

Financial Turmoil: The new federal aid package



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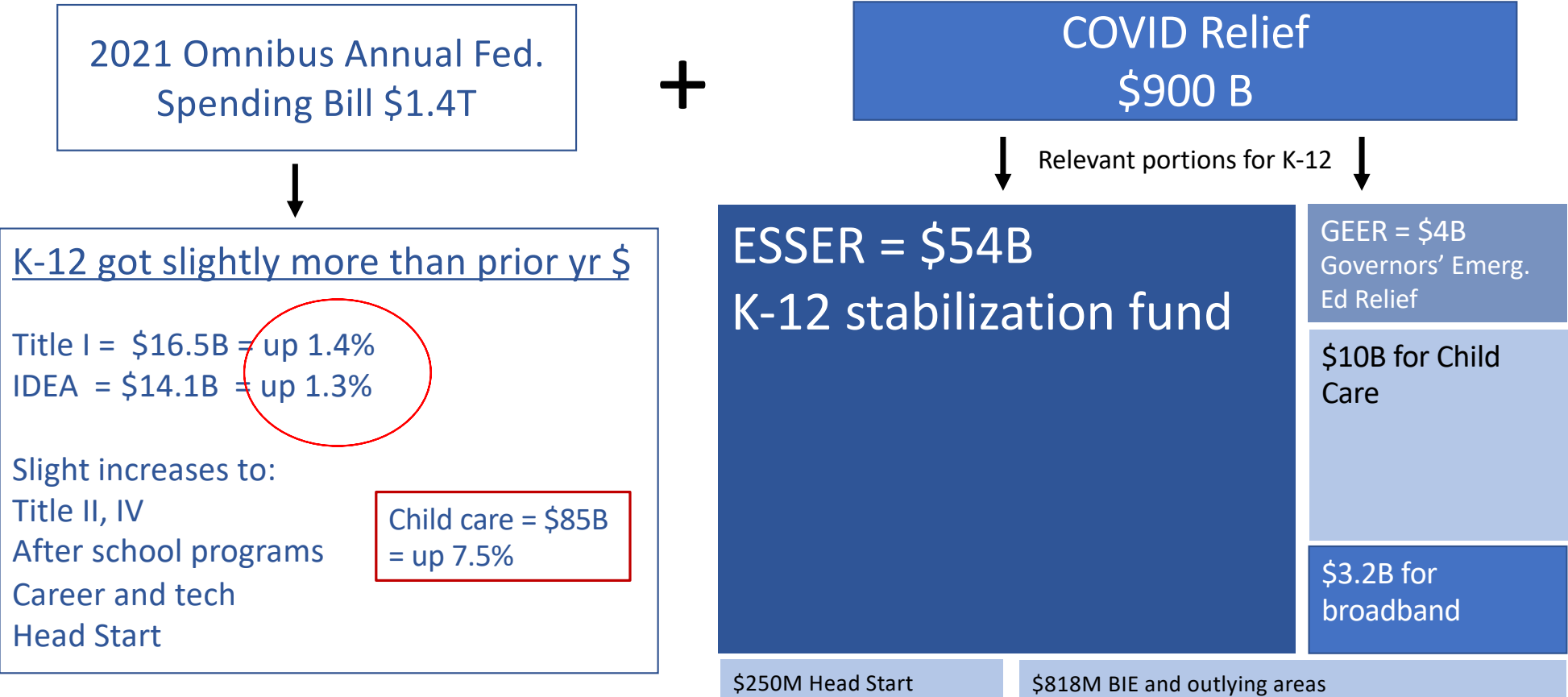
