

Memorandum

To: Executive Directors, 50CAN
From: Liz Cohen, Policy Advisor
Date: March 10, 2021
Re: Maximizing the Impact of Federal K-12 Education Funding

As we enter year two of the Covid era of education in America, the focus is shifting from emergency response to recovery. Those local recovery plans in K-12 education will be fueled in large part by an unprecedented level of new federal spending, totaling \$190 billion.

Polls show that most parents don't want this money used simply for a return to normal but instead to ensure their children return to something better than before. And with good reason. On the eve of the pandemic, for example, just 35% of fourth-grade students were proficient in reading. Success can't be just returning to a level that left two-thirds of children without basic skills.

This memo aims to provide the key facts and figures about this federal influx of funding, as well as the principles and policy recommendations grounded in our best thinking on how to meet this opportunity with a new future in mind.

Overview of the New Federal Funding for K-12 Education

<i>March 2020 (ESSER)</i>	<i>December 2020 (CRRSA)</i>	<i>March 2021 (ARP)</i>
\$13 billion	\$54 billion	\$123 billion

There have been three rounds of new federal funding for education over the past 12 months: Elementary and Secondary School Emergency Relief Fund (ESSER), the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and the American Rescue Plan (ARP). Together, they will provide \$190 billion in new federal aid for K-12 education.

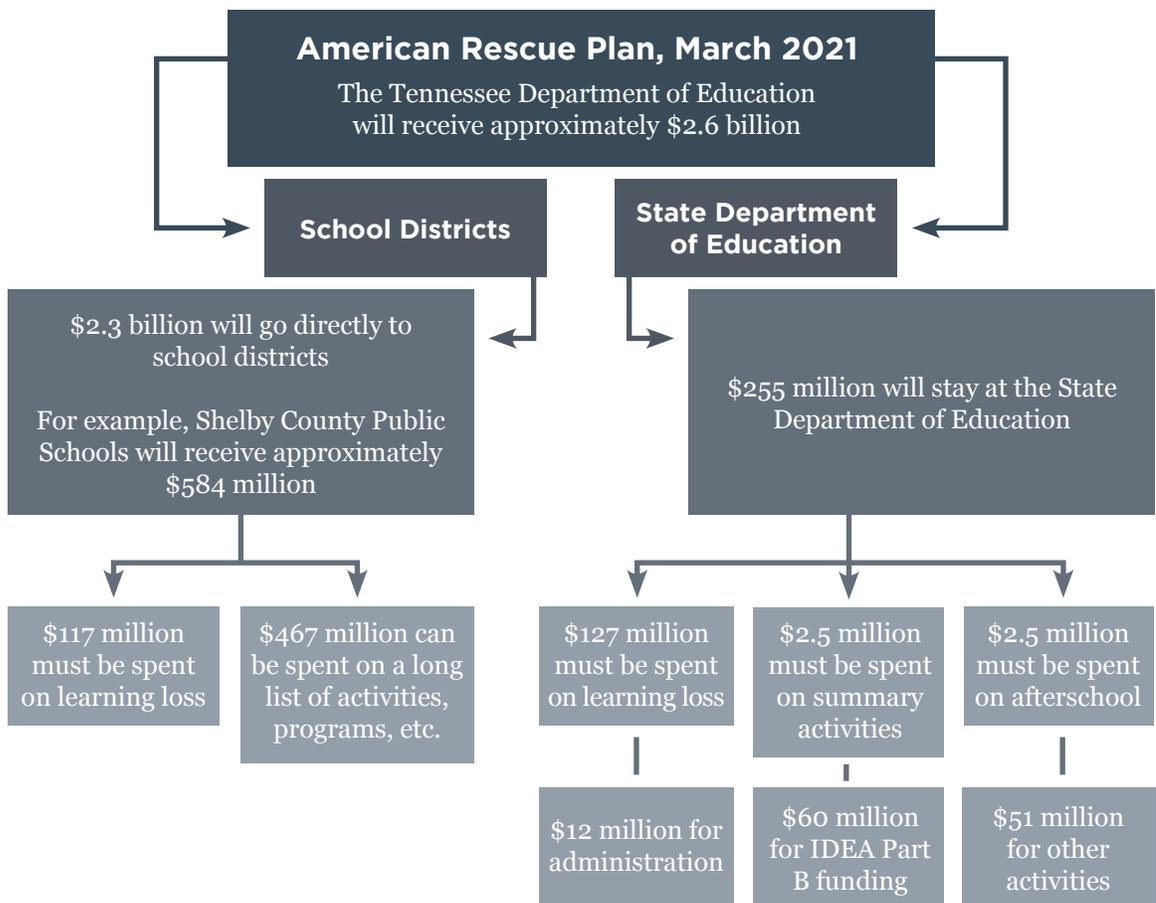
As of November 2020 (the most recent date for which figures are available), most states had not spent all of the first round of federal education aid. However, reports now show that most or all of this first round of funding has been obligated to specific programs and entities. Current estimates suggest that only a small fraction of the \$54 billion passed in December 2020 and distributed in January 2021 has been spent.

