

# Districts Turn to Federal Money to Fill Holes Made by the State: Results from GBPI's 2021 School District Survey

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## Key Takeaways:

- 93 percent of surveyed districts reported planning to use federal relief funds to address budget shortfalls.
- School leaders have used Coronavirus Aid, Relief, and Economic Security Act (CARES) I and II funds to update technology, fill budget gaps and pay one-time bonuses to staff, among other purposes.
- Work is needed to make sure that the retirement benefits offered to staff not eligible to participate in the Teachers Retirement System of Georgia (TRS) actually recruit and retain for these positions.

Every year, the Georgia Budget & Policy Institute (GBPI) distributes a survey to each superintendent in the state to collect information on the effects of education funding on individual school districts, what improvements need to be made and how policymakers best support students across Georgia.

This year, school superintendents or other central office staff from 137 of Georgia's 224 school districts and individual state public charter schools responded to the survey, representing 1.4 million public school students, or 80 percent of all students in the state. The 137 participants serve a representative sample of Georgia's children, with districts ranging vastly in size, geography and the student populations they serve.

The following report summarizes findings from the survey, focusing on four key areas: state funding, the use of federal COVID-19 relief funds, teacher and employee retirement systems and potential future budget cuts. Insights from school leaders provide a look into the experiences of Georgia's public schools as they begin to recover from the impacts of the COVID-19 pandemic amidst yet another year of statewide budget cuts to education.

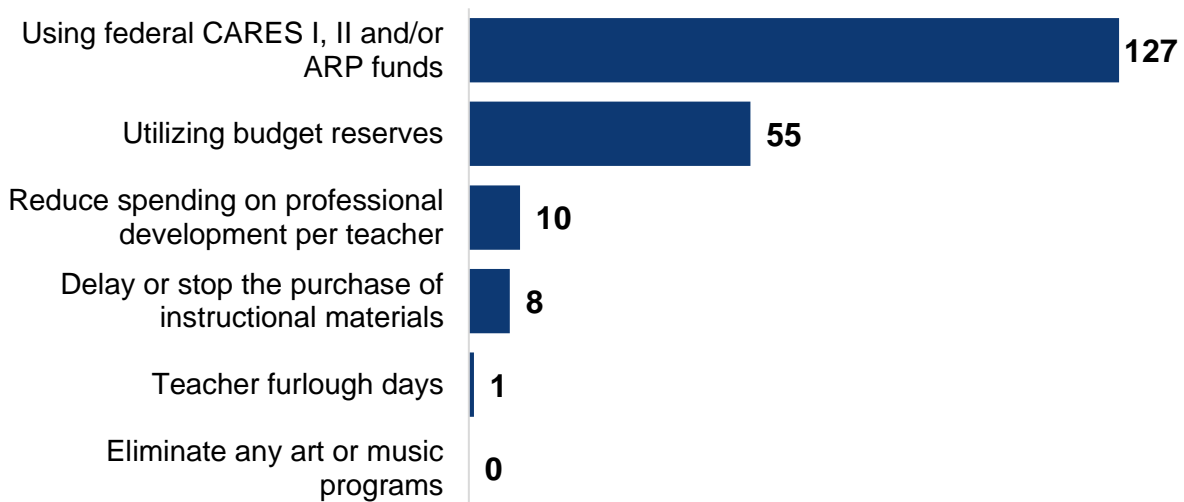
Quotes are used throughout the report to highlight specific perspectives and common themes. Survey respondents' names, titles and districts have been used with permission.

## State Budget Cuts

Fiscal Year (FY) 2022 marks the second year in a row that the Georgia school funding formula has been cut by \$383 million. The current budget, which began July 1, also represents the 18<sup>th</sup> year out of the past 20 that the state has failed to meet the minimum threshold for public school funding outlined in the Quality Basic Education (QBE) formula while state funding for private school vouchers has increased.<sup>1</sup> Over this time state leaders have continued to ignore or reject common-sense policies that would increase revenues for state services like public education and therefore end persistent cuts.<sup>2</sup>

Survey data reveals that COVID-19 federal relief funds will be essential in addressing the budget shortfall in FY 2022. The overwhelming majority of district leaders (93 percent) reported that they planned to use CARES I, II and/or American Rescue Plan (ARP) funds to meet the basic functions of the school that have gone unmet due to the loss of state dollars. Of the 137 districts who responded to the survey, 55 (40 percent) also plan to make use of existing budget reserves to cover the deficit. The following chart displays the breakdown of survey responses.