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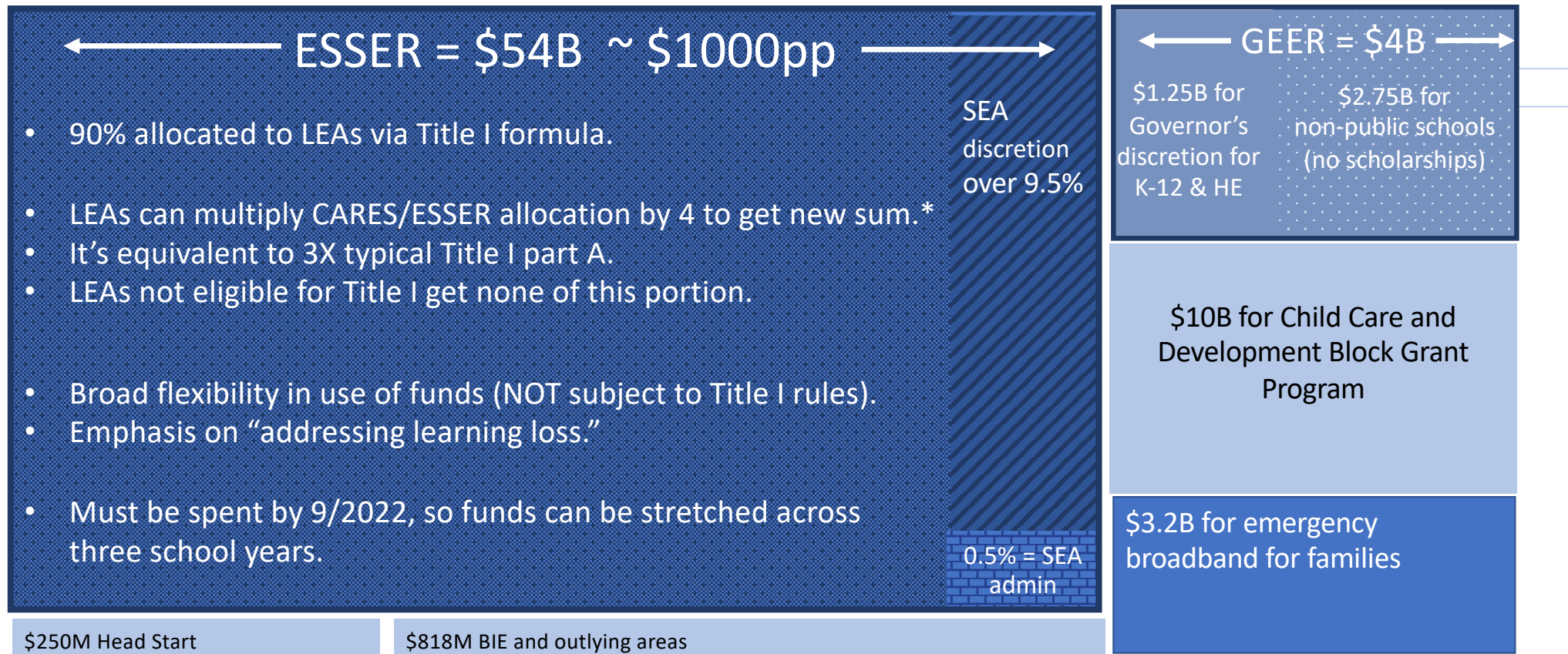
Slides available at edunomicslab.org



