

The financial forecast is in!

School district budgets are headed for a wild ride...

AASA Education Conference

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Which is consuming more financial attention in your district?

Getting students up to speed:

- ✓ Deploying ESSER
- ✓ Low math/reading proficiency
- ✓ Chronic absenteeism
- ✓ High schoolers off track
- ✓ Behavior, engagement

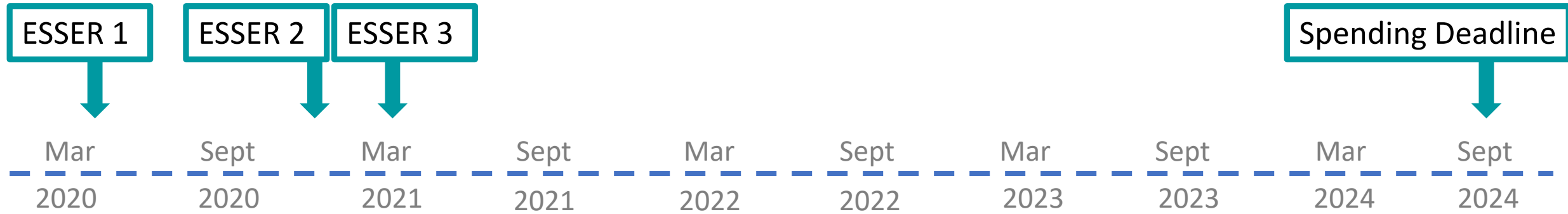


Budget instability/unsustainability:

- ✓ Declining student enrollment
- ✓ Under-enrolled schools
- ✓ Inflation, rising labor costs
- ✓ Fiscal cliff, newly added commitments
- ✓ Rising Sp Ed expenses



ESSER spending gusher is happening now



ESSER spent = \$62 Billion
\$1,240 pp

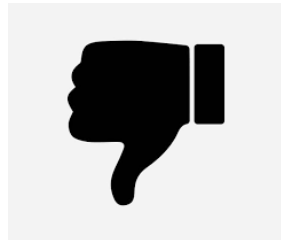
ESSER remaining = \$128 Billion
\$2,560 pp



POLL

A Virginia district is funding 10 teacher professional development days per year to address learning loss.

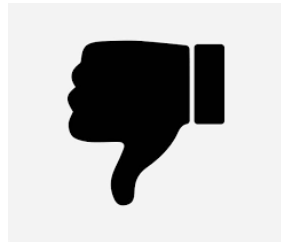
Reasonable? or I'm less comfortable with this



POLL

A district has hired dozens of counselors, but attendance isn't showing improvement. During a budget workshop, a board member suggests redirecting the funds at the end of this year to something that will help attendance.

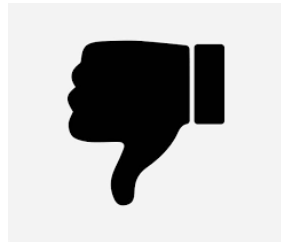
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POLL

A district has lower-than-expected MS math performance and no targeted investments to address it. Should the district alter the ESSER plan for the final year of spending?

Reasonable? or I'm less comfortable with this



Are ESSER commitments in place to address newly apparent math gaps in middle/ upper grades?

Here's what we found via publicly available information:

Yes an ESSER investment appears in place:

- Baltimore County, MD
- Dallas, TX
- Knox Co, TN
- Lakeside Union, CA
- Miami, FL
- Nashville, TN

No apparent ESSER investment in place:

- Durham NC
- El Paso, TX
- Greenwich CT
- Madison WI
- Seattle WA

Unable to determine from available info:

- | | | | |
|-----------------|--------------------|-----------------|------------------|
| • Clark Co, NV | • Newark, NJ | • Oklahoma City | • Portland, OR |
| • Milwaukee, WI | • Newport News, VA | • Yonkers, NY | • Providence, RI |

*Edunomics analysis of district plans, budget documents, and other publicly available information on ESSER.

