

The financial forecast is in! School district budgets are headed for a wild ride...



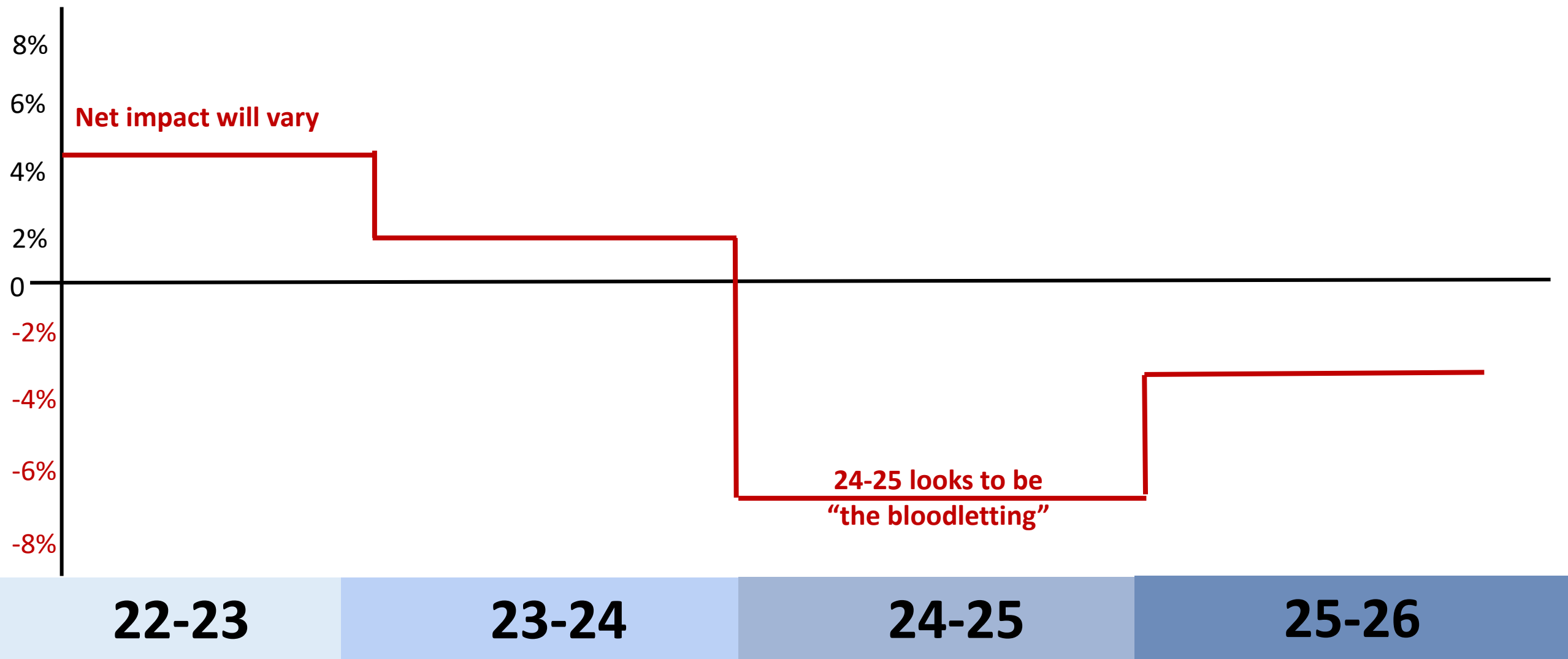
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The net impact of four atypical financial shocks on public education

