



Managing Past Uncertainty

Four assumptions and four questions to help school district leaders act on the imperative to transform schools and districts in our tough new reality

It's hard to believe that just a few weeks ago, before the coronavirus reshaped American life, states and districts ERS works with were expecting significant budget increases or had just submitted balanced budgets for the first time in years. Now, districts are scrambling to provide school lunches and distance learning while facing tremendous budget uncertainty. Students in the districts we serve will face greatest needs when they come back in the fall, which is what many districts we are hearing from are planning for.

ERS virtually convened Chief Financial Officers from over 20 large school systems across the country in late March as part of our ERS-Aspen CFO Strategy Network. They were eager to collectively identify the actions that district leaders can take to best serve students sustainably over time. Ahead of the session, school district CFOs submitted questions and topics they were grappling with, many of which touched on the need to start thinking longer term:

“What kinds of plans are you making if state/local revenue drops significantly? (And what kind of drop are you forecasting?)”

“How can we learn from this forced shift to virtual education and what new practices should we consider holding on to help balance next year's budget as revenues plummet?”



Part #1

Four Assumptions

From the CFO session and our own thinking, we believe there are four assumptions school district leaders should make right now.

▶ Student Need Will Increase

- There will be significant **learning loss** from this year's shutdown
- **Social-emotional & trauma** impacts of shutdown will be significant
- Impacts on **need will be unequal** across students, families and communities

▶ COVID-19 Will Impact Next Year's Schooling

- There could be higher levels of **student and staff absences**.
- There could be prescriptions on group sizes/physical **distancing requirements**.
- There could be continued or **periodic school closures**.

▶ Revenue for SY2021 and SY2022 will be uncertain at best, way down at worst

- **Stimulus packages** will include something for K12 (13.5 billion in CARES Act is a start), but too soon to know full amount and its duration.
- Will **vary significantly by state**, even with a generous stimulus.
- May get **\$'s added or taken away during the year**.

▶ There's a lot we don't really know

- Most districts don't *think* they will re-open this year; beyond that, there's more we don't know about the next 12-24 months than what we do... so we've got to **lead decision-making that responds to, but isn't stymied by, uncertainty**

School districts' responsibility to **align limited financial resources and effective strategy** obligate us all to very quickly move past figuring out **how to operate during shutdown** and begin to **prepare the system for a very different future moving forward**.



Part #2

Four Questions and Starter Answers

- ▶ **Question 1: What are the new student needs that require investment, along with already planned, high-priority investments that must be protected?**

Starter answer: We can confidently assume that student need will increase as a result of this crisis. Research has consistently documented summer learning loss and we know that despite the remote learning interventions many districts have implemented, COVID-19 learning loss will be even greater. We also strongly suspect that students will return from the shutdown with more acute social emotional needs; many will have experience trauma that will interfere with their ability to learn effectively unless addressed in some way. Finally, we can be confident that the learning and social-emotional impacts of COVID-19 won't be equitable across students, families or communities. Some students will access remote learning opportunities more aggressively than others. Some families may be deeply affected by the virus – with individual family members requiring hospitalization or worse, and family members losing jobs, facing food and housing insecurity. But the reality is that there were already huge learning gaps across schools and students and many students had social-emotional needs we were not meeting.

There are two important implications of student need in how we approach serving students in the coming school year. First, we need to be deliberate about assessing student need as part of the re-entry in a way that we haven't typically done. We won't have summative state assessments. Second, since we know that social-emotional impacts will be felt unevenly, our assessment strategy should include a social-emotional component.



► **Question 2: What revenue will be available to meet needs?**

Starter answer: At best, revenue for the next two school years will be unpredictable. At worst, we should be planning for significant reductions (though, to be clear, we don't yet know what "significant" really means). The federal stimulus CARES Act passed at the end of March included \$13.5 billion for LEAs – roughly equal in magnitude to Title I funding (though SEAs may choose not to follow Title I allocation rules to distribute to LEAs). While federal appropriators appear interested in creating another round of stimulus funding, we don't yet have a sense of the timing or magnitude of what would be provided.

In addition, we know that the virus's impact on the economy will be different in different regions of the country and that different tax structures (sales v. income v. property, etc.) will be affected differently. Districts reliant on revenue from tourism and consumption taxes are likely to experience the greatest impact most quickly; those primarily reliant on residential property taxes are likely to be affected least and slowest. In some states this differential impact across tax structures will exacerbate state funding inequities at a time when states are least capable of contributing offsets.

