



Additional Federal Relief is Needed to Protect New Jersey Students and Teachers

- We applaud national leaders who have already authorized federal funding for education under the CARES Act in the midst of this unprecedented pandemic and economic crisis.
- However, we see the federal CARES Act as a first step toward stabilizing education funding, particularly in a state like New Jersey which has been hit so hard by COVID-19.
- Significantly more federal funding will be needed to stabilize education funding levels, begin to meet the enormous educational impact of COVID on families, especially low-income students and families, and prevent widespread job losses for teachers and school staff.
- The State is currently estimating a revenue loss of about \$5 billion through the end of state FY21. The situation is fluid and the revenue loss could be greater if another wave of COVID and closures reoccur.
- The New Jersey Congressional delegation and the Governor and his team are already pushing aggressively for additional federal resources to support education and state and local governments, and we are deeply grateful for their efforts. There are ways that additional federal aid could be crafted to ensure it is focused on supporting education, protecting students, mitigating student learning loss and protecting teachers' jobs -- instead of being funneled to other areas.¹
- This short issue brief highlights some of the key questions and needs that have to be addressed to ensure that high quality education in New Jersey will continue to be provided to students in our state.

How does federal aid in CARES compare to federal funding for education provided in the Great Recession?

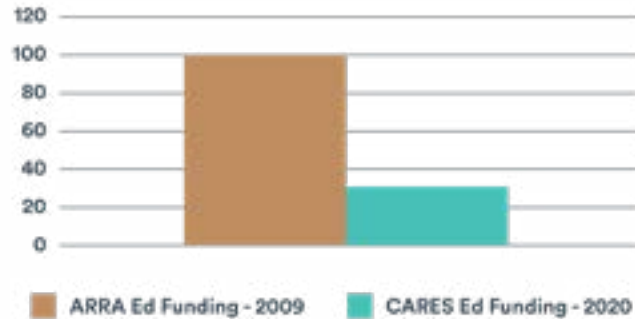
- **Federal funding for education in CARES is significantly less than education funding in the American Recovery and Reinvestment Act of 2009 (ARRA) and will not address the tremendous needs that students and schools will face.**
- In terms of federal aid, even if we include funding for higher education, CARES includes about \$30.8 billion for K-12 and higher education in the Education Stabilization Fund.²
- By comparison, ARRA included about \$100 billion for education (K-12 and higher education), including the State Fiscal Stabilization Fund and significant increases in Title I and IDEA.³
 - ARRA also provided funding and bonding opportunities for school construction for traditional public schools and public charter schools and to date these have not been included in any federal stimulus bills that have been passed.

¹See https://fordhaminstitute.org/national/commentary/four-reasons-republicans-should-support-aid-state-and-local-governments?utm_source=Fordham+Institute+Newsletters+%26+Announcements&utm_campaign=ab0e4050cc-20200527+-+Education+Gadfly+Weekly+A%2FB&utm_medium=email&utm_term=0_5fa2df08a3-ab0e4050cc-71888437&mc_cid=ab0e4050cc&mc_eid=a874c0cb29

²See <https://crsreports.congress.gov/product/pdf/IF/IF11509>

³See <https://www2.ed.gov/policy/gen/leg/recovery/implementation.html>

Federal Stimulus Funding for Education (K-12 and Higher Ed): 2009 Compared to 2020 (Billions)



- **Further, the economic data and forecasts to date indicate that the current economic crisis will be significantly worse than the Great Recession:**
 - As summarized in a recent brief from the Center on Budget and Policy Priorities, “The pace at which the economy is declining indicates that this recession will be deeper than the Great Recession of 2007-09.”⁴
 - As of early May, “Nearly 28 million people have already applied for unemployment insurance since claims began to surge in March; the nation has never seen anything close to that pace of job losses.”⁵

What do we know at this stage about how major declines in state revenue will impact education?

- A national expert on school funding has modeled the impact of cuts to education given various conditions. **If New Jersey had to cut spending for education by 15% (Or a cut of about \$1.6 billion), the state would face a cut of about \$1,180 per pupil in education funding – even with the funding from the initial CARES Act included.**⁶
- **Initial estimates indicate that a cut of 15% in state education funding - even with funding from CARES - could lead to a loss of about 10,000 teaching jobs in our state⁷ – again, assuming no additional new federal funding is authorized. This would be a cut of about 7% of our teaching workforce.**

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- At a 10% cut in state funding (a cut of \$966 million in state aid), even with funding from CARES, we would face a cut of about \$700 per pupil in NJ – assuming no new federal aid is authorized.⁸

⁴The Congressional Budget Office (CBO) projects a fall in GDP in the crisis that would produce a gap between actual economic output and CBO’s projection of potential GDP of 7.4 percent in 2020 and 6.2 percent in 2021, CBPP analysis finds.[2] That cumulative gap of 13.6 percentage points is substantially larger than the 7.5 percentage-point gap in 2008-2009, the first two years of the Great Recession. See <https://www.cbpp.org/research/federal-budget/putting-the-size-of-the-needed-covid-19-fiscal-response-in-perspective>

⁵See https://www.cbpp.org/research/federal-budget/putting-the-size-of-the-needed-covid-19-fiscal-response-in-perspective#_ftn3

⁶See <https://learningpolicyinstitute.org/blog/covid-19-and-school-funding-what-expect-and-what-you-can-do>; Please note that the CARES Act does include various Maintenance of Effort provisions which may limit the State’s ability to make cuts of this size; however, the CARES Act also allows for a waiver process of the MOE requirements which may in fact be used to make cuts of this magnitude.

