pediment	A triangular face forming the gable of a two-pitched roof.
Pitch	The incline, or slope, of a roof.

Pitch Pocket	A flanged metal container placed around a column or other roof penetrating element and filled with flashing cement to seal the area around the penetration.
Ply	A single layer of organic or inorganic roofing material in a roof membrane or roof system.
Replacement	The practice of removing an existing roof system down to the roof deck and replacing it with a new roofing system.
Repointing	The process of removing deteriorated mortar from an existing masonry joint and troweling new mortar or other filler into the joint.
Reroofing	The process of recovering, or tearing off and replacing an existing roof system.
Ridge	Where the rising sides of the roof come together. The highest point of the roof.
Roofing System	An assembly of interacting roof structures and components designed to be weatherproof, and normally to insulate the building's top surface.
Saddle	A relatively small raised substrate or structure that directs surface water to drains or a valley; is often constructed like a small hip roof or like a pyramid with a diamond shaped base.
Scupper	An opening cut through the wall of a building through which water can drain from a floor or roof.
Shingle	Roof covering made from asphalt, fiberglass, wood, aluminum, tile, slate, or other water-shedding material.

Skylight	A roof accessory, set over an opening in the roof, designed to admit light. Normally transparent, and mounted on a raised framed curb.
Splash Block	A small masonry block laid on the ground below a downspout to carry roof drainage away from a building.
Substrate	See Deck.
Tapered Insulation	A strip used to elevate and slope the roof at the perimeter and at the curbs.
Traditional Method	In traditional project organization, the owner hires the services of a design team and a construction team. The design team is responsible for transmitting owner/user needs in plan documents describing the physical form for the construction team to assemble.
Valley	Where two roofs coming from different horizontal directions meet and form an internal angle.
Wing	Roof section broadly extended or projecting at an angle from the main building.

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TESTIMONY
Before the Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia
Committee on Governmental Affairs
United States Senate.

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

Performance Audit:
Fiscal Year 1997
Capital Improvement Program
Procurement Process

Statement of David L. Cotton, CPA, CFE
Managing Partner
Cotton & Company, LLP
March 9, 1998

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Chairman Brownback, Senator Lieberman, and Members of the Subcommittee:

I am pleased to be here today to discuss the results of our performance audit of the District of Columbia Public Schools (DCPS) Fiscal Year 1997 Capital Improvement Program (CIP) Procurement Process.

I am accompanied this afternoon by Mr. Ed Fritts, a senior manager with Cotton & Company, and Mr. Marvin Allmond, CPA, managing partner of Allmond & Company. Mr. Allmond and his staff assisted us on the audit.

I would like to give you a very brief summary of our results and then emphasize and clarify two key points about our audit and its conclusions.

Audit Objectives, Findings, and Conclusions

The audit was conducted at the request of the District of Columbia Financial Responsibility and Management Assistance Authority (the Authority) for the purpose of determining if (1) DCPS had an effective procurement system in place during Fiscal Year 1997 for the CIP projects and (2) the procurement system met the statutory, regulatory, and program needs of DCPS. We concluded audit fieldwork on December 15, 1997, and issued a final report to the Authority on January 12, 1998.

We concluded that DCPS did not have an effective procurement system in place and the procurement system used did not meet the statutory and regulatory requirements. The contracting process met program needs to the extent that the school-closing crisis was substantially abated by mid-September 1997.

We concluded that the statute authorizing the CIP and the Authority's Resolution and Order establishing the DCPS Board of Trustees required DCPS to follow Federal procurement rules and regulations until the Authority prescribed some other procurement rules and guidelines (or until DCPS itself adopted such policies and guidelines). DCPS did not follow Federal procurement rules and did not adopt any other procurement rules or procedures.

DCPS did not maintain complete and organized records of procurement decisions and actions. Contract files were incomplete and disorganized.

DCPS personnel told us that they knew that the emergency circumstances under which they were operating would result in higher costs. DCPS's Chief of Contract Administration estimated that prices paid might have been 25 to 30 percent lower if contractors had been allowed at least 30 days to prepare bids and 90 days to complete the work. The DCPS Chief Operating Officer stated that he informed the Authority in August 1997 that DCPS would have to pay a 30-percent premium. These estimates by DCPS personnel translate into extra costs incurred due to operating in an emergency mode of between $7.2 million and $9.4 million.

DCPS's emergency procedures were a departure from sound procurement practices, policies, and procedures and created conditions conducive to fraud, waste, and abuse. At a minimum, these conditions placed honest personnel in compromised positions where their actions and decisions become suspect.

Because DCPS did not adopt or consistently follow generally recognized procurement policies and procedures, we concluded that management controls were not adequate to protect against misappropriation of assets, errors, waste, or abuse. During contract performance, DCPS did not monitor contractor compliance with applicable laws, rules, and regulations incorporated into the contracts.

That is a brief summary of our audit's findings and conclusions. I would like to address two points related to the audit in more detail. First is the issue of whether DCPS followed proper procurement procedures. The second is the refusal by DCPS officials to affirm in writing certain representations about the roof repair procurements.

Procurement Policies and Procedures

Since our audit was completed DCPS has asserted that they complied with the DC Board of Education procurement rules which allow for emergency contracting. There are two problems with that assertion. First, the DCPS people who were actually involved with the procurements told us during our audit that they did not comply with ANY procurement policies or procedures.

During our audit, the COO, CFO, Chief of Contract Administration, and Chief of Capital Projects all told us that no procurement rules were applicable or were followed except the undefined concept of emergency procedures.

The then-DCPS Chief of Contract Administration told us, ***in writing***, that "there are no procurement procedures which DCPS had to follow in awarding Capital Contracts... the [Authority] resolution requires only that the CEO enter into contracts which he deems appropriate and in the best interests of the School System."