### *Districts Overwhelmingly Rely on Federal Dollars to Fill Holes Left by State*



Source: Georgia Budget and Policy Institute's 2021 School District Survey.

Note 1: Responses to the question: "The statewide austerity cut to the QBE for FY 2022 is \$383 million. Which of the following actions will your district take in FY 2022 to address the budget shortfall?"

Note 2: Districts could select more than one option.

Note 3: Nine districted selected "Other": Respondents who marked "other" had the option to provide a free response. Answers varied from not filling staffing vacancies to reducing costs on expenditures not listed in the options provided (i.e., facilities).

## Use of COVID-19 Federal Relief Funds

Over the past year, \$5.9 billion have been allotted to Georgia's K-12 public schools from the federal CARES Act, CARES II and the ARP. Unlike the state's Quality Basic Education (QBE) school funding formula, federal lawmakers decided to distribute CARES I, II and ARP funds based on the ratio of students living in poverty.<sup>3</sup> While these funds are intended to help districts stabilize schools and offset the costs associated with continuing instruction during the COVID-19 pandemic, survey data shows that districts across Georgia have relied on federal funding to make up for statewide cuts in the education budget.

### Delta Variant to Increase Costs

*The district leaders' responses show schools trying to catch up with the needs created by the first waves of the pandemic. Survey responses were given before the Delta variant had complicated another school year. The presence of factors such as large numbers of unvaccinated students will undoubtedly cause costs to rise for the current school year.*

Seventy-six percent of the respondents (104 districts/charters) reported using CARES I or II money to fill budget gaps. School leaders stressed that while federal funding has been appreciated, it has been insufficient to even restore many districts to full funding, as the pandemic has given rise to increased costs and new needs amidst difficult cuts to school budgets.



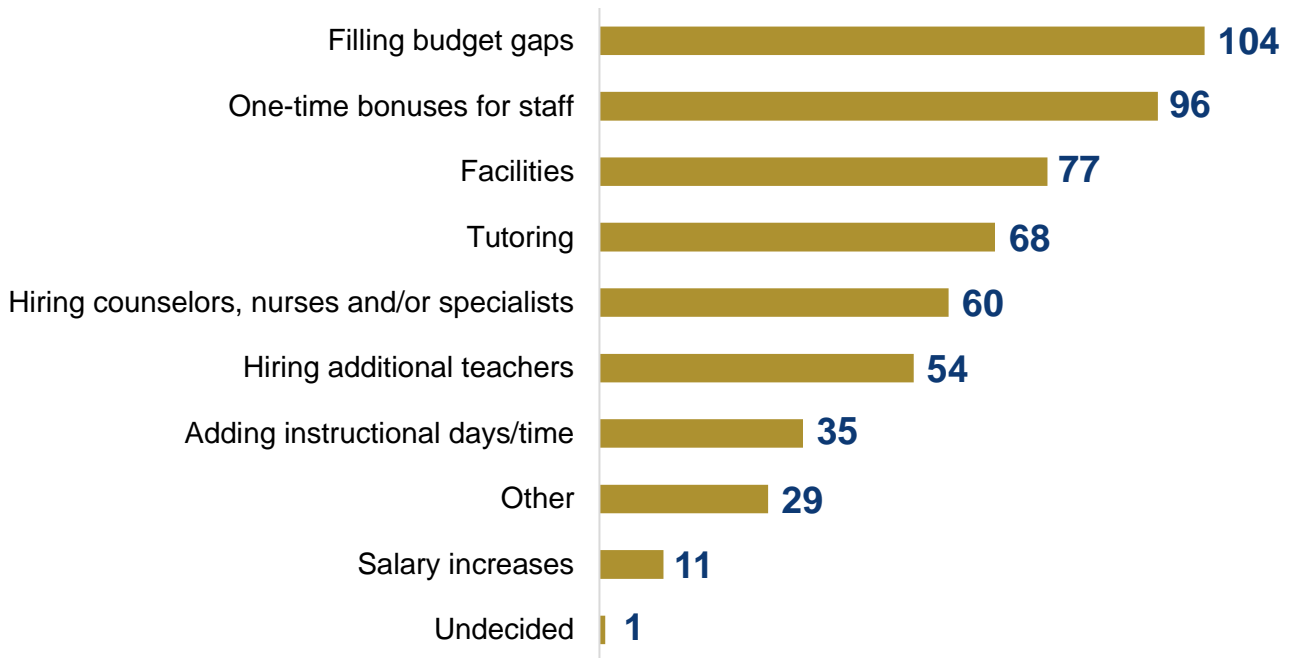
*"The state allotment formula is a travesty as it is antiquated and severely underfunds education in Georgia. Yet not a single person or group, inside or outside the government wishes to tackle this subject head on. All you or we do is complain, the government doesn't listen nor care, and we continue to march onward towards the demise of good, quality public education... For many small, rural districts, federal money has served as a vital safeguard in preventing schools from needing to make significant staff and teacher layoffs or going under entirely. In some cases, these funds also allowed districts to finally afford basic services that schools have forgone during the past two decades of underfunding, such as the hiring of additional instructors to reduce class sizes, facility upgrades and increasing teacher salaries to meet the state level."*

