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

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Slides available at edunomicslab.org

Note: Presentation is on-the-record but Q/A after is off-the-record unless otherwise noted
Some districts open, others still remote-only

Districts are in very different stages of re-opening

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

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

### 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

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

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

For districts in various stages of reopening, finances are mixed.

*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:

Jan: CA offers districts money to reopen. Districts: no thanks

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.
**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

**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
Financial focus is on **reopening**

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

Financial focus is on **remediation**

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- **Add weeks to year**
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- **Building operation**

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For most, THAT WILL DEPEND on:

- State funding
  - Will the state use federal dollars to offset state funds?
  - Will the state protect funding amidst enrollment losses?

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

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

Status quo budgets vs redirecting resources

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

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

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://edunomicslab.org/2021/02/26/proceed-with-caution/
What happens when the $ ends? Will there be a fiscal cliff?

That depends on how the money gets used:

- 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.

- 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.

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

Teacher: They should give us stipends so we can spend more time with our kids.
This K-12 financial story is STILL far from over!

Q & A

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Visit EdunomicsLab.org for webinar slides, recording and other resources on how financial turmoil is impacting K-12