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School Finance During the COVID-19 Pandemic: How Are States Responding in FY21?

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INTRODUCTION

As we head into year two of the COVID-19 pandemic, schools across the United States faced unprecedented challenges resulting from exacerbation of inequity and learning loss for students, escalation of teacher shortages and negative education workplace sentiment. However, they also are experiencing unprecedented opportunities. For example, when it comes to opportunity, Boughton et al., (2021) explicitly highlight the American Rescue Plan's Elementary & Secondary School Emergency Relief (ESSER) funds, which represent approximately $200 billion in minimally restrictive (as compared to other federal funds) investment into schools, with a significant portion dedicated solely to "evidence-based interventions" to address the disproportionate impact of COVID-19 for students of marginalized backgrounds. Similarly, the pandemic resulted in major disruption to the status quo of schooling and highlighted many of the pre-existing inequities in a stark manner, which has jointly allowed some districts to rethink how they plan to operate moving forward. As expected, states have varied in their responses and plans given their differing contexts, constituents, and needs. Based on a broad review of the state of school funding across the nation, here are some noticeable trends:

- Numerous states have struggled with teaching shortages throughout the United States (e.g, Alabama, Kentucky, New York, South Carolina) and the problems have been exacerbated as a result of the pandemic. In fact, many districts across the nation are now dealing with substitute and staff (e.g, custodian and bus driver) shortages. Initially, in 2020, numerous states had frozen anticipated teacher salary raises, which likely contributed to teacher staffing challenges. With this current fiscal year, numerous states have resumed proposing teacher pay increases, salary schedule adjustments for veteran teachers, and teacher incentives, such as student loan forgiveness programs in hopes of improving the attractiveness of the teaching profession.
- While some higher education institutions have seen increases in funding (e.g., in building repairs for Georgia, enrollment increases for South Carolina), many others saw a continuation of funding decreases that have been trending in recent years (e.g., Alaska).

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- Enrollment declines in traditional public schools have occurred across the country (e.g., California, Colorado, Michigan), which has negative implications for school revenue.
- As a result of the COVID-19 pandemic, voucher opportunities have increased and enrollment growth at virtual charter schools and private schools have increased.
- With federal aid money, districts directed more investment into mental health support, training, screenings and education.
- While federal relief funds for fallout from the pandemic (in the form of billions of dollars of ESSER revenue) have helped stabilize the funding conditions for many school districts, it remains to be seen how states plan to continue to operate after the funding expires. The fiscal cliff is especially worrisome for those districts and communities that have used federal monies to finance recurring inputs.
- While some states have benefited from an economic surplus and have direct plans to address their instructional issues post-ESSER, many other states have shown that they do not have any such plans or the school-finance infrastructure to support recurring inputs instituted during the wave of unprecedented federal support.
- States such as Delaware and Pennsylvania are still using their state courts (and out-of-court settlements) to reach need-equalization and cost-equalization remedies.
- States such as Kentucky, New York and Vermont have been criticized for using persistently outdated pupil weights in their need equalization formulas for operating-aid, compelling many school practitioners and policy makers to deem state funding as irrelevant to current student conditions.

It is important to emphasize that the three iterations of federal public-school funding in response to the effects of COVID-19 have been the single largest federal allocation of school-aid in American History – exceeding federal monies allocated during ESEA 1965 and PL 94-142 (and ensuing legislations of IDEA). While the SOS profiles point to the stabilizing impact of federal funding during COVID-19 during the three iterations of funding - CARES (Coronavirus Aid, Relief and Economic Security), CRRSA (Coronavirus Response and Relief Supplemental Appropriations), and ARP (American Rescue Plan), it is worth a reminder that the federal funding has been unprecedented (Hess, 2021).

CONCLUSION

Each year school finance experts across the country come together to provide original research and analysis on issues such as judicial intervention in finance issues, school finance equalization, education partnerships, school/social agency linkages, education reform, tax limitation measures, and factors influencing teacher salaries through our annual *State of the States* of school finance update. While these blind peer reviewed articles selected for publication advance our theory, knowledge, and practice in the field, it is clear from the trends highlighted above, that they do so in a highly dynamic environment. The editors wish to convey their appreciation to the authors for their many hours of diligent work to produce these informative pieces. The information they have presented is designed to be useful and understandable to the education finance research community, fiscal policy analysts, legislators, and other public school stakeholders. Although attention to school finance across the country has always been important, it is even more so in these uncertain times. The fallout from the pandemic is still uncertain, but we will be there to report on the changes as schools continue to progress forward.

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