

# PANDEMIC RECOVERY, MISSING STUDENTS AND FUNDING FOR PUBLIC SCHOOLS

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A POLICY BRIEF FROM THE JACKSONVILLE PUBLIC EDUCATION FUND



JACKSONVILLE PUBLIC EDUCATION FUND

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## INTRODUCTION



Across the country, millions of students that were expected to enroll in school last Fall did not show up. Public schools are searching for these “missing students” and working to get them back to school, either virtually or brick and mortar.

The enrollment drop stands to impact more than just the missing students. Education funding follows the student, so enrollment drops could lead to funding losses that have lasting impacts on all public school students. While some families may choose other schooling options, traditional public schools are the only

schools constitutionally required to accept any students in their county. Federal stimulus dollars are helping schools, but they can't replace the ongoing support from state funding.

In this brief, the Jacksonville Public Education Fund will discuss the funding implications of the pandemic for Florida students and make several recommendations to ensure equitable outcomes for students.

To learn more about the basic terms and funding mechanisms used for Florida's schools, check out JPEF's research brief "[Demystifying School Funding](#)" (Fall 2011).

## KEY TAKEAWAYS

- School enrollment has dropped during the coronavirus pandemic. Because state funding is tied to student enrollment, this could lead to devastating funding cuts for schools.
- Schools will need more funding, not less, to help students recover from learning loss during the pandemic.
- Now is a great time to consider a more progressive funding formula that would promote equitable outcomes for all students.

Photo credit: Jerial Fennell, Duval County Public Schools



## THE GREAT RECESSION'S LASTING HARM TO PUBLIC SCHOOL FUNDING

To understand what this recession could do to public education funding, it's helpful to look back at the last economic crisis.

Across the United States, public schools lost a total of nearly \$600B in state and local revenue in the years following the Great Recession.<sup>1</sup> If states had maintained their pre-Recession funding for PK-12 schools, public schools would have had over \$1 trillion more in state and local revenue today.<sup>2</sup> Even after the Great Recession recovery, public school funding lagged behind in most states.<sup>3</sup> Nationally, between 2008 and 2018, inflation-adjusted GDP (a measure of economic activity) increased by 17%, while state and local revenues for PK-12 schools increased by only 6%.<sup>4</sup>

Further, fifteen states, including Florida, have regressive systems for PK-12 funding that allocate less funding to high-poverty districts than those with lower poverty rates.<sup>5</sup> This systemic inequity could also have a greater impact where regressive funding formulas were and are used to distribute COVID-19 relief to public schools.<sup>6</sup>

## LOCAL EDUCATION FUNDING IS LARGELY CONTROLLED BY THE STATE

In Florida, state policymakers have significant say over local school funding, placing many funding issues out of the hands of locally elected school boards. While per-student funding has increased in recent years, it's still far

below the national average.<sup>7</sup> There are several ways the state controls and restricts local education funding:

- School district leaders across Florida have consistently affirmed that state funding does not cover the costs of all the state requires them to do through partial or unfunded mandates.<sup>8,9</sup>
- At the same time, the state puts a ceiling on how much the local school board can raise local property tax rates.<sup>10</sup>
- When the state expands property tax exemptions (primarily through homestead exemptions), it reduces the property taxes that districts can collect, which may exacerbate disparities in school districts with smaller tax bases.<sup>11</sup>

As the state has continued imposing limits and restrictions on local education funding, school boards throughout the state have resorted to direct ballot measures to local voters to approve new revenue. School districts have pursued both sales surtaxes to pay for capital projects and property surtaxes for general operations - and voters have consistently supported more funding for schools.<sup>12</sup>

State disinvestment in public schools following the Great Recession put schools in a vulnerable position as the nation confronts the coronavirus pandemic.<sup>13</sup> Nationally, state sources (mainly sales and income taxes) provide 47% of education funding, while local sources (overwhelmingly property taxes) provide 45% of the revenue supporting public schools.<sup>14</sup> The federal government contributes the remaining 8% of public school funding, primarily through funded policy mandates.<sup>15</sup> Once again, states are facing budgets

Photo credit: Jerial Fennell, Duval County Public Schools



strained by declining revenue and uncertainty, and school districts across the country are bracing for state aid cuts and potentially reduced local support.<sup>16</sup> The ability of states to withstand the impact of revenue losses from

the pandemic hinge on enacting and sustaining more progressive tax policies that prioritize funding based on need.<sup>17</sup>

## LOCAL VOTERS CONSISTENTLY SUPPORT TAX INCREASES FOR SCHOOLS

Voters have consistently supported property tax and sales tax increases for schools. In counties across Florida, chambers of commerce, neighborhood associations and other community groups have supported these tax increases as well.<sup>18</sup> Below are three examples of communities that have successfully increased local funding for schools.

