Ed finance is having a moment

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Marguerite Roza
@MargueriteRoza
@EdunomicsLab
MR1170@georgetown.edu
Which is consuming more **financial** attention in your district:

**Budget instability/unsustainability:**
- Declining student enrollment
- Under-enrolled schools
- Inflation, rising labor costs
- Fiscal cliff, newly added commitments
- Rising Sp Ed expenses

**Getting students up to speed:**
- Deploying ESSER
- Low math/reading proficiency
- Chronic absenteeism
- High schoolers off track
- Behavior, engagement
We now know that students are behind in their learning.

1. https://www.npr.org/2022/06/22/1105970186/pandemic-learning-loss-findings
What’s that mean for finances?

Districts: Move quickly to spend remaining ESSER funds to remedy learning gaps

It’s July. Do districts know how to make financial shifts after budgets passed?
The sheer size of the losses are eye-popping

Want an estimate of the losses in your district?
Edunomicslab.org /calculator

If unaddressed, these learning impacts could permanently impact a generation of children:
✓ ~$2T lost wages
✓ Reduced education attainment
✓ More reliance on government welfare
✓ Lower life expectancy

1. Pandemic Learning Loss Could Cost U.S. Students $2 Trillion in Lifetime Earnings.
... to compute district-by-district estimates

Based on how long this district’s schools operated remote or hybrid and its mix of student characteristics and prior performance levels, recent research helps us estimate that students in Los Angeles Unified District have lost an average of:

- **22 weeks** of learning in math
- **18 weeks** of learning in reading

Costs to remedy this magnitude of loss depend on the intervention utilized. Tutoring is considered a higher impact investment. Cost predictions suggest this district would need to spend an estimated amount of:

- $851,046,581 for tutoring in math
- $466,948,430 for tutoring in reading

To pay for these investments, the district could tap the $2,578,201,826 it received in federal relief funds (known as ESSER III).

We converted the effect size estimates to weeks of learning using NWEA 2020 MAP Growth Achievement Status and Growth Norms for Students and Schools. District demographic data come from NCES and individual state demographic files. Our district-by-district results are available at: https://edunomicslab.org/calculator/.
The law requires districts to spend 20% of ESSER 3 making up for lost learning time.
We compare estimates of the learning gaps to effect sizes of interventions...

- **High-dosage tutoring 3 x week for a year**
  - +19 weeks gains

- **Double-dose of math each day for a year**
  - +10 weeks gains

- **Voluntary summer school**
  - +5 weeks gains

[Source](https://www.theatlantic.com/ideas/archive/2022/05/schools-learning-loss-remote-covid-education/629938/)
Do you believe that your district’s investments are working (or will work) to get students back on track?

**Absolutely.** We’re measuring progress each step of the way.

**Jury’s out.** I just don’t know.

**Concerned.** I worry they won’t.
Has your district measured effects of your ESSER investments?

<table>
<thead>
<tr>
<th>Investment</th>
<th>Major cost factors</th>
<th>Estimated # Students Served</th>
<th>Cost per participating student</th>
<th>Desired Outcomes — Estimated Effectiveness (High/Med/Low)</th>
<th>Risks</th>
<th>Effects on students</th>
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<tbody>
<tr>
<td>A. Tutoring</td>
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<td>B. Counselor</td>
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**CHAT:** Whose job is it to measure results?

**Should you continue investing?**
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“The perfect storm is brewing” – LAUSD’s Alberto Carvalho

Los Angeles Unified is facing an alarming convergence and acceleration of enrollment decline and the expiration of one-time state and federal dollars, as well as ongoing and increasing financial liabilities,

- End of federal relief funds
- Enrollment declines
- Baby bust
- Inflation
- Market fall
- Economic recession (?) squeezes state revenues
- District commitments to recurring costs and avoidance of right sizing

Cliffs happen when federal relief aid ends: furloughs, layoffs, stagnant pay
“By 2030, total public school enrollment is projected to decrease another 4 percent.”

Figure 1. Annual percentage change in enrollment in public elementary and secondary schools: Fall 2010 to fall 2030

- School enrollments fell the most in districts that stayed remote
- A “COVID baby-bust” will further dampen enrollment numbers

In 2017, Roza examined spending data from districts >20,000 with and without enrollment declines. A powerpoint covering the analysis and findings is available upon request.

https://nces.ed.gov/blogs/nces/2022/02/23/default

2 https://www.brookings.edu/blog/up-front/2021/05/05/the-coming-covid-19-baby-bust-is-here/

* In 2017, Roza examined spending data from districts >20,000 with and without enrollment declines. A powerpoint covering the analysis and findings is available upon request.
School district revenues are tied to the number of students they enroll.

- Enrollment losses of even 0.75% can be financially destabilizing.*

- Effect of enrollment losses should be measured on a Richter scale.

As losses increase, financial effects on districts become exponential.

“A seismic hit to public education....”
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.”
Hello INFLATION

**POLL:**
Teachers ask for a 7% raise. What’s your thinking:
1. Yep, fair.
2. Yes, but I want longer sch year in return.
3. I’d agree to 4% since most get 3% step/column.
4. Too many unknowns ahead. Better to go with a one time $4200 bonus.
5. Prefer targeted pay to address persistent gaps.
Is that you, **RECESSION**?

**POLL:**
What’s your forecast for 23-24 state revenue growth relative to 22-23?

1. Over 4%
2. 3-4%
3. 1-2%
4. Flat
5. Down

Over two thirds of economists believe a recession is likely to hit in 2023

https://fortune.com/2022/06/13/recession-economists-survey-2023-inflation-interest-rates/
Four stages of district cutting:

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

**Trim**
- Trim contracts, payments to community partners
- Eliminate PD days, prep time
- Cut central admin positions
- Squeeze supplies and any non-labor expenses

**Negotiate**
- Propose:
  - Salary/benefits adjustments
  - Reduce days/furloughs

**Labor reduction**
- Larger staff layoffs: elective staff, librarians, academic coaches, core teachers

Gaps > 2-3% require cuts to LABOR
What should districts do?

Budget instability/unsustainability & Getting students up to speed

- Avoid taking on new recurring commitments (new staff, permanent pay raises)
- Use stipends for existing staff or vendor contracts to add services
- Ensure investments are working to remedy learning gaps: Measure measure measure!
- Communicate OFTEN with board, staff and community about forecast and student progress resulting from investments.
Thank you!

Connect with us:

mr1170@Georgetown.edu
@MargueriteRoza
EdunomicsLab.org
@EdunomicsLab


School Board Members:
Finance Fridays Training

4-Part Virtual Workshop
September 16, 23, 30 and October 7
12-2 pm ET

AASA/Edunomics Lab Superintendent Finance Training:
Four Thursdays 1-3 ET.