**-Allen Fort, Superintendent, Taliaferro County School District**



Three-quarters of responding districts (77 percent) reported using CARES funding to update technology or curriculum. One-time bonuses for staff, facilities expenses and tutoring were also popular uses of federal funds. The following chart shows a full breakdown of how districts reported using CARES money.

**Federal Funding Used to Update Technology, Fill Budget Gaps, and Pay to Retain Staff, Among Other Functions**



Source: Georgia Budget and Policy Institute’s 2021 School District Survey.

Note 1: Responses to the question: "Considering the money that has already been obligated, how has your district used the funds provided from the federal government via the CARES I and CARES II Acts?"

Note 2: Twenty-nine respondents who marked "other" had the option to provide a free response. Answers ranged from using funding for custodial work to Personal Protective Equipment (PPE) to buying school supplies for struggling families.

While federal funding has helped many districts stay afloat during the pandemic, these funds are not to be confused with adequate state funding. CARES and ARP funds are temporary, and many district leaders expressed concern over having sufficient resources to support students once that money runs out.

Most districts plan to use remaining federal funds similarly to how they have already obligated CARES I and II funding. For some districts, federal funding is expected to run out soon. Of the 137 school districts that responded to the survey, 99 (73 percent) reported having already obligated 70 percent or more of CARES I and II funding; 86 (63 percent) reported having already obligated more than 95 percent. Among districts that have already obligated greater than 70 percent of CARES I and II funding, the majority were smaller, mainly rural districts that have been hit the hardest by state budget cuts.



*School districts, while certainly grateful for the additional money, still have great needs to serve their students. Right now, we are able to spend money on things we have not been able to fund in the past such as facilities upgrades and new furniture for old buildings. These are things we have not been able to fund because district [sic] have not been fully funded. With the federal money, we are actually able to offer some fine arts such as dance. Our fear is how we will sustain all of these wonderful opportunities when the funds are gone.*

**-Dr. Bronwyn Ragan-Martin, Superintendent  
Early County School System**



Reliance on federal funds to make up for budget gaps is particularly worrisome considering the challenges that schools face during successive waves of COVID-19. While the federal relief response has been significant, experts have suggested that it will not be sufficient to address the costs.<sup>4</sup> Perhaps it is for this reason that school leaders overwhelmingly disagreed with a comment made during General Assembly that schools might be “overfunded” due to the federal relief.

### **Georgia School Leaders Overwhelmingly Disagree with the Claim That Schools are Overfunded**



Source: Georgia Budget and Policy Institute’s 2021 School District Survey.

