### Financial Turmoil: The new federal aid package



Jan. 5, 2021; Revised Jan. 6, 2021

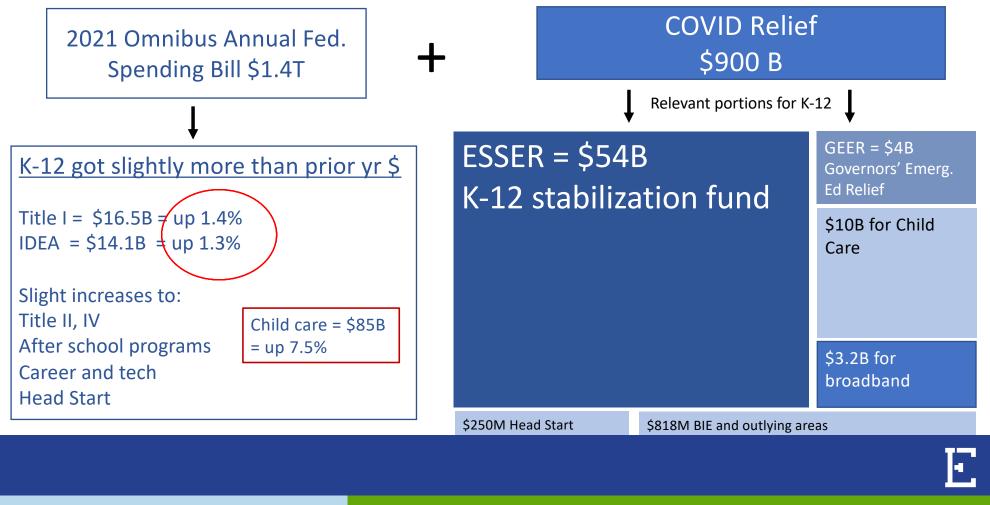
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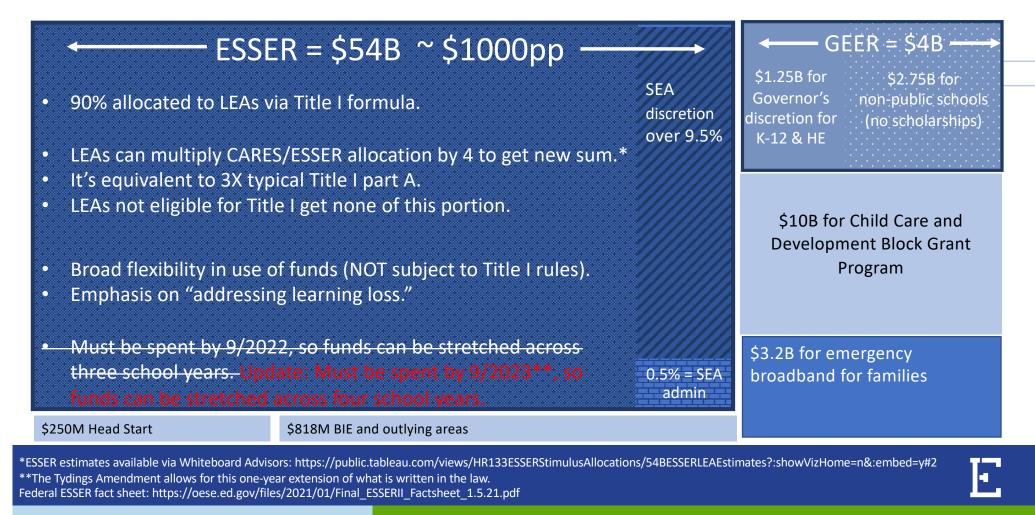
Slides available at edunomicslab.org



