AMERICAN ASSOCIATION OF SCHOOL ADMINISTRATORS

Report of Findings

Weathering the Storm: How the Economic Recession Continues to Impact School Districts

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Abstract

This study is the twelfth in a series of studies conducted by the American Association of School Administrators (AASA) on the impact of the economic downturn on schools. AASA launched the series in fall 2008 in response to state budget shortfalls, federal buyouts and interventions, and a series of additional events characterizing a slowing, stagnant economy. As the economic situation worsened, AASA continued to monitor its impact on schools through a series of surveys of school administrators nationwide.

The previous studies in the AASA Economic Impact Study Series (http://www.aasa.org/research.aspx) include:

- "Projection of National Education Job Cuts for the 2011-12 School Year" (May 24, 2011)
- "Surviving a Thousand Cuts: America's Public Schools and the Recession" (Dec. 16, 2010)
- "Impact of Preventing Projected Educator Layoffs for 2010-11 School Year" (June 22, 2010)
- "Projection of National Education Job Cuts for the 2010-11 School Year" (May 4, 2010)
- "A Cliff Hanger: How America's Public Schools Continue to Feel the Impact of the Economic Downturn" (April 8, 2010)
- "One Year Later: How the Economic Impact Continues to Impact School Districts" (Oct. 27, 2009)
- "Schools and the Stimulus: How America's Public School Districts Are Using ARRA Funds"(Aug. 25, 2009)
- "Looking Back, Looking Forward: How the Economic Downturn Continues to Impact School Districts" (March 25, 2009)
- "AASA Impact of the Economic Downturn on School Jobs Snapshot Survey" (Jan. 16, 2009)
- "AASA Opportunity for Federal Education Funding Survey" (Dec. 15, 2008)
- "AASA Study of the Impact of the Economic Downturn on Schools" (Nov. 12, 2008)

About This Study

"Weathering the Storm" is based on a survey of school administrators conducted in February 2012. A total of 528 school administrators from 48 states completed the survey. Many of the questions in this survey are repeated from earlier surveys and reinforce AASA's ability to collect and analyze long-term data. New to this survey is a look at what school administrators think about sequestration, the automatic, across-the-board cuts that will take effect in January 2013 is Congress fails to adopt a $1.2 trillion debt/deficit reduction plan.

As the 112th Congress draws to a close and the nation finds itself in the midst of an election year, school districts continue to feel the effects of the longest recession in our nation's history. Though Wall Street (the national economy) has experienced several quarters of fiscal stability, fiscal relief and the end of economic decline have yet to reach Main Street (the state and local level). In fact, the impending confluence of several economic and policy factors pose a serious threat to any hope of securing, maintaining and growing fiscal stability for state and local economies.

- The current school year represents the last year state and local operating budgets will include American Recovery and Reinvestment Act (ARRA) and Emergency Education Jobs Act (EduJobs) funds. The cessation of these emergency funds represent funding cliffs for local budgets, the severity of which will in part depend on how much states used the federal dollars to supplant (rather than supplement) state fiscal effort.
- More than half of states (29) are already reporting shortfalls totaling $44 billion for FY13. The cuts projected for FY13 are in addition to the drastic budget shortfalls states have already closed over the last four years (totaling more than $530 billion).
- Impending across-the-board cuts (to the magnitude of 9.1 percent) within the federal budget would decimate and significantly undermine what fragile economic stability has recently been reported at the state and local level. These cuts (known as 'sequestration') stem from last summer's Budget Control Act,

which (among other things) created a joint Congressional Committee tasked with identifying $1.2 trillion in savings over 10 years.

Nearly four years after AASA started its *Economic Impact Survey* series, looking at the impact of the economic downturn on the nation's schools, we are still waiting for the growing economic stability at the federal level to reach Main Street. The results of this survey, like the ones before it, demonstrate that school administrators across the nation remain committed to providing the best educational opportunities they can with their limited available resources. It also illustrates that the economic recovery taking hold at the federal level has yet to resonate as loudly at the state and local level.

Through the *Economic Impact Survey* series, AASA has documented how districts started responding to the recession almost as soon as it started. Working on the periphery of their budget, schools would trim and cut budget items that least directly impacted student achievement. The earliest surveys from this series documented that common initial cuts included limiting field trips and altering thermostats. Unfortunately, as the recession persisted and budget cuts carries over year to year, school districts faced increasingly difficult budgets, including dramatic staff reductions over the last two years.

AASA's surveys demonstrate how unprecedented fiscal hardship has forced district and school administrators to answer increasingly complex and tough questions. Questions about what items, programs and personnel can be cut while trying to figure out what—if any—economic recovery is in store at the state and local level at the same time as the cessation of ARRA and EduJobs dollars. School administrators are tracking both short and long-term impacts of the recession. They have documented short-term impacts, including jobs cut and increases in class size, and keep an eye toward long-term impacts, including changes to test scores and other academic indicators, as today's students are moving through a public school system experiencing unprecedented fiscal strain. Looking forward, the 2012-13 and 2013-14 school years will be bring their own challenges, as state and local leaders continue to grapple their way out of the recession.

School districts across the nation continue to report a breadth and depth of budget cuts reaching across the 2010-11, 2011-12 and 2012-13 school years. More than three quarters (81.4 percent) of districts described their district as inadequately funded, down slightly from 84 percent in Dec. 2010 and 83 percent in April 2010. Nearly three-quarters (71.2 percent) of school districts reported a cut in state/local revenues between 2010-11 and 2011-12, less than the 82 percent who anticipated such cuts in the Dec. 2010 survey. More than half (57 percent) anticipate a decrease in state/local revenues between the 2011-12 and 2012-13 school year, roughly equal to the amount (54.9 percent) who anticipate decreases between the 2012-13 and 2013-14 school years.

