

Jablow DGS testimony 4/5/24

I am Valerie Jablow, a DC education analyst. I ask that you investigate, via the DC auditor, the fiscal losses DC taxpayers are bearing through DGS leasing of former DCPS schools to private charter school entities. I also ask that you ensure per pupil charter facilities allocations (PPFs), amounting to nearly \$200 million annually, be accounted for completely.

I ask this because I calculated that DC loses at least \$10 million annually through DGS in uncollected charter sublet proceeds due DC; uncollected charter rents; untracked charter renovation credits; and abnormally low rents for buildings leased to charters.

I also ask this because the [recently released adequacy study](#) made clear (specifically, on p. 18) that annual per pupil facilities allocations to charters are about \$20 million more than reported building costs. Taken together, this means DC taxpayers are gifting DC charter entities at least \$30 million annually around facilities with no understanding or guarantee of that investment.

I calculated that \$10 million annual loss by way of two DGS FOIA productions. The first, from March 19, showed that of 12 former DCPS school buildings leased to charters, DGS collected rent from only half of the leaseholders between 2021 and 2024. That FOIA production also showed that for former DCPS schools that DGS has granted leases for \$0 rent in exchange for modernization and renovation credits, DGS does not know what work was completed and costs incurred. That March FOIA production also showed that DGS has no record of sublet proceeds, a portion of which is often specified to be paid to DC. In addition, rent payments collected amounted to levels well below \$4 a square foot.

Unexpectedly, just 48 hours ago I received from DGS a “[revised record](#) to satisfy the FOIA case.” It showed that 3 of the schools that the March FOIA listed with uncollected rent actually pay \$0 rent—despite not being listed as such on DGS’s [recent response to the council](#) with such buildings. The April FOIA production also listed payments for 2 schools previously listed with uncollected rent and had slightly different amounts of rent and number and date of payments for several schools that were listed as paying rent on the March FOIA production.

To be clear, this is *only* the last 3 years.

But in 2017 the DC IG found that [two charters never paid rent](#) owed to DC. In addition, a FOIA request I recently made of DGS and the CFO for a 5-year period of rent payments at just one charter school starting in 2009 turned up no records.

Thus, it is likely that the millions due DC taxpayers for leased former DCPS schools is not limited to the last 3 years.

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Such public losses are not a matter of paperwork, but a longstanding structural problem around DGS's stewardship of the 31 former DCPS buildings leased to charters.

In my written testimony, I outlined how I arrived at that \$10 million annual loss. To be sure, some may regard that—and the annual \$20 million in charter per pupil funds in excess of building costs--as money going to our kids anyway because it goes to the private charter entities *educating* them.

But NO ONE in DC government actually knows that.

That is because DGS is not collecting or clearly accounting for all payments for leased DCPS buildings; not tracking rent credits (which are granted for nearly all charters leasing former DCPS schools); and undercharging rent.

It is also because there is no tracking of charter facilities allocations, which can be used by charters for anything.

The \$30 million lost every year in this manner could fund hundreds of teachers and school mental health workers.

In a tight budget year, such fiscal loss is unconscionable. Thus, I ask you to investigate, through the DC auditor, the fiscal losses in DGS leasing of former DCPS schools to charters and to demand a full accounting of annual charter facilities allocations. Thank you.

METHODOLOGY

(\$10M Annual Loss In Leasing Of Former DCPS School Buildings Owned By DC)

1. FOIA Productions

I requested of both DGS and the CFO the following for the period from 2021 to 2024:

- A. records and receipts of all payments of rent for every former DCPS school building leased by DC charter schools;
- B. records and receipts of all rent credits and facility modernizations for all charter schools paying \$0 rent at the former DCPS school buildings they lease; and

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C. records and receipts of any proceeds due DC from the subletting of former DCPS school buildings leased by DC charter schools and sublet by those same charter school leaseholders.

The CFO's office had no responsive records for my FOIA request.

On March 19, 2024, I received a FOIA production from DGS of the following:

- A. For the rent payments, a PDF file called "[charter school payment](#)";
- B. For the rent credits, a PDF file called "[rent credit](#)"; and
- C. For proceeds due DC of charter sublets, a statement that there were no responsive records for records and receipts for sublet proceeds.

The document with rent credits is complete nonsense, showing dollar amounts next to school names with no dates and no understanding of what those dollar amounts are for.

