

Impact of Sequestration on the Nation's Urban Public Schools:

Research Brief

By the
Council of the Great City Schools



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The nation's urban public school districts have been bracing for the fiscal impact that would result from a sequestration of federal funds, a financial provision in the Budget Control Act of 2011. The result of this across-the-board cut would be felt most severely by programs serving poor urban students, students with disabilities, and English learners, and would also impact teacher salaries, classroom aides, professional development, and career and technical education programs in high schools across the country.

Across urban school districts that are part of the Council of the Great City Schools, the financial result of sequestration would compound the deep budget cuts that city school systems have experienced for more than four years. Urban school districts were grateful when the U.S. Department of Education announced in a July 2012 memorandum that sequestration wouldn't affect major federal programs appropriated in FY 2012 in the middle of the current school year. But absent a federal budget compromise, the program cuts that districts will face in the next school year will continue to hinder their recovery from our nation's economic recession, and put improving student performance at risk.

These budget cuts are significant, and could not come at a worse time, as urban schools are accelerating efforts to implement the rigorous Common Core State Standards, preparing our students to become college and career-ready, and ensuring that all of our schools are improving significantly. The support urban schools receive from the federal government is essential to their work, yet in the 2013-14 school year, more than half a billion dollars in federal cuts will hit the 67 Great City School districts as a result of sequestration. This includes \$323 million that would be taken from the Title I program for disadvantaged students in these school systems, \$121 million reduced from IDEA (Part B) program for students with disabilities, \$52 million from Title II (Part A) for teacher quality improvements, and \$12 million from Title III for English learners.

This report contains data that the Council collected *via* survey from 31 major urban school districts regarding the specific program impact from sequestration, and the complications the cuts would cause. The data and examples below were compiled from information provided by: Albuquerque, Birmingham, Boston, Broward County, Buffalo, Chicago, Clark County, Cleveland, Dayton, Hillsborough County, Houston, Indianapolis, Long Beach, Los Angeles, Miami, Milwaukee, Nashville, Newark, Omaha, Philadelphia, Pittsburgh, Portland, Richmond, Rochester, San Diego, San Francisco, Santa Ana, Seattle, Toledo, Washoe County, and Wichita.

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Funding cuts

In the 31 city school districts providing detailed data for this brief, we looked at six streams of federal funding: Title I (Part A), Title II (Part A), Title III, IDEA (Part B), Perkins Career and Technical Education, and Impact Aid. The total funding sequestration (based on FY 2012 levels) from these programs in just the 31 city school districts surveyed equals approximately \$255.1 million, or almost 10 percent of the total \$2.6 billion cut that would be experienced in these programs nationwide.

Exhibit 1. Total Funding and Projected Sequestration from Major Urban School Systems

Federal Program	FY 2012 Funding	Estimated FY 2013 Sequestration Cut
Title I	\$1,840,476,564	\$150,919,078
Title II	\$246,044,209	\$20,175,625
Title III	\$95,417,799	\$7,824,260
IDEA	\$803,136,444	\$65,857,188
Perkins	\$88,589,335	\$7,264,325
Impact Aid	\$37,166,807	\$3,047,678
TOTAL	\$3,110,831,158	\$255,088,155

Program Reductions

The impact of sequestration is measured not solely the dollar amount reduced from districts, but more importantly by the impact on the academic programs subject to those budget reductions. Responding urban districts provided more specific information about cuts to program services for hundreds of thousands of students that could result from sequestration.

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Exhibit 2. Reductions in the Numbers of Schools and Students Served and Numbers of Staff Members Receiving Professional Development

Federal Program	Reduction in Number of Schools Served	Reduction in Number of Students Served	Reduction in Number of Staff Receiving PD
Title I	455	276,445	
Title II	710		21,258

Examples of Title I program cuts include:

- Nashville reported that 23 schools, and 16,221 students, could no longer be served by Title I as a result of a \$2.5 million sequestration cut to the program;
- Miami-Dade County could lose almost \$10 million in Title I funding, and may be forced to eliminate program support for 25 schools that serve 18,625 Title I students;
- Indianapolis Public Schools could be forced to eliminate Title I services in 10 schools that currently serve 3,429 students;
- Albuquerque Public Schools could lose \$2.1 million in Title I funding through sequestration, and may be forced to cut Title I services in 18 schools serving 6,836 students;
- The school district in Clark County (Las Vegas) could also be forced to stop serving 18 schools, and 11,653 Title I students, as a result of more than \$6.6 million in sequestration cuts; and
- A number of districts – including Los Angeles, Omaha, and Philadelphia – indicated they would try not to reduce the number of schools or students served, but would be forced to significantly lower the allocation for each as a result of a Title I funding cut. In Philadelphia, this lower rate would mean a reduction in services for 153,717 students.

