



Report of Findings:
Ten Years Later: How Funding Pressures Continue to Impact Our Nation's Schools

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Background

During the depths of the nation's greatest recession, AASA conducted a series of 16 national surveys detailing the cumulative impact of the recession and funding cuts on our nation's public schools and the students they serve¹. As the recession drew to a close, the rate and frequency of these surveys slowed. Now, in 2018, a decade removed from the depths of the recession, many state and local education agencies have yet to return to pre-recession funding levels and funding pressures continue to be a reality in their day-to-day existence. To that end, AASA conducted a national survey of superintendents in December 2017 to gauge the extent to which schools continue to experience fiscal hardship as well as their capacity and approach to returning to pre-recession funding levels.

Overall Funding & Revenue Projections

Nearly three-quarters (72.5%) of respondents described their school district as *inadequately funded*, compared to 24.5% reporting *adequately funded* and 2.8% reporting *surplus*. When compared to earlier surveys, this is down from 83% in the fall of 2015 and 81% in March of 2012, but still above the 67% reported in October 2008.

When asked to describe the change in state and local revenues between the 2016-17 and 2017-18 school years, 43.7% reported an increase, compared to 26.7% reporting level funding and 29.4% reporting a cut. As a point of reference, in October 2015, 69% of respondents indicated a cut between the 2007-08 school year and the 2015-16 school year. This historical perspective matches the findings of the latest report from the Center on Budget and Policy Priorities, *A Punishing Decade for School Funding*²: "In 2015, the latest year for which comprehensive spending data are available from the U.S. Census Bureau, 29 states were still providing less total school funding per student than they were in 2008.

Looking forward, when asked what changes they anticipate in state and local revenues between the 2017-18 and 2018-19 school years, 39.9% anticipate a cut, compared to 21.7% who anticipate an increase, and 22.6% who anticipate level funding. Faced with pending federal cuts to education, a large majority (82.5%) indicated that their state would be unable to absorb the cuts. And reporting on their own districts' ability to cover the combined state and federal cuts, nearly two-thirds (61.8%) of respondents indicated no ability to cover the funding cuts and a resulting cut in programs, personnel and services, while 30.5% indicated an ability to cover a portion—but not all—of the federal and state shortfall.

Investment in Education Matters

Respondents were asked to identify the top five ways their schools would spend additional funds, should they become available. Unsurprisingly, the top five areas of investment were hiring staff/reducing class

¹ AASA Economic Impact Survey Series, 2008-2016, <http://www.aasa.org/research.aspx>

² A Punishing Decade for School Funding, Center on Budget and Policy Priorities, November 2017
<https://www.cbpp.org/research/state-budget-and-tax/a-punishing-decade-for-school-funding>

size (49.9%); increasing teacher salaries (47.8%); professional development (42.2%); education technology (42%); construction/renovation/repairs (42%); and career and technical education programming (41.8%). Other top responses included school counseling (35.6%); total child programming (29.9%); parent/community engagement (19%); career counseling (17.1%); restoring/expanding co-curricular offerings (15.8%); advanced course work (AP/IB) (13.4%); and restoring/expanding extracurricular offerings (13%).

These findings are not surprising. One of the phenomenon AASA was able to document through its *Economic Impact Survey* series was that the first areas to be cut in school budgets were those least likely to directly impact student learning: “Superintendents make pragmatic decisions and implement first the cuts that least-directly impact student achievement, including altering thermostats and reducing consumable supplies. When additional cuts become necessary, superintendents find themselves having to make cuts that increasingly impact student achievement, including increasing class size, delaying instructional improvement strategies and laying off instructional personnel.”³ It makes sense, then, that when faced with the opportunity to re-invest in their schools, programs, and staff, they take the exact opposite approach and start with the areas most likely to impact student achievement, investments that matter for teaching and staff.

Asked about their district’s greatest need: “We are a growing enrollment district, so capital and staffing expenditures to meet our increasing demands are the most pressing. We also are seeing significant increases in student services costs to support equitable access including mental health, closing achievement gaps, and social services to name a few. Again, we benefit from increasing enrollment. A declining enrollment district, like my previous district, would have to wrestle with program cuts to balance the budget, while trying to maintain appropriate and comprehensive educational opportunities, and that does not even address any aging facility needs.”

The Cuts Keep Coming

When asked to identify the various program and service cuts their district had considered and/or implemented in the response to budget pressures, the top five items implemented as cuts in the last five years were reducing staff level (non-instructional) hiring (65.5%); deferring maintenance (65.4%); eliminating non-essential travel (65.2%); joining bulk purchasing groups/co-ops (63.8%); and reducing consumable supplies (62%). When reporting the cuts they had implemented more than five years ago, the top responses were laying off personnel (16.5%); reducing instructional personnel (14.3%); joining bulk purchasing groups/co-ops (10.7%); reducing staff level (non-instructional) hiring (10.4%); and reducing outside staff development consultants (10.2%).