Stop-gap efforts to avoid/minimize job cuts were short-lived and reductions in force will continue to be a reality in the near future. Two-thirds (68.2 percent) of respondents eliminated positions in 2010-11, virtually identical to the 68 percent in 2011-12 and the 65.5 percent who anticipate doing so in 2012-13. One-fifth (20.6 percent) furloughed personnel in 2010-11, compared to 19.7 percent in 2011-12 and the 25.2 percent who anticipate doing so in 2012-13. School districts, on average, reported 592 positions, and eliminated 12.7 jobs (2.2 percent) in 2010-11, 10.7 jobs (1.8 percent) in 2011-12, and anticipate 7.9 (1.3 percent) in 2012-13.

Budget cuts reach beyond personnel decisions. This survey was the first time AASA was able to document two years of actual cuts and projections for one out-year, and the results painted the clearest picture to date of the continued and increased intensity of these budget cuts.

- More than one-third (40.3 percent) increased class size in 2010-11, compared to 54 percent in 2011-12 and 57.2 percent who anticipate doing so in 2012-13.
- Roughly one-third (30.7 percent) eliminated/delayed instructional improvement initiatives in 2010-11, compared to 40 percent in 2011-12 and the 48.3 percent who anticipate doing so in 2012-13.

- While very few (4.5 percent in 2010-11 and 4.2 percent in 2011-12) reduced operations to four-day school week (during the school year), the rate more than doubles (10.2 percent) for those anticipating the reduction in 2012-13.
- One-fifth (19.3 percent) eliminated summer schools in 2010-11, compared to 22.3 percent in 2011-12, and the 29 percent considering it for 2012-13.
- Few respondents closed/consolidated schools in 2010-11 (9.7 percent) and 2011-12 (6.8 percent), while 16.7 percent are considering it for 2012-13.

School administrators report wide receipt of emergency education dollars and were evenly split in reporting the timeline in which the dollars were spent. While virtually all respondents (96.6 percent) received ARRA dollars, only three-quarters (75.9 percent) reported receiving EduJobs dollars. In putting EduJobs dollars to use, schools described a pretty even split among timelines: roughly one-third (29.4 percent) distributed their EduJobs dollars over two school years (2010-11 and 2011-12), compared to 24.1 percent using the full amount in 2010-11 and 23.9 percent using the full amount in 2011-12.

School administrators are well aware of the impact of federal funding and policy on day-to-day operations of their school systems. Asked which education policies they think Congress should focus on and consider as the 112th Congress comes to a close, AASA members listed full funding of IDEA, reauthorization of ESEA, distributing federal education funds via formula, and avoiding sequestration, among others.

Asked to rate their level of agreement with a handful of statements related to sequestration, school administrators demonstrate a pragmatic understanding and anticipation of the potentially deep (9.1 percent) cuts and support for Congress to take action to avoid the blunt action of automatic, across-the-board cuts.

- When asked if their state or local budget had the capacity to soften the impact of federal cuts like those of sequestration, nearly all replied no (79.4 percent for state capacity and 83.9 percent for local capacity).
- More than three-quarters (83.2 percent) agree/strongly agreed with *Sequestration impacts all funding programs without considering the scope or effectiveness of the programs being cut.*
- Eighty-two percent agree/strongly agree with *Congress should pick up the work of the Super Committee and work to identify the necessary cuts in a manner that impacts both mandatory and discretionary programs and considers program effectiveness.*
- Three-quarters (78.6 percent) agree/strongly agree with *Given that the cuts have to happen, as required by law, Congress should take control of the process and proactively identify a nuanced combination of spending cuts and revenue increases necessary to avoid the deep cuts of sequestration.*
- Less than one-fifth (17.6 percent) agree/strongly agree with *I think the administration has done a good job talking about how detrimental sequestration would be to their education agenda.*
- Very few (7.4 percent) agree/strongly agree with *I think the leadership of the House/Senate Education Committees and Funding subcommittees have done a good job talking about how detrimental sequestration would be to funding the nation's schools.*

Section I: Snapshot of State and Local Economic Climate

While the majority of states are reporting growing budgets, overall funding levels—especially when it comes to education—are still below pre-recession levels. There are three angles to consider when talking about state budgets: general fund spending, state revenue collection, and overall state budgets.

General Fund Spending: Slow improvement started taking root in state budgets in 2011, with 38 states reporting higher general fund spending in 2011 in comparison to 2010. Even more states—43—reported higher general fund spending for FY12 when compared to FY11, though 29 states still report funding levels below those in 2008, before the recession. Compounding factors mean that FY12 and FY13 will present states with fiscal planning challenges: slow economic recovery dilutes state revenue collections; unemployment remains high; consumer spending remains low; and program demand in sectors like health care and education continue to grow, increasing fiscal pressure. (NASBO)

State Tax Revenues: State tax revenues grew by more than 6 percent in the third quarter of FY11, the seventh consecutive quarter in which states reported growth in collections on a year-over-year basis. While generally speaking state tax revenues are higher than prerecession levels, they are still below the peak levels reached shortly after the recession began. In fact, 36 states report FY11 tax collection levels that are below peak. (Rockefeller Institute)

Overall State Budgets: More than half of states (29) are already reporting shortfalls totaling $44 billion for FY13. As mentioned above, revenues are beginning to grow again but remain seven percent below pre-recession levels. The cuts projected for FY12 and FY13 are in addition to the drastic budget shortfalls states have already closed over the last four years (totaling more than $530 billion). The cuts over the past four years translated into severe reductions in critical public services including education, and the unfortunate reality is that the anticipated FY13 shortfalls will likely translate into even further reductions. Compounding fiscal pressures even further, FY13 is the first year states will operate without emergency federal funds provided through the American Recovery and Reinvestment Act of 2009 and the Emergency Educator Jobs Act of 2010, and many states will be left with gaping budget holes. (Center on Budget and Policy Priorities)

Over the 12-month period ending in June 2011, state tax collections grew by 8.3 percent. It's a positive signs that states can begin to emerge from the deep hole of the recession. That said: even if states can maintain an 8 percent rate of growth, it would take seven years (2019!) for states to reach the level of tax collections they would have been at had the recession never occurred. Further, the last time states experienced sustained 8 percent growth was more than half a century ago, in the 1960s. (Center for Budget and Policy Priorities)

It looks like there is light at the end of the tunnel. States will find increasingly stable fiscal footing, which will translate into sustained and expanded economic growth. There are complicating factors—federal policy and politics, the cessation of emergency dollars, and economic variables like changes in tax policy or unemployment rates—that can work to reinforce or undermine the fragile economic stability starting to take hold.