Districts also provided details on the reductions to professional development services as a result of the Title II-A sequestration. The impact of the \$52 million cut to Title II in all urban schools includes:

- Hillsborough County reported that they would offer 39,732 less professional development hours as a result of an 8.2 percent sequestration of Title II-A;
- Chicago would need to reduce the number of staff receiving professional development from Title II funds by 1,915;
- Richmond Public Schools would need to find additional funds to pay for professional development for 150 teachers;

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- San Francisco Unified School District would lose professional development funding for 309 teachers;
- Wichita reported that 44 schools could see reduced funding from Title II, affecting 456 teachers; and
- Broward County's loss of Title II funds could reduce the professional development offered to instructional staff members in each of the district's more than 300 school locations.

Changes in Services

Districts also reported on potential operating changes in their school systems as a result of sequestration. A reduction in professional development was the most common result of sequestration, with 97 percent of responding district indicating that the cuts would affect staff training—an especially critical finding as school systems are working to boost the capacity of their teachers and staff to implement the Common Core State Standards. A reduction in the scope, frequency, or duration of services, as well as a reduction in contracted services, was expected in 90 percent of responding districts. A high proportion of districts (84 percent) also expected to see reductions in pre-K, as well as before, after, and Saturday school services.

Increases in class size (expected in 61 percent of districts) and reductions in summer school programs (68 percent of districts) were the least common changes, although were still anticipated in a majority of urban school districts.

Exhibit 3. Percent of Urban School Districts Reporting Expected Changes to Operations and Services as a Result of Sequestration

Change Due to Sequestration	Number of Districts	Percentage of Respondents
Reduction in professional development	30	96.8%
Reduction in scope, frequency, or duration of services	28	90.3%
Reduction in contracted services	28	90.3%
Deferral of material or equipment purchases	26	83.9%
Reduction in pre-K services	26	83.9%
Reduction in before, after, and Saturday school services	26	83.9%
Reduction in non-instructional services (such as health, guidance, social services, nutrition, etc.)	24	77.4%
Reduction in summer school	21	67.7%
Increase in class sizes	19	61.3%

Job Reductions

The uncertainty and timing of sequestration, coupled with the significant staff reductions over the last few years, made it difficult for urban school systems to project the precise impact of sequestration on personnel. However, districts provided their best estimates on potential position reductions, based on current budgets and the potential 8.2 percent federal across-the-board cut. Not surprisingly, larger programs such as Title I and IDEA would suffer the greatest staff loss, both at the central office and the school building-levels. The impact would also be felt in other major programs, with urban districts reporting the possibility of staff reductions in programs providing professional development, serving English learners, and operating high school career and technical education.

Exhibit 4. Numbers of District-level and School-level Staff Members Reduced as a Result of Sequestration

Federal Program	Central Administration Position Reductions	School-Level Position Reductions
Title I	188	1,328
Title II	67	128
Title III	14	113
IDEA	94	670
Perkins	17	18
TOTAL	380	2,257

Other Complications from Sequestration

Layoffs and Furloughs

Further complicating the issue of sequestration and layoffs are the ongoing personnel deadlines that most districts are required to meet. Districts are well into the budget and financial planning process to prepare for the 2013-14 school year, despite the uncertainty surrounding sequestration. Once the 2013 calendar year begins, the planning process accelerates, as districts have to submit spending plans for federal funds to the state, and submit budgets to their school boards for approval.