³ AASA Economic Impact Surveys: Education Cuts Don’t Heal, December 2015, http://aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/EducationCutsDontHeal_121515.pdf

Another way to report where districts made budget cuts is by budget area, which AASA has historically grouped into four areas: operations, personnel, buildings and facilities, and curriculum.

- Operations:** 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. 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 — negatively impacts student achievement and the success of children. *See chart on next page.*

| OPERATIONS | Implemented | Considered, Not Implemented | Never Considered | Implemented More Than 5 Years Ago |
|--|-------------|-----------------------------|------------------|-----------------------------------|
| Deferring textbook purchases | 56.50% | 12.81% | 16.95% | 8.29% |
| Altering thermostats for less heating/cooling in buildings | 54.61% | 11.86% | 19.40% | 8.29% |
| Outsourcing custodial/maintenance work | 12.05% | 33.71% | 41.81% | 4.33% |
| Reducing operations to four-day work week (during summer) | 19.40% | 22.98% | 46.89% | 3.20% |
| Reducing operations to four-day work week (during school year) | 4.14% | 22.41% | 62.15% | 1.51% |
| Eliminating summer school programs | 24.86% | 24.67% | 37.10% | 4.90% |
| Reducing extra-curricular activities | 22.60% | 31.07% | 30.89% | 6.78% |
| Shift funding of extracurricular activities to families/communities/boosters | 27.50% | 26.74% | 31.83% | 6.59% |
| Deferring technology purchases | 49.91% | 17.89% | 19.77% | 6.59% |
| Reducing consumable supplies | 61.96% | 13.94% | 12.24% | 6.97% |
| Eliminating non-essential travel | 65.16% | 12.81% | 8.47% | 8.66% |
| Joining bulk purchasing groups/co-ops | 63.84% | 12.99% | 8.47% | 10.73% |
| Run school lunch program in the red | 26.18% | 9.60% | 52.54% | 2.45% |
| Cutting bus transportation routes and availability | 28.81% | 24.11% | 33.71% | 6.21% |
| Finding new transportation efficiencies (i.e., tiered pickups) | 34.27% | 21.66% | 31.83% | 5.65% |
| Increasing student walking distance | 9.98% | 23.16% | 54.43% | 2.82% |
| Charge fee for bus transportation | 5.08% | 11.30% | 71.56% | 2.26% |

- **Personnel:** Personnel costs are commonly understood to represent more than 80% of most school districts’ budgets, and as such, are bound to be impacted (or “affected”) by funding pressures.

| PERSONNEL | Implemented | Considered, Not Implemented | Never Considered | Implemented More Than 5 Years Ago |
|--|-------------|-----------------------------|------------------|-----------------------------------|
| Furloughing of personnel | 11.49% | 26.55% | 44.82% | 8.66% |
| Laying off personnel | 38.04% | 26.74% | 14.88% | 16.20% |
| Freezing outside professional service contracts | 38.79% | 26.18% | 19.77% | 8.10% |
| Reducing instructional personnel | 57.06% | 16.57% | 8.66% | 14.31% |
| Reducing outside staff development consultants | 58.76% | 16.20% | 10.36% | 10.17% |
| Reducing staff level (non-instructional) hiring | 65.54% | 14.31% | 6.59% | 10.36% |
| Reducing professional development offerings | 53.30% | 19.96% | 15.63% | 7.91% |
| Increasing class size (student:teacher ratio) | 49.91% | 23.35% | 13.75% | 8.10% |
| Reducing benefits package (health care) | 35.03% | 33.90% | 20.72% | 5.08% |
| Reducing benefits package (pension contribution) | 10.36% | 25.24% | 52.54% | 2.64% |

- **Buildings and Facilities:** 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, adequacy and equity issues. While some stimulus funding to schools was 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. A 2017 report by the American Society of Civil Engineers gave public schools a D+ in its report card, a rating that indicates that buildings are in fair-to-poor condition, with many elements nearing the end of their useful life and showing significant deterioration⁴.

| BUILDINGS & FACILITIES | Implemented | Considered, Not Implemented | Never Considered | Implemented More Than 5 Years Ago |
|--|-------------|-----------------------------|------------------|-----------------------------------|
| Deferring maintenance | 65.35% | 12.43% | 10.55% | 9.23% |
| Closing/consolidating schools | 17.51% | 20.90% | 45.95% | 9.60% |
| Delaying a capital debt (bond) program | 23.73% | 15.25% | 47.65% | 4.33% |

⁴ American Society of Civil Engineers, 2017 Infrastructure Report Card, <https://www.infrastructurereportcard.org/>

- **Curriculum:** The impact of class size on achievement is an issue of endless point- counterpoint discussion. 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.