Early analysis of district spending indicates that those districts that have remained largely remote have budget surpluses on top of any federal funding coming their way, but those offering in-person learning are overspending based on approved budgets¹.

¹Marguerite Roza, [Edunomics Lab webinar](#), 3/3/2021

The recently passed American Rescue Plan will send another \$123 billion to states and districts for K-12 education. This plan includes approximately \$30 billion in specific set-asides for learning loss, summer programs and afterschool programs. An additional \$3 billion will go to IDEA for special education and \$2.75 billion is available to support private schools. The plan sends the remaining \$88 billion through states to school districts with few restrictions on how it is spent.

Here is an example of how this latest round of funding will flow into a specific state and district (using estimated amounts):



Charter schools that are authorized as separate Local Educational Agencies (LEAs) by the states will also receive this money on a formula basis just like school districts. Charter schools authorized by a school district will be dependent on how the LEA distributes the funds. The plan requires that 20% of all funds sent to districts must be used to address learning loss. The bill gives examples of “summer learning, extended day or extended school year” but does not limit the definition. It also requires states to maintain high poverty districts at 2019 levels of funding.

Timing

The Congressional Budget Office (CBO) [stated](#) that because so much of the previous funding remains unspent, they believe the majority of the new education funding provided in the March 2021 ARP bill will be spent after 2021. While the funding must be obligated by September 30, 2023, it won't necessarily be spent in that time frame and programs supported by this spending could stretch out through 2028.

Year	2021	2022	2023	2024	2025	2026	2027	2028
CBO Estimated Outlay	\$6.4B	\$32B	\$32B	\$26B	\$19B	\$9B	\$2.5B	\$1.3B

Source: <https://www.cbo.gov/publication/57006>

In comparison, for [fiscal year 2019](#), the US Department of Education sent \$15 billion to school districts under Title I, which impacts about 60% of schools.

Principles for Maximizing the Impact of Stimulus Spending

- 1. Support students, not institutions.** With many students struggling with significant learning losses and social-emotional challenges, we need to ensure that this federal funding is spent in such a way as to directly meet those needs.
- 2. Give parents and students a voice.** Parents are intimately engaged in their children's education like never before. They are in the best position to know what their children need. To the greatest extent possible, they should be able to choose the services supported by this federal money.
- 3. Transformation through innovation.** The old way of doing things isn't going to catch kids up and ensure an equitable recovery. This is a time to invest in new approaches that break free of old boundaries and limitations.
- 4. Measure what matters.** To make sure these investments actually help kids, we will need to measure their impact. That means both getting some approaches like standardized tests back on track while also investing in new, more dynamic measurement approaches and rigorous research on programmatic effectiveness.
- 5. Transparency at all times.** With so much money flowing through states and districts so quickly, it would be easy for it to be lost along the way. State legislatures should pass a bill requiring public transparency for every dollar spent. With accurate, timely information we can ensure it all adds up to the education system our kids deserve.



Policy Recommendations

Provide all families with safe, full-time, in-person options

We wrote in August 2020's Fund Everything: "We must open up all the options we can for kids by breaking through the old dividing lines of education policy debates to enroll students across all of the different schools in their communities." This remains true. The top priority for immediate funding should go towards ensuring students have an in-person option if they want one and providing choices for how each student can get the type of schooling that is best for them.

- A specific funding source or grants program for Covid-related expenses should be established.
 - This may include masks, contact tracing, testing, additional staff, counselors for mental health support, etc.
 - States should look for economies of scale for ordering products.
 - States and districts must carefully consider which items have a measurable impact on safety and which are merely "hygiene theater."
- Create a grant program within the state's 5% of funds for learning loss that will pay the per-pupil fee for a student to transfer to a nearby district that is providing full-time learning if the student's home district will not.
- Provide funds equally to charter schools and traditional public schools to encourage growth across the sector.