The results of this survey, like the ones before it, demonstrate that school administrators across the nation remain committed to providing the best educational opportunities they can with their limited available resources. It also illustrates that the economic recovery that has taken hold at the federal level has yet to echo through state and local budgets.

The dynamic between state and district budgets is crystallized in the process of economic recovery: School districts typically adopt local budgets based on state budgets, meaning state budgets are adopted before school district budgets. While school districts were not immune to the economic recession, they were somewhat insulated from the initial impact, given that districts were operating under budgets adopted under more stable times. As the AASA surveys have documented, when the economic downturn picked up in 2008, districts were operating on already-adopted budgets and made relatively mild cuts and changes in 2008-09. As the recession wore on, the 2009-10 and 2010-11 cuts became illustrative of the full impact of the recession. Unfortunately, the budget lag that helped insulate districts from feeling the full initial brunt of the economic downturn is still in place as the federal economy recovers and will likely persist after state and local budgets have recovered. This is the current reality: even as segments of the federal economy stabilize, school districts continue to operate on leaner budgets passed/adopted in a tight economy.

Economic Climate Findings:

- When asked to describe their district's current economic situation, 81.4 percent of respondents replied *'Inadequately funded'*, compared to 15.5 percent reporting '*adequately funded'* and 1.7 percent responding '*surplus*'. (Q1) This is down from 84 percent (Dec. 2010) and 83 percent (April 2010).
- In describing any changes experiences in state and local revenues between the 2010-11 and 2011-12 school years, 71.2 percent described a cut, compared to 14.6 percent reporting an increase and 13.3 percent reporting level funding. This is below the 82 percent who anticipated a cut when asked in Dec. 2010. (Q2)
- A smaller amount (57 percent) anticipate a decrease in state/local revenues between the 2011-12 and 2012-13 school years; 22.7 percent anticipate level funding, and 17.8 percent anticipate a funding increase. This is down significantly from the December 2010 survey, when 79 percent of respondents anticipated cuts between 2011-12 and 2012-13. (Q3)
- Looking ahead, more than half (54.9 percent) of respondents anticipate a decrease in state/local revenues between the 2012-13 and 2013-14 school years. One third (33.1 percent) anticipate level funding, and 9.7 percent expect a funding increase. (Q4)
- When asked to describe the significance of changes to state/local revenues between the 2010-11/2011-12 school years: (Q5)
  - Nearly half (48.5%) replied '*Cut by 10% or less*.'
  - 21 percent responded '*Cut between 11 and 25%*'.
  - 7.8 percent responded '*Does not apply. Our state/local revenues grew on their own, without support from federal (ARRA or EduJobs) funds*.'
  - 7.4 percent responded '*Does not apply. Our state/local revenues held steady, due to support from federal (ARRA or EduJobs) funds*.'
  - 6.4 percent responded '*Does not apply. Our state/local revenues grew, due to support from federal (ARRA or EduJobs) funds*.'
  - 4.7 percent responded '*Does not apply. Our state/local revenues held steady, without support from federal (ARRA or EduJobs) funds*.'
  - 1.9 percent responded '*Cut between 26 and 40%.*'
- In describing state effort, (Q6)
  - More than one-third (38.1 percent) responded '*The cuts to education were disproportionate to cuts to other state agencies/departments; education cuts were more severe*.'
  - More than one-quarter (27.7%) responded '*The cuts to education were proportional to the cuts to other state agencies/departments*.'
  - 15.2 percent responded '*This does not apply; my state did not cut education funding*.'
  - 14.6 percent responded '*The cuts to education were disproportionate to cuts to other agencies/departments; education cuts were less severe*.'

- When asked to identify which factors contributed to funding cuts in education dollars over the last two years, respondents identified: (Q7)
  - Decreased state revenues. (71.8 percent)
  - The cessation of ARRA dollars. (65.7 percent)
  - Using education dollars to backfill other state budget holes. (53.4 percent)
  - Reduced federal funding. (49.6 percent)
  - The cessation of EduJobs dollars (46.8 percent)
  - This does not apply. My state did not cut education funding. (11.2 percent)

Personnel Related Cuts: Districts' stopgap efforts to avoid reductions in force were short-lived. Personnel costs are commonly understood to represent more than 80 percent of most school districts' budgets, and in this economic climate personnel reductions were inevitable. While efforts to institute a temporary solution through furloughing personnel suggests a method for retaining the district's valuable investment in the development of a highly trained workforce, they also represent a level of uncertainty or loss of confidence that appears to now be resulting in permanent loss of some of those employees. (Q8)

- One-fifth (20.6 percent) *furloughed personnel* in the 2010-11 school year, compared to 19.7 percent in 2011-12, 25.2 percent who anticipate doing so in 2012-13, and one half (51.3 percent) never considered it.
- Nearly one-quarter (24.1 percent) froze *outside professional service contracts* in 2010-11, compared to 31.4 percent in 2011-12, 40.2 percent who anticipate doing so in 2012-13, and 36.4 percent who never considered it.
- Nearly half (48.9%) *reduced non-teaching professional support personnel* in 2010-11, less than the 59.3 percent who did so in 2011-12, 58 percent who anticipate doing so in 2012-13, and 14.2 percent who never considered it.
- More than one-third (38.3 percent) *reduced outside staff development consultants* in 2010-11, compared to 48.7 percent in 2011-12, 52.5% anticipating doing so in 2012-13, and 22 percent who never considered it.
- Roughly half (48.1 percent) *reduced staff-level (non-instructional) hiring* in 2010-11, less than the 56.8 percent who did so in 2011-12, 63.3 percent who anticipate doing so in 2012-13, and 12.5 percent who never considered it.
- Less than one-fifth (14.8 percent) *reduced benefits package (health care)* in 2010-11, compared to 22.9 percent who did so in 2011-12, 34.5 percent considering it for 2012-13, and 47 percent who never considered it.
- Less than 5 percent (4.9) of respondents *reduced benefits package (pension contribution)* in 2010-11, compared to 11.4 percent in 2011-12, 16.5 percent considering it for 2012-13 and 68.2 percent who never considered it.