- Duval - In November 2020, Duval County voters passed a sales tax increase with 67% of the vote. The surtax will help fund a nearly \$2B capital plan to repair and replace schools across the district.<sup>19</sup>
- Pinellas - Pinellas County's property tax referendum for teacher pay, arts education, reading programs and classroom technology

was renewed three times with growing levels of support each time - a whopping 80% of the vote in 2020.<sup>20</sup> The tax increase allows teacher salaries to be competitive with the state and other districts, and provides programs that otherwise would not exist.<sup>21</sup>

- Hernando - Hernando County has relatively low property values and a steady decline in property tax rates left a shortage in school funding.<sup>22</sup> After passing a sales tax for school construction and maintenance in 2015, Hernando voters also approved a property tax increase with 62% of the vote to fund teacher pay, school safety improvements, mental health services, technology and career programs.<sup>23</sup>

## FLORIDA RESPONSE

The extent of Florida's school funding challenge going forward is still unclear, but several decisions should be closely monitored. Despite projections of revenue shortfalls, the Florida Department of Education is both holding harmless districts that have lost students and sending more funds to districts with enrollment gains during the 2020-2021 school year.<sup>46</sup> This is likely unsustainable if the overall budget shrinks. Even with estimates assuming that COVID-19 vaccines will bring the tourism economy back over the summer, Florida was still projected to have a \$3.4B shortfall in the fiscal year ending in June, and another \$2B in the 2021-22 fiscal year.<sup>47</sup> Further, districts have been tasked with negotiating higher teacher salaries to meet new legislative requirements.<sup>48</sup> Higher wage requirements may require districts to reduce their teacher workforce to meet budget demands, a strategy being contemplated by

Hillsborough County.<sup>49</sup>

Some state policymakers have suggested public schools can withstand state budget cuts because of federal CARES Act funding. As of December 2020, there were approximately \$500M in unspent federal CARES Act dollars allocated to school districts.<sup>50</sup> But this total can suggest public schools have more funds than they actually do for two reasons: 1) in some cases, districts have planned to spend much of this funding by the September 2022 deadline, and 2) districts have already spent funds that will be reimbursed from the CARES Act funding.<sup>51</sup>

Additionally, the original CARES Act funds may be spent only on COVID-19 expenses - technology, salaries for additional staff, personal protective equipment and sanitization supplies, for example.

# FUNDING FAIRNESS IN FLORIDA

In Florida, 18% of all school-aged children live in poverty.<sup>52</sup> Grades from a 2020 study by the Education Law Center on education funding fairness indicate Florida needs to improve education funding mechanisms to ensure a quality education is accessible to all students.<sup>53</sup>

Funding fairness is the result of three factors: funding level, funding distribution and funding effort. These are described in more detail below.

**Funding Level** - the cost-adjusted, per-pupil revenue from state and local sources

- Florida's Grade - F
- Ranked #26, \$503 per pupil below the national average for per pupil funding (Florida \$11,363 vs National \$14,548)

**Funding Distribution** - the extent to which additional funds are distributed to school districts with high levels of student poverty

- Florida's Grade - D
- Ranked #34
- After accounting for labor costs and district size (Florida has some of the largest districts in the country), the distribution of state and local revenue is regressive, with high-poverty districts receiving 6% less on average when compared to low-poverty districts.

**Funding Effort** - the funding allocated to support PK-12 public education as a percentage of the state's economic activity (GDP)

- Florida's Grade - F
- Florida was ranked #48 and considered a low effort and low capacity state
- Florida's funding effort was 0.8% below the national average

## PANDEMIC ENROLLMENT CHALLENGES & RELIEF

Shrinking enrollment could result in a significant decline in state funding, forcing schools, school districts and charter networks to think about downsizing operations.<sup>24</sup> Because funding follows the student, school administrators know that each missing student means less money to work with for all kids and each dollar not coming in must be cut from somewhere, and the impact could be teacher layoffs, crowded classrooms and canceled programs.<sup>25</sup> At the same time, many of these students are likely to return to school after the pandemic with learning loss as a result of their time away. That means schools will need more funding, not less.

About one in four "missing students" is from a vulnerable group, including students with disabilities, English-language learners, students in foster care, migrant students and homeless students.<sup>26</sup> This makes it almost certain that the students who are most likely to have disappeared also stand to be hurt the most by budget cuts when they do eventually return to school.<sup>27</sup>

## MANAGING THE TRANSITION FROM CRISIS TO RECOVERY

Some states, like Florida, have responded to enrollment uncertainty by holding districts harmless for enrollment drops or by allowing adjusted projections to be used.<sup>28</sup> This solution has given schools and districts the flexibility to immediately provide what students needed without having to re-budget due to enrollment shifts.

As Florida moves from crisis response to recovery, it's important to note the risks to public schools that can occur as the state moves from short-term, hold-harmless policies to longer-term funding policies.