The DCPS Chief of Capital Projects told us, ***in writing***, that "[a]ll of the work done by DCPS in FY 97 was done under emergency conditions as declared by the Control Board. **We were thereby exempted from procurement policies and procedures**." [Emphasis in original]

The second problem with DCPS's current assertion that they followed the Board of Education emergency procurement procedures is that even if they thought they were following those procedures, what occurred failed to conform to those procedures.

For example, our audit found that

- documentation requirements were ignored,
- segregation of duties requirements were bypassed,
- project managers (rather than procurement officials) decided what contractors to invite to submit bids,
- project managers (rather than procurement officials) received and opened bids,
- project managers (rather than procurement officials) made contract award decisions,
- contracts and contract modifications were executed without first certifying that funds were available,
- contract work was allowed to commence without evidence that required bonds were obtained,
- contract compliance requirements were ignored,
- millions of dollars of change orders were approved without justification or written findings and determinations.

Nothing in the Board of Education procurement procedures—emergency or otherwise—permits such practices. These were the conditions cited in our report as being conducive to fraud.

Public Law 104-208 stated clearly that the CIP procurements were to be done in accordance with Federal procurement rules and regulations or such guidelines as prescribed by the Authority. The Authority delegated this responsibility to DCPS and DCPS did not follow Federal procurement rules and did not adopt any other procurement rules.

Management Representations

I want to clarify the circumstances surrounding our request for written management representations. In a hearing on January 23, 1998, Delegate Eleanor Holmes Norton asked General Becton and his staff why they refused to sign the management representation letters we asked them to sign as part of our audit. They did not answer that question. Instead, General Becton and his staff stated that it was unfair and inappropriate for us to have asked them to sign these letters.

We do not agree that it was either unfair or inappropriate. Although requesting written representations from management is not a *mandatory* procedure in performance audits, it has been a suggested procedure for nearly 20 years. The current version of GAO's *Government Auditing Standards* suggests that this procedure be considered in

performance audits. It was a recommended procedure in the 1988 revision of *Government Auditing Standards*, and it was a recommended procedure in the 1981 revision of *Government Auditing Standards*.

The focus should not be on whether or not our request for management representations was appropriate. The focus should be on why DCPS officials refused to provide these representations.

We asked six DCPS management officials to affirm certain key assertions made to us explicitly and implicitly during the audit. Four officials did not respond. Two officials gave us some but not all of the representations *16 days after* we issued our report.

Our request was simple and straightforward. We asked them to affirm to the best of their knowledge and belief that, for example—.

- they knew of no material unrecorded transactions;
- they made available to us all relevant information;
- they informed us of all evidence of error or fraud of which they were aware;
- they knew of no violations of law that had occurred in connection with the contracts;
- they provided us with all relevant information regarding the conviction of two DCPS procurement officials for accepting bribes and illegal gratuities, and that these two officials had nothing to do with the CIP procurements; .
- and so forth.

These were legitimate questions within the scope of our audit.

An audit relies on a modicum of cooperation from the entity being audited. We cannot force people to cooperate. We have an obligation, however, to determine if restrictions have been placed on the scope of our work, and when they have, to disclose the nature and significance of those restrictions.

* * * * * * * *

Mr. Chairman, that completes my prepared statement. I will be happy to respond to any questions you or other members of the Subcommittee may have at this time.

DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY

Hearing before the
Subcommittee on Oversight of Government Management,
Restructuring and the District of Columbia
Committee on Governmental Affairs
United States Senate

Andrew F. Brimmer
Chairman

Stephen Harlan
Vice Chairman

Joyce Ladner
Member

Constance Newman
Member

Edward Singletary
Member

March 9, 1998
For Release Upon Delivery

Mr. Chairman and Members of the Subcommittee:

I am Dr. Joyce Ladner. I am a Member of the District of Columbia Financial Responsibility and Management Assistance Authority (Authority), and I am the Board Member with lead responsibility for public education in the District of Columbia. I appreciate the opportunity to testify on the progress made by the Authority and the D.C. Public Schools to improve the quality and safety of our schools and to put "children first" in our efforts to reform the District.

Introduction

The Authority was created by the U.S. Congress in 1995 to return the District of Columbia to financial solvency and to improve the management and delivery of public services. As the Authority has reported to Congress previously, there has been considerable progress already made in revitalizing the District Government and improving the quality of life for residents and visitors.

Mr. Chairman, the Authority has devoted much time and attention to the condition of public education in the nation's capital. There is no question that the education of our children, and the state of the public schools, has been – and remains – a critical issue for this community. I believe that if we fail to educate our children, we will erode the progress being made in so many other important areas. Without adequate education, our children will never take their places effectively as contributing members of this

community. In improving education, our goal is to ensure that this City continues to have productive citizens who contribute to its enrichment, and who understand the role and obligations of citizenship and society.

The Authority Members are no strangers to the value of public education. All of us are the products of quality education, and we recognize that the quality of our future rested on the nature of the education that we were provided. That is why, when confronted with the failure of the District's educational system, the Authority took action. In our November 1996 report, "Children In Crisis: A Report on the Failure of the D.C. Public Schools," the Authority concluded that the deplorable record of the District's public schools, in every important educational and management area, had left the system in crisis. In virtually every area, and for every grade level, the system failed to provide the District's children with quality education and a safe environment in which to learn.