Note 1: Responses to the question: “Rate the degree to which you agree or disagree with the following statement: Due to increased federal funds, school districts are currently overfunded.”

Note 2: No districts selected “strongly agree” as their response.

If Georgia's pattern of underfunded schools continue, districts will struggle to address the loss of instructional time and equity issues, especially once federal funding is no longer supplied. Making a commitment to fully fund public schools across the state is necessary to ensure Georgia’s full recovery from the pandemic.

## Teacher and Employee Retirement Systems

Overall, school leaders view the Teachers Retirement System (TRS) as a positive for attracting and retaining educators in the state. School leaders serving over a million children in Georgia said that TRS plays a beneficial or strongly beneficial role in teacher recruitment and retention. Many of these respondents cite TRS as one of the greatest incentives school districts have to offer, and a strong draw to keep teachers in the profession. Another 15 districts report a neutral impact, speculating that young professionals entering the teaching profession might not be as concerned with retirement, and that TRS does not do much to retain employees if they are not already vested in the pension. No school leader responded that the pension has a negative or strongly negative impact. The following chart displays the breakdown of responses.

### *School Leaders View Pensions as a Powerful Tool to Recruit or Retain Teachers*



Source: Georgia Budget and Policy Institute's 2021 School District Survey.

Note 1: Responses to the question: "From your perspective, how big of a role does the Teachers Retirement System play in the recruitment or retention of educators in your district?"

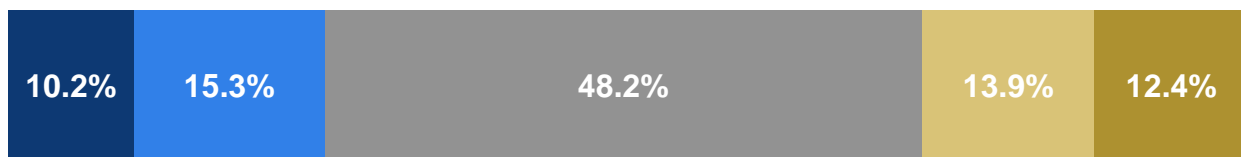
Note 2: No districts responded with negative views on pensions.

“Right now [TRS] is one of the main draws to the profession left. Without it we will be hard pressed to find any quality applicants, especially with the current low pay scales in most districts and underfunded resources (human and otherwise) provided by the current funding formulas added to the current climate of the work environment.

**-Barrow County School System**

Compared to their perspectives on TRS, school leaders varied more widely in their thoughts about what role the Public School Employee Retirement System (PSERS) plays in recruiting or retaining non-certified employees (such as maintenance workers, cafeteria workers, bus drivers and monitors). The most common answer among districts, with 66 responses (49 percent), was that PSERS played a neutral role in recruiting and retaining school employees. However, 34 districts reported that PSERS plays a beneficial or strongly beneficial role, and another 36 reported that PSERS plays a negative or strongly negative role in recruiting or retaining school employees. From qualitative responses, while school leaders believe any retirement system is better than nothing, PSERS benefits are so minimal that it does little to attract and retain employees to the profession.

### ***Perspectives Split on the Role of "Supplemental" Pensions in Recruiting or Retaining School Staff (e.g. Bus Drivers and Monitors)***



■ Strong Beneficial   ■ Beneficial   ■ Neutral or No Impact   ■ Negative   ■ Strong Negative

Source: Georgia Budget and Policy Institute’s 2021 School District Survey.

Note: Responses to the question: “From your perspective, how big of a role does the Public School Employee Retirement System play in the recruitment or retention of maintenance/cafeteria workers, bus drivers/monitors and other non-certified employees in your district?”

During the pandemic, public school employees have played vital roles in keeping school buildings safe and clean for Georgia’s children. Many respondents noted that PSERS offers benefits that provide insufficient retirement security even to employees who have dedicated their lives to Georgia’s schools.

