Report of Findings

Unequal Pain: Federal Public Education Revenues, Federal Education Cuts & the Impact on Public Schools

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As part of this ongoing series detailing the recession and its impact on schools, AASA obtained a comprehensive dataset detailing school district revenues and expenditures for every school district in the nation for federal fiscal year 2011 (FY11). Using a dataset generated by data used by state education agencies, collected by the Census Bureau and organized for access and analysis by ProximityOne, AASA was able to examine the role of federal education funding within our nation's schools. These numbers are crucial for informing conversations and decisions as the Administration and Congress work to resolve ongoing differences in how to fund the federal government, including education.

Summary:

- In FY11 (2011-12 school year) federal dollars represented—on average—11.8 percent of schools revenues.
- Thirty-eight point five percent of schools have a federal share of 11.9 percent or more.
- More than one-quarter of schools (25.2 percent) had operating budgets in which federal revenues represented more than 15 percent of total budget revenues.
- More than six percent (6.27 percent) of schools had operating budgets in which federal funds represented one-quarter (25 percent) or more of total budget revenues.
- More than half of local education agencies (LEAs) in 21 states had operating budgets in which the federal share of revenues was above the national average (11.8 percent).
- More than half of LEAs in 14 states had operating budgets in which the federal share was more than 15 percent.

Federal education revenues have historically represented a small portion of overall K-12 education spending (8-9 percent). Though the nation's recession has ended, federal dollars continue to represent an above average share of education funding. In FY2011 (the 2011-12 school year), federal dollars represented nearly 12 (11.8) percent of a school district's operating budget. The FY11 dataset, as prepared by ProximityOne and analyzed by AASA, is a powerful tool for both understanding and illustrating the disproportionate role that federal dollars play in public school budgets. The data analysis in this report makes clear how continued inaction by Congress to resolve sequestration and ongoing debates related to funding the government, including education, not only challenge the success of key federal education programs—including Title I and IDEA—but also undermine the success of our nation's schools and the students they serve.

This paper used the ProximityOne dataset as a starting point to explore which states and school districts have above-average (including significantly higher) shares of operating education budgets comprised of federal revenues. The data make a compelling case for Congress and the Administration to avoid blind, across-the-board policies—whether sequestration or locking in cuts through continuing resolutions—as the full impact of the cuts will vary district to district and state to state, as the fiscal willingness and capacity to pay for education varies by state. In applying any cuts—or locking in previous cuts, even to justify the federal share—some districts apply cuts of less than 1 percent of their operating budgets, while poorer districts (whose operating budgets can have upward of 50 or 55 percent of their budgets from federal dollars) would apply the sequester to more than one-half of their entire budgets.

In those districts and states where federal revenues represent larger portions of overall operating budgets, the disproportionate nature of cuts to federal education investment means that students in poorer communities will feel deeper cuts from reductions in federal education investment: Wealthier communities run their districts on operating budget sources more from state and local revenues. Attributed to a lack of state/local willingness, capacity or a combination of the two, students in poorer states and districts—the very districts least likely to be able to offset federal cuts—experience the cuts in federal education investment to a much deeper, more painful extent.

Recent analysis of the same dataset by the National Education Association reinforced the wide-spread nature of this reality: one out of every four students attends public schools in districts where 15–20 percent of total revenue is from federal sources and one out of every six students attends public schools in districts where 5-15 percent of total revenue is from a single federal program (Title I).

Public schools play a critical role in educating the future workforce, and the current approaches to federal spending fail to recognize and protect the important investment of public education. It is imperative that Congress works to resolve sequestration through a blended combination of revenue increases, spending cuts and mandatory program reform. Continued inaction by Congress to resolve sequestration, to complete annual appropriations and to reconcile differences between House and Senate budget proposals means that the nation's public schools are funded at pre-2004 levels—at a time when they are educating and additional five million- plus students. Congress must address these draconian realities if it is serious about avoiding yet another threat of shutdown/fiscal cliff and directing the country down a sustainable long-term approach to fiscal stability and growth.

Table I highlights those states that have significant numbers of LEAs that are highly reliant on federal revenues.