The Authority's Mandate for Change

In response to this crisis, the Authority, on November 15, 1996, took immediate action to fundamentally improve the schools. Through a Resolution and Order, the Authority replaced the Superintendent and reduced the powers of the elected Board of Education. In their place, the Authority appointed retired Army Lieutenant General Julius W. Becton, Jr. as Chief Executive Officer and Superintendent, and established an Emergency Transitional Educational Board of Trustees, under the leadership of Chairman Bruce K. MacLaury. As part of the overhaul, the Authority ordered the Chief Executive Officer/

Superintendent to address the structure, education, and management of the public schools. The Authority established an aggressive agenda of reform; Together with the CEO and the Trustees, who are volunteers, we have worked hard to ensure that the education of our children is qualitatively and quantitatively improved at every level.

Progress Continues to be Made

Mr. Chairman, the D. C. Public Schools have made great strides in addressing the deficiencies that were cited in our "Children in Crisis" report. And today, their progress has laid the foundation for further reform – and demonstrable success – in the outcomes of our children's education.

But I am also a realist. We must all recognize that the problems in our school system did not occur overnight – the physical structures alone have been deteriorating and subsequently neglected for a period of almost 50 years. The physical problems, and the educational ones, can not be fixed overnight. Yet, the important thing is that they are being fixed. For the first time, there now exists comprehensive plans, administered by capable and dedicated educators, to make permanent improvements that will benefit the schools and our children.

Despite the progress we have made, and the hard work of the CEO, Trustees and many employees, much remains to be done. In researching the approach taken by other educational reform efforts, one of the most essential ingredients was the establishment of

a reform minded team committed to change. In places such as Chicago, for instance, they successfully recruited a new top management team and eliminated drastically the middle level management tier. We have encouraged General Becton to employ the same approach. We are very pleased, therefore, that Dr. Arlene Ackerman, who brings a wealth of experience and commitment to educational reform, has joined the schools as the Deputy Superintendent/Chief Academic Officer. In the coming months, we know that General Becton will continue to assemble a team that can bring the Public Schools to the next level of achievement.

Academic Improvement and Accountability

With respect to academics, the Authority is pleased that the Chief Executive Officer and the new Chief Academic Officer are instituting plans that will leverage accountability for educational change throughout the school system. All actions, procedures, and processes are being examined for their impact upon educational attainment. A system of accountability is being developed which will have far reaching results for educational improvement. The D.C. Public Schools are holding principals more accountable, and where appropriate, the administration is replacing principals. The D.C. Public Schools have limited the appointment of principals to one year, and removed the selection of principals from the previously politicized process. Fifty percent of a principal's evaluation now will be based on students' academic performance. The D.C. Public Schools are also moving to make teacher evaluations performance-driven. Principals and

teachers are receiving training in the expectations supporting performance-based management.

Increased academic standards are being instituted. On her arrival, the Chief Academic Officer implemented the nationally recognized Stanford-9 tests on a biannual basis. While this will help the schools to measure performance and develop solutions for improvement in the long term, the results in the short term have been very disappointing at all educational levels. Fourteen out of 18 DC high schools had more than 90 percent of the students below basic levels of proficiency in math. To improve educational readiness, therefore, the administration is ending the practice of passing students on from grade to grade regardless of their performance, so called "social promotion." The D.C. Public Schools are going to require students to attend summer school if they want to move on to the next grade with their classmates in the fall.

As the D.C. Public Schools develop an educational strategic plan which identifies the critical actions and time frames for addressing the schools' most fundamental problems and attaining the goals inherent in quality education, we are convinced that demonstrable improvements can be realized. An educational strategic plan will guide the development of administrative priorities to support educational programs. Previously, changes were frequently made in a vacuum without an assessment of their impact on the attainment of educational goals. This is being changed. A plan will also identify the financial resources needed to attain specific educational goals – also another first. All stakeholders in this process must ensure that the D.C. Public Schools do not operate in a vacuum. The

Public Schools must make the most informed decision possible concerning the allocation of scarce resources.

Administrative and Financial Management Improvements

Both the schools and the Authority agree that there are many opportunities for increased operating efficiencies and cost savings. As a result, the Authority is assisting the D.C. Public Schools in addressing the long-standing problems in the central personnel, asset management, technology, and procurement functions. We have already seen some progress. The D.C. Public Schools have developed performance measures for every part of the organization. These measures will provide clear benchmarks for gauging progress and improvement. The size of the central administration has been reduced from 15 percent of the D.C. Public School workforce in FY97 to 11 percent in FY98. In the area of financial management, the Schools' today have a much better understanding of the nature of their expenditures and the linkages to education reform, and they are now developing school-based budgets.

Authority Monitoring of DCPS Reform

The Authority has vigilantly monitored the reform efforts of the School. In conjunction with the schools, we have developed and implemented a monitoring plan that measures management and programmatic changes. The CEO's reforms are in line with

the plan, and with the Authority's efforts to transform the system overall. The monitoring program measures DCPS' progress in terms of the results, or outcomes, that the CEO achieves, and it will help to support the future changes needed to improve educational results.

Physical Infrastructure Improvements

Mr. Chairman, I am pleased to report that the D.C. Public Schools has began to address the physical infrastructure problems that have plagued the schools for far too long. The Parents United lawsuit, which affected the entire school system and paralyzed the repair of schools, has been settled. The Public Schools spent almost $50 million in capital funds in FY97. Fifty six new roofs, numerous boilers and chillers were replaced, and dozens of schools were renovated – many schools had not seen renovations in years. Eleven schools were closed, which will reduce operating and maintenance costs. The Public Schools are now marketing surplus facilities for sale in accordance with an Authority -approved surplus property disposition plan. A draft Long-Range Facilities Master Plan to guide the school's capital improvements for the next ten years has been developed and implemented. After years of neglect and failure, there is now progress and hope.