Unexpectedly on April 3, 2024, I received from DGS a "revised record to satisfy the FOIA case." There was no prior indication from DGS that they would be supplying any revision of what they had previously supplied. That April 3, 2024 FOIA production [is here](#).

There are two pieces to that 4/3/24 production: a page with schools with \$0 rent (not listed as such—but clearly aligned with the March FOIA production) and then four pages with closely spaced lists of payments.

In contrast to the March production, the April FOIA production says that Evans, Petworth, and Wilkinson are granted \$0 rent, while Wilkinson showed payments for 2021 and 2022 (\$140K in 2021 and \$344K in 2022). It also showed that KIPP DC paid for both Montgomery and Douglass in 2021-2023.

There were also varying amounts for the following in the 4/3/24 production:

Friendship was recorded as paying slightly more in 2023 for CG Woodson (on Minnesota Ave.), with different amounts and dates of payments.

Friendship was recorded as paying slightly more in 2023 for Old Brightwood (on Nicholson St.).

Bethune was recorded as having a slightly higher payment in 2023 for Slowe because one payment is listed twice.

Meridian at Bruce (Kenyon St.) was recorded as having 5 more payments for 2023 than in the March FOIA—totaling about \$65K more.

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Both Paul and Weatherless (SEED) show the same amount for 2023 in both FOIA productions.

Both the March and April FOIA productions are notable for two things:

--Neither are “records and receipts” but PDF documents created by DGS for me the day before (March) and the same day (April) I received them. This alone raises serious fiscal questions, inasmuch as DGS is acting as a pass-through for tens of millions in expected rent payments annually for these schools and is unwilling or unable to share records for the millions of square feet of publicly owned real estate in its purview.

--Most of the listed payments for charters have repeated payments on the same day—whether this is done because that is what actually happened or whether the payments are actually **lower** than what I have recorded from these FOIA productions is unclear.

2. Other Data Sources Used In This Analysis

–Schools leased to charters for \$0 rent: For 2024 council oversight, in response to council question 58, DGS provided a spreadsheet of publicly owned assets that it has leased for \$0. That spreadsheet [is here](#). (Note that the [April FOIA production](#) lists several former DCPS buildings paying \$0 rent that do not appear at all as such on this council list.)

–Total of 31 former DCPS schools leased to charters: Because there is no publicly available document that shows all former DCPS schools leased to charter LEAs and whether they are required to pay rent, I used a variety of sources to create a spreadsheet that shows a total of 31 former DCPS schools currently being leased to charter LEAs and their rent status. That spreadsheet (and the data sources that inform it) [is here](#).

--Square footages of schools: I used Mary Levy’s [foundational document](#) on closed DCPS schools. NB: The sizes therein are conservative because they are the sizes at the time of closure and do not account for additional space added since.

--Enrollment for SY22-23: I used OSSE’s audited data set.

--Potential versus actual rent costs: I arrived at potential rents using the low rental estimate of \$4/square foot. In the leases [I have seen](#) of former DCPS schools rented by charters, rents vary between \$4/square foot up to about \$10/square foot. In contrast, DGS commercial rents start at about \$20/square foot. Of the 8 school buildings with

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collected rent per the March and April FOIA documents, 6 paid rates less than \$4/square foot.

--Per pupil facilities funds (PPFs): For 2023, charters received \$3500/pupil for facilities allocations. Using that number, I calculated the total PPFs for 2023 that DC charters received for an audited enrollment of 49,525 was \$173M.

3. Outline Of Payments, Rents, & PPFs At Former DCPS Schools Leased To Charters

Rent Collected From 2021 Through 2023 (6 total buildings, per 3/19/24 FOIA production):

CG Woodson (Friendship at 4095 Minnesota Ave NE): \$66K annual rent actually paid in 2023; 661 students in SY22-23 (\$2.3M PPF @ \$3500/student); 156K square foot (at \$4/square foot, annual rent would be about \$624K). NEW 4/3/24 FOIA: This document shows that Friendship paid only slightly more in 2023 for CG Woodson, with different amounts and dates of payments.

Old Brightwood (Friendship at 1351 Nicholson Street NW): \$30K annual rent actually paid in 2023; 435 students in SY22-23 (\$1.5M PPF @ \$3500/student); 31K square foot (at \$4/square foot, annual rent would be about \$124K) (<https://chairmanmendelson.com/wp-content/uploads/2015/06/B21-201-Complete-Copy-for-Circulation.pdf>). NEW 4/3/24 FOIA: This document shows that Friendship paid only slightly more in 2023 for Old Brightwood in 2023.

