

# Financial Turmoil: The new federal aid package



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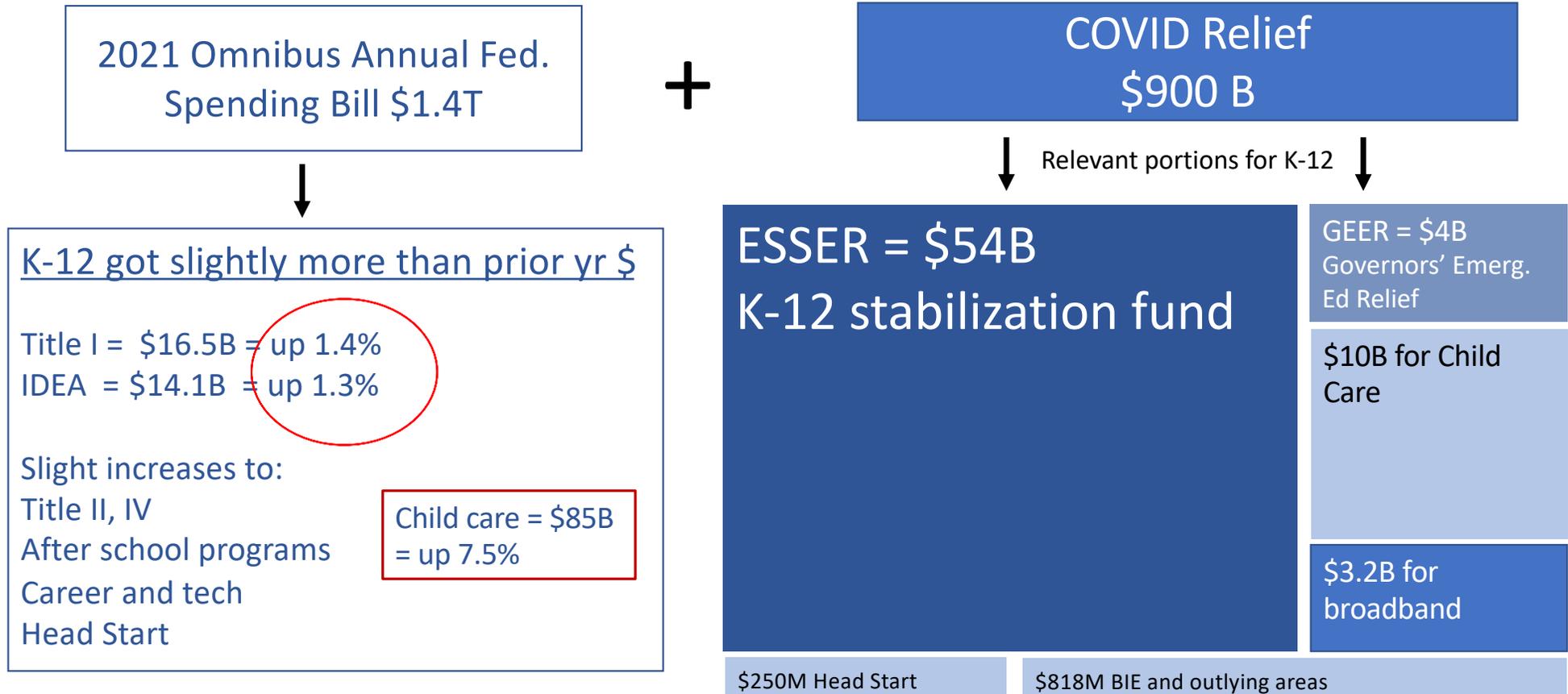