Address learning loss

Addressing learning loss cannot only be working to catch children up. Indeed, our public school system was in crisis well before the pandemic.

- To help build a robust market for academic support interventions, any community-based organization or tutoring entity should be able to apply directly for funds to provide summer enrichment directly to students, provided that program meets evidence-based guardrails (e.g., the program has research-based evidence of effectiveness or meets a suite of criteria that will be developed).
- Establish clear guidelines for what constitutes an evidence-base for tutoring and summer programs. The legislative text defines "evidence-base" in the same way currently used by the Every Student Succeeds Act (ESSA), but adding state-specific guardrails on top of ESSA evidence definitions may be beneficial.
- States and districts should directly engage with parents. States could create Community Advisory Councils that would provide another layer of feedback and transparency to how these funds are allocated. Parents and students from all sectors—traditional, charter and private schools—should be represented on these councils.



- New funds to assist education could include support for pods to provide tutoring this spring that will expand access to learning opportunities. Communities should plan to continue supporting pods throughout the 2021-2022 school year, even as students return to buildings. This provides an existing structure outside the school day through which students can continue to access tutoring or other academic supports.

Invest in technological infrastructure

At least [six million students](#) still do not have access to reliable internet connections. From here on out, K-12 education will likely include a significant online component and many transformative concepts for education involve using the best of what virtual learning can offer. Yet, it will be impossible to do so equitably as long as large numbers of students cannot access the internet at home.

- All students should have a computer or Chromebook, meaning all districts should have a 1:1 policy.
- All students should have access to broadband in their home communities.

Measure everything

In August 2020's Measure Everything, we wrote: "This crisis requires us to rethink our approach to education data. With students now learning across a much wider variety of settings (in-person schools, online schools, microschools, pods and homeschool), we need a measurement system that is adaptable to all these modes of education. At the same time, the role of parents in directing their children's education has become much more central, so we need a measurement system focused on serving the needs of parents, not institutions. That means a new focus on the things parents care about, including success after school and broader life outcomes." It is particularly urgent now to invest in measurement to ensure this new wave of federal funding is well spent.

- Provide state funding for the research and development of new learning tools and advanced assessment systems across a variety of subjects and skills.
- Create data sharing agreements that allow information to be shared between apps and platforms and support the use of this data in assigning credit to students.
- Invest in new approaches to state data collection that focus on long-term life outcomes and to develop richer, more holistic measures of success.
- Dedicate funding for research and partner with independent academic institutions to carry out the research and publish all the results, as well as the data collected in the research studies.

Redesign schools

States and districts should think creatively over the next year about how to leverage what they've discovered about virtual learning to reimagine schools. High school is a great place to start: these



students will likely be the last to resume a traditional school schedule and many can benefit from the flexibility that virtual learning can provide.

- Districts should consider supporting virtual-only schools open to all for the 2021-2022 school year and beyond. These schools will serve children who, for a variety of reasons, prefer to learn virtually.
- Launch a boundaryless pilot program for high school AP courses. Every high school student in the state or district could learn from the best AP Biology or AP US History teachers through virtual learning, with in-class support, grading and exams coming from other teachers or teaching assistants.
- Gather data on what high school students and parents actually want through surveys and focus groups and use this information for continuous improvement of these new options.

Avoid fiscal cliffs

States and districts should avoid permanent costs that will create fiscal cliffs in the future. That means being clear about what not to do with this short-term injection of federal funds.

- Part of avoiding funding cliffs means not hiring permanent staff. States could enact legislation stating that this federal funding cannot be used for any position that would add to the pension pool. Using funds to hire large numbers of permanent teachers not only creates a funding cliff when these funds run out but creates an even larger obligation on the part of teacher retirement programs that may already be struggling.
- Mandating class sizes reductions could also create fiscal problems. These changes will lock in hiring and significantly increase the cost of educating each student. Research has also shown that the net effect of system-wide class-size reduction efforts will disproportionately impact lower-income schools in a negative way. As more teaching positions open up in higher-achieving or more affluent schools, many teachers from lower-income schools will seek to move into those positions. This means that more recent teachers—often new to the profession, or not even fully licensed candidates—end up teaching in the very schools about which we might be most concerned.