New law (Consolidated Appropriations Act, 2021)



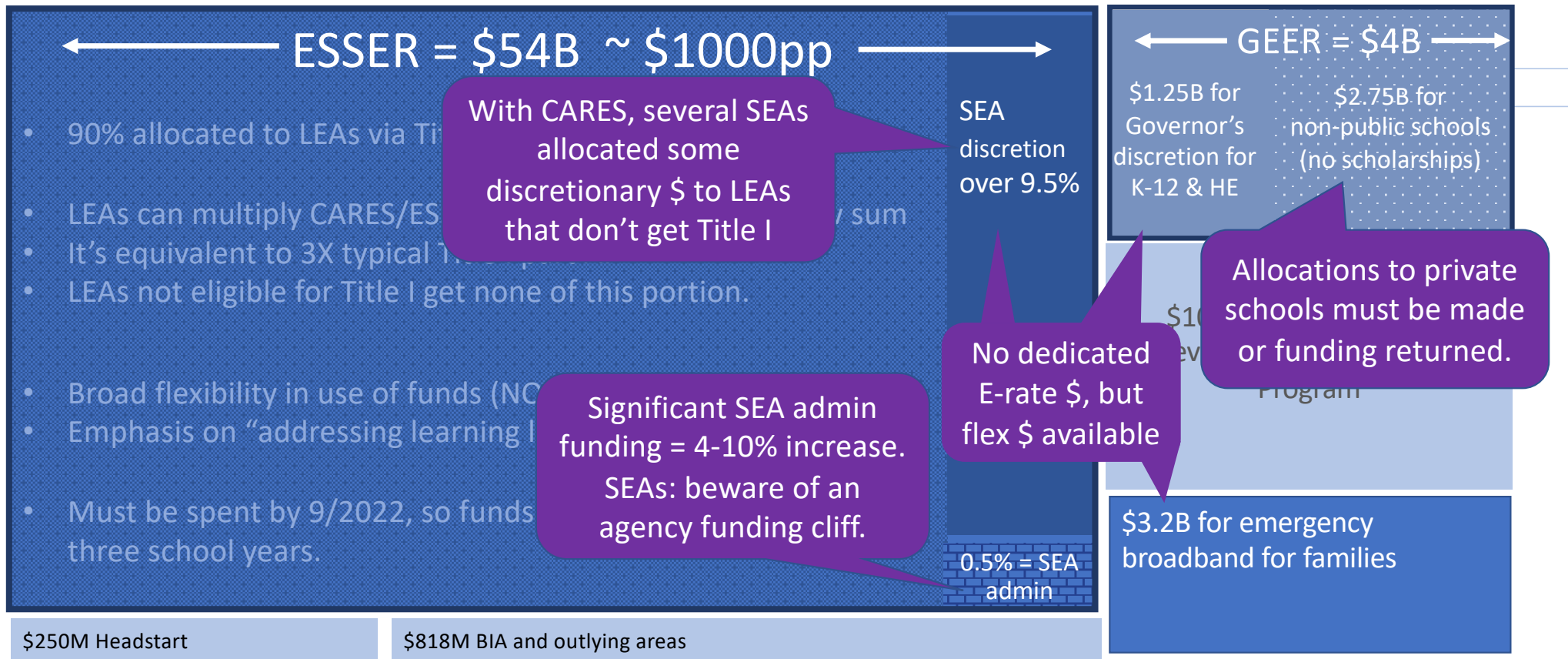
K-12 portions of 2021 Federal COVID Relief Package