Paul (Paul, at 5901 9th NW): \$52K annual rent actually paid in 2023; 694 students in SY22-23 (\$2.4M PPF @ \$3500/student); 128K square foot (at \$4/square foot, annual rent would be about \$512K).

Slowe (Bethune at 1404 Jackson NE): \$358K annual rent actually paid in 2023; 314 students in SY22-23 (but not all at Slowe) (\$1M PPF for entire LEA @ \$3500/student); 54K square foot (at \$4/square foot, annual rent would be about \$216K). NEW 4/3/24 FOIA: This document shows that Bethune appears to have a slightly higher payment in 2023 for Slowe because one payment is listed twice.

Bruce (Meridian at 770 Kenyon NW): \$170K annual rent actually paid in 2023; 627 students in SY22-23 (but not all at Bruce) (\$2.1M PPF (not all at Bruce) @ \$3500/student); 32K square foot (at \$4/square foot, annual rent would be about \$128K). NEW 4/3/24 FOIA: This document shows that Meridian appears to have 5 more payments for 2023 than in the old FOIA document—totaling about \$65K more than recorded in the March FOIA production.

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Weatherless (SEED at 4301 C SE): \$17K annual rent actually paid in 2023; 248 students in SY22-23 (\$868K PPF @ \$3500/student); 32K square foot (at \$4/square foot, annual rent would be about \$192K).

NO Rent Collected From 2021 Through 2023 (6 total buildings, per 3/19/24 FOIA production):

***Evans (Maya Angelou, 5600 East Capitol NE): 497 students in SY22-23 (\$1.7M PPF @ \$3500/student); 125K square foot (at \$4/square foot, annual rent would be about \$500K). NEW 4/3/24 FOIA says that this charter occupies Evans for \$0 rent, despite not being listed on DGS's response to DC council as a DC-owned school with \$0 rent.

PR Harris (Ingenuity Prep, 4600 Livingston SE): 788 students in SY22-23 (\$2.75M PPF @ \$3500/student); 348K square foot (at \$4/square foot, annual rent would be about \$1.4M). Unclear if rent is paid to DC from Ingenuity or from the actual leaseholder, the Charter School Incubator Initiative, or if no rent is due at all.

***Douglass (KIPP DC, 2600 Douglass Rd SE): 1239 students in SY22-23 (\$4.3M PPF @ \$3500/student); 137K square foot (at \$4/square foot, annual rent would be about \$500K). NEW 4/3/24 FOIA says KIPP at Douglass paid \$298K in 2023.

***Montgomery (KIPP DC Shaw, 421 P NW): 1027 students in SY22-23 (\$3.6M PPF @ \$3500/student); 73K square foot (at \$4/square foot, annual rent would be about \$300K). NEW 4/3/24 FOIA says KIPP at Montgomery paid \$136K in 2023.

***Wilkinson (DC Prep, 2330 Pomeroy Rd. SE): 200 students in SY22-23 (\$700K PPF @ \$3500/student); 130K square foot (not all of it is occupied by DC Prep) (at \$4/square foot, annual rent would be \$500K). NEW 4/3/24 FOIA says DC Prep paid \$140K in 2022 and \$344K in 2021—but nothing in 2023 because it is also on the NEW 4/3/24 FOIA list of charters renting for \$0, despite not being listed on DGS's response to DC council as a DC-owned school with \$0 rent.

***Petworth (Briya, 801 Shepherd St. NW): unknown # of students but a subset of a total of 760 in SY22-23 at the LEA; the size appears to be 14K square feet, per the school's most [recent fiscal audit](#) (at \$4/square foot, annual rent would be about \$100K). NEW 4/3/24 FOIA says that this charter occupies Petworth for \$0 rent, despite not being listed on DGS's response to DC council as a DC-owned school with \$0 rent. This is confirmed by the school's most recent fiscal audit, linked above.