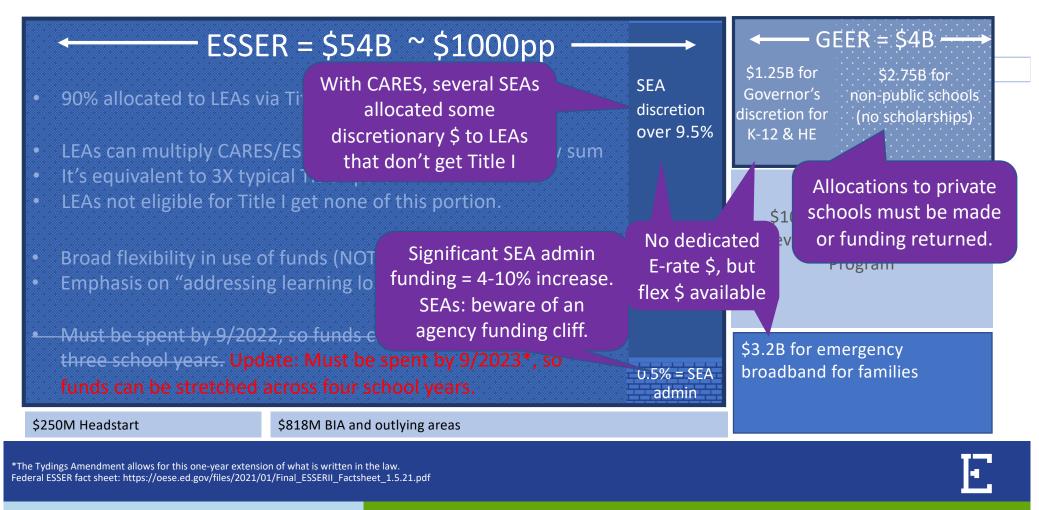
New law (Consolidated Appropriations Act, 2021)



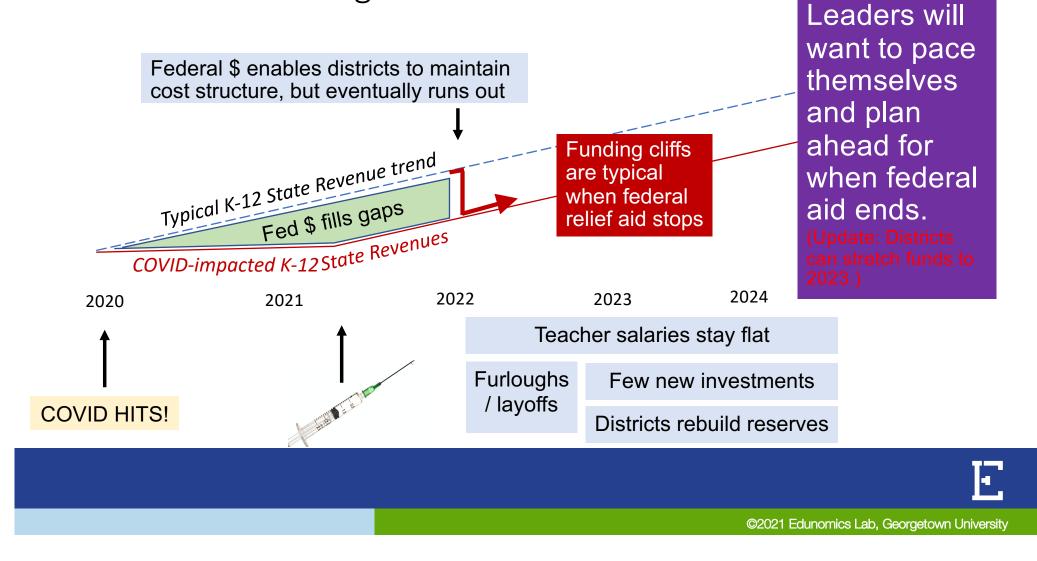
#### K-12 portions of 2021 Federal COVID Relief Package



