

# Financial Turmoil: Open or Remote? What it Means for School District Budgets

*Note: Presentation is on-the-the record but Q/A after is off-the-record unless otherwise noted*

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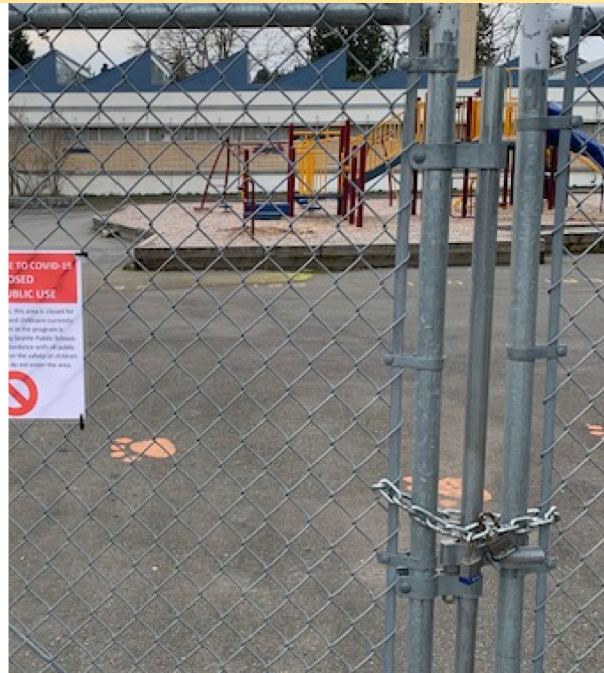
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Slides available at [edunomicslab.org](https://edunomicslab.org)