Table I

States w/ More Than Half of LEAs Operating w/ Federal Share Greater Than 11.8%		
AK	ID	NM
AL	KY	OK
AR	LA	OR
AZ	MO	SC
FL	MS	SD
GA	MT	TN
HI	NC	WV

States w/ More Than Half of LEAs Operating w/ Federal Share Greater Than 15%	
AK	MO
AL	MS
AR	NC
FL	NM
GA	OK
KY	TN
LA	WV

Table II expands the data from Table I and reports the average share of federal, state and local revenues in LEA operating budgets for all 50 states.

Table II

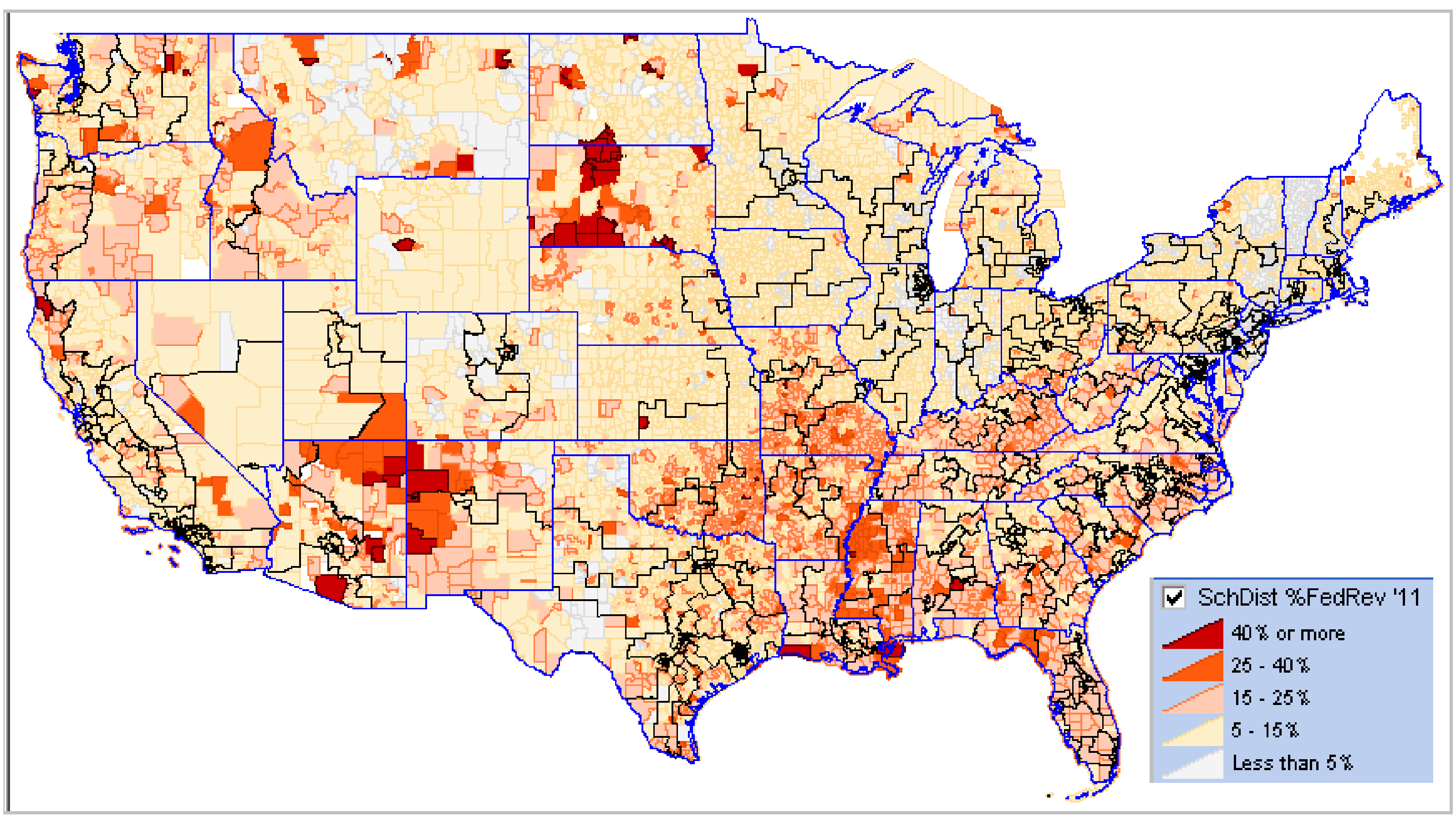
Education Revenues: Federal, State and Local (FY11)											
STATE	**Fed %**	**State %**	**Local %**	**STATE**	**Fed %**	**State %**	**Local %**	**STATE**	**Fed %**	**State %**	**Local %**
Nat'l Avg.	11.8	45.5	42.7	KY	17.7	58.0	24.2	NY	5.4	45.4	49.3
AK	21.1	62.6	16.4	LA	19.1	44.8	36.1	OH	10.1	42.6	47.3