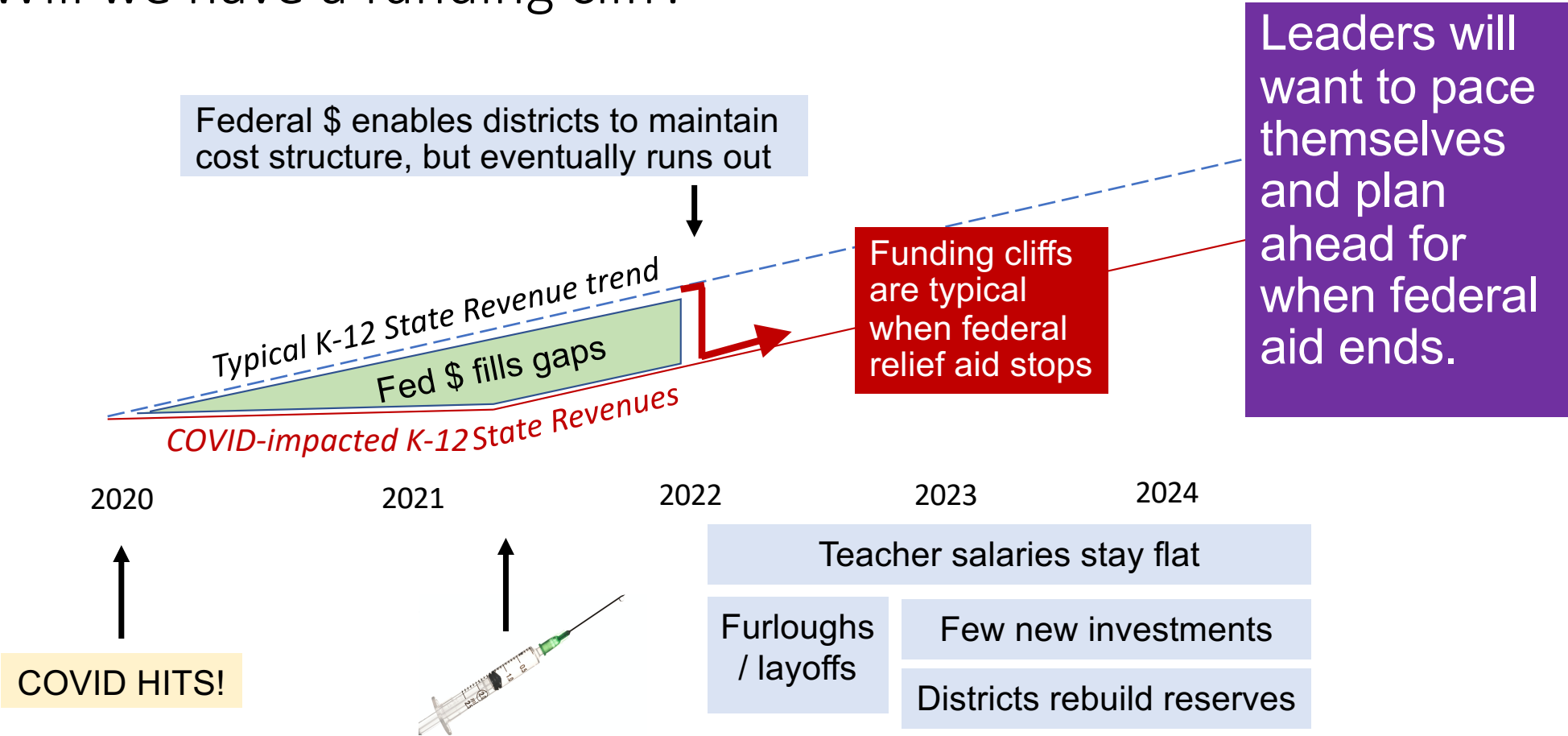
*ESSER estimates available via Whiteboard Advisors:
<https://public.tableau.com/views/HR133ESSERStimulusAllocations/54BESSERLEAEstimates?:showVizHome=n&:embed=y#2>