*The benefit from PSERS is so small, in a lot of cases, that it doesn't represent a sufficient retirement stream for those who participate in the plan. Therefore, it is often looked at as a drain on take-home pay by the employees who contribute. As a district, it is hard to tout or encourage employees with regard to the good financial habits of saving for retirement when the plan does not offer much in the way of long-term value, particularly when time-value of money reduces the long-term value of such a small retirement to begin with. It makes PSES [sic] a non-motivating factor in recruitment.*

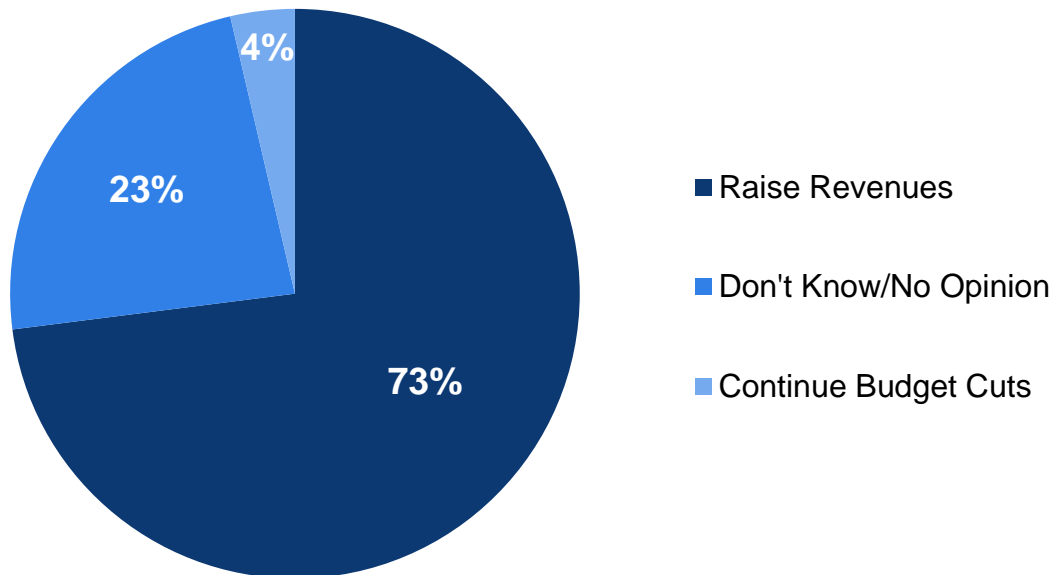
**-Hall County Schools**

## Future Budget Cuts

Georgia's cumulative cuts to public education over the last two decades have amounted to an alarming \$10 billion, or \$5,930 per student since FY 2003. These cuts come during a period that has seen continued growth in the state's gross domestic product (GDP) and increased funding of private school vouchers using state revenues. Equalization and sparsity grants, which are awarded to low property-wealth and rural districts to support additional costs they may incur to meet the needs of their students, have been vulnerable to formula reductions and underfunding on top of the cuts to the state's QBE funding formula. In short: choices made the last twenty years ensure that schools with the highest needs continue to suffer the greatest impacts to underfunding.<sup>5</sup>

During the 2021 General Assembly, lawmakers again rejected calls to increase revenue through options such as raising the state tobacco tax or closing tax loopholes. When given a choice between continuing budget cuts or raising revenues, 73 percent of district leaders, serving more than 1.1 million students statewide, supported common-sense revenue raisers. Only 4 percent of respondents, serving 1.6 percent of the students represented in the survey, supported continuing budget cuts. The remaining 23 percent had no opinion or were unsure.

### State Leaders to State: Time to Raise Revenue



Source: Georgia Budget and Policy Institute's 2021 School District Survey.

Note: Responses to the question: "In the 2021 General Assembly, lawmakers rejected calls to increase revenue (such as raising the state tobacco tax). In the future, if given the option would you prefer that state lawmakers continue budget cuts or instead pursue options to raise revenues?"