Special Education

One of the remaining challenges we face, Mr. Chairman, is the crisis in the special education system. Nearly 7,700 students are already in special education, and the number is growing precipitously. This growth is having tremendous implications for the future cost of education. In FY 1997, $93.8 million from all sources was spent on special education. In FY 1998, $102 million from all sources will be spent. Under the Mills Decree, D.C. Public Schools are required to assess and place special education students within 50 days of referral. This is the shortest time period allowed for assessment and placement in the nation. This issue, and the role of the lawsuit, must be carefully considered for their impact on the growth of this population and the attendant administrative costs. The Authority, in concert with the District's Chief Financial Officer, is reviewing this matter and will shortly provide guidance to the school system for its resolution.

School Funding

Turning now to schools' funding, the Authority is working closely with the Administration to improve the basis for funding the public schools. The unique financing arrangement for the District's schools and its impact on education recognizes that the District carries out the roles of a city, a county, and a state. In a report issued last year on state-type functions, the Authority found that, around the country, elementary and secondary education is usually the responsibility of local jurisdictions, or operated

by independent school districts at the local level. However, significant portions of the funding are established above the local level, typically by the state.

Nationwide statistics show that elementary and secondary education operational funds are provided by all levels of government, with States providing nearly half of the operational funds. Many states also assist their local school districts with capital funds for construction and major renovation of school buildings. In addition, many local school districts have their own sources of revenue and taxing authority and may issue bonds.

Unlike other school agencies, the District government must provide both the state and local sources of funds. In addition, DCPS does not have its own taxing authority, nor can it issue bonds for capital improvements. DCPS must rely on the District to ration scarce dollars to school repair and construction and must compete with other vital government programs. Most local schools rely substantially on property taxes. Of course, the city's property tax base is limited because of the significant amount of valuable property that is federally owned.

As I noted earlier, capital needs of the District's schools are massive. DCPS is estimating that stabilizing and modernizing DCPS buildings will cost approximately $1.2 billion by fiscal year 2004.

In conclusion, Mr. Chairman, the Authority is pleased that progress is being made in improving the public schools of the District. We all recognize that more needs to be

done, and we are working to make sure that improvements continue according to our plans. The Authority remains committed to reforming the schools and ensuring that the District's children obtain a public education that provides them a bright and productive future.

STATEMENT OF J.W. BECTON, JR.
CHIEF EXECUTIVE OFFICER
DISTRICT OF COLUMBIA PUBLIC SCHOOLS
BEFORE THE
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENT AFFAIRS
UNITED STATES SENATE
MARCH 9, 1998

Mr. Chairman, thank you for providing me the opportunity to update you today on the progress of our effort to reform the District of Columbia Public Schools. The title of this hearing -- "Lessons Learned" -- is appropriate, because this has certainly been a learning process for me and my team, and I am happy to share with you some of those lessons today.

Before I do so, however, I want to take a moment to remind the Subcommittee of why my team was put in place in November 1996 and the challenges we faced when we arrived. As you know, the D.C. Financial Responsibility and Management Assistance Authority created the Emergency Transitional Education Board of Trustees and appointed me as Chief Executive Officer of the schools after concluding that "...by virtually every measure of performance, the public school system has failed to provide a quality education for all children and a safe learning environment in which to learn."

The school system was broken in fundamental ways: expectations for student performance were low, accountability was lacking across the system, employees and vendors were not paid on time, and school buildings were plagued by fire code violations. DCPS students performed well below national norms on standardized tests, truancy and dropout rates were unacceptably high, and the public had lost confidence in its schools. These long-standing problems were created over literally decades and they cannot be erased overnight.

Perhaps I should mention that this was probably the first "lesson learned" for me: people are impatient; the public, the City Council, and even the Congress seem to expect almost immediate progress, forgetting how long it took us to get into the hole we're digging out of today. I too have been frustrated by the rate of progress, but I know how far we have had to come.

And we have made progress in the relatively short time this administration has been in place. We have focused our energy on making improvements in three core areas: academic achievement, personnel and financial management, and school facilities. I am pleased to report that we have made real progress in all three of these areas. We have learned lessons along the way, and I will talk about those here as well.

In academics, we have taken dramatic steps to begin improving student achievement. We brought on a highly-qualified Chief Academic Officer, who came to the District with a clear plan and a proven track-record. Mrs. Arlene Ackerman, our CAO, is here with me today and I'd like to introduce her if I may. Mrs. Ackerman has developed content standards that clearly define what students should know and be able to do in each grade. She is implementing promotion gates, to end the practice of moving students on even if they're not performing at grade level. Because of those gates, we will hold a massive summer school program for students at risk of non-promotion this year. We expect up to 20,000 students (over one-quarter of our entire student population) to participate in the program, which will be required for students in certain test-score ranges who wish to be promoted in the fall.

These are indeed dramatic steps. In fact, few school districts have been willing to go so far. And yet, while parents have been largely supportive of our efforts, some observers have criticized us for failing to move more quickly on the academic front. Once again, I have learned a lesson. Mrs. Ackerman did not join DCPS until last September, after we conducted a nationwide search. When she arrived, she hit the ground running, and she has been running hard ever since. If I could change the past, I would have had Mrs. Ackerman with me when I came on board in November 1996. My friend Paul Vallas, who heads up the reform effort in Chicago on which our effort was modeled, brought 40 people with him when he took over. I had one. Mr. Vallas had the luxury of taking over Chicago Public Schools in July, so that he had two months to prepare for his first academic year. I was appointed after the school year. As a result, we've had to do something akin to rebuilding an airplane in mid-flight. But, we cannot always set the rules of the game. Nevertheless, we <u>are</u> moving forward.