K-12 portions of 2021 Federal COVID Relief Package

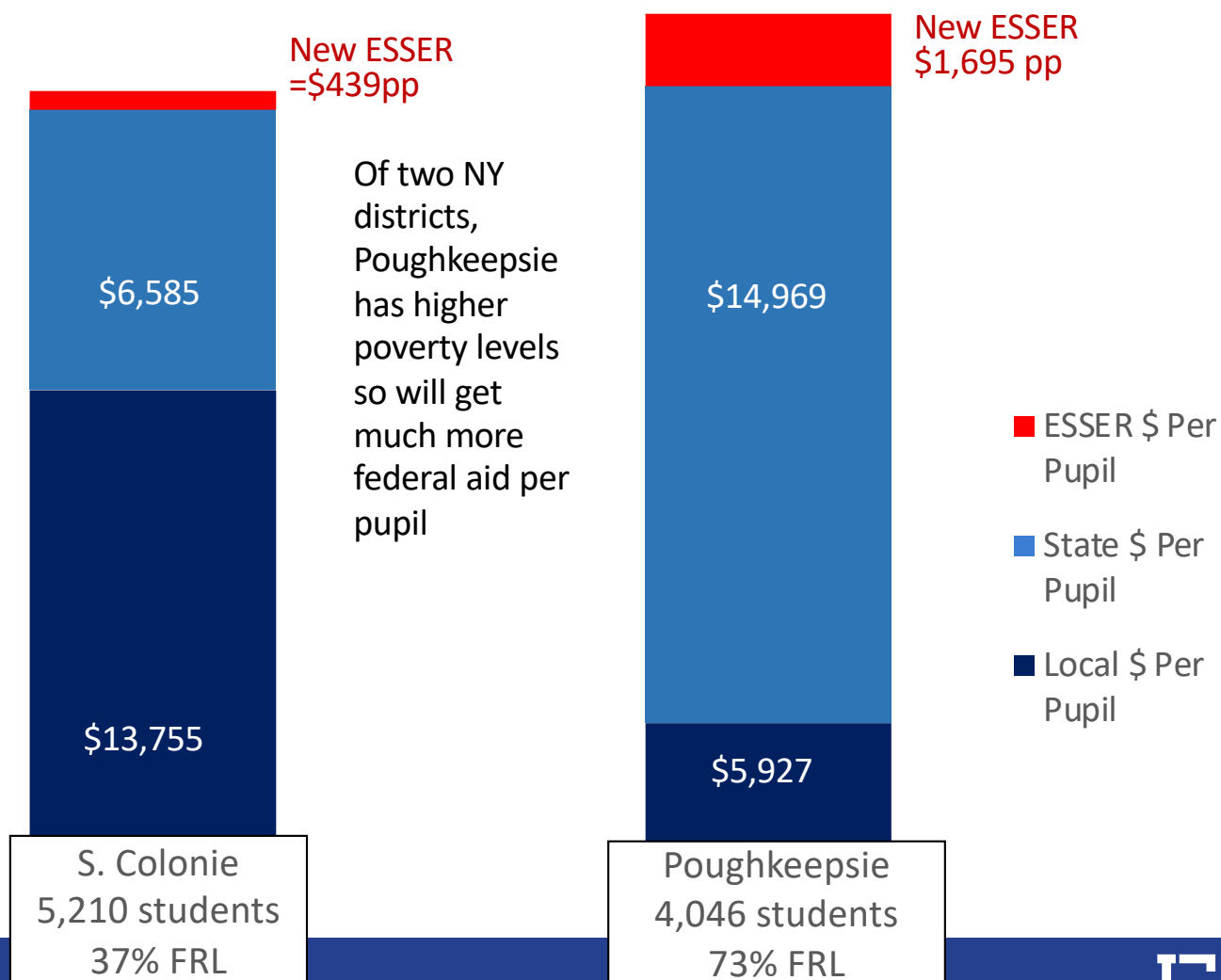


Will we have a funding cliff?



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

That said, higher-poverty districts are more vulnerable to cuts in state funding.