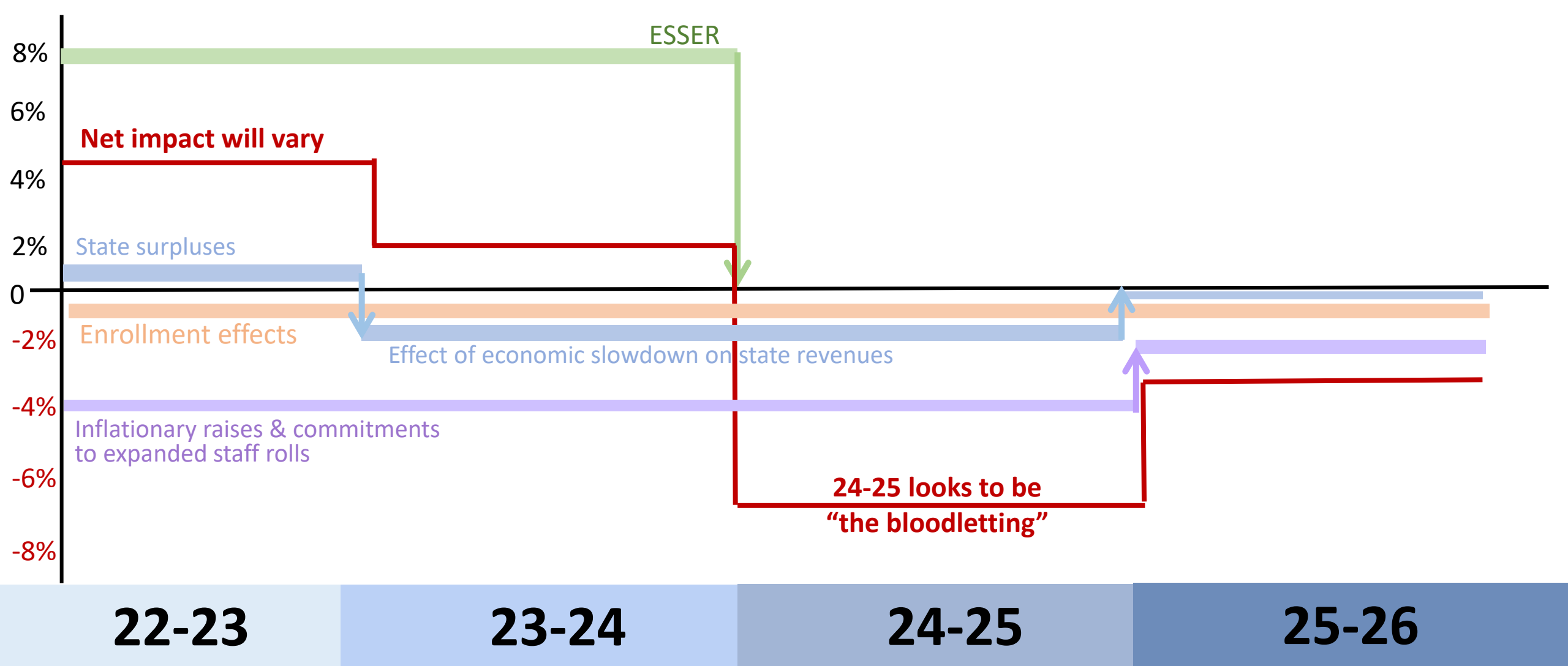


Four atypical financial shocks coming to a district near you.

1. ESSER is boosting spending but then ends abruptly 9/24
 - Most at risk: Districts using ESSER for recurring financial commitments via budget backfilling, new hires or permanent raises.
2. Enrollment declines mean fewer revenues in the long run
 - Most at risk: Urban districts. Districts closed longer. Northern states.
3. Inflation, labor scarcity, & new hiring are driving up recurring commitments
 - Most at risk: Those offering permanent raises that are larger than typical (typical is ~1-2% on top of 3% via step/column increases) and those growing their staff rolls.
4. An economic slowdown would affect growth in state revenues
 - Most at risk: Districts that are more dependent on state revenue (or in states more affected by economic slowdowns).



Timing and magnitude of atypical financial effects on typical budgets



*<https://covid-relief-data.ed.gov>

Where will the cliff be *steepest*?

High poverty districts

Low poverty districts

- ✓ Got more ESSER per pupil
- ✓ Left a larger share of ESSER to spend down in the last year.

➔ Financial disruption will hurt our most vulnerable students.



Where will the cliff be *steepest*?

Districts that used ESSER
for pay raises or to hire
more staff

- ✓ Districts struggle to downsize labor costs

Districts that used ESSER for
facilities projects

➔ That said, facilities upgrades
don't close gaps in math



Where will the cliff be *steepest*?



Districts with declining enrollments

Districts with growing enrollments

- ✓ Enrollment drives state/local \$ creating a double whammy
- ✓ Districts hate hate hate closing schools

POLL

A VA district used its ESSER "learning loss" money for PD. Teachers got 2 more paid days at the beginning of the year and additional 1/2 day per month.