In the areas of personnel and financial management, we have made progress as well. We balanced our budget in FY97, for the first time in five years. We downsized the organization and shifted personnel out of the central office into the schools. We realigned our FY98 budget to better support academic achievement and we broke it down from six huge "responsibility centers" to 70 small ones, to increase accountability for program managers. It has been a slow and difficult process however, because we have had to work with historical data that is unreliable, we are dependent upon often dysfunctional data management systems, and we are tied to the city's payroll system, which is slow and arduous.

I will turn now to facilities. As I have said before, this administration inherited a massive facilities problem, estimated at $2 billion by the General Services Administration. Routine maintenance of our schools had been neglected for years. When we arrived, there was no long-term capital plan in place and school maintenance had been contracted out to a private vendor under an arrangement that we immediately judged to be costly and inefficient. Fire code violations were plentiful.

We drafted a long-term capital plan in time to meet a congressional deadline. We voted to close 11 schools and have began disposing of surplus properties that had previously been allowed to stand empty for decades. These were not popular decisions, and we have taken considerable criticism for them, but we were put in place to do what's right for children, whether its popular or not, and that is what we're doing.

Finally, we repaired or replaced over 60 roofs in the largest DC school improvement program in recent memory. We didn't patch, as people had done in previous years. In fact, we fixed roofs this summer that had been patched countless times before. We didn't just put on new roofs, we also did the deferred maintenance that was necessary to ensure that those new roofs would last. As the GAO noted in its report, we had to do this work to get long-term warranties on those roofs. Those warranties are important, because they protect the public's investment.

As the GAO said, these were not ordinary roof jobs. In many cases, we did major upper-building repairs (to repair damage caused by years of deferred maintenance). In addition, we worked on numerous different types of roofs, some of which are much more expensive that the basic flat-roof you usually see in new suburban school districts. We did this work on a compressed time schedule, driven by the Court's orders in the Parents United suit, which meant higher labor costs.

Were the GSA-managed projects completed at a lower cost? Yes. But the GSA-projects were far less complicated, and they were done in a much more reasonable time-frame, which the GAO has noted. In my view, GAO fully understands the difficult circumstances under which we worked and does not believe that we overspent on the project, given those circumstances.

Further validation of our costs is provided by comparing those costs to our government estimates. The actual contract costs for the summer roof replacement effort came in less than five percent above our government estimates, which is well within the range of industry standards. In addition, change orders have totaled less than an additional five percent. In summary, I remain confident in my belief that the District's residents got good value for their dollars.

I would like to touch briefly on the availability of funds, as I know you are interested in this issue. There has been much discussion about when funds were available to the Authority. However, at times the distinction between funds availability at the Authority, and funds availability at the school system, is lost. We loaded the Sallie Mae funds our financial system on the basis of a press release. In fact, in the annual financial report for the city, the auditors identified a material weakness concerning control over transactions involving the Authority and agencies across the city.

Could the process be improved? Certainly. Did we learn from our mistakes? Yes, and we have made changes to the process as a result. For example, we have set up a new document control process to ensure that contract files are well maintained and can be easily audited.

I do hope, however, that we don't lose sight of the tremendous accomplishments that were made last summer, under extremely difficult circumstances. The public got a quality product for its investment. Children in almost one-half of our schools are warmer and drier than they were before we did the work. This is real progress and I am proud of it and proud of the dedicated staff and competent contractors who made it happen.

In closing, I would like to invite you to visit any one our schools soon. We are making dramatic changes underneath the roofs, inside the classrooms and, unfortunately, you may not read about these changes in the newspaper and you certainly won't find them in the pages of an audit. Also, Mrs. Ackerman would like to have the opportunity to meet with you and provide you with more details about her plans for academic improvement. I hope that such a meeting can be arranged.

Thank you again for the opportunity to testify. I would be happy to respond to questions at this time.

General Services Administration
National Capital Region
Washington, DC 20407

SEP 23 1997

General Charles E. Williams
Chief Operating Officer
DC Public Schools
415 12th Street, NW
Suite 903
Washington, DC 20004

Chuck

Dear General Williams:

I would like to heartily congratulate you, Harold Johnson and your staff on an extraordinary job well done in completing the facility repairs for opening the DC Schools by September 22nd. As you well know, I am intimately familiar with the extraordinary challenge you faced in completing the roof repairs and other related repairs on the 43 schools in such an extremely short timeframe.

While GSA may have been helpful to you in prior phases, and hopefully assisted you to mobilize to the point that you have, we recognize that the DC School facilities team under your leadership has conducted this effort essentially on its own and, frankly, has delivered the results in a manner more efficient than we may have been able to do for you. Clearly, you have structured an organization and processes in an exceptional manner from which we may be able to learn some lessons on improving our own operation.

On that note, I would appreciate visiting you at the appropriate time and learning from you some practices and processes that we may be able to utilize to improve our operations. I will contact you shortly to arrange this meeting. On behalf of GSA I would like to again extend my congratulations and express our full support for your remarkable achievements.

Sincerely,

Bill

William R. Lawson, FAIA
Assistant Regional Administrator
Public Buildings Service

cc: Congresswoman Eleanor Holmes Norton
Harold Johnson - DCPS
Rick Hendricks

Roofers
INCORPORATED

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January 14, 1997

General J.W. Becton, Jr.
CEO, D.C. Public Schools
415 12th Street, N.W.
Washington, DC 20004

Dear General Becton:

I was appalled at reading an article from the January 13, 1998 Washington Post which labeled the contracting system under the direction of General Charles E. Williams as "shoddy" when this summer, during an emergency roof program, he directed the roof replacement and repair of more than fifty-seven D.C. public schools. The Post's allegations of corruption and abuse is totally unfounded and irreproachable.