Buildings and Facilities Related Cuts: A common topic of discussion for state policymakers, superintendents, boards and their communities is the deferral of maintenance, as well as infrastructure costs (including transportation) and programmatic decisions. These deferrals often begin as economic necessities but evolve into safety and adequacy issues. While some stimulus funding to schools has been provided to primarily increase employment, the state of the physical facilities of many schools has never been worse and promises to decline further. Poorly maintained school facilities invite difficult decision making that promises to erode the quality of schooling. (Q8)

- Nearly half (43.6 percent) *deferred maintenance* in 2010-11, compared to 50.8 percent in 2011-12, 55.5 percent considering it for 2012-13, and 26.7 percent who never considered it.
- Nearly half (48.5 percent) *altered thermostats for less heating/cooling in buildings* in 2010-11, compared to 56.1 percent in 2011-12, 54.2 percent considering it for 2012-13, and 23.5 percent who never considered it.

- More than one-tenth (14.2 percent) *delayed a capital debt (bond) program* in 2010-11, compared to 15.3 percent in 2011-12, 19.5 percent considering it for 2012-13, and 63.6 percent who never considered it.
- Less than one in ten (8.7 percent) of respondents *outsourced custodian/maintenance work* in 2010-11, compared to 10.4 percent in 2011-12, 20.1 percent considering it for 2012-13, and 66.5 percent who never considered it.
- One-third (32.2 percent) *reduced custodial services* in 2010-11, compared to 36 percent in 2011-12, 38.6 percent considering it for 2012-13, and 34.8 percent who never considered it.

Curriculum Related Cuts: While the impact of class size on achievement is an issue of endless point-counterpoint discussion, it is undeniable that the increase in class size produced by the economic downturn will significantly impact the quality of interaction between teacher and student and likely subsequently negatively influence the attainment of students. The data paints a disturbing picture. Class-size is quantifiable, while the prolonged economic downturn experienced by school districts shows itself in more subtle and insidious ways. In an environment that wants so much more from its schools, the economic realities facing schools have served to short circuit the research-based school improvement efforts underway, forcing budget cuts in areas that directly impact student learning and achievement. (Q8)

- More than one-third (40.3 percent) *increased class size* in 2010-11, compared to 54 percent in 2011-12, 57.2 percent anticipating this change in 2012-13, and 20.6 percent who never considered it.
- Roughly one-third (30.7 percent) *eliminated/delayed instructional improvement initiatives* in 2010-11, compared to 40 percent in 2011-12, 48.3 percent who anticipate doing so in 2012-13, and 34.8 percent who never considered it.
- Nearly one-third (29.2 percent) *reduced nonacademic programs (such as after school and Saturday enrichment programs)* in 2010-11, compared to 35.4 percent in 2011-12, 41.1 percent who anticipate doing so in 2012-13, and 39.4 percent who never considered it.
- One quarter (24.1 percent) of respondents *reduced academic programs (such as academic interventions and Saturday classes)* in 2010-11, compared to 31.6 in 2011-12, 35 percent for 2012-13, and 44.9 percent who never considered it.
- Nearly one-fifth (15.2 percent) *strengthened identification/screening of non-resident students* in 2010-11, compared to 19.7 percent in 2011-12, 19.5 percent considering it for 2012-13, and 62.3 percent who never considered it.
- Nearly one-quarter (22.2 percent) *reduced elective courses for required for graduation* in 2010-11, compared to 31.1 percent in 2011-12, 41.9 percent considering it for 2012-13, and 40.2 percent who never considered it.
- Almost half (40 percent) *deferred textbook purchases* in 2010-11, compared to 50.9 percent in 2011-12, 52.8 percent who anticipate doing so in 2012-13, and 26.3 percent who never considered it.
- Fourteen (13.8) percent *reduced high cost course offerings (e.g., occupational education classes)* in 2010-11, compared to 19.5 percent in 2011-12, 30.5 percent anticipating it for 2012-13, and 52.7 percent who never considered it.
- More than one-third (41.5 percent) *reduced instructional materials* in 2010-11, compared to 49.4 percent in 2011-12, 54 percent considering it for 2012-13, and 27.8 percent who never considered it.
- One-third (30.1 percent) *eliminated field trips in 2010-11,* compared to 29.5 percent in 2011-12, 43.2 percent considering it for 2012-13, and 36.9 percent who never considered it.

Operations Related Cuts: A student's school experience reaches beyond the classroom walls and the traditional school day, and the development of sound citizenship results from the total school experience. This, too, has been threatened by the economic downturn. From the availability of extracurricular activities and access to current technology in the classroom to providing adequate supplies, transportation or even summer school, there is little question that the lack of any of these resources — or a district's diminished capacity to provide these materials and programs — will negatively impact student achievement and the success of children, and further magnify the long-term impact of the economic downturn. (Q8)