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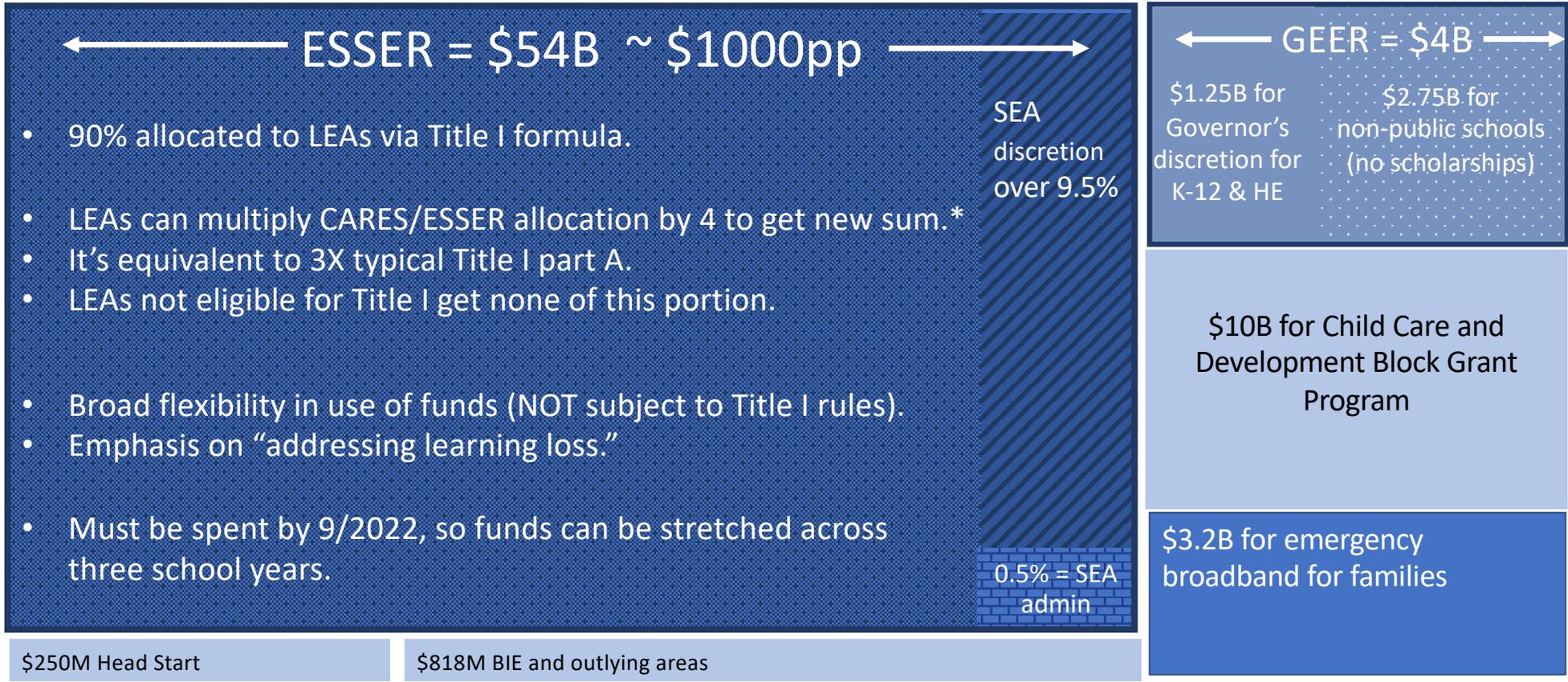
Slides available at [edunomicslab.org](http://edunomicslab.org)