While many districts were able to complete school budget and staffing processes immediately before shutdown, districts will need to engage in another round of budgeting and school planning – not just to adapt service delivery to increased student need and to respond to ongoing impacts of COVID-19, but also to scale down to changing revenue estimates. In the short term, district finance & strategy leaders should seek to capture savings in FY20 while also balancing the need to provide needed services to students and keep large segments of their workforce employed. They should also seek to work with system leadership to create an abbreviated budgeting and school planning process for late spring/early summer that responds to the imperatives above, takes on cost structure and school design adaptations described below and seeks to retain flexibility to adjust spending up or down as revenue estimates become clearer over the course of the school year.



► **Question 3: What school designs will most effectively accelerate lost learning and meet student needs?**

Starter answer: Our school design challenge is two-fold. First, we must respond to the needs of our students and do so in ways that can withstand further social distancing scenarios that may be implemented during the school year. We won't know exactly what these scenarios will look like for some time. Next school year, we may experience higher levels of student and staff absences than usual. Schools may be allowed to reopen, but have restrictions placed on social contact (i.e. max group sizes, physical distancing within school facilities, etc.). Or we may experience periodic shutdowns over the course of the school year – especially at the start of the traditional flu season in the fall or as individual communities experience flare-ups once social distancing requirements are relaxed.

These potential impacts suggest that we should prepare for hybrid approaches to schooling next year to support students both in-person and remotely, varied across content areas, individual students and schools. This suggests the need for academic and school leaders to go about school planning differently than they otherwise would have and will likely require greater flexibility in staffing and budget than in the past.

Second, we must redesign our schooling to meet students where they are when they re-enter and ensure that they can reach the standards we've set for them by the end of the year. We believe that the following school design efforts should be closely considered by schools and districts:

- Targeted interventions to meet unfinished learning needs in literacy and math across school levels
- Re-thinking of rigid class sizes and one-teacher classroom models to target individual attention, especially for struggling students.
- Acceleration of mastery-based instruction while ensuring student access to grade-level content
- Integration of trauma-informed practices into instruction across school levels
- Optimization of existing time to meet student and teacher needs and expand as needed
- Hybrid in-person and virtual delivery systems that account for different social distancing scenarios
- Rapid evolution of teacher professional learning and support to meet new pedagogical demands
- Use of staff and community partnerships to more effectively to meet the continuum of students' needs
- Rethinking of support staff- e.g. counselors, paraprofessionals, instructional coaches- roles in the execution of new strategies



► **Question 4: What are the biggest current misaligned investment with how we should serve student needs?**

Starter answer: There are two categories of misaligned investments that districts should seek to take on – either as part of an abbreviated SY2021 (re-)planning cycle this summer or as part of the SY2122 budget development cycle next fall and winter. First, districts should revisit structural drivers that, while understood to have a “low return on investment” or to be otherwise misaligned with the district’s theory of action, have previously been “off-the-table” for political reasons. This challenging environment may well change politics. For example, communities where students return to under-enrolled, low-performing schools may be less resistant to changes in school portfolio that provide support for students in this crisis that their current school cannot. Other examples of changes that may now be possible include compensation structures for teachers and other staff (knowing that we need teacher compensation increases for great teachers and to ensure all teachers earn a family living wage but must be strategic about such increases in tough budget times), as well as “teacher of record” requirements that require all student coursework to be directed by certified teachers and subject to class size and teacher load restrictions.

Second, district teams can find spending efficiencies by reflecting on how spending and service delivery changed during the shutdown. Where planned spending didn’t happen, what was the consequence? If it’s not clear that the lack of spending had a negative impact, it’s appropriate for decision-makers to question the value of such an expense. For example, by the end of the year, we expect many teachers will have missed planned travel to conferences for professional development (despite consistent research findings showing no relationship between conference attendance and improved instructional practice or student learning). Schools and districts should think critically before adding funding for such an expense into next year’s budget – especially if student learning needs are so different and revenue is way down. In addition, working remotely as district teams have over the last few weeks, it may be that we can understand how to do our work differently and more efficiently moving forward. Maybe that means streamlining or eliminating processes that reduce the total need for FTEs. Maybe that means consolidating management layers. In every district right now, people are going above and beyond and working incredibly hard, so we can’t confuse efficiency with working longer hours. But we believe that being reflective about the changes we’ve made in our operations now can improve our efficiency and effectiveness in the next school year.

For more COVID-19 resources,
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