Seems reasonable



I'm less comfortable with this.



POLL

You have \$100,000 to invest in a school to get scores up. Which do you think is most likely to boost test scores?

1. Tutoring (1-to-1), serves 25 students
2. Tutoring (3-to-1), serves 75 students
3. One new academic coach
4. Summer school, serves 100 students
5. 3 hours/week collaborative planning time for teachers



View from the School

OPTION A Add one FTE

Average salary ~ \$60,000 for 34 week contract (36 weeks less 2 weeks sick/personal) plus \$25K annual benefits = \$85,000

1. A. If the principal chooses Option B and offers four week's worth of stipend per teacher to prepare for and deliver a four week half day Prep School in August for lower performing students, how much would each participating teacher earn?

\$7,000

How many teachers could participate? **12 teachers**

OPTION B

Use the funds for stipends to add time for existing staff

~ \$350 per day's worth of extra work
~ \$50 per hour's worth of extra work

-
- B. If the principal offered 7 days worth of stipend (per student) for some of the best teachers to take on additional students (given a class size limit of 26), what's the total stipend per teacher taking on 3 additional students?

\$2,450 per student

\$7,350 for 3 students

How many students could be moved into classrooms with stronger teachers?

34 students



POLL

If you're the principal, would you choose the stipend money?



Reasonable?



I'm less comfortable with this

POLL

If you're the district leader, would you permit principals to choose the stipend money?



Reasonable?



I'm less comfortable with this

Optional C. A principal of a nearby high school was offered the same options. Her VP suggests using the money to pay each student \$50 at the end of each month when the student's attendance was over 90%. The principal recognizes that attendance is lowest for seniors where the higher dropout rate has been a consistent problem at the school. There are 200 seniors. Does the math work to offer this plan to all seniors?



Reasonable?



I'm less comfortable with this



POLL

A district hired dozens of counselors, but attendance isn't improving. Leaders are considering redirecting the funds at the end of this year to something else.



Reasonable?



I'm less comfortable with this



A district used ESSER to pay a vendor for tutoring and is getting strong outcomes.

When ESSER is gone, a school board member suggests using Title I to pay for the tutoring. Doing so would mean cutting long-running Title I-funded reading coaches, PD, and parent-engagement efforts.



Seems reasonable



I'm less comfortable with this

4 stages of budget cutting

Gaps > 2-3% often require **cuts to LABOR**

Freeze

- Freeze hiring, travel, pro-cards
- Permit contracts to expire
- Dip into reserves
- Postpone maintenance
- Delay payments
- Offer early retirements

Trim from the top

- Trim contracts, payments to community partners
- Eliminate PD days, prep time
- Cut central administrative positions
- Squeeze supplies and any non-labor expenses
- Consolidate dept.'s

Negotiate

Propose:

- Alter benefits
- Salary adjustments
- Reduce days/furloughs

Depending on success above

Labor reduction

Larger staff layoffs: elective staff, librarians, academic coaches, core teachers

POLL

With ESSER ending, a district must cut \$60K from a lower performing school.

One proposal is to cut the reading coach (\$100K) and invest \$40K in tutoring instead.



Reasonable?



I'm less comfortable with this



POLL

With ESSER ending, a district must cut \$60K from a lower performing school.

Another proposal is to eliminate the librarian (\$100K), and pay \$40K for an aide to cover the library.



Reasonable?



I'm less comfortable with this



POLL

With ESSER ending, a district must cut \$60K from a lower performing school.

Another option is to eliminate a 2nd grade teacher (\$100K), raising 2nd grade classes from 18 to 24, and reinvest the \$40K savings in summer boot camps.



Reasonable?



I'm less comfortable with this



POLL

With ESSER ending, a district must cut \$60K from a lower performing school.

Another option is to eliminate two aides that help in math classes (saving \$80K) and invest \$20K savings in Khanmigo (an AI-driven math tutoring app for use in class).



Reasonable?

