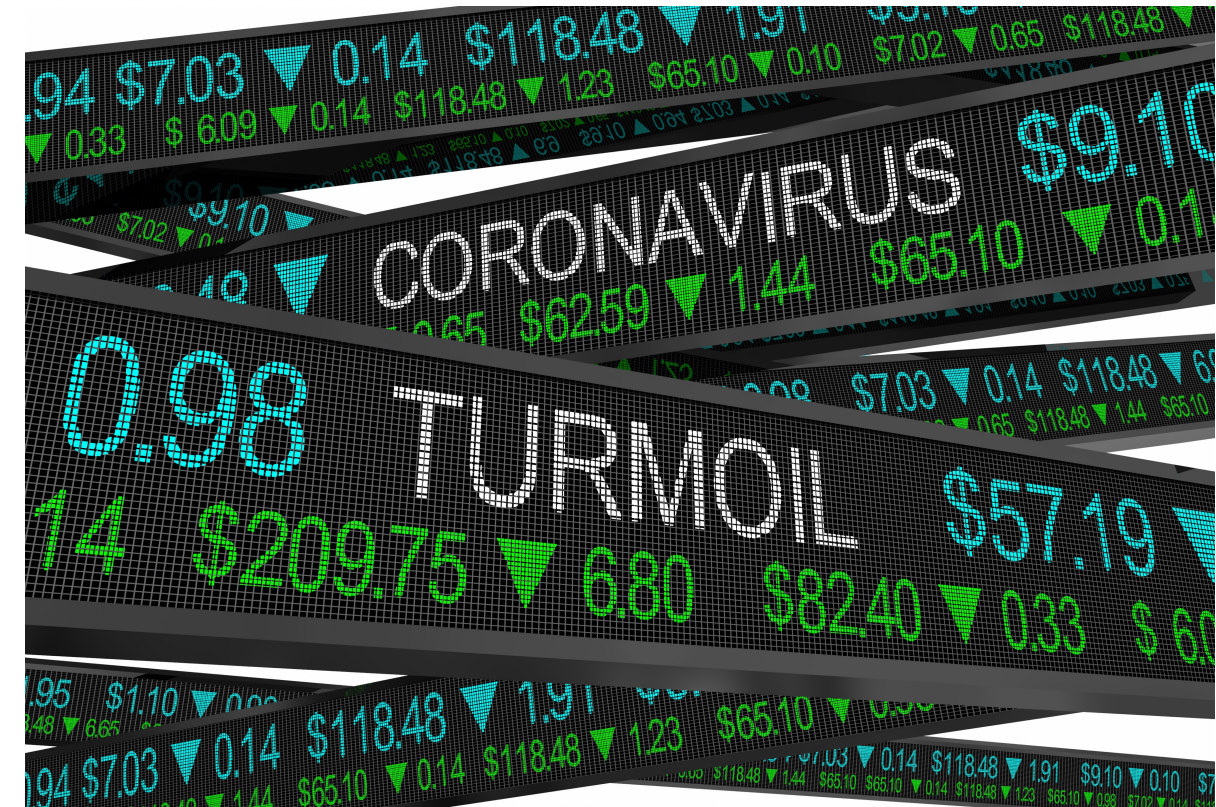


# Financial Turmoil and Opportunities

NAESP National Leaders Virtual  
Conference  
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1. How much, including all public funds, is spent per student in your school?
2. Where does that money come from?
3. Is it growing? Shrinking?



We started with:

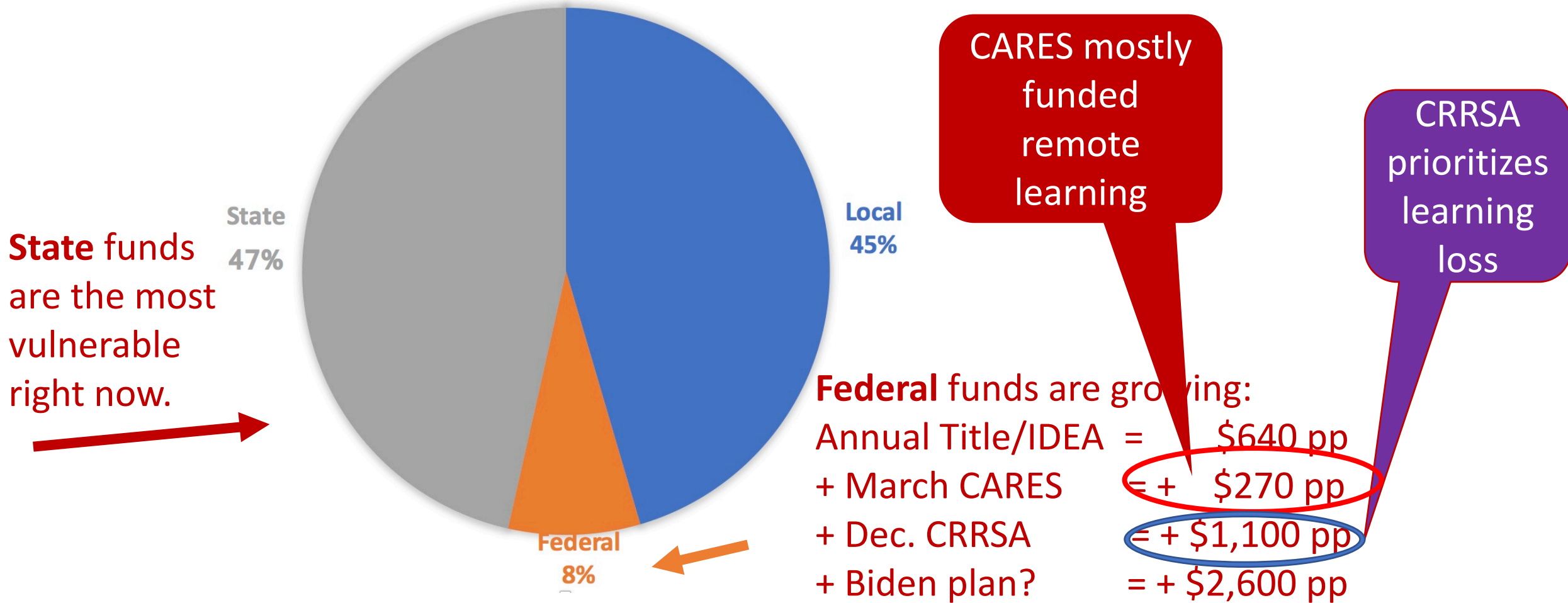
- One-size-fits-all delivery model.
- Inflexible budgets.

Then added an unprecedented set of conditions:



**No financial playbook for this moment**

K12 gets its revenue from federal, state, and local sources. This chart shows averages but the shares depend on the district/state



# Is the most recent federal aid enough to cover the gaps in state funds?

It generally depends on the state.  
Aid = ~ 8% boost for typical district.

Delaware = 1%  
gap in 2021  
revenues

In most states, revenue  
trends are still unfolding.