- Nearly one-quarter (22.5 percent) *reduced operations to four-day work week (during the summer)* in 2010-11, compared to 26.7 percent in 2011-12, 31.1 percent considering it in 2012-13, and 53.4 percent who never considered it.
- Very few (4.5 percent) *reduced operations to four-day school week (during the school year)* in 2010-11, a number that fell slightly (4.2 percent) in 2011-12, and then doubles to 10.2 percent in 2012-13, with 76.7 percent never considering it.
- Nearly one-fifth (19.3 percent) *eliminated summer school programs* in 2010-11, a number that grew to 22.3 percent in 2011-12, 29 percent considering it for 2012-13, and 52.1 percent never considering it.
- Nearly one-quarter (22.9 percent) *cut bus transportation routes and availability* in 2010-11, compared to 29.2 percent in 2011-12, 37.9 percent considering it for 2012-13, and 45.1 percent never considering it.
- One-fifth (20.3 percent) *found new transportation efficiencies (e.g., tiered pick-ups)* in 2010-11, compared to 26.7 percent in 2011-12, 38.4 percent considering it for 2012-13, and 45.1 percent never considering it.
- One-quarter (24.1 percent), *reduced extra-curricular activities* in 2010-11, compared to 28.8 percent in 2011-12, 40.7 percent considering it for 2012-13, and 43 percent who never considered it.
- Almost half (44.9 percent) *reduced consumable supplies* in 2010-11, compared to 54.4 percent in 2011-1, 61.9 percent considering it for 2012-13, and 20.3 percent that never considered it.
- More than one-third (37.1 percent) *deferred technology purchases* in 2010-11, compared to 45.6 percent in 2011-12, 52.1 percent considering it for 2012-13, and 29 percent who never considered it.
- More than half (52.8 percent) *eliminated non-essential travel* in 2010-11, compared to 61.9 percent in 2011-1, 67.6 percent considering it for in 2012-13, and 14.2 percent never considering it.
- Nearly half (48.9 percent) *joined bulk purchasing groups* in 2010-11, compared to 54.9 percent in 2011-12, 60.4 percent considering it for 2012-13, and 20.8 percent never considering it.
- Few (9.3 percent) *reduced collaborative planning time within the school day* in 2010-11, compared to 14.4 percent in 2011-12, 20.1 percent considering it for 2012-13, and 66.1 percent never considering it.
- Few (9.7 percent) *closed/consolidated schools* in 2010-11, compared to 6.8 percent in 2011-12, 16.7 percent considering it for 2012-13, and 67 percent never considering it.

Section II: Economic Downturn and School Employment

Now, nearly four years after AASA first started reporting on the impact of the economic recession on school districts, the effects on employment can best be summed as 'more of the same'. Districts have been—and continue to be—hesitant to cut staff and eliminate positions that directly impact student achievement. While districts were able to resist drastic jobs cuts for well over a year, the compounding effects of a persistent recession and previous cuts forced many districts to cut jobs they had so long protected. Beyond the economic impact this would have on communities, widespread teacher layoffs would have draconian effects on classroom instruction, manifesting in larger class sizes, modified course schedules and options, and reduced course offerings.

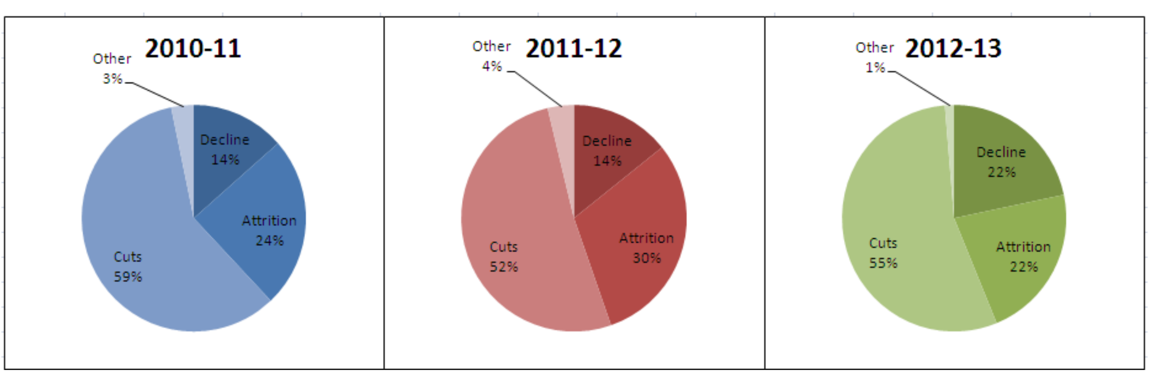
The cessation of federal emergency dollars, coupled with continued fiscal hardship at the state and local level means that school districts had to cut jobs for the current (2011-12) school year and anticipate doing so again in 2012-13. The job cuts cut across all aspects of school districts. The impact on student achievement, however, is unavoidable when the top two types of jobs being cut—in 2010-11, 2011-12 and 2012-13—are teacher aides/assistants and core subject classroom teachers.

Employment Findings:

- Two-thirds (68.2 percent) of respondents eliminated positions in 2010-11, virtually identical to the 68 percent in 2011-12 and the 65.5 percent who anticipate having to do so in 2012-13. (Q9, Q10, Q11)
- For the 528 survey respondents, the average number of employees in a single district is 593. Of those spots, schools eliminated an average of 12.7 positions in 2010-11 (2.1 percent), 10.7 positions in 2011-12 (1.8 percent), and 7.9 positions in 2012-13 (1.3 percent). That is a combined total of 31.3 positions (5.3 percent) over three years. (Q12)

	# of Staff Positions	# Eliminated, 2010-11	# Eliminated, 2011-12	# Eliminated, 2012-13
Avg.	592.56	12.74	10.65	7.93
Sum.	297,464.22	6,371.70	5,283.50	3,829.50

- When asked how many positions are cute due to declining enrollments, attrition, or staffing cuts, responses held steady through all three years (2010-11, 2011-12, and 2012-13).Direct staffing cuts account for more than half of eliminated positions, with attrition accounting for another quarter.(Q13, Q14, Q15)



- In describing the types of jobs being eliminated, teacher aides/assistant positions were most likely to be eliminated, followed by core subject classroom teachers, central office/administration, maintenance/cafeteria/transportation, and art/music/phys ed teachers (*See chart, below).* (Q16)

Eliminated Positions	***Percent*** **2010-11**	***Percent*** **2011-12**	***Percent*** **2012-13**
Teacher Aides/Assistants	42.0%	43.8%	35.8%
Core Subject Classroom Teachers	37.9%	40.7%	35.6%
Central Office/Administration	34.1%	30.7%	23.5%
Maintenance/Cafeteria/Transportation	33.1%	36.2%	22.2%
Art/Music/Phys Ed Teachers	19.7%	20.3%	17.4%
School Secretaries	17.8%	15.5%	14.6%
School Librarians	14.4%	13.1%	10.4%
Other	12.9%	15.3%	13.3%
Special Education Teachers	10.0%	11.2%	9.5%
Foreign Language Teachers	9.7%	9.1%	8.1%
School Nurses	6.3%	6.1%	4.9%