Note: For our purposes here, we focused on interventions that directly engage students to raise math outcomes. As such, we excluded investments in teacher PD, curriculum, or diagnostic tools.

There are challenges

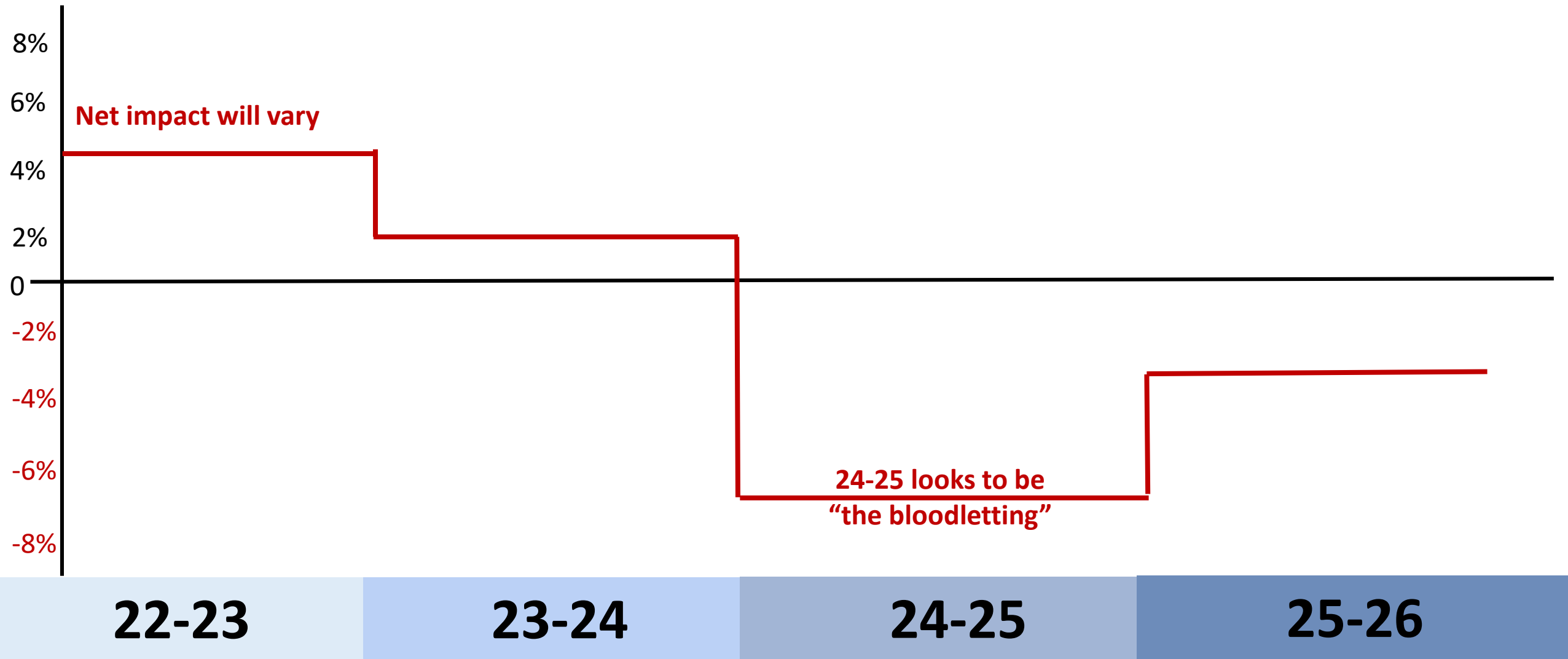
Redirecting funds
requires more work
than leaving
commitments in
place.

Districts are
already
administratively
overwhelmed.

The clock is
ticking.