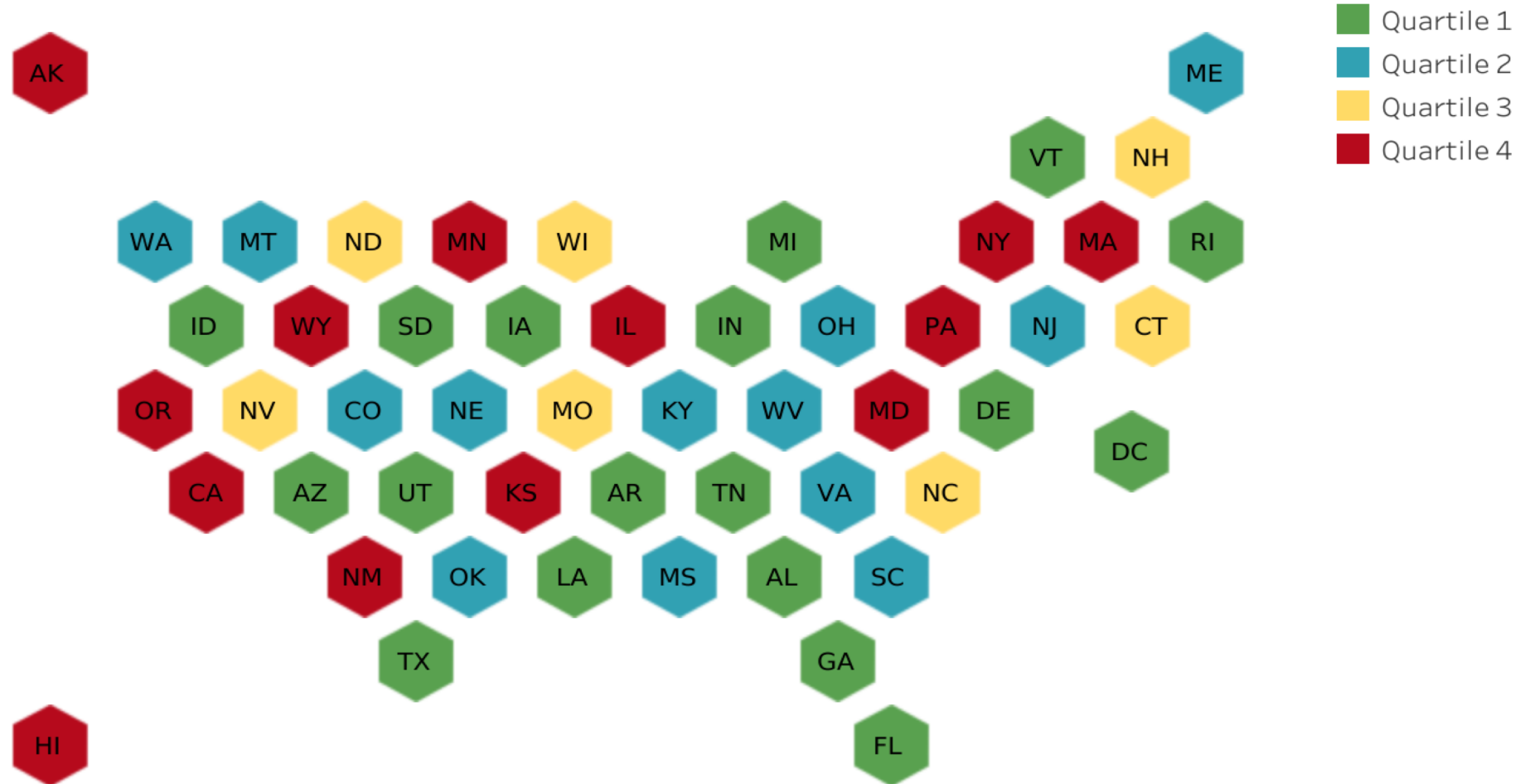
Some states are more/ less  
dependent on state \$ (vs  
local) than others.

Hawai'i = 23%  
gap in 2021  
revenues

# Whiteboard Advisors categorizes states (2/19/21) by those most at risk of state ed revenue loss (red):

## BUDGET RISK Map

What's the risk of long term damage to the budgets of districts in the states? This table groups the states by the risk of likely damage to school district budgets.



# Typical budget cutting steps:

## *Freeze*

- Freeze hiring, travel, pro-cards
- Permit contracts to expire
- Dip into reserves
- Postpone maintenance
- Offer early retirements



## *Trim from the top*

- Trim contracts, payments to community partners
- Eliminate PD days, prep time
- Cut central admin positions
- Squeeze supplies and non-labor expenses



## *Negotiate*

Propose:

- Alter benefits
- Salary adjustments
- Reduce days/furloughs



*Depending on success above*



## *Labor reduction*

Larger staff layoffs: elective staff, librarians, academic coaches, core teachers

Gaps > 2-3% often require cuts to LABOR

Most actions are reactionary and tend to rely heavily on centralized decision-making



## **POLL:** Which of these cost-equivalent cuts would you prefer?

- A. Across-the-board furloughs (4 days less schooling & 4 days less pay)
- B. Layoffs (2% of all employees)
- C. Across-the-board *temporary* salary reduction (of 2%) for all district employees
- D. All employees pay \$1,000 more in health care premiums (\$100 more/month)
- E. Task every school/department to reduce its spending by 2%





RIGHT NOW, many LEAs fall into one of two financial types:

Which are you?

# ALL/MOSTLY REMOTE

Remote learning creates surpluses with lower spending on: subs, utilities, transportation, replacing staff who have left.

Spending is focused on:  
✓ Opening schools

“We’re swimming in PPE!” – Fairfax Co.

# ALL/MOSTLY IN-PERSON

Many districts operating in person have drained reserves with excess costs: subs, nurses, hybrid, sanitizing, etc.