Section III: American Recovery and Reinvestment Act (ARRA), Emergency Education Jobs Fund (EduJobs) and the Economic Downturn

Emergency federal education funding from the American Recovery and Reinvestment Act of 2009 (ARRA) will be completely expended, in many districts, during the middle of the current (2010-11) school year. The Education jobs Fund of 2010 (EduJobs), including $10 billion for saving, protecting, and reinstating educator jobs, will help soften the immediate cliff of the expiring ARRA funds, though EduJobs on its own will also represent a sizeable funding cliff for school districts operating with state and local budgets that have yet to reach pre-recession stability and levels.

EduJobs helped to stave off the even more severe budget cuts to education funding states and districts would have been forced to make, faced with the triple whammy of the cessation of ARRA dollars, continued budget strains and the state and local level, and ever fewer budget items left to reduce/cut. EduJobs funds, when used to supplement (not supplant) state education funding, helped to insulate local school districts from more budget cuts, more job cuts, and fewer resources for programs and personnel. That said, EduJobs comes with an expiration date of its own, and local districts will expend those dollars by the end of the 2011-12 school year, still a year or two before many states expect to have returned to pre-recession revenue levels.

Not surprisingly, then, the results of this survey illustrate that while the ARRA and EduJobs funds were a greatly needed resource, they will also be stop-gap measures, band-aids to deep economic cuts that will start to rip away during the current school year.

Findings:

- Virtually all (96.6 percent) of respondents said they received ARRA funds, compared to 75.9 percent who reported receiving EduJobs dollars. (Q17)

- In putting EduJobs dollars to use, schools described a pretty even split among timelines: Roughly one-third (29.4 percent) distributed their EduJobs allocation over two school years (2010-11/2011-12); one quarter (24.1 percent) used their full EduJobs allocation in the 2010-11 school year; and 23.9 percent used the full amount in 2011-12. (Q18)
- ARRA and EduJobs were critical emergency funding that played a crucial role in helping stave off both massive personnel cuts and program eliminations. State and local budgets alike were able to put the funds to good use. Both ARRA and EduJobs funds, however, ran through state coffers before making their way to the local level, and respondents described a variety of roles ARRA/EduJobs funds played in net changes to state revenues: (Q19)
    - Nearly half (47 percent) reported *My district had a net loss before ARRA/EduJobs. ARRA/EduJobs dollars filled some, but not all, the budget holes.*
    - Nearly one-fifth (18.4 percent) reported *My district had a net loss before ARRA/EduJobs. State leaders reassessed the budget situation, further cut state revenues and used ARRA/EduJobs to offset the cuts.*
    - Twelve (11.9) percent of reported *My district had neither a net loss nor a net gain before ARRA/EduJobs, and the ARRA/EduJobs dollars were all in addition to state and local revenues.*
    - Seven (7.4) percent reported *My district had a net gain before ARRA/EduJobs. In light of ARRA/EduJobs, state leaders reassessed the budget situation, cutting our state revenue and using ARRA/EduJobs dollars to offset the cuts*.
    - Six (5.9) percent reported *My district had a net loss before ARRA/EduJobs. ARRA/EduJobs dollars filled all of the budget holes, and state and local revenues held steady as a result.*
    - Four (3.8) percent reported *My district had a net gain before ARRA/EduJobs, and the ARRA/EduJobs dollars further increased the net gain.*

Section IV: The 112th Congress

The failure of the Joint Select Committee on Deficit Reduction (Super Committee) to produce a plan identifying budgetary savings of at least $1.2 trillion over ten years has triggered an automatic spending reduction process (called sequestration) that takes effect on January 2, 2013. For FY13, these cuts will be applied to most programs, including all discretionary education programs except Federal Pell Grants. The depth of the cuts is estimated to be between 7.8% and 9.1%, which would reduce funding for the US Education department by $3.5 billion to $4.1 billion, affecting millions of students and leading to potentially significant job losses and program eliminations for the nation's schools, the educators who run them, and the students they educate.

Sequestration Findings:

- When asked if their state or local budget had the capacity to soften the impact of federal cuts (like those of sequestration), nearly all replied '*no*' (79.4 percent for state capacity and 83.9 percent for local capacity). (Q20)
- Respondents were asked to rate their level of agreement with a handful of statements related to sequestration. Responses were listed on a five point Likert Scale (strongly agree/agree/neutral/disagree/strongly disagree): (Q21)
    - A strong majority (83.2 percent) agree/strongly agree with *Sequestration impacts all funding programs without considering the scope or effectiveness of the programs being cut.*
    - Eighty-two percent agree/strongly agree with *Congress should pick up the work of the Super Committee and work to identify the necessary cuts in a manner that impacts both mandatory and discretionary programs and considers program effectiveness.*

- Roughly half (48.9 percent) agree/strongly agree with *Across-the-board cuts should be truly across the board. Congress should not provide for—and the President should veto—any efforts to exempt some portions of the budget from the cuts.* One quarter (28.6 percent) disagree/strongly disagree with the statement.
- Three-quarters (78.6 percent) agree/strongly agree with *Given that the cuts have to happen, as required by law, congress should take control of the process and proactively identify a nuanced combination of the spending cuts and revenue increases necessary to avoid the blunt cuts of sequestration.*
- Nearly half (47.9 percent) agree/strongly agree with *I have reached out to my Congressional delegation (Representative and Senators) to talk about the importance of avoiding sequestration and its impact on education.*
- Less than one-fifth (17.6 percent) agree/strongly agree with *I think the administration has done a good job talking about how detrimental sequestration would be to their education agenda.*
- Very few (7.4 percent) agree/strongly agree with *I think the leadership of the House/Senate Education Committees and Funding Subcommittees have done a good job talking about how detrimental sequestration would be to funding the nation's schools.*
- More than three-quarters (86.4 percent) agree/strongly agree with *Secretary Duncan, as the cabinet member advocating for education, should be advocating to minimize the impact of sequestration on the education budget.*
- More than three-quarters (87.1 percent) agree/strongly agree with *The leadership of the House and Senate education committees should be advocating to minimize the impact of sequestration on the education budget.*