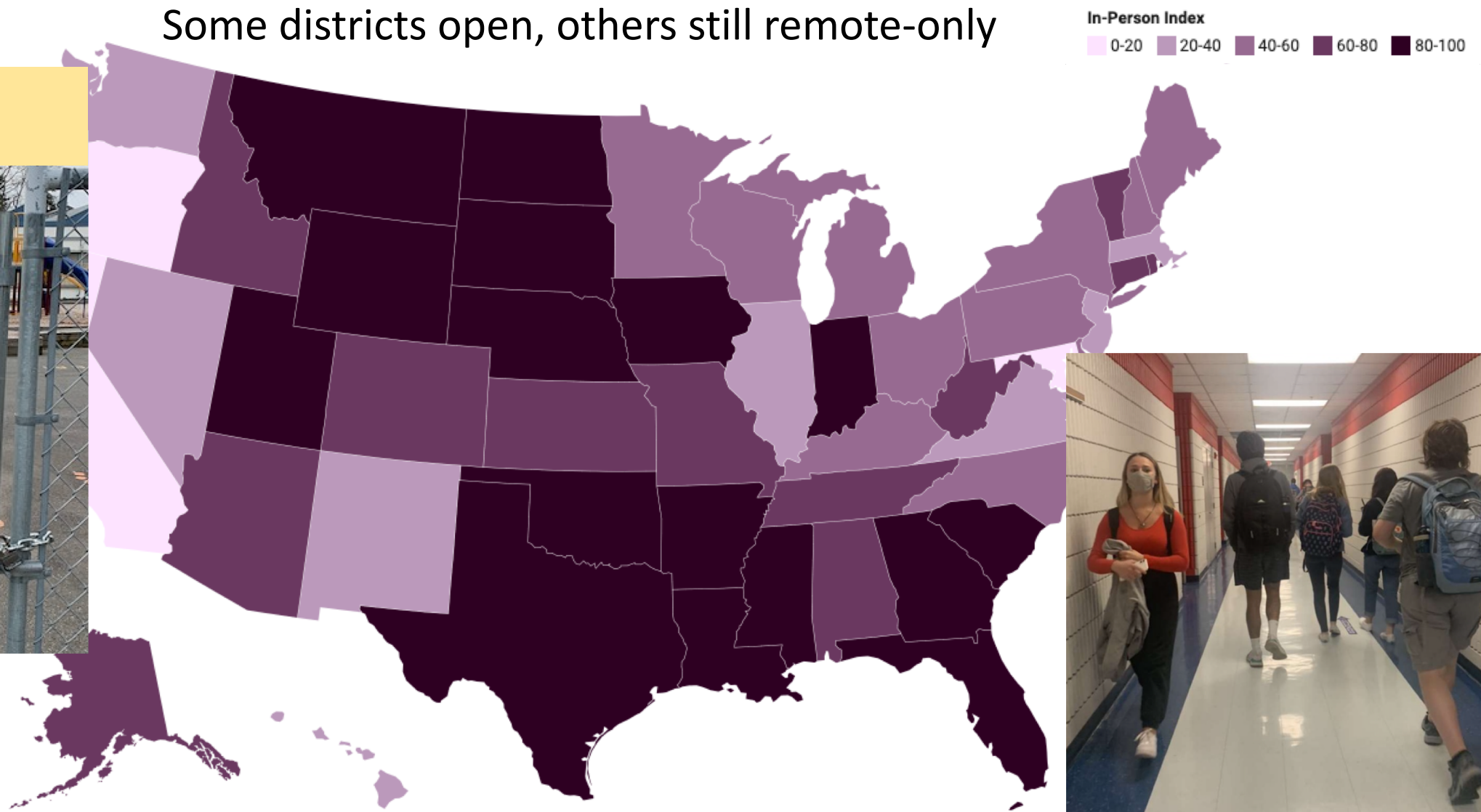


## Some districts open, others still remote-only

A WA elementary school yesterday



Districts are in very different stages of re-opening



A FL high school yesterday



# New federal money brings new questions about district finances

Annual fed Title/IDEA = \$640 /student

+ March CARES = + \$270 /student

+ Dec. CRRSA = + \$1,100 /student

+ Biden plan? = + \$2,600 /student

Do districts need more money now?

Is lack of \$ the reason schools haven't reopened?

How will \$ be used:  
backfill budgets,  
remediate loss, reopen  
schools, other?

What happens when the \$ ends? Will there be a fiscal cliff?





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We see CARES \$ in district financials. Most went to remote learning (some SPED, SEL). Not fully expended in all districts.

CRRSA funds:

- Haven't arrived to districts yet
- Asked to prioritize learning loss
- Are highly flexible
- Can backfill cuts
- Can be offset by state \$ cuts





# Our examination of CURRENT district finances suggests two types:

## ALL/MOSTLY REMOTE

Finances show surpluses with lower spending on: subs, utilities, supplies, transportation, replacing staff who have left.

Districts are carrying balances into future budgets

## ALL/MOSTLY IN-PERSON

Finances show overspending on: subs, nurses, hybrid, sanitizing, etc.

Districts are draining reserves, and counting on federal money to patch gaps



## ALL/MOSTLY REMOTE

Districts are **UNDERSPENDING**\*:

Seattle = \$21.8M      **\$394 pp**

Portland = \$33.5M      **\$688 pp**

San Francisco = \$2M      **\$38 pp**

Los Angeles = \$531.7M      **\$1,074 pp**

Long Beach = \$67.7M      **\$928 pp**

San Diego = \$44M      **\$426 pp**

Rochester (MN)= \$9.7M      **\$540 pp**

Montgomery Co = \$29.3M      **\$180 pp**

Surpluses of  
\$200 - \$1000  
/student are  
common.

Deficits of  
\$200 - \$1000  
/student are  
common.

For districts in  
various stages of  
reopening, finances  
are mixed

## ALL/MOSTLY IN-PERSON

Districts are **OVERSPENDING**\*:

Austin ISD = (\$87.3M)      **-\$1,791 pp**

Dallas ISD = (\$119.7M)      **-\$772 pp**

Hillsborough Co = (\$29.3M)      **-\$133 pp**

Broward Co = (\$5.3M)      **-\$19 pp**

Gwinnett Co = (\$50.7M)      **-\$282 pp**

Fulton Co = (\$19.5M)      **-\$206 pp**

Des Moines (IA) = (\$1.6M)      **-\$248 pp**

Providence = (\$12.3M)      **-\$513 pp**

\*Projected surplus/deficit from mid year financials relative to FY20-21 approved budget



Do districts need more money now?

