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Testimony

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Committee on Appropriations, House of Representatives

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DISTRICT OF COLUMBIA
PUBLIC SCHOOLS

Status of Fiscal Year 1998
Roof Projects

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Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to update you on the District of Columbia Public Schools' (DCPS) roof replacement work for fiscal year 1998. On June 17, 1998, your office indicated that the Subcommittee had received information that questioned DCPS' ability to complete the roof repairs without delaying the opening of schools in September 1998. In response to your specific questions, my statement today covers four points:

- the availability of funds to pay for roof repairs,
- the current status of the roof repair process,
- the estimated cost of the roof repairs, and
- additional capital improvements in fiscal year 1999 and beyond.

Background

In fiscal year 1997, roof repairs were done at 61 District of Columbia schools, with the General Services Administration (GSA) managing the work at 10 schools and DCPS at 51. DCPS records show that as of February 4, 1998, the total cost of the fiscal year 1997 roof repair projects, including change orders and consulting fees, was about \$37 million. At that time, the DCPS capital improvement program budget indicated that about \$35 million was expected to be spent on 40 school roof projects in fiscal year 1998.

To determine the status of the District's fiscal year 1998 school roof projects, we obtained and reviewed pertinent documents provided by DCPS, the Financial Responsibility and Management Assistance Authority (Authority), and the Army Corps of Engineers. We interviewed (1) DCPS officials responsible for the capital improvement program, (2) Army Corps of Engineers officials who were hired by DCPS to manage the District's 1998 capital improvement program, (3) GSA officials who are managing the roof replacement contracts for 8 District schools, and (4) an official from the 21st Century School Fund to obtain information on the current roof projects.

We did not evaluate the contractor proposals to ascertain which proposals would result in the least cost to the District. Furthermore, we did not audit the cost estimates for reasonableness. Accordingly, we do not express an opinion or any other form of assurance on the procurement process or the cost estimates. We conducted our work in June 1998.

Availability of Funds

As indicated in table 1, at least \$84 million is designated for roofing and other capital improvement work during fiscal year 1998. As discussed in our March 1998 report,¹ sufficient funding was available to enable DCPS to get an early start on the fiscal year 1998 roof repairs. In September 1997, the Authority received about \$36.8 million from the sale of Student Loan Marketing Association (Sallie Mae) stock warrants. The Authority received an additional \$5 million in Sallie Mae funds in October 1997 to satisfy fiscal year 1998 capital program needs. Bond proceeds of \$40 million became available in April 1998, and an additional \$2.3 million in revenue generated from the sale of schools was available by May 1998.

Table 1: Funds Available for Fiscal Year 1998 DCPS Capital Projects

Dollars in millions

Date Funds Available	Source of Funds	Amount
September 1997	Sallie Mae	\$36.8
October 1997	Sallie Mae	5.0
April 1998	Bond Proceeds	40.0
May 1998	Revenue from School Sales	2.3
Total		\$84.1

About \$6.4 million had been spent by June 11, 1998. This included 5 school roofing projects, at a cost of \$4.1 million completed by November 1997, and \$2.3 million for other capital improvement projects.

Current Status of Roof Replacement Projects

Our March report indicated that DCPS planned to perform roof replacements at 40 schools in fiscal year 1998. Currently, DCPS records show that 38 schools will have roof replacement work in fiscal year 1998, including the 5 schools that were completed in the fall of 1997. Regarding the 2 schools for which work was planned and subsequently canceled, the funds intended for roof replacement at one school were redirected to securing the school's structure after recent fires, and DCPS subsequently determined that the other school did not need a new roof at this time.

For the remaining 33 schools, DCPS will contract for roof work at 25 schools. According to DCPS officials, the former Chief Operating Officer arranged to have GSA handle the contracting details for the work at the remaining 8 D.C. schools.

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

Due to weaknesses in procurement procedures and internal controls identified in a fiscal year 1997 performance audit,² DCPS officials stated that they decided to follow the Federal Acquisition Regulations (FAR). Last week, DCPS awarded seven contracts, covering 23 of the 25 school roof projects for which it is handling the contract details. The total amount of the DCPS contracts awarded was \$11.6 million, all to firms from the Washington, D.C., metropolitan area. DCPS officials told us that they expect an additional contract for the two remaining projects to be awarded shortly. DCPS officials told us that they had hoped to be further along in their contracting and construction activities at this time. DCPS officials expect that the projects they are managing will be substantially complete by August 15, 1998, in time for the September 1, 1998, school opening. GSA is currently negotiating school roof replacement contracts for the remaining 8 D.C. schools with its preapproved contractors and has a goal of completing the roof work by September 1, 1998.

The former DCPS Chief Executive Officer hired the U.S. Army Corps of Engineers to provide capital projects management assistance to DCPS for fiscal year 1998. As capital project manager, the Army Corps of Engineers will be on site and will be providing the superintendent of schools with weekly progress reports on the ongoing renovation work at the D.C. public schools, including the status of roofing projects. DCPS officials provided copies of several other management reports that they intend to prepare and use to ensure that the capital projects are on track, including a Capital Improvements and Assets Weekly Summary and a Tracking of FY98 Capital Program Obligation and Execution Status Report.

Cost of Roof Repairs

According to DCPS' June 12, 1998 Breakout of FY98 Capital Program by Subproject and by Ward management report, DCPS' fiscal year 1998 roof replacement costs are expected to be about \$34 million. The budgeted amount includes \$28.4 million for construction contracts and about \$5.8 million for design work, contract management fees charged by GSA and the Army Corps of Engineers, DCPS salaries, and an 8 percent contingency factor. According to DCPS officials, the roofing projects are very similar to those completed in fiscal year 1997, which included an extensive amount of work to ensure that facilities were structurally sound and watertight.

²The audit report District of Columbia Public Schools Performance Audit: Fiscal Year 1997 Capital Improvement Program Procurement Process was issued on January 12, 1998 by Cotton & Company, LLP.

Future Capital Improvements

The FY 1999 to FY 2004 Capital Improvement Plan and FY 1999 Capital Budget (CIP) that the District submitted to the Congress on June 1, 1998, includes a 6-year total of \$343.5 million in capital improvement expenditures for D.C. schools. About \$97 million in capital improvement expenditures is planned for fiscal year 1999. The CIP indicates that DCPS will spend about \$27 million on school roof replacements during the 6-year period, with about \$14 million designated for roof replacements during fiscal year 1999.

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

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