*QBE should at a minimum be fully funded. And I would suggest it needs tweaking to reflect education costs in 2022 since it was written in the 1980s.*

**-Foothills Education Charter High School**



## Recommendations

Feedback from the survey underscores the real impact of budget cuts on public schools across Georgia. The following are three clear steps that state lawmakers can take to address concerns raised in the 2021 GBPI School District Survey:

- **Prioritize full and adequate education funding in the state's COVID-19 recovery.** In the wake of the COVID-19 pandemic, adequate education funding is needed more than ever, especially in districts that serve primarily students experiencing poverty and rural communities. Too often these communities, many in Georgia's Black Belt, serve high portions of Black and Brown students that have been held back by policies favoring white communities. Georgia's schools have relied on federal funding over the past year to provide essential services that are the state's responsibility to fund. As federal money runs out, the state must make a commitment to fully fund schools for a 21<sup>st</sup> century education.
- **Increase benefits for the Public School Employee Retirement System.** The current PSERS system provides minimal benefits to school employees who play essential roles in operating Georgia's schools. At the current state and employee contributions, school leaders are unconvinced that it supports the work of the school or the staff themselves. State leaders should find avenues to increase this pension and provide better economic security.
- **Pursue common-sense revenue raisers.** School leaders overwhelmingly support increasing revenue via such avenues as raising the state tobacco tax or closing tax loopholes to ensure sufficient funding for K-12 education. These policies are well-regarded statewide and could improve necessary state services.

Georgia's schools have continued to face state budget cuts during a pandemic that has given rise to new student needs and increased disparities that have most strongly impacted Georgia's Black, Brown and low-income communities. Federal COVID-19 relief money aimed at covering increased costs has gone towards filling budget gaps that were the state's responsibility to fill. As Georgia looks towards recovery, addressing equity in Georgia's schools should be one of the state's top priorities.

## Acknowledgements

The Georgia Budget & Policy Institute would like to thank the school districts who participated in this survey and were essential in collecting valuable insights on the status of Georgia's schools. The thoughtful responses and honest feedback collected in the survey are greatly appreciated and will be used to advocate for policies that best support students across the state. District leaders, school leaders and educators have our respect and gratitude for the work they do each day to serve Georgia's students and their continued commitment to public education.

## Appendix A: Methodology

Dr. Stephen Owens developed the survey questions. Allie Schneider, who was a Southern Education Leadership Initiative fellow placed at GBPI during the summer of 2021, distributed the survey, conducted follow up outreach, supported respondents with any questions and analyzed the results.

The survey was sent via email to every superintendent in the state. A link to the online survey was included along with a PDF version of the same survey. GBPI representatives subsequently contacted superintendents and other central office staff via phone and email to request their participation over a period of six weeks. The survey was available between June and July of 2021. Participation was voluntary. PDF submissions were manually entered by Ms. Schneider into the online survey link, and GBPI exported a spreadsheet with all survey responses.

## Endnotes

<sup>1</sup> Owens, S. *Georgia education budget primer for state fiscal year 2022*. Georgia Budget & Policy Institute. <https://gbpi.org/georgia-education-budget-primer-for-state-fiscal-year-2022/>

<sup>2</sup> Owens, S. (2020). *Georgia at a crossroads: Raising revenues sensibly or forcing schoolchildren to pay for years to come*. Georgia Budget & Policy Institute. <https://gbpi.org/georgia-at-a-crossroads-raising-revenues-sensibly-or-forcing-schoolchildren-to-pay-for-years-to-come/>

<sup>3</sup> Lee, J., & Owens, S. (2021). *Georgia education budget primer for state fiscal year 2022*. Georgia Budget & Policy Institute. <https://gbpi.org/georgia-education-budget-primer-for-state-fiscal-year-2022/>

<sup>4</sup> Zhao, T., Malfino, T. & Travers, J. (2021). The cost of covid: Understanding the full financial impact of COVID-19 on districts and schools. *Education Resource Strategies*. <https://www.erstrategies.org/cms/files/4699-cost-of-covid-paper-final.pdf>

<sup>5</sup> Owens, Stephen. *Georgia education budget primer for state fiscal year 2022*. Georgia Budget & Policy Institute. <https://gbpi.org/georgia-education-budget-primer-for-state-fiscal-year-2022/>