The net impact of four atypical financial shocks on public education

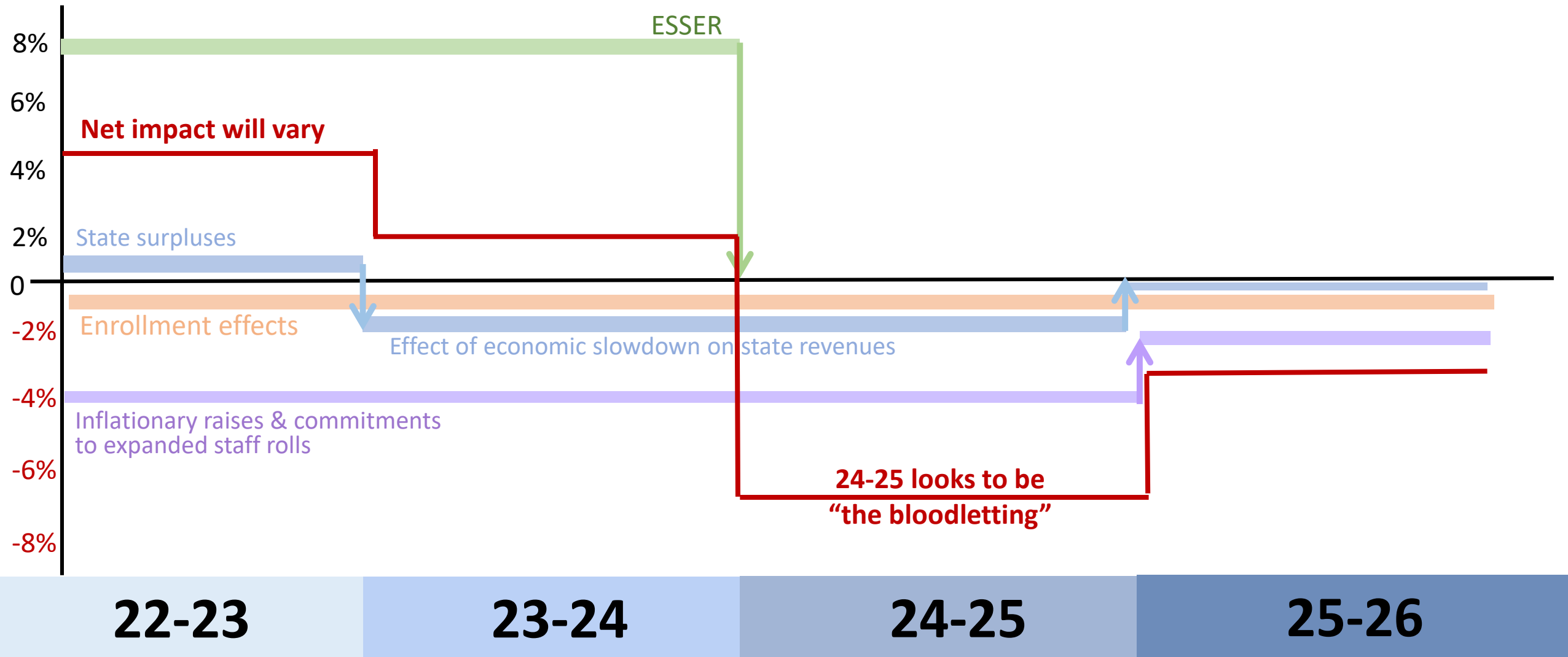


Four atypical financial shocks coming to a district near you

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



F-195F

SUMMARY OF GENERAL FUND BUDGET

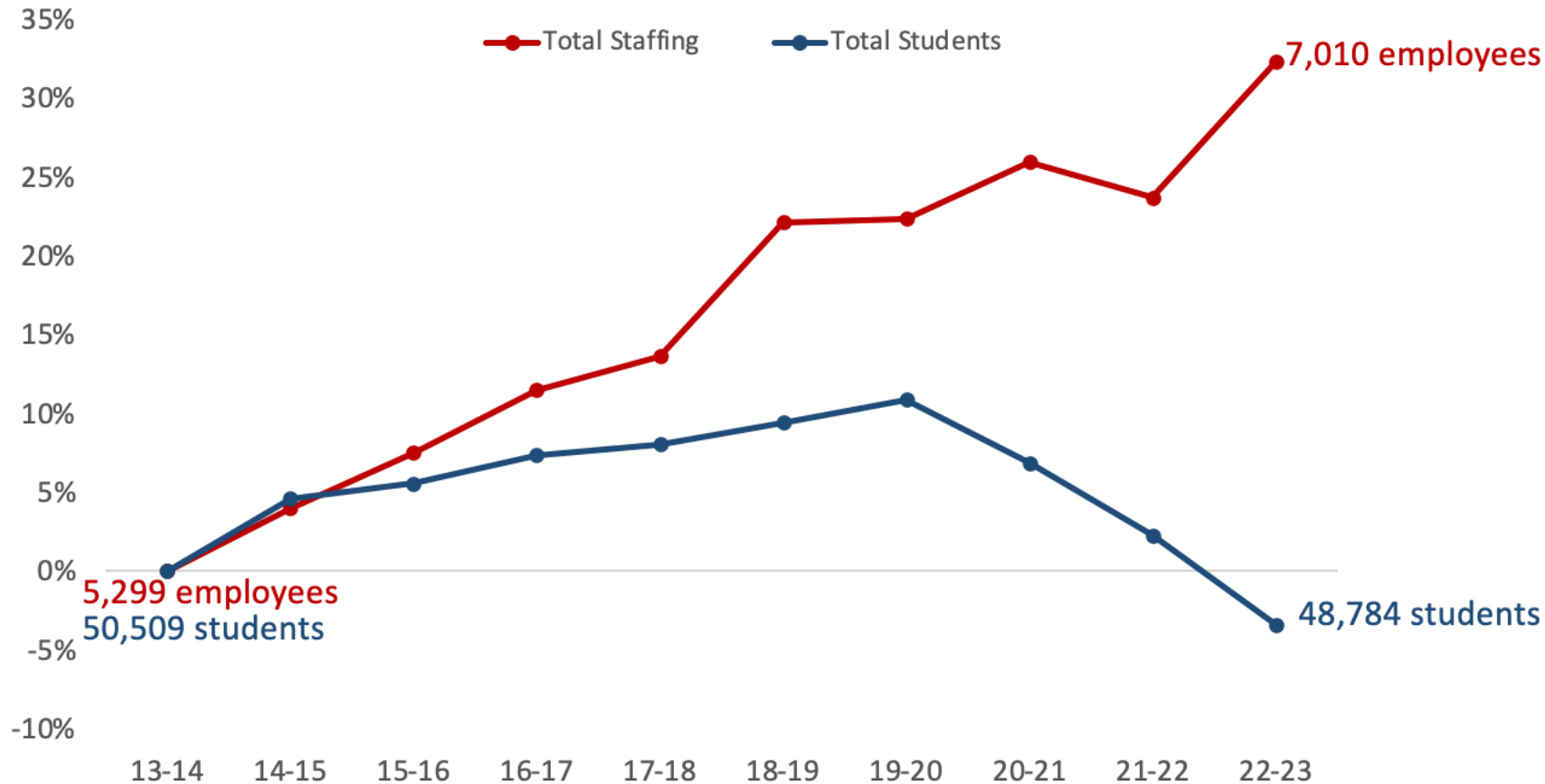
	2022-2023 Current	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast
REVENUES AND OTHER FINANCING SOURCES				
1000 Local Taxes	69,962,220	78,167,460	38,898,980	0
2000 Local Nontax Support	10,726,866	10,849,452	10,989,247	11,174,784
3000 State, General Purpose	275,259,342	279,466,172	282,874,989	286,148,725
4000 State, Special Purpose	91,083,107	92,532,427	93,627,416	93,607,969
5000 Federal, General Purpose	0	0	0	0
6000 Federal, Special Purpose	90,968,326	78,635,426	51,782,913	47,485,306
7000 Revenues from Other School Districts	2,249,931	2,253,714	2,266,656	2,281,573
8000 Revenues from Other Entities	1,332,524	247,950	236,406	240,162
9000 Other Financing Sources	35,000	35,000	35,000	35,000
A. TOTAL REVENUES AND OTHER FINANCING SOURCES	541,617,316	542,187,601	480,711,607	440,973,519
EXPENDITURES				
00 Regular Instruction	265,731,499	273,400,222	281,088,517	294,059,914
10 Federal Special Purpose Funding	0	30,145,635	6,064,236	2,093,806
20 Special Education Instruction	0	32,338	72,771,694	74,653,517
30 Vocational Education Instruction	0	0	15,408,199	15,616,288
40 Skill Center Instruction	0	0	4,822,732	4,923,982
50 and 60 Compensatory Education	0	0	50,732,781	50,186,302
70 Other Instructional Programs	0	0	4,740,005	4,817,887
80 Community Services	0	0	16,739,514	17,148,184
90 Support Services	0	0	90,287,693	91,774,246
B. TOTAL EXPENDITURES	0	354,226,260	655,371,032	555,274,126
C. OTHER FINANCING USES--TRANSFERS OUT (G.L.536) 1/	0	0	0	0
D. OTHER FINANCING USES (G.L.535) 2/	0	0	0	0
E. EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES (A-B-C-D)	-7,765,644	-12,066,780	-61,943,764	-114,300,607