AL	15.5	56.0	28.5	MA	6.0	33.8	60.2	OK	18.8	51.0	30.2
AR	17.1	70.5	12.4	MD	9.4	44.6	46.1	OR	13.8	51.3	35.0
AZ	17.1	36.4	46.5	ME	9.1	30.2	60.3	PA	10.6	34.5	55.0
CA	12.2	48.5	39.4	MI	11.4	52.5	36.1	RI	7.9	27.8	64.3
CO	11.7	43.9	44.4	MN	10.8	55.8	31.4	SC	15.0	43.4	41.7
CT	7.0	29.4	63.5	MO	16.0	45.1	38.9	SD	22.6	27.5	49.9
DE	10.8	62.2	27.0	MS	24.8	47.2	28.0	TN	15.2	55.1	29.7
FL	19.2	39.0	41.8	MT	17.3	43.7	39.0	TX	13.4	43.2	43.5
GA	16.1	46.5	37.4	NC	16.1	56.3	27.6	UT	12.2	48.2	39.6
HI	13.9	83.6	2.5	ND	15.3	43.8	40.9	VA	12.0	43.8	44.1
IA	8.9	39.2	51.9	NE	11.7	23.8	64.5	VT	6.9	78.8	14.3
ID	15.1	66.1	18.7	NH	4.9	36.2	58.9	WA	13.2	61.8	25.0
IL	9.8	39.1	51.0	NJ	4.3	26.1	69.6	WI	6.7	42.0	51.3
IN	8.0	59.0	33.0	NM	17.1	68.1	14.8	WV	17.7	53.6	28.7
KS	8.9	57.0	34.1	NV	12.7	53.6	33.7	WY	9.7	52.7	37.6