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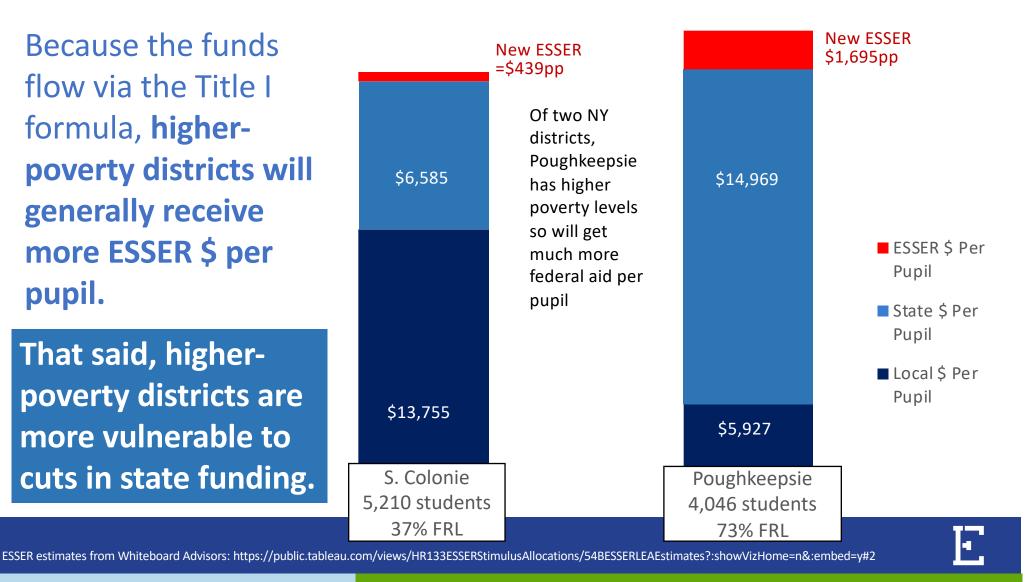


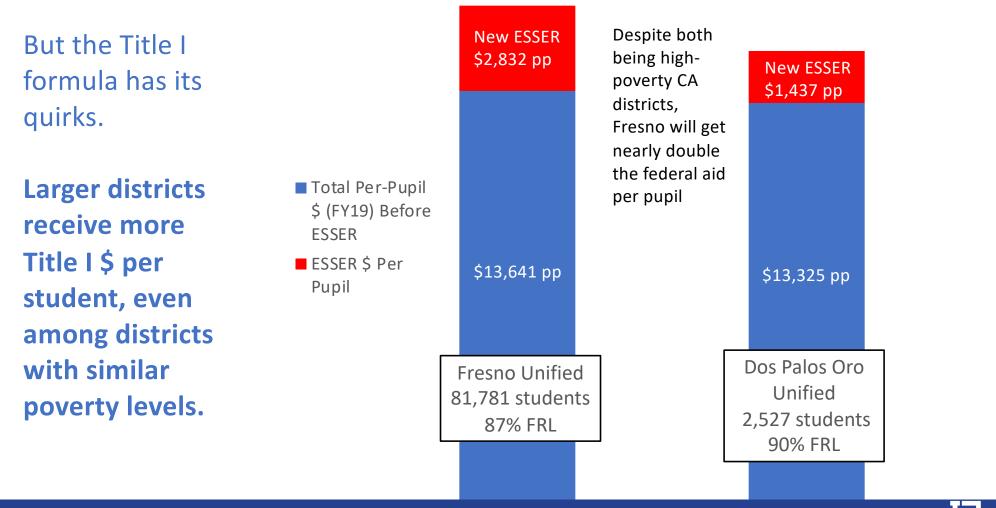
### Will we have a funding cliff?



Because the funds flow via the Title I formula, higherpoverty districts will generally receive more ESSER \$ per pupil.

That said, higherpoverty districts are more vulnerable to cuts in state funding.

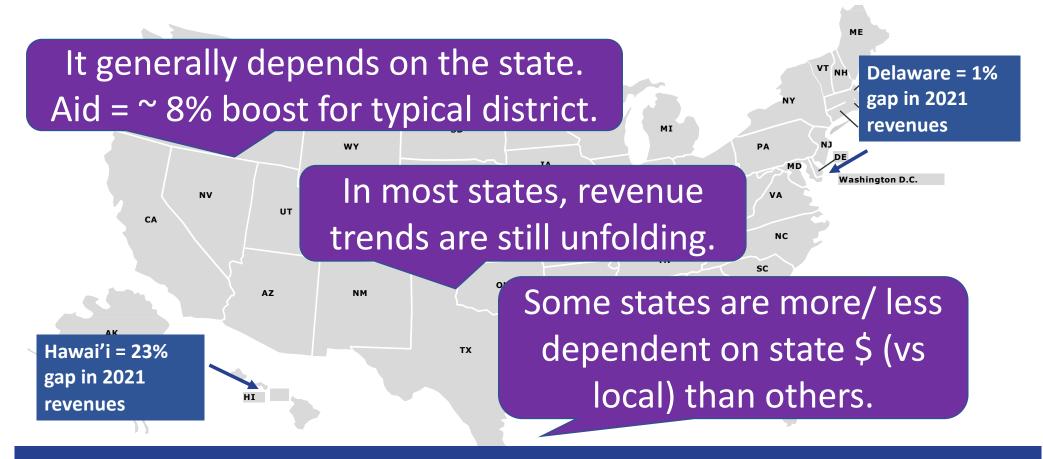




ESSER estimates from Whiteboard Advisors: https://public.tableau.com/views/HR133ESSERStimulusAllocations/54BESSERLEAEstimates?:showVizHome=n&:embed=y#2