Although we have not met, I am the President of Roofers, Incorporated, one of the contractors who played an active role with respect to the roof replacement program and who, during the active period of repair in August and September 1997, repaired the roofs on eleven schools. The allegations which were made in the Post article grossly contradicted the professionalism and efficiency which I experienced in dealing with General Williams' staff during that time. When I initially attended the Pre-Bid meeting which was held at the Penn Center in early summer, at which time Harold Johnson, Christopher Lipscombe, and General Williams addressed a large group of contractors, I felt the monumental task before them with respect to the many roof replacement projects which were being contemplated was unachievable in the short period of time available before schools opened in September. General Williams, at that time, addressed the concerns by saying "we will work together as a team to meet these schedules and complete the projects not only on time, but to the highest level of quality." General Williams stated that the roof systems to be installed would not only be "a roofing system but a roof system which carried a manufacturer's twenty year no dollar limit warranty" which is the highest standard of roof available in the roofing industry.

General J.W. Becton
January 14, 1998
Page Two

There is no question there was additional cost incurred in the performance of the work as incentives were a necessity to stimulate the work force into working double shifts, nights, and all weekends. All of these operations were coordinated and closely monitored by General Williams' staff who required daily updates with respect to progress on each project so as to track percentage of completion and eliminate the possibility of missing a completion date. With respect to record keeping and the maintaining of files on each project, it is always customary to submit pertinent project documents at project close-out which, insofar as our firm is concerned, is in the process of being submitted at this time.

Your decision to invoke a three week delay in the opening of the schools was unavoidable as it was necessary to provide General Williams and his staff adequate time to address additional roof replacement projects where fire code violations had arisen. It was as a result of General Williams' unparalleled level of energy, together with a well programmed staff, that all projects were completed on time for the September 22nd opening of schools. It cannot be overlooked that you and General Williams inherited a public school system where the facilities had been allowed to deteriorate over a ten year period which, immediately upon taking the reins, you and General Williams were expected to perform "miracles".

I personally have thirty-one years experience in construction, and I have never experienced such a masterful display of leadership as that exhibited by General Williams as, without he and his staff and the contractors who worked with them, fifty-seven schools today in the D.C. school system would be closed for fire code violations with the entire system still bound in litigation.

Instead of calling for the resignation of General Williams, it seems more appropriate that the City and the press should take a moment to reflect on the sincerity and concern this man has had for the well being of thousands of D.C. children who deserve the opportunity of a sound education in school buildings that are not riddled with thousands of fire code violations. Let's remind the press that this was the state of affairs before General Williams undertook his positive plan of direction for the schools. I hope others can reflect positively on the achievements of this outstanding individual whose sole motivation is to create safe learning environment for the children, with no personal gain.

Sincerely,

Richard S. Pineau
President

RSP:str
williams

[JOTTAN, INC.]

Toby J. Chrostowski · Todd M. Chrostowski
NEW JERSEY MARYLAND
Managing Partners

13 January 1998

Charles E. Williams
DCPS
415 12th Street, NW
Washington, DC 20002

Dear General Williams,

I read the January 12 and 13, 1998 articles in the Washington Post and was both appalled and insulted. I was appalled that the control board audit implied that you and your office used "flawed procurement procedures." Obviously the audit's authors chose to ignore the unique circumstances of this project and the formidable conditions set forth by the Judge. I was insulted to be wrongly accused of "collusive bidding, bribes, kickbacks and illegal gratuities." Jottan has been in business nearly 25 years and has never been accused of such illicit behavior. I take great offense to this libelous and irresponsible statement.

Prior to your arrival Jottan would not do business with DCPS. In my opinion DCPS was unorganized, uncaring and poor pay. DCPS gave the appearance that it was not interested in working with quality applicators and materials. This was evident by the decades of neglect and shoddy procurement procedures by the previous administrations.

Your commitment to the improvement of the DCPS was unmistakable in your presentation at the pre-bid meeting. Had you not stood up and insisted that things would be different, I would not have participated. Your desire to do what was best for the children and the District of Columbia motivated Jottan to participate in the process.

The Post article referenced a call for your resignation. I hope you will weather this current storm. The DCPS community can not afford to lose such a pillar of integrity who has demonstrated the ability to bring positive change to the District.

Sincerely,

Todd M. Chrostowski
President

cc: J.W. Becton, Jr.

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CONCERNED BUILDING CONTRACTORS' ASSOCIATION
10540 ASSEMBLY DRIVE
FAIRFAX, VIRGINIA 22030
(703) 827-9200

February 5 1998

98 FEB 9 AM 7:44
OFFICE OF THE SUPERINTENDENT/BOU

Dr. Andrew Brimmer
Chairman
D.C. Financial Responsibility
& Management Assistance Authority
One Thomas Circle
Suit 900
Washington, D.C. 20005

Dear Dr. Brimmer:

We are concerned by recent media and public accounts about the D.C. Public Schools' (DCPS) roofing repair contracting. We feel these accounts inaccurately depict events leading to the emergency contracting situation last summer. In addition, the descriptions cast dispersions on our industry and we take issue with that. The fact is that building contractors repaired more than 60 DCPS roofs with unparalleled quality, in a record six weeks at a reasonable price. This was accomplished despite unprecedented time pressures and supply and labor shortages

The complexities typically encountered in renovating older school buildings, like those in the District, are considerable. Extensive repair was required to more than 60 schools to eliminate fire code violations. Engineering core samples revealed structural degeneration — rotting joists and decayed subroofs. The extent of the deterioration caused project scopes to expand from roof repair to actual structural rebuild. GSA contractor, DMJM, states in its Stewardship Report, "Substantial flashing, replacement, repointing of masonry, overall stabilization of adjacent parapets contributed to a program that grew in size

We applaud General Charles E. Williams for making the many tough decisions needed to repair D.C. Public Schools. With time constraints imposed by the oversight judge and the threat of daily fines, Mr. Williams moved quickly to secure competitive bids and competent contractors in an attempt to avoid delaying the opening of school. Under his leadership, some of the most respected building contractors on the East coast provided the D.C. Public Schools with the best quality roofing and reconstruction services available

It should be noted that many building contractors were reluctant to do business with the District because of the city's tenuous financial condition. It was our faith in General Williams' impeccable reputation that instilled trust and prompted contractors to participate. Moreover,

many contractors postponed prior jobs to help get the schools open on time.