| CURRICULUM | Implemented | Considered, Not Implemented | Never Considered | Implemented More Than 5 Years Ago |
|--|-------------|-----------------------------|------------------|-----------------------------------|
| Eliminating/delaying instructional improvement strategies | 44.07% | 23.92% | 19.02% | 6.03% |
| Reducing nonacademic programs (incl. after-school and enrichment programs) | 34.65% | 27.50% | 23.16% | 6.78% |
| Reducing academic programs (academic interventions and Saturday classes) | 28.44% | 26.37% | 30.13% | 6.03% |
| Reducing elective courses not required for graduation | 33.52% | 27.68% | 25.99% | 6.40% |
| Reducing high cost course offerings | 24.11% | 27.87% | 33.52% | 5.08% |
| Reducing instructional materials | 49.53% | 16.20% | 20.53% | 7.16% |
| Reducing collaborative planning time w/in school day | 22.22% | 24.48% | 40.49% | 3.58% |
| Eliminating field trips | 28.63% | 34.09% | 21.85% | 8.66% |

Appendix A includes the chart with full detail of how respondents reported the cuts they considered and/or implemented.

Federal Policy and Local District Implications

In addition to the earlier question where respondents reflected on the ability of their state and local government to absorb and/or pass on funding cuts, respondents were also asked to reflect on the implications of how the federal government funds a specific program, the Individuals with Disabilities Education Act (IDEA).

Adopted in 1975, IDEA was designed to help level the playing field for students with disabilities. Congress acknowledged that the new requirement for local education agencies to provide free appropriate public education (FAPE) for students with disabilities came with significant cost implications. As such Congress authorized itself to pay 40% of the additional cost associated with educating students with disabilities. This threshold—40%—is often referred to as IDEA ‘full funding’, the concept being that Congress would realize its commitment to fully fund the added costs of this federal mandate.

The unfortunate reality, however, is that Congress has never met half of its funding commitment through the annual appropriations process. In fact, the all-time high was reached in 2005, when Congress provided 18% of the additional cost associated with educating student with special needs, a share that fell through the course of the recession and currently sits at just below 16% of the additional cost. The requirements of IDEA are absolute, though, regardless of Congress' chronic failure to meet its funding commitment, resulting in an unfunded mandate that results in local education agencies having to use local education budget dollars to cover the federal shortfall, at the direct expense of local budget priorities.

When asked what percentage of their local budget is being used to cover federal mandates related to special education, just 10% of respondents indicated that it was less than 10% of total spending. 48.2% of respondents indicated they used 10-20% of total spending to cover the federal IDEA shortfall, compared to 25.6% reporting 20-30%; and 8.5% reporting they used 30-40%.

Demographics

In December 2017, 531 respondents from across the country completed this survey. They hailed from 46 different states. Two-thirds (62.7%) described their district as *rural*, compared to 25.4% responding *suburban* and 8.1% responding *urban*. A large majority (86.8%) listed their job title as *superintendent*. In terms of enrollment, 32.4% of respondent enrolled less than 1,000 students. 30.1% enrolled between 1,000 and 2,999; 12.1% enrolled between 3,000 and 4,999; 12.1% enrolled between 5,000 and 9,999; 7.3% enrolled between 10,000 and 24,999; and 2.8% enrolled more than 25,000 students.

Conclusion

The results from this survey detail, once again, that it is not the new cuts that are most problematic. Rather, it is the continued inability of states and local school districts to make their budgets 'whole', to return them to pre-recession levels. Now, ten years removed from the start of the recession, our nation's K-9 graders have spent the entirety of their K-12 experience, to date, in a post-recession funding climate. There are many who like to downplay the impact that more money can have on educational opportunity, and AASA agrees that funding alone is not the silver bullet. We cannot, however, when armed with data like this, turn a blind eye to the stark reality that the fiscal pressure of these sustained cuts continues to deny schools and the students they serve of critical resources. Money may not be the silver bullet, but money does matter and the findings of this report make a clear case for continued and sustained investment in our nation's public schools.

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Appendix A: Program, Service and Personnel Cuts, Considered vs. Implemented

Responses are sorted in order of highest response of 'implemented'.

| | Implemented | Considered, Not Implemented | Never Considered | Implemented More Than 5 Years Ago |
|--|-------------|-----------------------------|------------------|-----------------------------------|
| Reducing staff level (non-instructional) hiring | 65.54% | 14.31% | 6.59% | 10.36% |
| Deferring maintenance | 65.35% | 12.43% | 10.55% | 9.23% |
| Eliminating non-essential travel | 65.16% | 12.81% | 8.47% | 8.66% |
| Joining bulk purchasing groups/co-ops | 63.84% | 12.99% | 8.47% | 10.73% |
| Reducing consumable supplies | 61.96% | 13.94% | 12.24% | 6.97% |
| Reducing outside staff development consultants | 58.76% | 16.20% | 10.36% | 10.17% |
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| Eliminating/delaying instructional improvement strategies | 44.07% | 23.92% | 19.02% | 6.03% |
| Freezing outside professional service contracts | 38.79% | 26.18% | 19.77% | 8.10% |
| Laying off personnel | 38.04% | 26.74% | 14.88% | 16.20% |
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