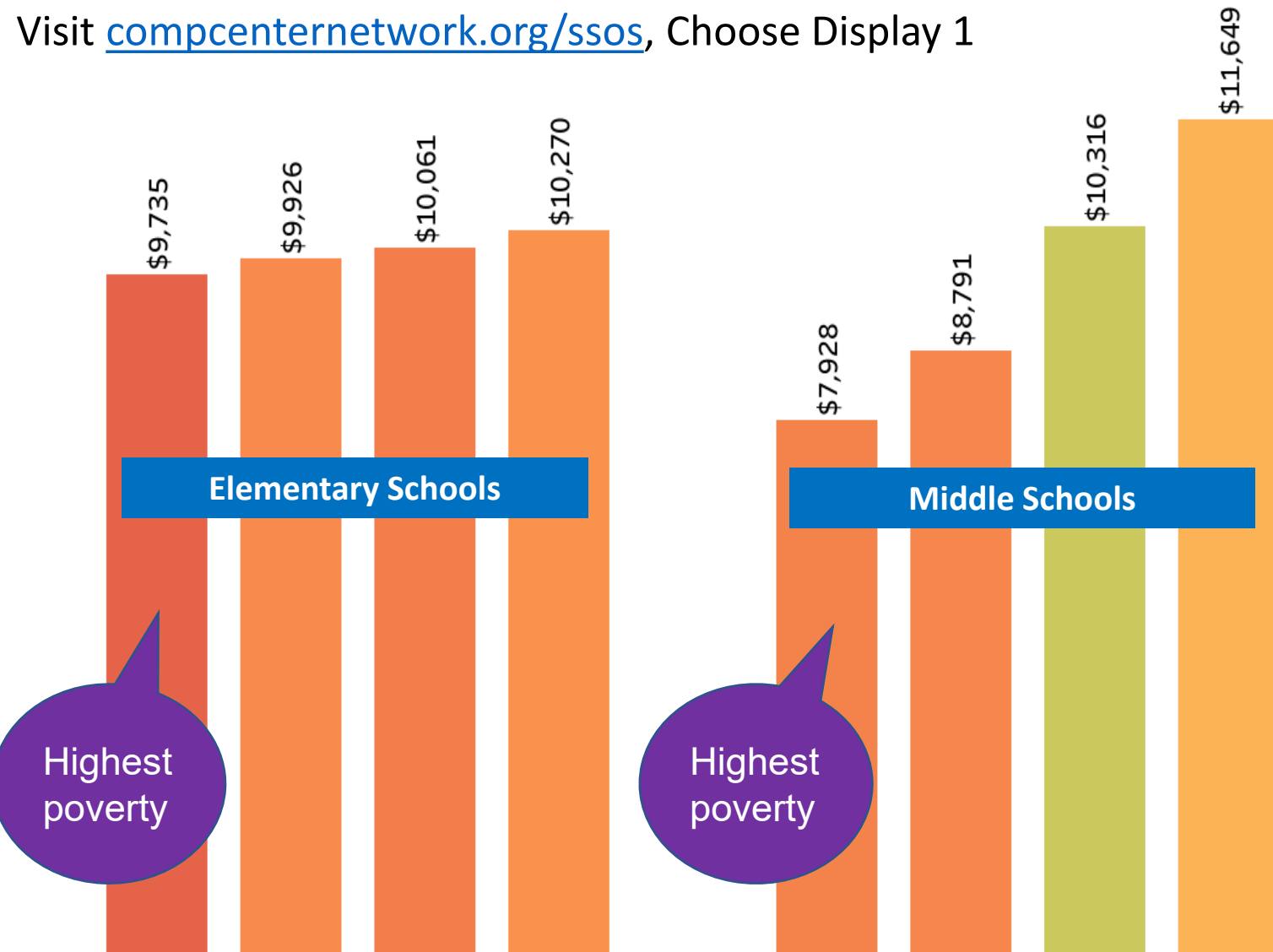


I'm less comfortable with this



LC district spending per student by school

Visit compcenternetwork.org/ssos, Choose Display 1



COLOR

Green = lower % economically disadvantaged students

Red = higher % economically disadvantaged students

0%



100%

POLL:

Asked about why the district is spending less on its higher poverty schools, the CFO says the uneven spending is due to uneven salaries.