Dr. Brimmer, you are aware of the unfortunate circumstances leading to a three-week delay in school opening. At a recent hearing convened by Congressman Tom Davis' Subcommittee on the District of Columbia, Congresswoman Norton heard the District's top administrators say that the District's cash flow problems led to a lack of availability of repair funds. Administrators also stated that DCPS's Chief Financial Officer could not get the school funds released from the District's Chief Financial Officer because the Mayor was evaluating reallocating some of the funds. Testimony before the Subcommittee was clear that there was confusion about when the D.C. Financial Authority released funds to the District and when the District released funds to DCPS. Congresswoman Norton astutely noted that the three-week delay in funds transfer is the same three weeks that school opening was delayed. This is what led to the emergency contracting that pushed costs up.

Our association looks forward to the results of the Inspector General's review requested by General Becton. Hopefully, it will accurately reflect our experience. The real story in the repair of D.C. Public School roofs is Mr. Williams' assiduous leadership and the tireless efforts of a team of contractors who took on a challenge to do what had never been done before . . . major repair to the upper portion of these old buildings.

It is easy to second guess decisions that Mr. Williams made to get the schools open. Given the daily fines DCPS was incurring from the oversight judge and the desire to get the schools open on time, what other choice did he really have?

As contractors and taxpayers, we look to District leaders to create a business friendly environment. This is the surest way to guarantee a quality supplier base and jobs for the District of Columbia.

Thank you for the opportunity to share our views.

Sincerely,

Michael Parrish
President

cc: The Honorable Tom Davis
The Honorable Eleanor Holmes Norton
The Honorable James Jeffords
The Honorable Lauch Faircloth
The Honorable Bob Livingston
The Honorable Marion Barry
The Honorable Linda Cropp
General Julius W. Becton
Keith Harriston, City Editor, The Washington Post

50 YEARS

January 5, 1998

Charles E. Williams, MG USA (Ret.)
Chief Operating Officer
Director of Facilities
District of Columbia Public Schools
415 12th Street, NW, Suite 903
Washington, DC 20004

Dear General Williams:

Daniel, Mann, Johnson, & Mendenhall (DMJM) regularly reviews our work on noteworthy projects to provide what we call a Stewardship Report. We felt that the beginning of 1998 would be an appropriate time to review the events of the past year and summarize our efforts on behalf of the District of Columbia Public Schools (DCPS). We are exceptionally proud of the legacy of work completed in 1997 on behalf of DCPS and trust you share our sense of achievement.

We began work in February with the prioritization study — a three-week compilation and assessment of existing facilities documentation for all 165 schools including a walk-through sampling of 16 schools. As we worked, we created a data base to identify needs, set priorities, and establish budgets for the deficiencies throughout the school system, which numbered in the thousands.

Roof repairs emerged as the single most important deficiency requiring immediate attention. We developed a series of Scopes of Work that outlined the performance requirements and broad construction methods required to protect 48 of the most critically damaged schools from further deterioration from leaky or otherwise seriously damaged roofs. These Scopes of Work, including specifications, formed the technical components of the design/build contracts executed between DCPS and the numerous General Contractors involved in this past summer's reroofing efforts. Eventually the roofing program was expanded from the 48 to encompass 56 schools. Once the roof repairs were underway, we provided Construction Administration services, including a daily presence, seven days a week, for each of the 56 roofs.

Although the term "reroofing" is used most frequently to describe the work, it is partially a misnomer. Certainly the work that was completed in nine weeks by DCPS focused on protection of the building envelope, primarily the roofs. However, we found extensive related damage, often resulting from the deteriorated roofs, that required additional repairs far beyond the initial scope of the roofing

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replacement. Substantial flashing replacement, repointing of masonry, and overall stabilization of adjacent parapets, for example, contributed to a program that grew in size, even as best efforts were made to control costs.

We believe it is fair to say, however, that the approach taken by DCPS, requiring the contractor to attend to broader protection of the schools, resulted in long-term savings. The building components that were repaired should require no more than normal maintenance during their useful 20-year life. Had DCPS chosen a more literal approach, i.e., the specific replacement of selected roof areas and no more, then much of the investment in the roofs would have diminished as adjacent damage would have continued to fuel the deterioration of the recent repairs.

Much public discussion occurred during the summer months, comparing the work to maintenance efforts in surrounding counties and questioning whether DCPS paid unacceptable premiums for procuring such a large amount of work in such a short period of time.

The discussions failed to recognize, however, that the DCPS program was not an ordinary, ongoing maintenance reroofing program; it was an emergency repair program. As such, it is not comparable to reroofing programs (or costs) experienced in the surrounding counties. In addition, the discussions overlooked a truly long-term benefit to DCPS: the quality of the constructed work.

We can jointly attest that the contractors who completed the roofing efforts under extreme time constraints met the quality requirements set forth in the Scopes of Work, and the roofing contractor community itself has acknowledged the quality of the installed roofs.

Finally, the diversity of roof types encountered across the city, and even on a single school, contributed to the complexity of the repairs and required the use of multiple roofing specialists. Built-up roofs require different installation skills than clay tile roofs; sheet membrane systems differ from shingle systems; and metal roofing is yet altogether different.

