FAQ: How can districts and schools strategically respond to budget shortfalls related to COVID-19?

Strategies for districts serving students in grades K-12

A Publication from Regional Educational Laboratory Central at IES


Primary Audience: Superintendents  Secondary Audiences: School Leaders and Principals

Anticipating significant reductions to education funding, school and district leaders are beginning to plan how to maintain core services and mitigate the impact of budget cuts on vulnerable students. REL Central has compiled resources that leaders can use to respond to budget crises related to COVID-19.

Understanding the impact of COVID-19 on revenue:

- Reliance on state funding, local economic conditions, collective bargaining agreements, and school funding models will influence the impact of COVID-19 on school funding for 2020/21.

- Although the economic outlook continues to evolve, some organizations are providing estimated state budget shortfalls, projected effects of COVID-19 economic shutdowns on school district revenues, and tools for responding to budget scenarios.

- The CARES Act will provide some financial relief to states and districts. It includes a $13.2 billion Elementary and Secondary School Emergency Relief Fund to support K-12 education and another $3 billion Governor’s Emergency Education Relief Fund that governors can award to local education agencies. The U.S. Department of Education will use the Title I formula to determine state allocations.

Planning for revenue reductions:

- A recorded webinar series by WestEd highlights a phased response to anticipated reductions in revenue that includes urgent (0–2 months), recovery (2–8 months), and stabilization (6–12 months) periods.

- The Edunomics Lab at Georgetown University developed resources to project and discuss financial implications of COVID-19 on public education. Its webinar series contrasts typical district responses to dramatic drops in revenue with more strategic approaches to flatten the funding curve and discusses choices in terms of trade-offs and examining structural liabilities.

- Examples of school district responses to anticipated reductions in funding include partially furloughing employees to protect 2020/21 staffing, ending the school year early, and exploring school mergers and pay freezes.