New law (Consolidated Appropriations Act, 2021)



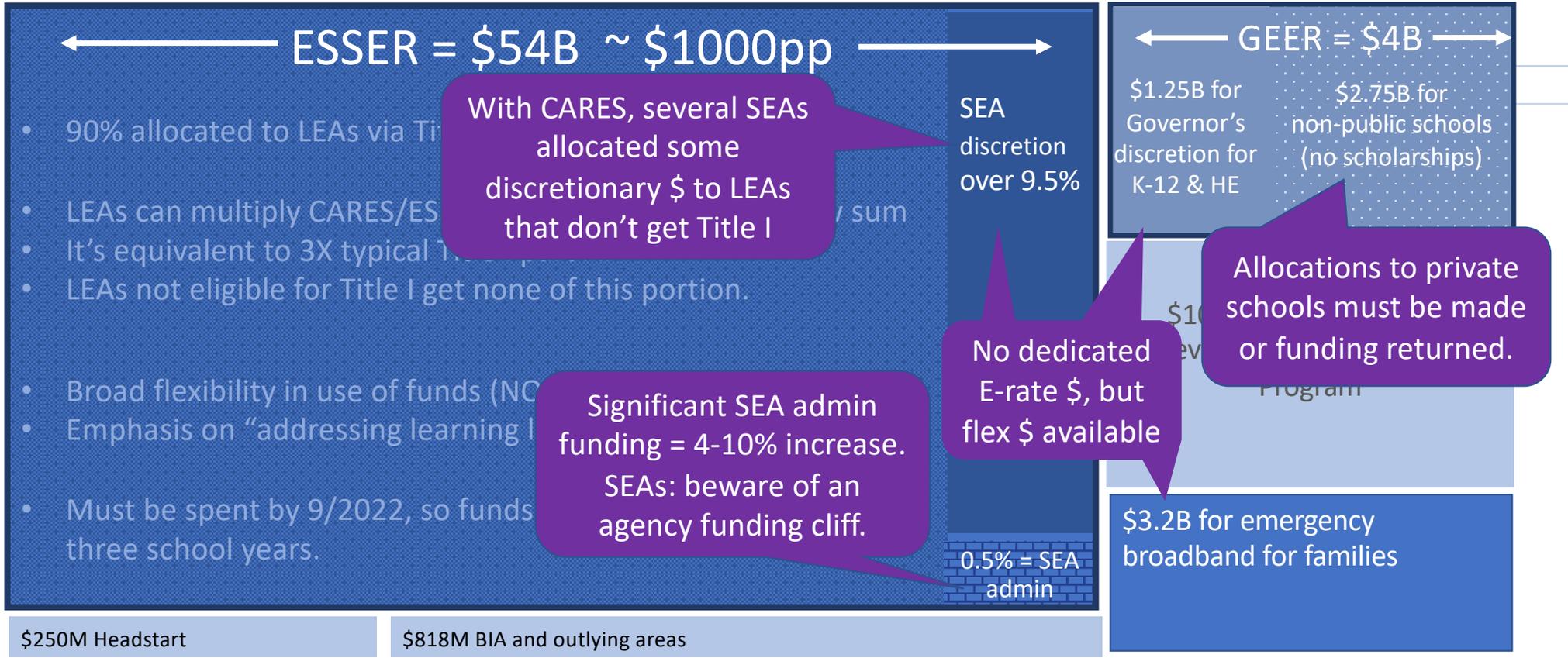
# K-12 portions of 2021 Federal COVID Relief Package



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

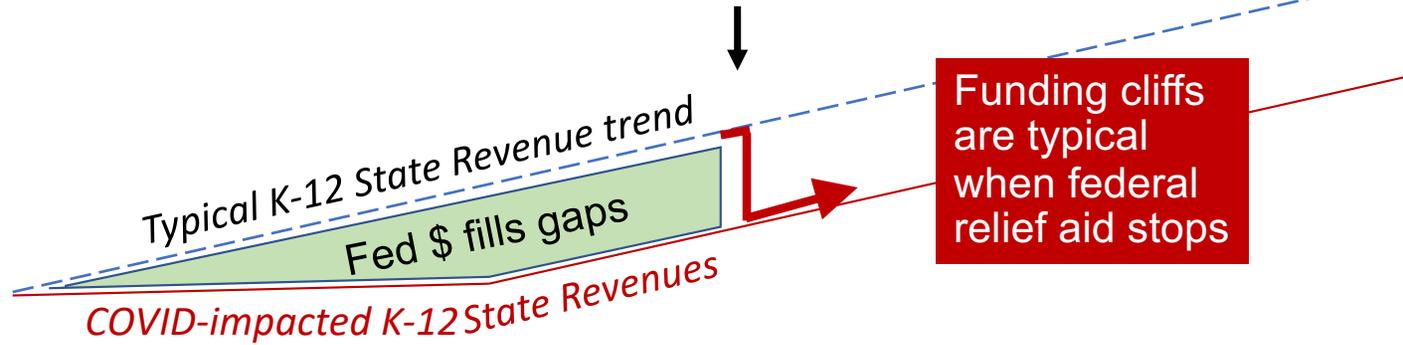


# K-12 portions of 2021 Federal COVID Relief Package



# Will we have a funding cliff?

Federal \$ enables districts to maintain cost structure, but eventually runs out



Leaders will want to pace themselves and plan ahead for when federal aid ends.

2020

2021

2022

2023

2024

COVID HITS!