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



late: State-by-state SEA ESSER allocation table available: https://oese.ed.gov/files/2021/01/Final\_ESSERII\_Methodology\_Table\_1.5.21.pdf

### Questions?

Since states didn't get funds to backfill their budgets, can they cut K-12 and backfill with federal K-12 aid?

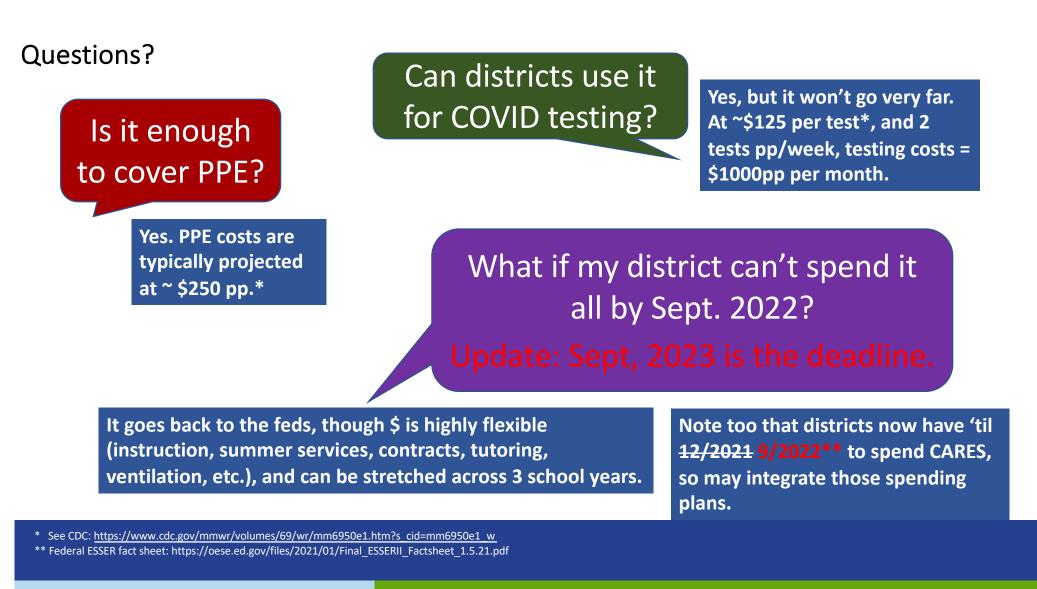
To a point. "Maintenance of Effort" prohibits cutting K-12 more than other areas of state budget.

### How should SEAs allocate the 9.5%?

COULD START WITH DATA: Comparing state/local \$ in districts vs poverty, etc. and use the 9.5% to address problematic gaps.

Does the district have to be in-person to use the money?

No



### Questions?

## How should my district spend it?

# How do districts avert fiscal cliff?

Avoid recurring obligations (raises, new hires). Seek one-time investments. If labor is needed, use contract labor or stipends for current staff.

#### !!!

What will help students? Which students suffering learning loss and by how much? What options avert a fiscal cliff? Will districts be judged in rear view mirror for how they spend it?

You betcha! There are robust reporting requirements and one-time sums of this size draw lots of attention. Reporting emphasis will be on how money addressed <u>learning loss</u>.

\*https://www.healthsystemtracker.org/brief/covid-19-test-prices-and-payment-policy/

This K-12 financial story is far from over!

Q & A

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Visit EdunomicsLab.org for resources on how financial turmoil is impacting K-12

Join our next 30-minute webinar: Impacts of enrollment shifts and learning loss on district finances Tuesday, January 19, 10am PT / 1pm ET http://bit.ly/EdLabJan19