AASA is a national professional organization representing more than 13,000 school administrators across the nation. One focus of the organization includes its federal advocacy on a host of education-related issues reaching from the Elementary and Secondary Education Act (ESEA) and Individuals with Disabilities Act (IDEA) to federal funding and child nutrition, among others. The official positions taken by AASA are reflected in an annual legislative agenda determined by AASA members. As the 112th Congress winds down, AASA asked members which education policies they think Congress should focus on and consider as they move forward with their education agenda. Ranked in descending order, respondents reported a host of legislative and policy priorities: (Q22)

Congressional Priority Findings:

- <u>Full funding of IDEA</u> (85.6 percent): School administrators have tasked Congress with meeting a long-outstanding commitment to fund the additional costs associated with educating students with special needs. Covering a federal shortfall year in and year out with local district dollars represents a significant funding pressure for school districts across the nations. Full funding of IDEA would provide services for students with special education needs and allow local school districts to use local dollars to meet local district budgeting needs. The government's underfunding of a federal commitment and mandate puts extreme budgetary pressure on states and locals to cover the shortfall, totaling $83.8 billion for FY10, FY11 and FY12. (Zember, 2012)
- <u>Reauthorization of ESEA</u> (66.5 percent): No Child Left Behind, the current authorization of the Elementary and Secondary School Education Act (ESEA) is widely acknowledged for many of its provisions, both good (disaggregating student data) and those that need improvement (adequate yearly progress, one-time snap-shot testing, and 100% proficiency mandate). Congress has been actively engaged in work to reauthorize the bill since the summer of 2007, and both chambers have passed their respective bill out of committee. As each month of reauthorization passes by, local school districts are falling under increasing scrutiny and punishment under provisions of the law that are widely perceived as overly burdensome. Fully understanding the heavy lift that reauthorization

represents in general, let alone in an election year (such as 2012), AASA strongly urges Congress to complete reauthorization of ESEA in 2012.

- Distributing federal education funds through formula (64.8 percent): AASA members have long advocated for continued and increased investment in formula based programs. AASA urges Congress to maintain formula grants to provide a more reliable stream of funding to local school districts. AASA is concerned by the Administration's preference for driving new education dollars into competitive programs (like Race to the Top or Investing in Innovation) instead of investing in federal formula programs like Title I and IDEA.
    - Such a strong emphasis on competition implies that competition alone produces innovation and student achievement. School districts and systems need a certain level of financial stability to undertake the ambitious innovation and reform proposed by the President's budget, a level of reliability and consistency that cannot be achieved through competitive funding.
    - Formula-driven funding represents the dedicated funding stream that allows school districts to appropriately plan for and invest in innovation and reform. AASA is concerned that competitive grants would have a disproportionate negative impact on rural and small districts.
    - With limited local resources, school districts do not have the time or the capacity to develop extensive competitive grant applications in order to be competitive. This will lead federal dollars away from students in poverty and to districts that have the resources for grant writing teams.
- Opposing federal funding to non-public schools (vouchers) (59.7 percent): AASA has long worked to oppose vouchers, or the use of public federal dollars to allow families to pay for non-public school options. The position reflected in the survey results echoes that in AASA's position statement:
    - AASA absolutely opposes undermining universal equal educational opportunity for all, supports the separation of church and state in public school funding, and opposes increasing the segregation of America's children by diverting public funds in support of vouchers and related initiatives.
- Avoiding sequestration (56.1 percent): AASA members have weighed in heavily on the potential impact of sequestration on education. Unless Congress acts, all federally-funded education programs (other than Pell Grants) will be subject to a 9.1% across the board cut. These cuts would cuts funding for programs in the Education Department by more than $4.1 billion, an unprecedented level of education cuts.
    - These cuts would reduce Title I by $1.3 billion, adversely effecting services to more than 1.5 million educationally disadvantaged students. IDEA would be cut by over $1 billion, affecting over 600,000 students with disabilities. The education cuts would threaten more than 71,000 education jobs.
    - The cuts from sequestration would be in addition to the cuts education programs have been subject to over the last two years. Funding for education programs (excluding Pell Grants) was cut in the aggregate by $1.25 billion in FY11 and by $233 million in FY12. Between FY10 and FY12, more than 50 education programs totaling $1.2 billion have had their funding completely eliminated.
- Absent reauthorization, regulatory relief from ESEA (44.3 percent): This is down dramatically from 2010 levels (59 percent). This drop is largely attributable to the waivers being offered by the administration. AASA is opposed to the conditional natures of the waivers and believes that a serious discussion about regulatory relief would have resulted in direct relief to state and local school districts, instead of making them jump through hoops to meet administration priorities. Continued interest in regulatory relief by AASA members is consistent with the opposition to the administration's conditional waivers, and is an ask to Congress, absent an ability to move a

comprehensive reauthorization through both chambers, to work together with the administration to provide direct, targeted regulatory relief.