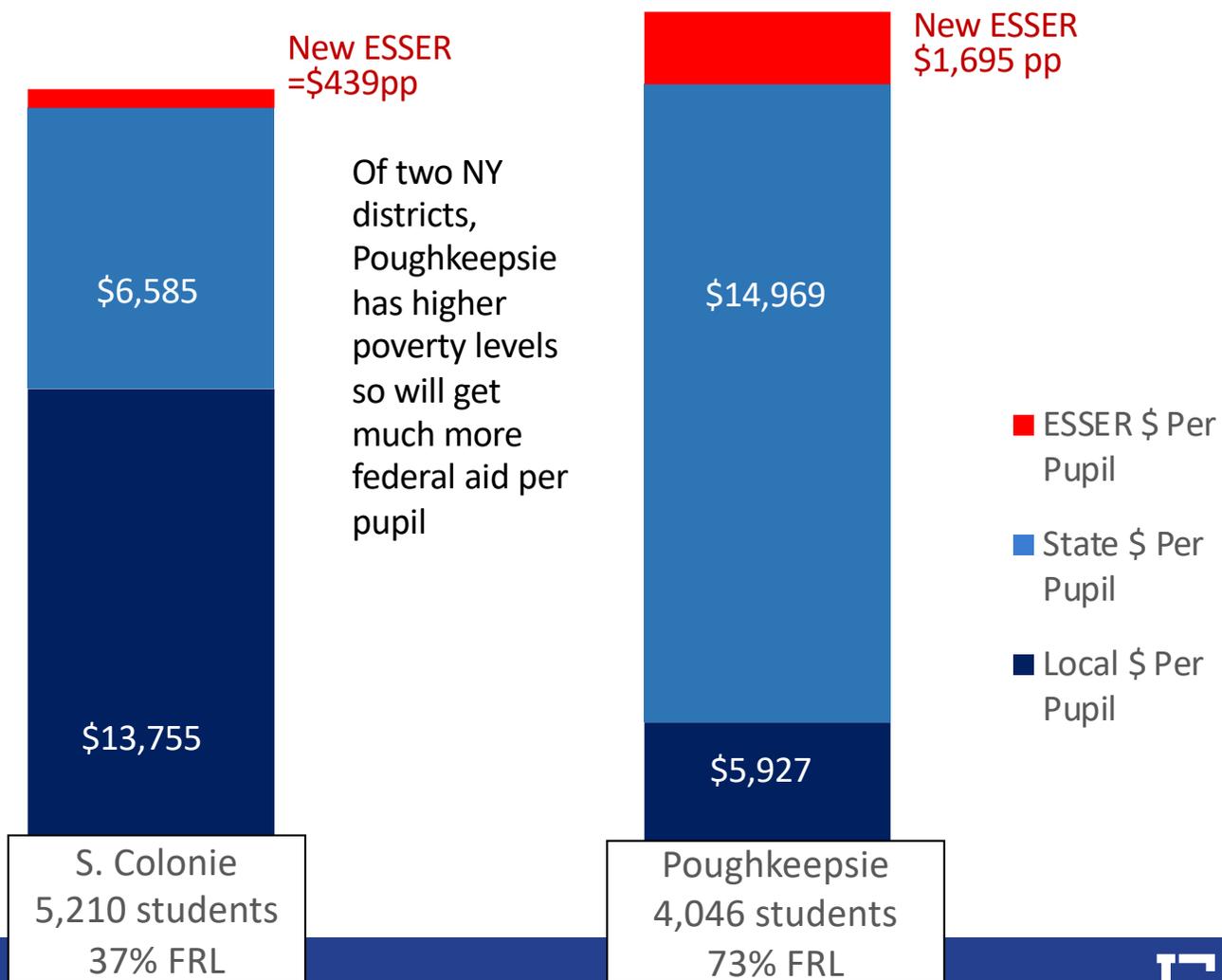


- Teacher salaries stay flat
- Furloughs / layoffs
- Few new investments
- Districts rebuild reserves