Spending is focused on:  
✓ Backfilling budgets  
✓ Addressing learning loss



Now, let's think about the new federal funding (\$1,100 pp)

## **How should that money be spent?**

- ✓ Flows via Title I formula (but it's not Title I money)
- ✓ It's highly flexible (but SEAs can add conditions)
- ✓ Should arrive in March. Must be spent by Sept. 2023
- ✓ More money may or may not be coming



## **POLL:** Which of the following is not an allowable use of ESSER II funds for LEAs?

- A. Enlarge the gym (to “enable social distancing”)
- B. Reinstate a 5% pay raise that was put on hold
- C. Pay the Kumon fee for any student who opts in
- D. Pay for staff positions that would otherwise be cut
- E. Replenish the reserve fund

ESSER money is extremely flexible. We were hard-pressed to find something LEAs could not use it for!  
-- Edunomics Lab



# What works to INCREASE staff willingness to return?

Hazard pay?



Henry County Public Schools<sup>1</sup> gave one-time hazard stipend of up to \$1,000 for employees in school buildings **\$161 pp**

Nurse in building?



Depending on prior staffing: **\$283 pp**

COVID testing?



Los Angeles Unified<sup>3</sup> is spending \$150M to cover the cost of COVID testing, contact tracing, PPE **\$300 pp**

HEPA air purifiers?



Chicago Public Schools<sup>4</sup> invested \$8.5M in electrical upgrades **\$24-50 pp**

OTHER?



<sup>1</sup>[https://martinsvillebulletin.com/news/local/education/henry-county-public-schools-to-use-federal-coronavirus-relief-funds-for-employee-hazard-stipends/article\\_9257c892-2396-11eb-8335-a7a60f32534a.html](https://martinsvillebulletin.com/news/local/education/henry-county-public-schools-to-use-federal-coronavirus-relief-funds-for-employee-hazard-stipends/article_9257c892-2396-11eb-8335-a7a60f32534a.html)

<sup>2</sup><https://bsd405.org/wp-content/pdf/cba/certificated-staff-mou-coronavirus-2020-2021-remainder-school-year.pdf>

<sup>3</sup><https://assets.documentcloud.org/documents/7220891/LAUSD-Contract-With-COVID-19-Test-Provider.pdf>

<sup>4</sup>[https://www.cps.edu/press-releases/chicago-public-schools-invests-\\$82.5-million-to-provide-hepa-air-purifiers-for-every-classroom/](https://www.cps.edu/press-releases/chicago-public-schools-invests-$82.5-million-to-provide-hepa-air-purifiers-for-every-classroom/)



Speaking of teachers and staff...

True or False:

Teachers/staff are quitting/retiring at higher rates than normal right now.

*BLS data: Teacher attrition is at about the same level as prior years.*



New federal relief funding brings ~\$1,100 per pupil.

**POLL:** Which of these \$1,000 pp investments would you prefer?

A. Pay for 4 months of Covid testing (all students/staff 2x week).

B. Add a month of school for all students.

C. Reduce class size by 2 for all students for two years.

D. Fund two years of high dosage tutoring for 1/2 of students.

E. Deliver \$1000pp to schools to meet student needs.



New federal relief funding brings ~\$1,100 per pupil.

**POLL:** Which of these \$1,000 pp investments would you prefer?

A. Pay for 4 months of Covid testing (all students/staff 2x week).

May help reopen, but doesn't tackle learning loss

B. Add a month of school for all students.

What happens when funds run out?

C. Reduce class size by 2 for all students for two years.

Do all students need the same thing?