Table III expands on the data from Tables I and II. It includes a full count of the number of LEAs in each state, broken down by the percentage of their operating budget that is composed of federal revenue. 11.8% was used as the bottom cut-off as it represents the national average federal share for FY11.

STATE	LEA COUNT	≤ 11.8%		11.9 - 15%		15.1 - 25%		25.1-50%		50.1-75%		75.1-100%	
		#	%	#	%	#	%	#	%	#	%	#	%
Nat'l	14490	8913	61.50%	1933	13.30%	2735	18.90%	741	5.10%	131	0.90%	37	0.30%
AK	53	14	26.40%	10	18.90%	9	17.00%	18	34.00%	2	3.80%	0	0.00%
AL	132	26	19.70%	38	28.80%	65	49.20%	3	2.30%	0	0.00%	0	0.00%
AR	254	40	15.70%	68	26.80%	121	47.60%	25	9.80%	0	0.00%	0	0.00%
AZ	240	82	34.20%	41	17.10%	74	30.80%	37	15.40%	5	2.10%	1	0.40%
CA	1061	574	54.10%	221	20.80%	210	19.80%	54	5.10%	1	0.10%	1	0.10%
CO	196	141	71.90%	16	8.20%	22	11.20%	11	5.60%	6	3.10%	0	0.00%
CT	174	158	90.80%	4	2.30%	9	5.20%	2	1.10%	1	0.60%	0	0.00%
DE	19	13	68.40%	2	10.50%	4	21.10%	0	0.00%	0	0.00%	0	0.00%
FL	67	2	3.00%	7	10.40%	51	76.10%	7	10.40%	0	0.00%	0	0.00%
GA	196	38	19.40%	55	28.10%	91	46.40%	12	6.10%	0	0.00%	0	0.00%
HI	1	0	0.00%	1	100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
IA	367	344	93.70%	8	2.20%	6	1.60%	0	0.00%	3	0.80%	6	1.60%
ID	116	37	31.90%	29	25.00%	45	38.80%	4	3.40%	1	0.90%	0	0.00%
IL	1001	775	77.40%	101	10.10%	66	6.60%	44	4.40%	12	1.20%	3	0.30%
IN	320	281	87.80%	20	6.30%	5	1.60%	9	2.80%	5	1.60%	0	0.00%
KS	286	253	88.50%	20	7.00%	10	3.50%	2	0.70%	1	0.30%	0	0.00%
KY	174	13	7.50%	31	17.80%	122	70.10%	8	4.60%	0	0.00%	0	0.00%
LA	70	9	12.90%	12	17.10%	41	58.60%	6	8.60%	2	2.90%	0	0.00%
MA	329	314	95.40%	11	3.30%	3	0.90%	1	0.30%	0	0.00%	0	0.00%
MD	24	18	75.00%	5	20.80%	1	4.20%	0	0.00%	0	0.00%	0	0.00%
ME	246	186	75.60%	36	14.60%	15	6.10%	6	2.40%	1	0.40%	2	0.80%
MI	606	424	70.00%	60	9.90%	80	13.20%	41	6.80%	1	0.20%	0	0.00%
MN	402	342	85.10%	15	3.70%	9	2.20%	22	5.50%	9	2.20%	5	1.20%
MO	522	99	19.00%	134	25.70%	264	50.60%	25	4.80%	0	0.00%	0	0.00%
MS	152	2	1.30%	6	3.90%	77	50.70%	66	43.40%	1	0.70%	0	0.00%
MT	440	213	48.40%	53	12.00%	87	19.80%	61	13.90%	26	5.90%	0	0.00%
NC	115	13	11.30%	30	26.10%	68	59.10%	4	3.50%	0	0.00%	0	0.00%
ND	210	149	71.00%	10	4.80%	20	9.50%	13	6.20%	12	5.70%	6	2.90%
NE	267	166	62.20%	48	18.00%	41	15.40%	11	4.10%	1	0.40%	0	0.00%
NH	174	167	96.00%	7	4.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
NJ	591	577	97.60%	8	1.40%	2	0.30%	3	0.50%	0	0.00%	1	0.20%
NM	89	28	31.50%	16	18.00%	32	36.00%	11	12.40%	2	2.20%	0	0.00%
NV	17	10	58.80%	4	23.50%	2	11.80%	1	5.90%	0	0.00%	0	0.00%
NY	684	666	97.40%	11	1.60%	4	0.60%	3	0.40%	0	0.00%	0	0.00%

STATE	LEA COUNT	≤ 11.8%		11.9 - 15%		15.1 - 25%		25.1-50%		50.1-75%		75.1-100%	
		#	%	#	%	#	%	#	%	#	%	#	%
OH	719	495	68.80%	113	15.70%	103	14.30%	8	1.10%	0	0.00%	0	0.00%
OK	536	84	15.70%	97	18.10%	288	53.70%	59	11.00%	5	0.90%	3	0.60%
OR	217	67	30.90%	68	31.30%	79	36.40%	3	1.40%	0	0.00%	0	0.00%
PA	601	406	67.60%	94	15.60%	72	12.00%	26	4.30%	3	0.50%	0	0.00%
RI	36	31	86.10%	5	13.90%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
SC	95	28	29.50%	22	23.20%	36	37.90%	9	9.50%	0	0.00%	0	0.00%
SD	160	64	40.00%	37	23.10%	25	15.60%	15	9.40%	11	6.90%	8	5.00%
TN	136	26	19.10%	40	29.40%	70	51.50%	0	0.00%	0	0.00%	0	0.00%
TX	1051	529	50.30%	194	18.50%	268	25.50%	50	4.80%	9	0.90%	1	0.10%
UT	41	26	63.40%	8	19.50%	4	9.80%	3	7.30%	0	0.00%	0	0.00%
VA	134	71	53.00%	30	22.40%	32	23.90%	1	0.70%	0	0.00%	0	0.00%
VT	327	278	85.00%	2	0.60%	13	4.00%	27	8.30%	7	2.10%	0	0.00%
WA	304	175	57.60%	51	16.80%	54	17.80%	22	7.20%	2	0.70%	0	0.00%
WI	427	414	97.00%	6	1.40%	5	1.20%	2	0.50%	0	0.00%	0	0.00%
WV	63	5	7.90%	24	38.10%	28	44.40%	4	6.30%	2	3.20%	0	0.00%
WY	48	40	83.30%	4	8.30%	2	4.20%	2	4.20%	0	0.00%	0	0.00%