Buildings Granted \$0 Rent (Alongside Potential Rents) In Exchange For Renovation & Modernization Credits (19 buildings, per 2024 DGS council oversight response):

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Draper (Achievement Prep, 908 Wahler SE): 54K square foot (at \$4/square foot, annual rent would be \$216K)

Mamie D. Lee (Bridges, Briya, 100 Gallatin St. NE): 73K square foot (at \$4/square foot, annual rent would be \$292K);

Rabaut (Capital City, 100 Peabody NW): 176K square foot (at \$4/square foot, annual rent would be \$704K)

Terrell (CC Prep, 3301 Wheeler Rd SE): 112K square foot (at \$4/square foot, annual rent would be \$448K)

Keene (DC Bilingual, 33 Riggs Rd. NE): 50K square foot (at \$4/square foot, annual rent would be \$200K)

Benning (DC Prep, 100 41st NE): 70K square foot (at \$4/square foot, annual rent would be \$280K)

Shadd (DC Scholars, 5601 East Capitol SE): 72K square foot (at \$4/square foot, annual rent would be \$288K)

Clark (EL Haynes, 4501 Kansas NW): 53K square foot (at \$4/square foot, annual rent would be \$212K)

McGogney (Eagle, 3400 Wheeler Rd. SE): 67K square foot (at \$4/square foot, annual rent would be \$268K)

Shaed (Inspired, 200 Douglas St. NE): 67K square foot (at \$4/square foot, annual rent would be \$268K)

Hamilton (KIPP DC College Prep, 1405 Brentwood Parkway NE): 180K square foot (at \$4/square foot, annual rent would be \$720K)

Webb (KIPP DC Webb, 1375 Mount Olivet Rd. NE): 103K square foot (at \$4/square foot, annual rent would be \$412K)

Harrison (Meridian, 2120 13th St. NW): 48K square foot (at \$4/square foot, annual rent would be \$192K)

Gibbs (Monument, 500 19th St. NE): 64K square foot (at \$4/square foot, annual rent would be \$256K)

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Cook (Mundo Verde, 30 P St. NW): 43K square foot (at \$4/square foot, annual rent would be \$172K)

Taft (Perry Street Prep, 1800 Perry St. NE): 201K square foot (at \$4/square foot, annual rent would be \$800K)

Young (Two Rivers, 820 26th St. NE): 70K square foot (at \$4/square foot, annual rent would be \$210K)

Rudolph (Washington Latin, 5200 2nd St. NW): 84K square foot (at \$4/square foot, annual rent would be \$336K)

Ferebee-Hope (KIPP DC, 3999 8th St. SE): impossible to measure as the buildings that made up this campus were torn down by KIPP, but the entire lot is many acres, with the old building 193K square foot, so possible rent could be as much as \$800K annually, using \$4/square foot.

4. Calculations Just For 2023

--Total collected rent for leased charter buildings: About \$700K per 3/19/24 FOIA; about \$1.2M per 4/3/24 FOIA, because it includes two more buildings previously listed without any rent payments (Douglass and Montgomery).

--Amount collected from the same buildings if rent was \$4/square foot (potential rent): \$1.8M per the 3/19/24 FOIA; \$2.6M per the 4/3/24 FOIA.

--Difference between collected rent and potential rent at \$4/square foot for those same buildings: About \$1M for 3/19/24 FOIA; about \$1.4M per 4/3/24 FOIA

--Uncollected rent for leased charter buildings calculated at \$4/square foot: \$3M per the 3/19/24 FOIA; \$1.4M per the 4/3/24 FOIA

--Forgiven rent for 19 leased charter buildings that pay \$0 rent calculated at \$4/square foot: \$7M, per the 3/19/24 FOIA

--Forgiven rent for the 22 leased charter buildings (the 19 above plus Evans, Wilkinson, and Petworth) that pay \$0 rent per the 4/3/24 FOIA (calculated at \$4/square foot): At least \$8M

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--Per pupil facilities funds in 2023 for the charter entities occupying 31 leased former DCPS schools: At least \$61M, including at least \$40M for schools with \$0 rent in exchange for rent credits

--Uncollected/untracked sublet proceeds for 31 leased schools: Estimated to be at least \$500K.

The sublets I have for these 31 former DCPS schools are the following:

- Perry Street Prep at Taft with LAMB (which has since left); Sojourner Truth; and St. Jerome high school;
- Maya Angelou at Evans with Stokes;
- Ingenuity Prep at PR Harris with Statesmen;
- CC Prep at Terrell with KIPP;
- Briya at Mamie D. Lee

Assuming the same terms of the Perry Street Prep lease at Taft for subletting (ie proceeds of each sublet are shared 50% with DC) and assuming the total income annually for each sublet is \$200K (neither a high nor a low estimate), total income due DC from each sublet could be \$100K.