D. Fund two years of high dosage tutoring for 1/2 of students.

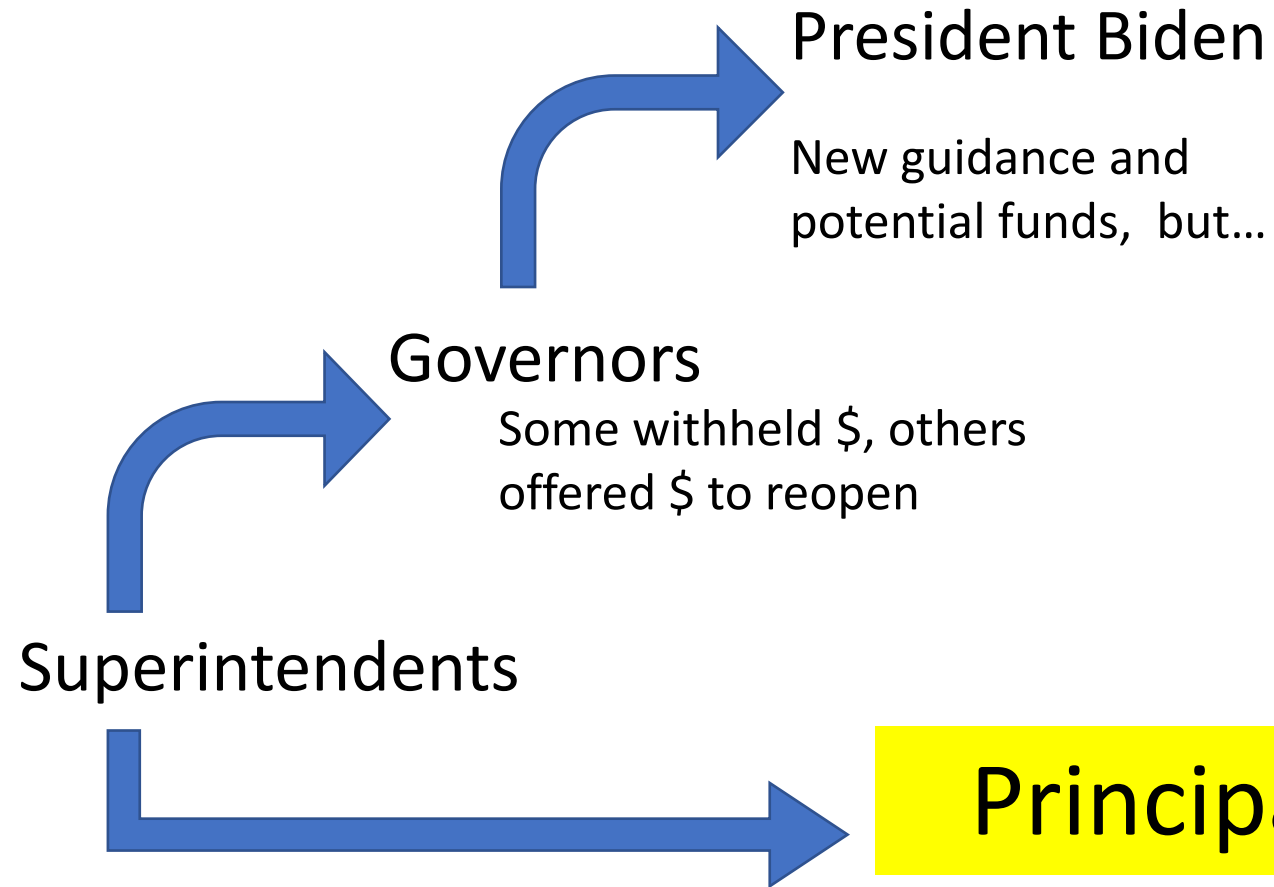
Can be customized. Will kids participate?

E. Deliver \$1000pp to schools to meet student needs.

Promotes innovation but also uneven response



# On reopening and luring staff back... who's asking?



“Schools are safe”

- Hawaii
- Baltimore





What does it mean if some students don't return?

Most are seeing 2-6% enrollment drops

Yes or No:

Do you think states should hold districts harmless from losing funds due to enrollment losses next year?