Chart 1 illustrates the share of federal dollars in school district operating budgets.
Access the chart: Source: http://proximityone.com/gallery/guide/index.htm?school_district_finances.htm



Voices From the Field

In addition to the comprehensive national database detailing the share of federal revenues in school district operating budgets, AASA reached out to superintendents across the nation to see how cuts in federal funding are impacting their districts. Here are some of their responses:

“Educators always find a way to ‘withstand cuts,’ or any negative impact we have. That is who we are. We are in this profession for kids and we will find a way to make it work. What this will mean for students is less opportunities for the interventions programs we have in place, mostly in K-3 where they are needed the most.” **Colorado**

“We have absorbed the previous cuts, but this has led to significant decreases in resources for our neediest students. Additional cuts will negatively impact our ability to adequately serve students moving forward.” **Virginia**

“We have lost 5 percent of our Title I funding due to sequestration, which is $50,000, or one teaching position.” **Kansas**

When asked if their district could withstand continued cuts: “No … Our students would not have a school in their hometown. I am not sure where they would go to school.” **North Dakota**

“For our students, it would mean a compromised learning environment due to a decrease of instructional materials and supplies and instructional staff to provide educational services.” **Tennessee**

“Our school board has decided to take this fiscal hit out of our reserves for one year, again, hoping it is a onetime impact. The problem with this is we have lost approximately 14 percent of our reserves in one year and this will negatively impact our district in the future for large purchases like buses, curriculum, technology etc. We will also have a red flag this year for our state budget because of the decrease in our reserves.” **Colorado**

“Our district is on the verge of shutting down at present sequester funding levels. We are planning to sell property to make payroll. We can no longer offer a well-rounded educational program. The district offered a good salary and insurance package and can no longer to maintain present levels. Several years of cuts have resulted in lost programs to the point that what we now offer is marginal.” **Montana**

“We are so small any cut is devastating, especially since we have suffered many cuts during the economic downturn already. We have trimmed everything we can and lost as many staff as we can afford to lose without folding our tent and going completely out of business … If I lose one more teacher in either of my high schools they will lose their accredited status.” **Nevada**

When asked if their district has been impacted by the sequester: “[It’s} mostly personnel at this point. If the sequester continues … then we are looking at the possible reduction of our District Learning Centers (programs), transportation costs (operational) and curricular (academic) in order to simply pay our existing bills.” **Colorado**

Conclusion: Education funding is not only one of the most effective strategies to stabilizing a fragile economic reality, it is also one of the surest ways to build and bolster future capacity. The rhetoric of Congress—appropriately focused on growing the economy, addressing the nation's debt and deficit, increasing employment and expanding our country's competitiveness—is in direct conflict with its approach to funding the nation's public schools. The final FY11 and FY12 appropriations agreements cut $1.5 billion in education programs. Beyond these reductions, the sequester cuts another $2.4 billion from education programs, not including $401 million from Head Start. It bears repeating that these rounds of cuts come at the same time that public school enrollment is increasing.

It is time for Congress to align what it says with what it does. Congress should invest in our nation's future through education by turning away from its current path, which makes it more difficult to improve student achievement, shrink achievement gaps and increase high school graduation rates. A Congress that is serious about jobs, the economy, and unemployment rates would not only focus on, but would prioritize, investing in education. Educational attainment has been linked time and time again to unemployment rates and lifetime earnings, which are at the core of a healthy, robust economy.

This report of findings examined the role of federal education funding within our nation's schools. These numbers are crucial for informing conversations and decisions as the Administration and Congress work to resolve ongoing differences in how to fund the federal government, including education. If nothing else, this report makes clear that Congress must resolve ongoing fiscal debates, including sequestration and the Budget Conference. Public schools play a critical role in educating the future workforce, and the data and charts in this analysis build a hard-to-refute case for the negative impacts of current federal education funding policies.