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

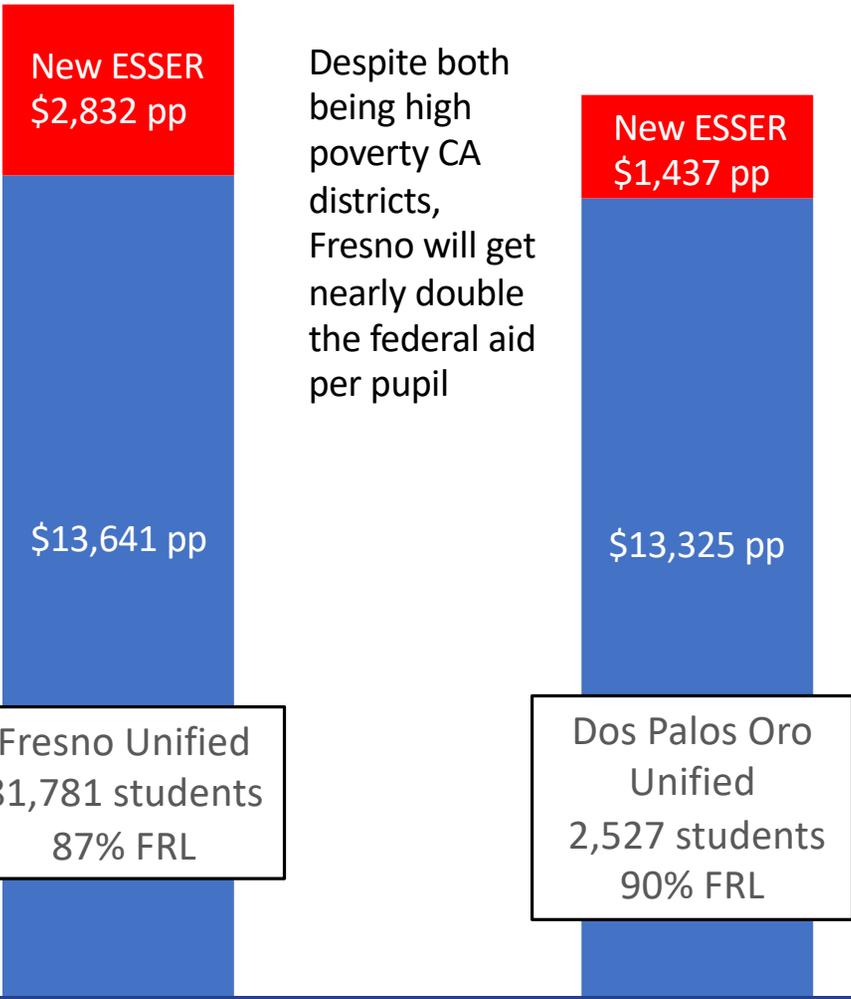
**That said, higher-poverty districts are more vulnerable to cuts in state funding.**



But the Title I formula has its quirks.

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

- Total Per-Pupil \$ (FY19) Before ESSER
- ESSER \$ Per Pupil



Despite both being high poverty CA districts, Fresno will get nearly double the federal aid per pupil



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](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*

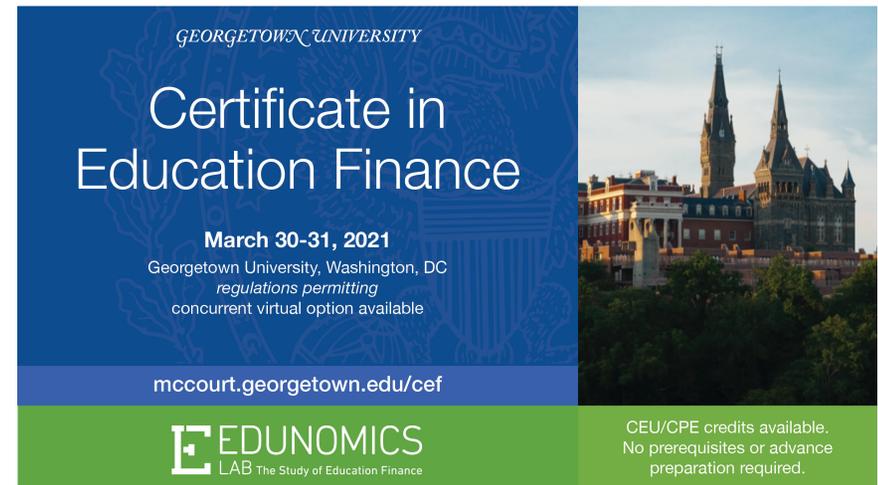
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Visit [EdunomicsLab.org](http://EdunomicsLab.org) for resources on how financial turmoil is impacting K-12

**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>



The graphic is a promotional poster for a certificate program. It features a dark blue background on the left with the Georgetown University crest and the text 'GEORGETOWN UNIVERSITY' at the top. The main title 'Certificate in Education Finance' is in large white font. Below it, the dates 'March 30-31, 2021' and location 'Georgetown University, Washington, DC' are listed, along with the note 'regulations permitting concurrent virtual option available'. A URL 'mccourt.georgetown.edu/cef' is provided. The bottom left has the 'EDUNOMICS LAB' logo with the tagline 'The Study of Education Finance'. The right side of the graphic shows a photograph of a Georgetown University building with two prominent spires. At the bottom right, it states 'CEU/CPE credits available. No prerequisites or advance preparation required.'

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