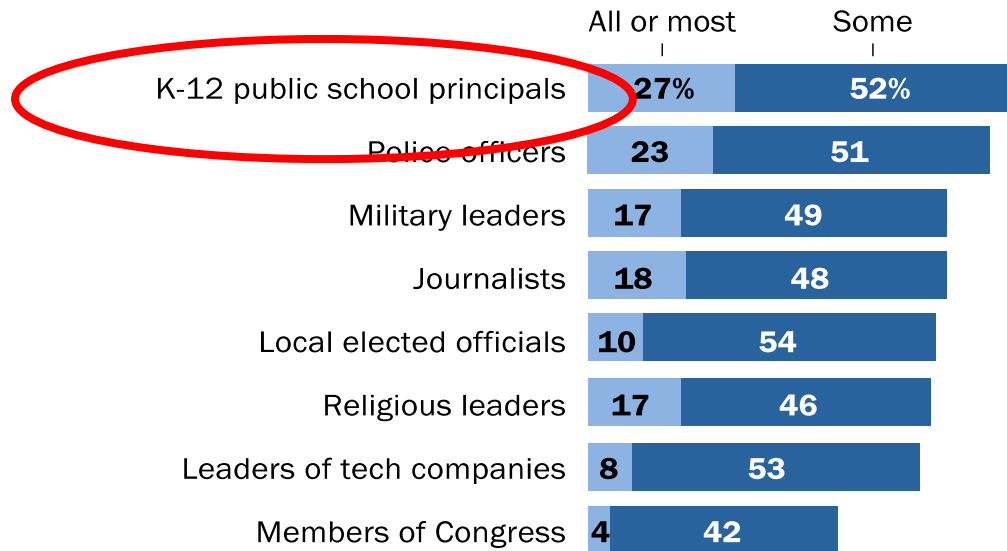
*What happens the year after?*



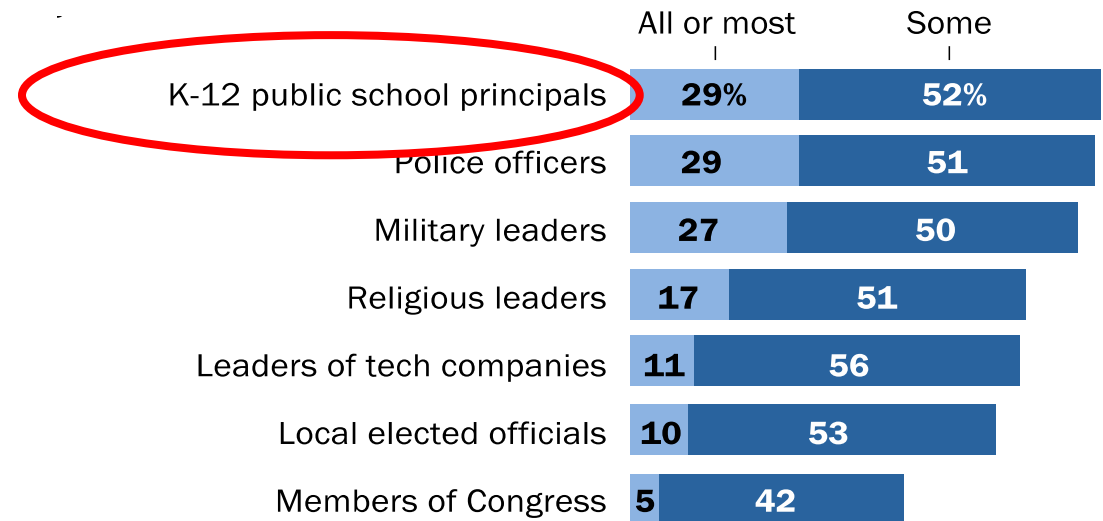
# Principals are a trusted messenger

Americans believe principals provide fair and accurate information and handle resources responsibly.<sup>1</sup>

## Provide fair and accurate info to the public



## Handle resources responsibly



Teachers and the public trust financial information that comes from principals.<sup>2</sup>

1. PEW Research Center (2019) Why Americans Don't Fully Trust Many Who Hold Positions of Power and Responsibility Retrieved from <https://www.people-press.org/2019/09/19/why-americans-dont-fully-trust-many-who-hold-positions-of-power-and-responsibility/>

2. Research findings presented by Edge Research and HCM.



# Interviews with principals about school spending...

Principal: In my district, principals don't question budget choices.

Principal: All in, my school receives about \$40,000 a year.

Principal: I don't get as much \$ as other schools in the district because my school is in a neighborhood with lower property values.

# When it comes to talking about education finance

District leader: We rely on our principals to tell us what our students need.

Parent: I can accept a cut in something if I understand what's at stake.

Teacher: I trust my principal, not my district.

Principal: I believe if given the opportunity, we could do more for students with the dollars we have.

The principal never mattered more



This K-12 financial story is far from over!

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Visit [EdunomicsLab.org](http://EdunomicsLab.org) for resources on how financial turmoil is impacting K-12



The graphic is a promotional poster for a certificate program. It features a dark blue background with a faint, repeating pattern of the Georgetown University seal. On the right side, there is a photograph of a large, historic building with multiple spires, likely a part of Georgetown University's campus. The text is centered and uses a mix of white and green colors. At the bottom, there is a green bar containing the Edunomics Lab logo and a white bar containing the CEU/CPE credit information.

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