\$114M / 28,000
students = >\$4000 cut
per student



Seattle Public Schools has added employees while losing students

(Cumulative percentage change since 13-14)



This district has added staff while losing students.

What does this graph look like for your district?

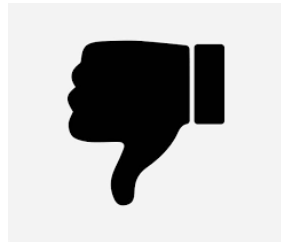
Economics Lab analysis of available OSPI S-275 data. 22-23 figures are from SPS proposed budget.



POLL

A district in your state assumes the legislature will increase revenues enough to address any financial gaps.

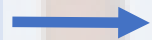
Reasonable? or I'm less comfortable with this



4 stages of budget cutting

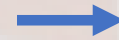
Freeze

- 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



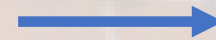
Negotiate

Propose:

- Alter benefits
- Salary adjustments
- Reduce days/furloughs



Depending on success above

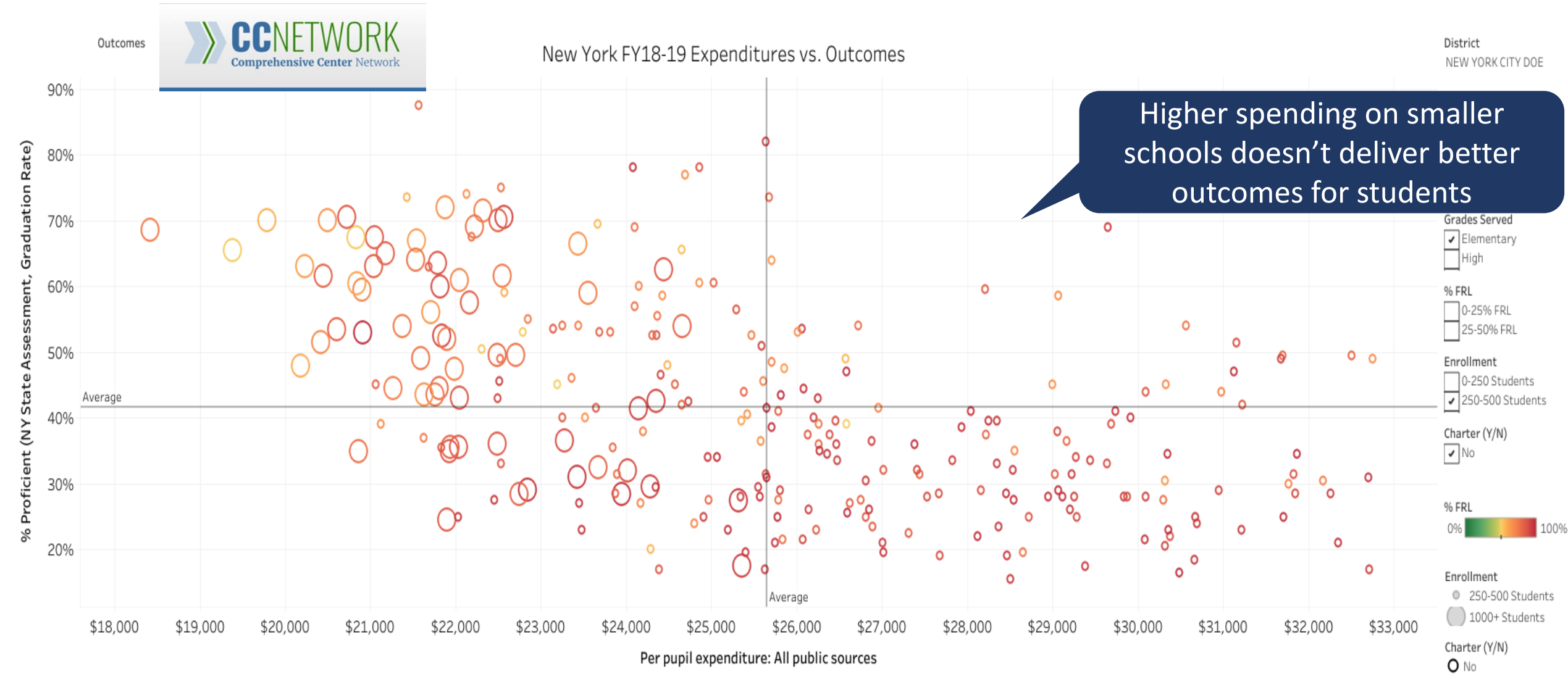


Gaps > 2-3% often require cuts to LABOR

Labor reduction

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