The contractors were required to mobilize quickly, finalize design, secure necessary permits, secure the roofing and building materials, and determine a staging and phasing plan, even as they were demolishing the existing roofs, sometimes finding unforeseen deterioration.

The overall quality and the simple act of completion of the roofs seem to have been lost in the discussions of cost. Cost control clearly was an issue, though. DCPS was required to competitively bid work that by its nature carried premium costs: Night and weekend work, occasional loss or theft of materials, unforeseen conditions, and aging buildings all contributed to the "above norm" costs that were noted in the bids. Again, what has been overlooked by the media and other observers who seek to compare DCPS with surrounding counties is that the inventory of DCPS buildings is from a different era, a time when the simplicity of modern construction and generic roofing systems found on the schools built from the 1960s to 1980s did not exist. Thus, the contractors were forced to account for out-of-the-ordinary conditions.

Charles E. Williams, MG USA (Ret.)
January 5, 1998
Page Three

In addition to school facilities made safe for students, the emergency repair program generated an additional benefit that will serve DCPS and the District into the future. DCPS developed and put in place a *process* for managing the work even as work *progressed*, a challenge under normal circumstances. That DCPS accomplished not only the construction program, but the equally difficult task of adapting its management structure to address an emergency program, and subsequently ongoing facilities repairs, deserves note. Consistency of inspections, cooperative and reasoned assistance from the building code officials, and a single-minded focus on the need to build quality into the work, all helped to achieve not only the reroofing program, but also the management infrastructure necessary to address the next construction program.

In this past year in Washington, many noteworthy building programs have come to completion: The New Terminal at National Airport and the Expansion of Dulles, the MCI Arena, Jack Kent Cooke Stadium, and the Ronald Reagan Building.Given the schools' impact on the future of the City's residents, children and adults alike, we would count the DC Public Schools among these programs. Each had a different budget and schedule; each was complex in its own way.

DMJM plays a key role on some of the largest construction programs ongoing in the Washington metropolitan area. We are proud to have contributed to this program and your success in accomplishing what few organizations have ever achieved: Emergency repairs delivered well, under extreme scrutiny and time constraints.

Congratulations.

Sincerely,

DANIEL, MANN, JOHNSON, & MENDENHALL

William D. Hooper, Jr., AIA
Associate Vice President /
Director of Operations

cc: Andrew Brimmer, Chairman, DC Financial Responsibility and Management Assistance Authority
Bruce McLaury, Chairman, DC Public Schools Board of Trustees
General Julius Becton, Chief Executive Officer, DC Public Schools

District of Columbia Public Schools

DIVISION OF SECURITY

CRIME COMPARISON ANALYSIS CHART OF REPORTED INCIDENTS

INCIDENTS	10/01/96 through 03/31/97	10/01/97 through 03/31/98	DIFFERENCE
Simple Assault	174	260	+86
Sexual Assault	29	83	+54
Assault w/ Deadly Weapon	51	52	+1
Bomb Threats	59	20	-39
Break Ins	64	57	-7
Child Neglect	3	28	+25
Carrying a Deadly Weapon	76	227	+151
Corporal Punishment	42	89	+47
Drug Possession	25	45	+20
False Alarms	501	990	+489
Fights	94	146	+52
Larcenies	126	190	+64
Robberies	22	13	-9
Trespassing	15	30	+15
Vandalism	44	32	-12
TOTAL	1325	2262	+1004 - 67 = 937

Reviewed by: _____
Arlene Ackerman
Deputy Superintendent
Chief Academic Officer

April 29, 1998

JWB

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Springfield, VA 22152

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May 14, 1998

The Honorable Sam Brownback
Chairman
Committee on Government Affairs
Subcommittee on Oversight of Government Management,
Restructuring and the District of Columbia
604 Hart Senate Office Building
Washington, DC 20510

Dear Senator Brownback:

I am writing to clarify the record regarding a statement I made in response to a question from you during the Subcommittee's March 9 hearing on the status of reforms at the District of Columbia Public Schools (DCPS).

During that hearing, you asked me about the progress of my administration in reducing the number of security incidents in the schools. In response, I stated that violent crime had gone down over the past two years. Unfortunately, I have since been informed by staff that DCPS' incident reports do not support this statement. Rather, the data we have shows that reports of violent crimes in the categories of simple assault, sexual assault, and fighting have increased over the past two years, while reports of assaults with a deadly weapon have occurred at about the same rate (incident report data is attached). However, there are two factors that impact on these numbers. First, as an administration, we sent a clear message to school staff that all incidents must be reported. In the past, I believe that some principals did not report incidents in their schools because they believed those reports would reflect unfavorably on them. This is no longer the case. Therefore, while more incidents are being reported, it does not necessarily follow that more incidents are occurring.

In addition, DCPS installed new metal detectors in many of our schools during this period. Previously, schools did not have metal detectors or the metal detectors did not work effectively. This new security technology is helping us to pick up weapons that previously may have gotten into the schools unnoticed. Therefore, our numbers for weapons possession have gone up over the period. However, I view this as positive indication that our methods of identifying weapons and confiscating them are working. Over the past two years, by increasing incident reporting rates and enhancing technology, we have essentially established a legitimate baseline for security. It is my hope and expectation that we will see a decrease from that baseline in the coming years.

I would appreciate it greatly if you would include this letter in the permanent record from the March 9 hearing, as a correction of my previous statement. If you have additional questions about DCPS security, you may wish to contact Mrs. Arlene Ackerman, DCPS' Superintendent, at 724-4226 or have a member of your staff contact Ms. Karen Bates, DCPS' Legislative Liaison, at 724-3722.

Sincerely,

J.W. Becton, Jr.