It depends:

**For some: YES**, especially those operating in person. CRRSA funds are likely to meet current deficits.

**For others: NO**, remote operation has brought surpluses. While there may be needs down the road, there isn't a cash crunch at the moment.

Indeed, attempts to use funds to lure districts to reopen have had limited success:

Is lack of \$ the reason schools haven't reopened?

**It doesn't look like it.** While those operating in person are overspending, many remote-only districts now have surpluses.



\*Relative to FY20-21 Budget





# ALL/MOSTLY REMOTE

## What they're SAVING

### Payroll savings

LAUSD underspent by \$268M on certificated salaries = **+\$541 pp**

### Purchased services

Portland PS underspent by \$16.2M in purchased services = **+\$333 pp**

### Supplies and books

San Diego underspent by \$23.4M on books & supplies = **+\$227 pp**

### Employee benefits

Long Beach underspent by \$5.6M = **+\$77 pp**

# ALL/MOSTLY IN-PERSON

## Where they're spending more

### Summer school for some students

Atlanta PS \$10M for 4 wks, 28,000 students = **-\$357 pp**

### Add weeks to year

San Antonio ISD added 3 weeks to SY20-21 = **-\$292 pp**

### Student services

Fulton Co overspent \$17M for improvement of instructional services **-\$250 pp**

### Building operation

Hillsborough Co overspent \$20M on plant operations = **-\$91 pp**



## ALL/MOSTLY REMOTE

Financial focus is on **reopening**

## ALL/MOSTLY IN-PERSON

Financial focus is on **remediation**

Mid-year financials show  
no evidence yet of  
spending for remediation

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How will \$ be used:  
backfill budgets,  
remediate loss,  
reopen, other?

**For most, THAT WILL DEPEND on:**

## State funding

Isn't that  
supplanting? Can  
they do that?  
(yes and yes)

Will the state use federal  
dollars to offset state funds?

Will the state protect funding  
amidst enrollment losses?

Policies are in  
flux. Some will,  
some won't.\*

## District Choices

SPS is using  
surpluses and fed \$  
to maintain pre-  
pandemic spending  
patterns

Status quo budgets vs redirecting resources

SAISD is  
paying for more  
weeks and  
added early  
literacy efforts

\*Proceed With Caution: With Enrollment Drops, States Are Looking To Hold District Budgets Harmless <https://edonomicslab.org/2021/02/26/proceed-with-caution/>





What happens when the \$ ends? Will there be a fiscal cliff?

Add / maintain excess staff (e.g. reduce class sizes)

Raise salaries or new benefits

Backfill non-Covid expenses

**Likely YES.** These tend to involve recurring obligations.

**That depends on how the money gets used:**

Fund one-time efforts (e.g. summer school)

Facilities upgrades

Contract services (e.g. tutoring)

**Probably NO.** These represent one-time expenses.



# How should we invest new money?

Principal: I could use more staff.

Teacher: They should give us stipends so we can spend more time with our kids.

Parent: Whatever they do, it better make a real difference for our kids.

This K-12 financial story  
is STILL far from over!

## Q & A

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The banner is divided into three horizontal sections. The top section is dark blue with the Georgetown University crest in the background. It contains the text 'GEORGETOWN UNIVERSITY' in a small serif font, followed by 'Certificate in Education Finance' in a large white sans-serif font, and 'March 30-31, 2021' and 'Virtual Delivery' in a smaller white sans-serif font. The middle section is a solid medium blue and contains the URL 'mccourt.georgetown.edu/cef' in white. The bottom section is green and contains the 'EDUNOMICS LAB' logo, which consists of a stylized 'E' followed by 'EDUNOMICS' and 'LAB The Study of Education Finance' below it. To the right of the green section, there is a photograph of a Georgetown University building with a tall steeple, and text stating 'CEU/CPE credits available. No prerequisites or advance preparation required.'

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financial turmoil is impacting K-12