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About AASA
AASA, The School Superintendents Association, founded in 1865, is the professional organization for more than 13,000 educational leaders in the United States and throughout the world. AASA's mission is to support and develop effective school system leaders who are dedicated to the highest quality public education for all children. For more information, visit www.aasa.org.

About ProximityOne
As described on their website, Proximity One "... *works to develop, provide access to, and analyze 'resources to create and apply insight.' Their geographic-demographic-economic data and analytical tools help clients knit together and use diverse data in a decision-making and analytical framework. Their demographic-economic estimates and projections help clients better understand the current situation/area characteristics and how areas of interest might change in the future. They offer geocoding tools and services to geocode address data that can then be visually analyzed in maps and otherwise to facilitate impact and geospatial analyses*."

For further information, visit the ProximityOne K-12 page (http://proximityone.com/sddmi.htm) and the School District Finances page (http://proximityone.com/sdfa.htm).

Appendices

Appendix A: Resources

Ellerson, N. (July 2012). "Cut Deep: How the Sequester Will Impact Our Nation's Schools." Alexandria, Va.: AASA.

Ellerson, N. (Nov. 2012). "Federal Public Education Revenues and the Sequester." Alexandria, VA.: AASA.

Glimpse, W. (Nov. 2013). School District Revenues and Expenditures . ProxomityOne. (http://proximityone.com/)

National Center for Education Statistics (Nov. 2012). "Revenues and Expenditures for Public Elementary and Secondary Education: School year 2010-11 (Fiscal year 2011)." National Center for Education Statistics: Washington, D.C. 2013. (http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2013342)

Zembar, T. (Sept. 2013). "School District Reliance on Federal Revenue." Washington, D.C.: NEA.

Appendix B: Background of AASA's Economic Impact Survey Series

This report of findings represents the sixteenth in a series conducted by AASA, The School Superintendents Association, on the impact of the economic downturn and sequestration on schools. AASA launched the series in fall 2008 in response to state budget shortfalls, federal aid and interventions, and a series of additional events characterizing a slowing, stagnant economy. As the economic situation persisted, and federal policies negatively impacted federal support for public education, AASA continued to monitor how schools were responding through a series of surveys on school administrators nationwide.

The previous studies in the AASA Economic Impact Study Series (http://www.aasa.org/research.aspx) include:

- "Surviving the Sequester, Round One: Schools Detail Impact of Sequester Cuts" (Aug. 14, 2013)
- Press Release: AASA Members Detail Draconian Impact of Sequester' s Cuts (Feb. 26, 2013)
- "Federal Public Education Revenues and the Sequester" (Dec. 3, 2012)
- "Cut Deep: How the Sequester Will Impact Our Nation's Schools" (July 10, 2012)
- "Weathering the Storm: How the Economic Recession Continues to Impact School Districts" (Mar. 15, 2012)
- "Projection of National Education Job Cuts for the 2011-12 School Year" (May 24, 2011)
- "Surviving a Thousand Cuts: America's Public Schools and the Recession" (Dec. 16, 2010)
- "Impact of Preventing Projected Educator Layoffs for 2010-11 School Year" (June 22, 2010)
- "Projection of National Education Job Cuts for the 2010-11 School Year" (May 4, 2010)
- "A Cliff Hanger: How America's Public Schools Continue to Feel the Impact of the Economic Downturn"(April 8, 2010)
- "One Year Later: How the Economic Impact Continues to Impact School Districts" (Oct. 27, 2009)
- "Schools and the Stimulus: How America's Public School Districts Are Using ARRA Funds"(Aug. 25, 2009)
- "Looking Back, Looking Forward: How the Economic Downturn Continues to Impact School Districts" (March 25, 2009)
- "AASA Impact of the Economic Downturn on School Jobs Snapshot Survey" (Jan. 16, 2009)
- "AASA Opportunity for Federal Education Funding Survey" (Dec. 15, 2008)
- "AASA Study of the Impact of the Economic Downturn on Schools" (Nov. 12, 2008)