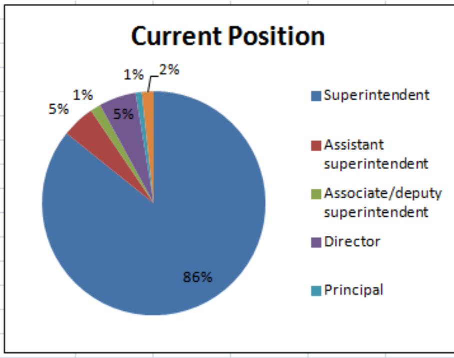
- Other Responses:
    - Reauthorizing IDEA (41.1 percent)
    - Requiring states and school districts to eliminate seniority in staffing decisions for teachers and principals (32 percent)
    - Targeting and distributing ESEA funds based on percentage poverty (28.6 percent)
    - Requiring school districts to use common evaluation rubrics for teachers and principals (17.8 percent)
    - Supporting charter schools that are subject to the same accountability measures as regular public schools (15.5 percent)
    - Requiring school districts to base teacher and principal evaluations primarily on quantitative measures of student outcomes (10.2 percent)

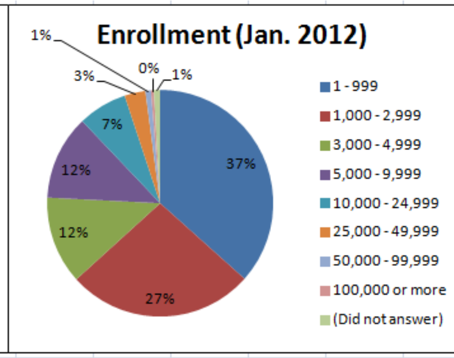
Section V: Methodology & Demographics

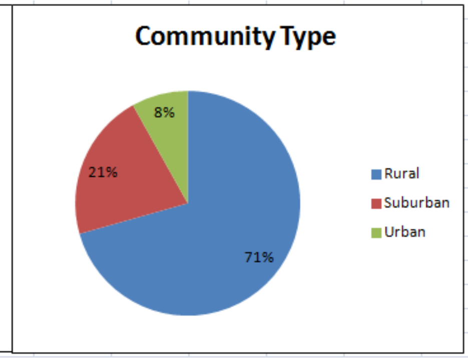
Methodology: The surveyed sample reflects the membership of the American Association of School Administrators and should not be inferred to represent all public school superintendents. Those responding came from all but two states (Hawaii and Rhode Island) and the District of Columbia. While no claim is made that the data reflects a representative sample, the demography reported by those responding to the survey does mirror the distribution of student enrollment in school districts nationwide and reflects the proportion of the number of school districts in their respective state. The data does not suggest favoritism to any one region of the country. No claim is made that the same individuals responded to each of the survey efforts although the population surveyed was with very few exceptions drawn from the same AASA membership listing. The November 2008 study drew 830 responses, the March 2009 study drew 856 responses, the October 2009 study drew 875 responses, the March 2010 survey received 453 responses, the December 2010 survey received 692 responses, and as highlighted below, this survey drew 528 responses from 48 states. All surveys were distributed electronically using traditional survey software with analysis limited to measures of central tendency.

Demographics:

- 528 school administrators from 48 states submitted responses to the survey in February 2012.
- Virtually all (84.8 percent) respondents reported their title as ‘Superintendent’, compared to 5.3 percent reporting ‘Director’, and 4.7 percent reporting ‘assistant superintendent’. (Q23)
- Two-thirds (69.7 percent) of respondents described their district as rural, compared to 21 percent reporting suburban and 8 percent reporting urban. (Q25)
- Enrollment: (Q24)
    - Three-quarters (76 percent) of respondents work in school districts enrolling less than 5,000 students: 36.6 percent are in districts enrolling less than 1,000 students; 26.7 percent are in districts enrolling between 1,000 and 2,999 students and 12.5 percent are in districts enrolling between 3,000 and 4,999.







State Responses							
AL	29	**IL**	12	**MT**	22	**RI**	0
AK	5	**IN**	19	**NE**	6	**SC**	2
AZ	20	**IA**	8	**NV**	2	**SD**	8
AR	2	**KS**	6	**NH**	3	**TN**	3
CA	21	**KY**	2	**NJ**	4	**TX**	27
CO	32	**LA**	15	**NM**	9	**UT**	2
CT	19	**ME**	23	**NY**	11	**VT**	2
DE	1	**MD**	2	**NC**	1	**VA**	24
DC	0	**MA**	3	**ND**	39	**WA**	7
FL	3	**MI**	9	**OH**	6	**WV**	3
GA	6	**MN**	8	**OK**	43	**WI**	13
HI	0	**MS**	4	**OR**	1	**WY**	7
ID	11	**MO**	5	**PA**	11	**N/A**	7
						Total:	528

Section VI: Conclusion

AASA's *Economic Impact Survey* series has, over nearly four years, documented both the continued erosion of revenue for state and local school budgets stemming from the recession and its continuing impact on the nation's public schools. The nation's schools, the educators who staff them and the students they serve have survived round after round of budget cuts, program eliminations, and job cuts. The nation's school doors continue to open, demonstrating a capacity to sustain many threats. As the recession wears on, though, and education funding faces threats stemming from federal policies and (in)action, the scope and number of challenges facing schools could very well threaten even the most resilient of schools and undermine whatever weak economic stability state and local economies are starting to experience.

The endurance of the recession has shifted the response from tightening budgets and implementing moderate changes to implementing increasingly significant changes, including a marked increase in cuts to areas that more directly impact student achievement. The continued and increasing budget cuts threaten the capacity of schools to deliver essential services and threaten the gains schools have made in student achievement and narrowing the achievement gap. Considered in total, the economic recession has exacted a heavy toll on schools, communities, families, and learning. By the time school districts and communities are once again operating under pre-recession budget levels, it will mean more than six consecutive years of budget cuts, an unmatched fiscal reality whose impact has yet to be fully realized.

AASA looks forward to the time when the newest *Economic Impact Survey* will tell of economic stability and increased investment in education, as states look to recover and reinstate the billions of dollars cut from operating budgets during the recession. The unfortunate reality, however, is that those survey results are most likely still a few years off, and school districts will continue to grapple with increasingly tight operating budgets. These schools are run by educators committed to providing a quality public education, improving student learning and giving students the best educational opportunities available. Schools will continue to operate and open their doors because students continue to show up, and AASA members will continue to address the recession with a sense of pragmatism, the same approach that has helped them survive numerous rounds of cuts over the last three years, and the same approach that will get them through the continuing budget hardships over the next two to three school years.

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A full list of AASA's research and white papers is available online: http://www.aasa.org/research.aspx