In addition to these deadlines, most districts have specific dates – determined by their state or collective bargaining agreements – by which they must notify teachers and certain staff if they are being laid off for the following school year. A few of the respondents indicated that they had a set timeframe, such as 30 calendar days in advance, rather than a required date by which to provide a layoff notice. For all districts, however, and especially for those with looming notification requirements, knowing the resolution to the fiscal budget situation and the impact of sequestration immediately is extremely important.

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Exhibit 5. Number of Districts with Mandated Layoff Notification Dates by Month

Month of Required Layoff Notification	Number of Districts
March	5
April	6
May	8
June	5
After June	1

How the uncertainty of sequestration affects planning is not just applicable to layoffs, but also to other budget-cutting measures such as furlough days for employees. In Pittsburgh, there were 53 central-office staff furloughed due to workforce reductions in 2011, and 280 school-based staff in 2012. In the Portland Public Schools, principals will be furloughed for 3 days in 2012-13, central office (non-union) staff will be furloughed for 6 days, and central office staff at the Director-level or above will be furloughed for 10 days. But districts were unable to estimate the level of these measures for the upcoming school year, with most respondents saying the process would be open-ended for the time being due to the budget uncertainty.

School Construction Bonds

There is an additional issue that will affect urban school districts that are using federal school construction bonds that provide a direct pay subsidy tax credit, such as the Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs). The federal Office of Management and Budget has determined that tax credits provided to individuals are exempt from sequestration, but those provided to school districts and other issuers would not be exempt. The impact of sequestration on these bond credits is currently estimated at 7.6 percent of the federal payment.

In recent years, school districts, as well as states and local governments, undertook billions of dollars' worth of projects funded through these types of federal bonds in order to modernize vital infrastructure, and stimulate economic conditions and local job growth. The contracts and long-term financial agreements that school districts entered into with buyers of these bonds could be in jeopardy if the subsidy payments from the federal government are decreased through sequestration. In 2010-11 alone, over \$11 billion in direct pay QSCBs bonds were issued by school districts in 49 states to modernize schools.

Conclusion

Despite signs of recovery at the national, state and local levels, economic indicators have not led school districts out of the financial hollow they have been caught in for the last four years. A look at projections of revenue sources for the upcoming school year demonstrates that little relief is on the way, and in some cases, additional pain may be ahead. A majority of urban school districts are projecting additional reductions from their local revenue sources, and there appears to be a fairly even split among districts anticipating no change, funding increases, or funding decreases from their states.

The slow recovery at the state and local levels requires school districts to rely on federal education funding more than ever. The impact of sequestration will be particularly damaging at this juncture for urban school systems who have endured year-after-year of damaging budget cuts, yet must remain focused on raising content standards, closing achievement gaps between students of diverse backgrounds, and turning around underperforming schools.

The work that cities have done, and the work they are undertaking to implement the new Common Core standards, requires us to provide disadvantaged, English learner, and students with disabilities, as well as our teachers and instructional staff, every opportunity to succeed. This task becomes that much harder with the cuts that result from sequestration.

About the Council

The Council of the Great City Schools brings together the nation's largest urban public school systems in a coalition dedicated to the improvement of education for children in the inner cities. The Council and its member school districts work to help our schoolchildren meet the highest standards and become successful and productive members of society.

The Council keeps the nation's lawmakers, the media and the public informed about the progress and problems in big-city schools. The organization does this through legislation, communications, research, and technical assistance.

The organization also helps to build capacity in urban education with programs to boost academic performance and narrow achievement gaps; improve professional development; and strengthen leadership, governance, and management.

The Council of the Great City Schools accomplishes its mission by connecting urban school district personnel from coast-to-coast who work under similar conditions. Staff with responsibilities for curricula, research and testing, finance, operations, personnel, technology, legislation, communications and other areas confer regularly under the Council's auspices to share concerns and solutions and discuss what works in boosting achievement and managing operations.

Since the organization's founding in 1956, geographic, ethnic, language, and cultural diversity has typified the Council's membership. That diversity propels the coalition forward to see that all citizens receive an education that will equip them with the skills and knowledge to compete successfully in the world marketplace and to enhance the quality of their lives in a society changing with phenomenal speed. The well-spring of accomplishments and innovations rising from our inner cities testifies to the resounding benefits of investment in the nation's urban centers and in their public schools.