That said, it is unclear who owes DC what from the sublets (as there is no accounting anywhere I could find), so I am providing a low estimate of \$500K due DC for sublet proceeds.

Sublet discussion:

The Taft lease for Perry Street Prep specifies 50% of sublet proceeds are to be paid to DC. Perry Street Prep's [most recent fiscal audit](#) (p. 24) notes that rent was abated for up to \$4 million in improvements for one sublet at Taft, without any note about sublet income paid to DC. The audit also notes another Taft sublet for about \$180K a year, again without any note about the (expected) \$90K payment for it to DC.

Maya Angelou's most recent fiscal audit (see [here](#)) outlines that a sublease for Evans is held by the Charter School Incubator Initiative (CSII) and grants rent abatement—without any specification of what was done for that credit or if any sublet proceeds are due DC. CSII acts as the landlord for Stokes at Evans—which presumably means no sublet proceeds are paid to DC.

Per recent fiscal audits, Ingenuity Prep does not appear to be the primary leaseholder for the former PR Harris. That appears to be CSII, to which both Statesmen and Ingenuity pay rent (and for which it is unknown if sublet proceeds are due DC). This is

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complicated by the fact that the building was also occupied and used by UDC. Thus, where CSII payments to DC for that space are remains publicly unknown—and what profit CSII is making off its lease of the space is also publicly unknown along with expected sublet proceeds due DC.

Per its most recent [fiscal audit](#), CC Prep's lease of Terrell is a sublet from CSII—with unknown sublet proceeds due DC. KIPP DC's lease for Terrell is mentioned in its [most recent fiscal audit](#) (p.18) thusly: "In February 2019, KIPP DC was assigned a 20-year ground lease from an unrelated nonprofit entity [CSII?] for 3301 Wheeler Road, SE Washington, D.C. Under the lease, KIPP DC is entitled to lease credits against the annual base rent in the amount of \$24,872,066." So when KIPP DC's credit at Evans ends is unknown—and what was/will be done for it is also unknown, along with sublet proceeds due DC.

Page 32 of Briya's most recent fiscal audit (see [here](#)) outlines how Briya sublets a portion of Mamie D. Lee to another entity; it is likely some portion of proceeds from that sublet (theoretically) should go to DC, but I could find no records.

5. Discussion Of \$10 Annual Million Loss

So for 2023, we could presume the following for these leased former DCPS buildings:

\$1M-\$1.4M more to DC taxpayers in potential rent for buildings with paid rent if they were charged \$4/square foot

\$1.4M more to DC taxpayers in uncollected rent (if charged per \$4/square foot)

\$7M-\$8M more to DC taxpayers if rents were not forgiven without evidence of work**

At least \$500K more to DC taxpayers if sublet proceeds were collected

The total of that is at least \$10 million annually.

In addition, the [recently released adequacy study](#) outlined that annual PPFs to charters are about \$20 million more than their reported building costs. Thus, we could add that to the missing \$10M to come up with at least \$30M in excess public funds to charters for facilities every year. Over a decade, that amounts to at least \$200 million in public money owed DC—a staggering sum.

**Assuming conservatively that each of the 19 schools (or 22 schools, per the April 3, 2024 FOIA production) getting rent credits annually spends at least \$200,000 on renovations and repairs, that amounts to a total of at least \$3.8M annually that DC would forgive from that potential \$7M-\$8M more in rent money to DC if the schools paid rent directly to DC. That would mean the total potential rent money at those buildings would be at least \$3.2M annually.

However, OSSE's [recent response to recent council oversight questions](#) shows (on p. 174) that annual facilities grants to charters totaled \$3.8M most recently, with an average grant >\$500K—thus zeroing out the rent credit.

To be sure, DGS's rent credits could be a smaller number than annual renovation expenditures at each of those 19 (or 22) schools DGS has granted \$0 rent. But it is unlikely that all of them are undergoing extensive renovations (and especially not simultaneously). It is also unlikely that DC's annual per pupil facilities allocations for charters do not cover significant payments for renovations, given that the adequacy study found that charters do not need \$20 million annually of it.