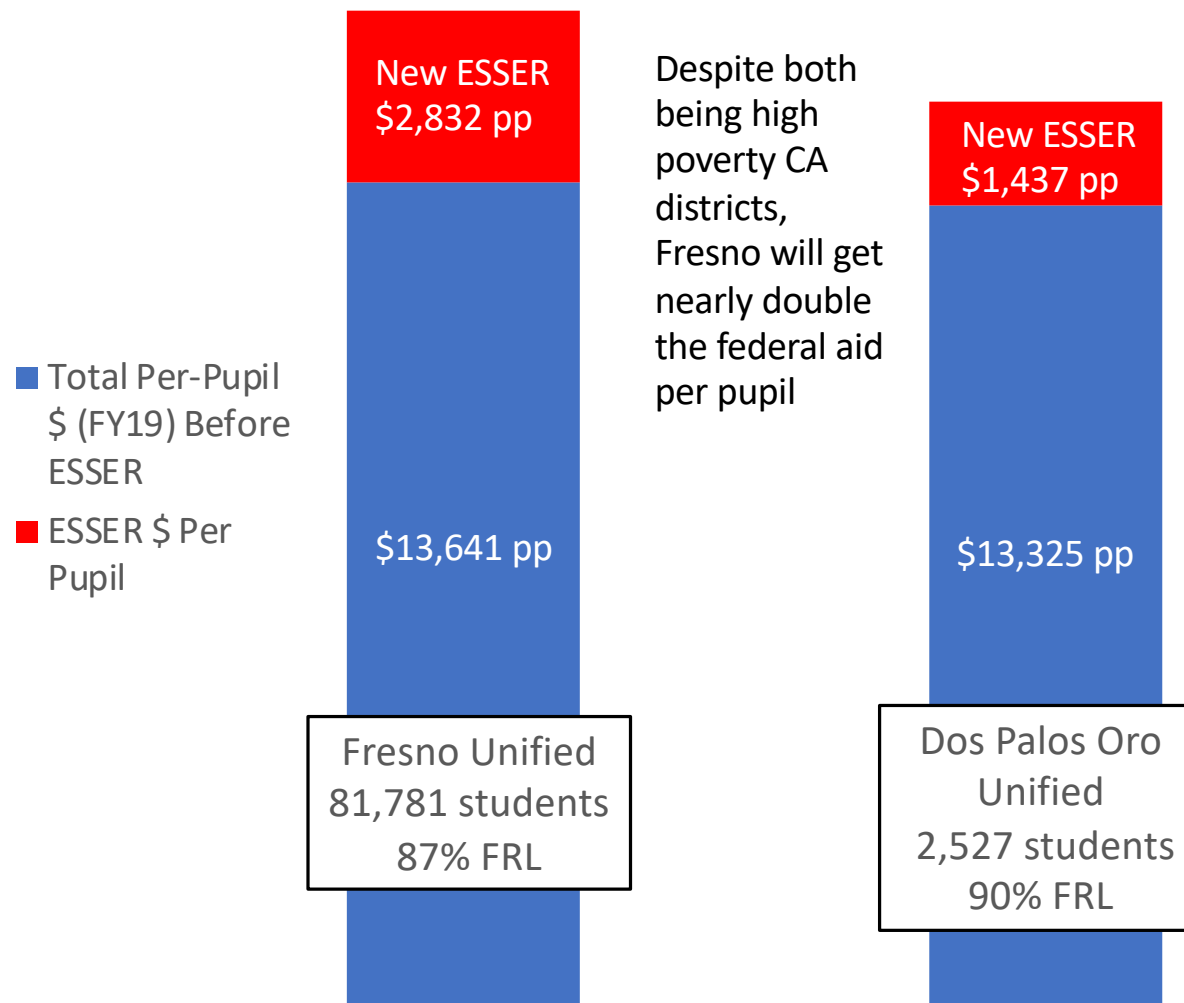


ESSER estimates from Whiteboard Advisors: <https://public.tableau.com/views/HR133ESSERStimulusAllocations/54BESSERLEAEstimates?:showVizHome=n&:embed=y#2>



But the Title I formula has its quirks.

Larger districts receive more Title I \$ per student, even among districts with similar poverty levels.



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

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

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

Delaware = 1%
gap in 2021
revenues

Washington D.C.

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?

Is it enough
to cover PPE?

Yes. PPE costs are
typically projected
at ~ \$250 pp.*

Can districts use it
for COVID testing?

Yes, but it won't go very far.
At ~\$125 per test*, and 2
tests pp/week, testing costs =
\$1000pp per month.

What if my district can't
spend it all by Sept. 2022?

It goes back to the feds, though \$ is highly flexible
(instruction, summer services, contracts, tutoring,
ventilation, etc.), and can be stretched across 3 school years.

Note too that districts now have 'til
12/2021 to spend CARES, so may
integrate those spending plans.

* See CDC: https://www.cdc.gov/mmwr/volumes/69/wr/mm6950e1.htm?s_cid=mm6950e1_w

Questions?

How should my district spend it?

!!!

What will help students?
Which students suffering learning loss and by how much?
What options avert a fiscal cliff?

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.

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 learning loss.

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

This K-12 financial story is far from over!

Q & A

Note: Q&A is off the record unless otherwise stated

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