Review spending and outcomes data



compcenternetwork.org/ssos



When we worry a district isn't dealing with its enrollment drops

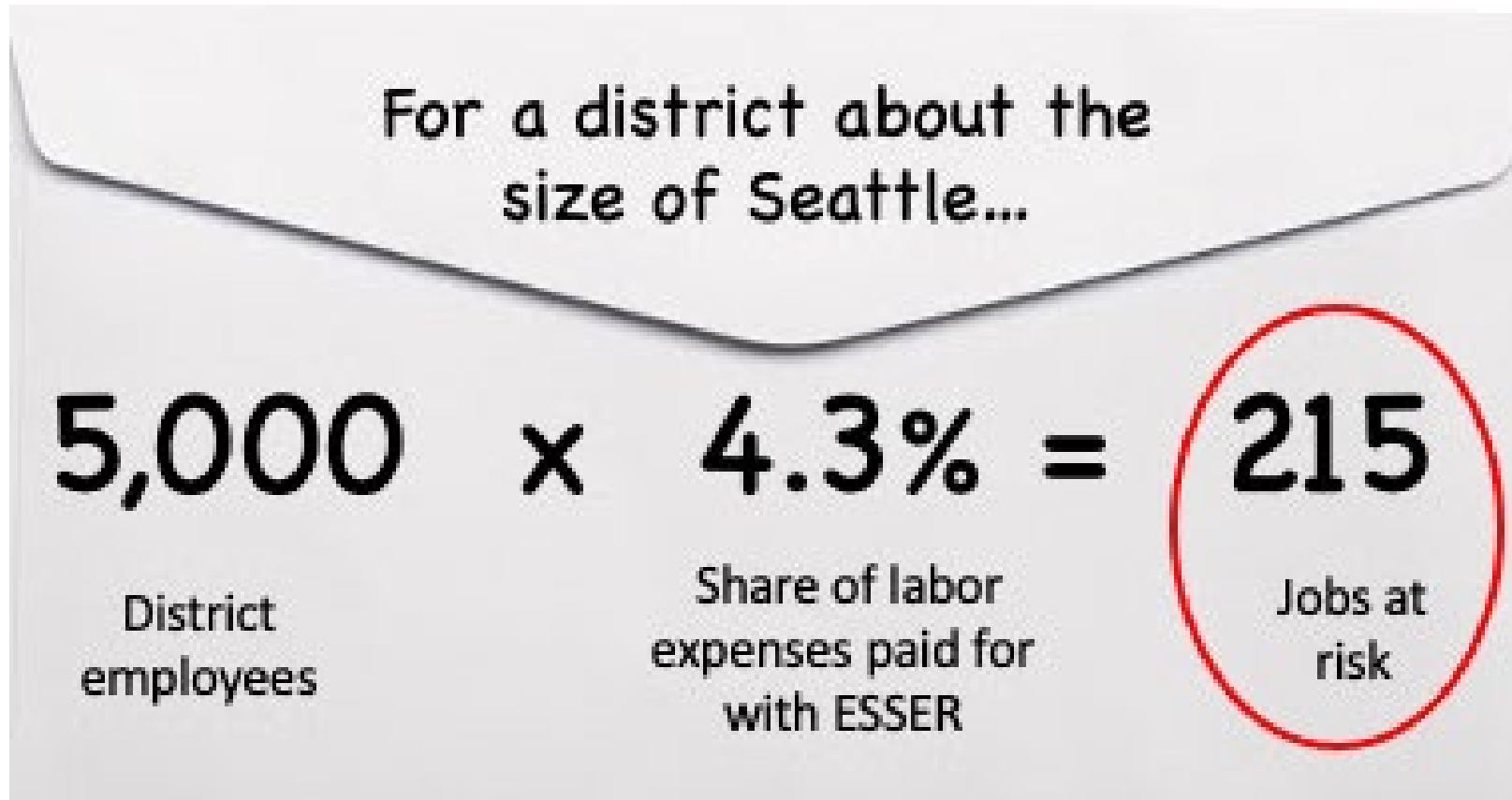
"We can use attrition over the next few years to shrink."

"We're investing now to lure students back."

"We'll take 6 months to study our finances & develop a strategy to solve the budget deficit."

"We've made a commitment we won't close schools."

Have you estimated potential reductions?



POLL

A district (with 1000 teachers) has a 4% budget gap.

What would you choose?

1. Cancel a planned COLA and freeze step and column raises
2. Leave raises as planned and RIF 60 junior teachers
3. End the school year 2 weeks early.



What should I do today?

Budget Workshop

AGENDA

Topic 1: Review multi-year forecast

Topic 2: Review spending and outcomes data across schools

Topic 3: Revisit ESSER spending

Topic 4: Examine data on prior/proposed investments

Topic 5: Review input from principals on budget



Use the comms template to signal the coming shocks

- Our district got \$_____ per pupil in one-time federal relief funding (ESSER).
- Starting in school year 2024-25, we will no longer have access to ESSER funds that have supported _____ programs in our schools.
- When those relief funds go away, our district will have to _____. We will be looking at our programs to adjust our spending in ways that still allow us to maximize value for students.
- Given that most of our expenses are labor, that would mean a labor reduction of up to _____ jobs.



(CONT.) Use the comms template to signal the coming shocks

- In the last two years, our district has lost _____ students. That corresponds to a decrease of \$_____ in state and local funds. How do we spend those limited dollars in a way that does the most for all our remaining students?”
- “Our district spends \$_____ more per pupil on its smaller (or under-enrolled) schools. That leaves fewer dollars for students in other schools.
- A concern is whether those extra dollars are helping students. Students in our small schools perform _____.



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