- **Effect on growing schools:** Hold-harmless policies can inadvertently harm schools with growing enrollment, which are more likely to be charter and private schools.<sup>29</sup> Because this policy distributes funding on past enrollment numbers to protect schools where enrollment has dropped, it has the opposite effect on growing schools. Schools that are currently serving more students than before may not be fully funded for that enrollment growth. In some cases, recently approved charter schools that were expecting new student enrollment have been unable to open or provide promised programs because funding has not increased as expected.<sup>30</sup>
- **Equity concerns:** History tells us that a 3% financial hit can be destabilizing for districts, with even 0.5% to 1% triggering financial chaos.<sup>31</sup> When budget cuts occur across-the-board, the impact from these cuts

tends to be felt most deeply by schools and kids who need the most help.<sup>32</sup>

- **Risk of needing to return funding:** A sudden shift to funding schools at current enrollment levels can actually cause some schools to need to return funding that has already been provided by the state based on attendance projections for students that never showed up.<sup>33</sup> A sudden change in funding can result in significant disruption for schools, as they may need to lay off staff or make other drastic cuts to balance budgets midyear.<sup>34</sup>
- **Additional costs related to recovery:** Many schools have incurred significant new expenses as they transitioned to online learning and increased brick-and-mortar school safety to mitigate virus transmission.<sup>35</sup> These costs are likely to persist for the foreseeable future and may increase as more students return to in-person learning.<sup>36</sup>
- **Timing:** The other challenge that hold harmless policies impose is the difficult decision of when to revert funding back to actual enrollment requirements.<sup>37</sup>

## FUNDING CUTS HURT AT-RISK STUDENTS THE MOST

Schools are actually going to need more funding, not less, to catch students up who experienced learning loss during the pandemic.<sup>38</sup> Many missing students are low-income, have limited English proficiency or disabilities, and they will need extra help.<sup>39</sup> Learning recovery may require additional seat time, summer school or intensive tutoring, which will add to the cost of public education just as funding may be cut.<sup>40</sup>

Drops in enrollment have been especially concerning to education experts due to the proportion of students missing from early grades, including voluntary PreKindergarten and Kindergarten. Kindergarten is a "gateway" to formal education and critical to providing foundational skills for the rest of students' education.<sup>41</sup> Rapid brain development occurs in the early years, so students who missed school during this time will face long-term impacts, including on literacy.<sup>42 43</sup> It's not only missing students who will have learning loss. Educators are also worried about students in virtual learning who had trouble accessing the internet or whose families couldn't support their schoolwork during the pandemic.<sup>4445</sup>

To recover from the pandemic, schools, districts and the state must all work together. The following recommendations include action steps for all

stakeholders.

## RECOMMENDATIONS

### **Maintain a focus on locating students and revising enrollment projections**

The first step in protecting education funding is to locate as many missing students as possible, as quickly as possible. Across the country, schools are leveraging every resource at their disposal to find children - law enforcement, social workers and teachers. Some schools may require additional funding and resources to support student location efforts.

### **Provide funding flexibility to districts wherever possible**

As discussed, state and federal mandates that are completely or partially unfunded require school districts to allocate their discretionary dollars to comply with mandates, rather than other programs that directly meet the needs of students. To effectively recover, districts need flexibility to address needs as they arise for at least the next academic year.

### **Explore progressive funding mechanisms to prioritize at-risk and high-poverty students**

By various measures, it is clear that Florida can do more to prioritize the students who are most at-risk. This may require an evaluation of Florida's funding formulas to ensure that funding is fair and adequate for high-poverty schools and urban communities.

# ENDNOTES

- 1 Prior to COVID-19, states cut \$600B in education funding since Great Recession January 15, 2021
- 2 \$600B Lost: State Disinvestment in Education Following the Great Recession December 2020
- 3 ibid
- 4 ibid
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- 7 Are you ready to raise taxes to pay teachers? May 3, 2018
- 8 Tampa Bay Times September 25, 2020
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- 11 Are you ready to raise taxes to pay teachers? May 3, 2018
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- 18 Tampa Bay Times September 25, 2020
- 19 <https://dcps.duvalschools.org/half-penny>
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- 25 Phantom students, very real red ink: why efforts to keep student disenrollment from busting school budgets can backfire December 16, 2020
- 26 ibid
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- 28 School enrollment decline threatens lasting funding damage for districts January 20, 2021
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- 31 ibid
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- 33 Schools get creative to enroll, retain youngest students during pandemic December 2, 2020
- 34 ibid
- 35 Prior to COVID-19, states cut \$600B in education funding since Great Recession January 15, 2021
- 36 Florida House of Representatives, PK-12 Education Appropriations. February 18, 2021. <https://www.myfloridahouse.gov/VideoPlayer.aspx?eventID=6779>
- 37 Phantom students, very real red ink: why efforts to keep student disenrollment from busting school budgets can backfire December 16, 2020
- 38 School enrollment decline threatens lasting funding damage for districts January 20, 2021
- 39 Phantom students, very real red ink: why efforts to keep student disenrollment from busting school budgets can backfire December 16, 2020
- 40 ibid
- 41 Schools get creative to enroll, retain youngest students during pandemic December 2, 2020
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- 43 Schools get creative to enroll, retain youngest students during pandemic December 2, 2020
- 44 ibid
- 45 <https://www.k12dive.com/news/coronavirus-related-kindergarten-setbacks-will-have-long-term-achievement-i/594413/> February 3, 2020



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