Reasonable

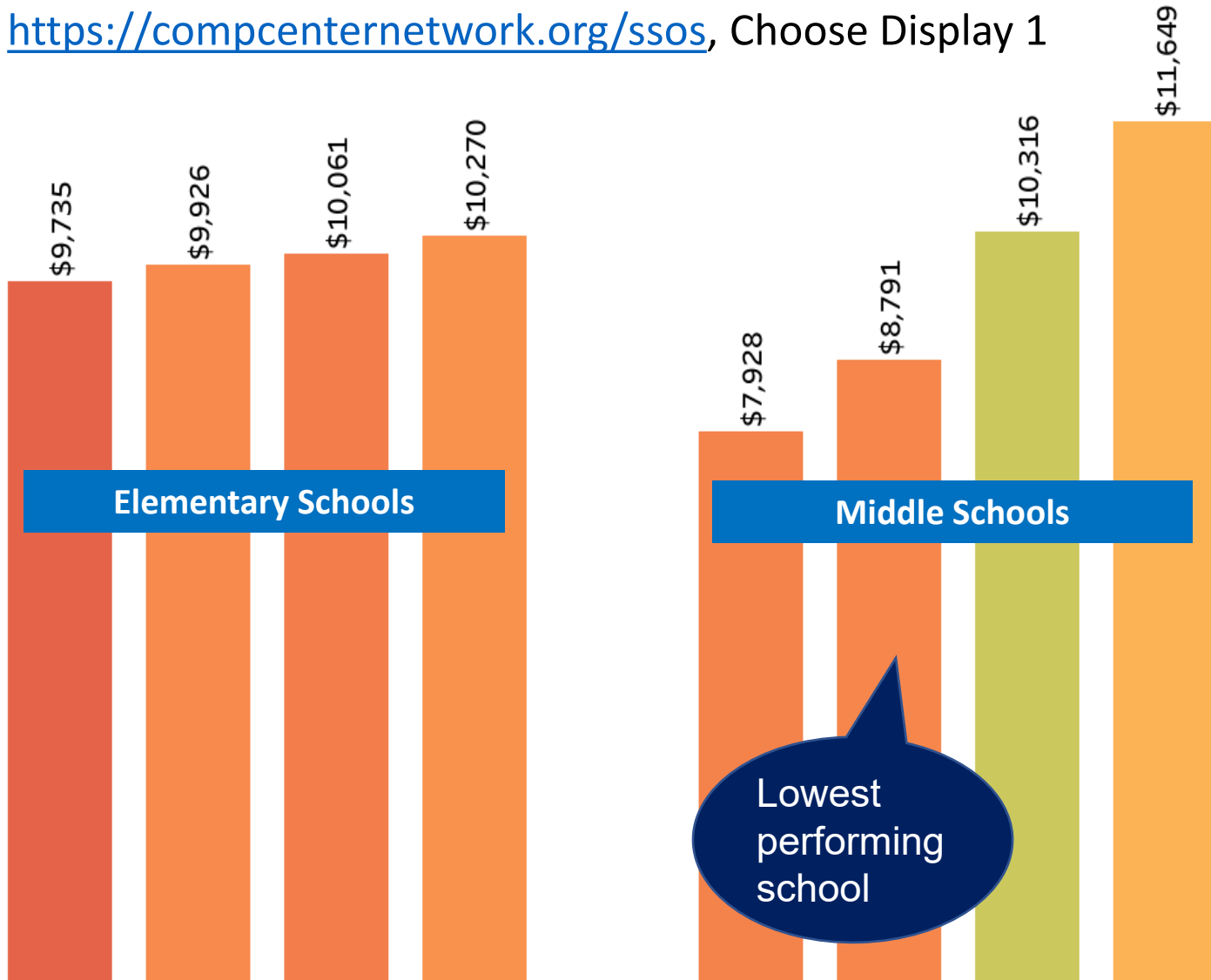


I'm less comfortable with this



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0%



100%

POLL:

Asked about what investments the district is making this year to remedy the low performance, the CAO says that a new curriculum should help in all the district's schools.



Reasonable



I'm less comfortable with this



POLL

In Jefferson Co. (CO), schools are up for closure if they have

- fewer than 220 students
- within 3.5 mi of another school
- use less than 45% of capacity.

School performance does not factor into the decision.



Reasonable?



I'm less comfortable with this

Financial leadership • Teacher compensation • Analyze policy impacts • Benefits and pensions • View from the school • Learning from the data • Identify cost drivers • Funding and equity • Do the math • State finance policies • Using productivity data • Strategically allocate resources • District resource allocation • Explore tradeoffs • Communicate financial decisions

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