⁷See <https://learningpolicyinstitute.org/blog/impact-covid-19-recession-teaching-positions> and <https://learningpolicyinstitute.org/blog/impact-covid-19-recession-teaching-positions>

⁸See <https://learningpolicyinstitute.org/blog/covid-19-and-school-funding-what-expect-and-what-you-can-do>

- **The Learning Policy Institute has also estimated that if we look at the impact of expected budget cuts on teaching and staff positions, the impact will be a loss of about 1,900 positions in FY2020 and more than 14,000 positions lost in FY2021.⁹**
 - Although there are no statewide totals yet, initial reporting on teacher layoffs suggests that many districts are considering layoffs for non-tenured staff given their major concerns about funding.¹⁰ Additional details will become available on this in upcoming weeks and months.
 - In addition to our foremost concerns about the impact of these cuts on students and their teachers, staff, and their families, we are also concerned about the impact of staff cuts on the state's economy. Laying off thousands of teachers and staff will add to the growing number of unemployed individuals in New Jersey and reduce the income tax and sales tax that these individuals would pay since their consumption will likely decline.
 - This comes at a time when new health and safety precautions could limit class size. If this happens and teaching jobs are cut, this could mean that schools will implement new types of scheduling (half days, alternating A and B day schedules, etc.) – **all of these measures will decrease instructional time for students.**
 - If districts seek to maintain current staff levels, while they face unprecedented cuts in state aid and new costs to handle COVID-related expenses, this could lead to **increases in property taxes and/or additional cuts in other support staff positions, safety measures, facilities or other areas.**
 - If the State is faced with difficult decisions about making cuts to school aid, policymakers should also consider any innovations or reforms to mitigate any negative impacts on student learning.
- While we are concerned about **all** students and schools across the state, we are particularly concerned about low-income districts that rely on a greater share of state funding to support schools and students.
- As of late May, the State has indicated that districts should expect essentially flat funding for FY21 and the State will defer the September state aid payments scheduled until October. However, the State has also indicated that if additional federal support does not become available, further cuts will have to be considered. A recent press release from the Governor's Office indicated that, "Based on the size of the looming shortfall for the upcoming fiscal year, the report notes that without new resources – including the ability to access borrowing facilities or additional federal funding – significant additional cuts will be needed for FY 2021."¹¹

What about additional costs that schools and students will face?

In addition, there are many new educational needs that are arising, and we are particularly concerned about the educational and mental health impact of school closures and the economic fallout on low-income students and families. At this stage, the costs to address such needs are difficult to quantify but they will certainly arise in the weeks and months ahead.

Furthermore, federal resources are needed to help close the digital divide here in New Jersey. As of late April, the State estimated that about 10% of New Jersey students did not have internet access.¹² That means that approximately 90,000-100,000 students cannot fully participate in distance learning and state leaders have indicated that the State does not have the resources to cover this gap.

⁹See <https://docs.google.com/document/d/1f4g8fWglr8KeArfw6G0oaYMDVainjanJOJT5JUmsKfw/edit#>

¹⁰See <https://www.nj.com/education/2020/05/covid-19-layoffs-are-coming-for-nj-teachers-how-bad-will-it-get.html>

¹¹See <https://nj.gov/governor/news/news/562020/approved/20200522c.shtml>

¹²See <https://www.njspotlight.com/2020/04/is-technology-gap-impeding-remote-learning-for-100000-nj-students/>

New estimates from the Learning Policy Institute estimate that additional costs for distance learning are about \$500 per student for devices and connectivity,¹³ so even at the low end that's about \$45 million for these costs if we assume 90,000 students are still in need.

In addition to social-emotional and digital resources, there will be tremendous need for additional federal funding for:

- Education strategies to help students who are falling behind -- this could include summer school, tutoring and other strategies. The Learning Policy Institute estimates that this could cost as much as \$1.56 billion in new costs, assuming an additional 20 days of learning will be needed for 50% of students.¹⁴
- School facilities adjustments -- this could range from sanitizing schools to reconfiguring classrooms for social distancing to adding new classrooms, if possible.
- Diagnostic assessments or tools for students to gauge their needs when school reopens.
- New costs to assist families with food or economic security.

As reliable state estimates become available for these additional costs, we will share this information as well.

New Jersey students, teachers, school staff and their families will need all of these additional resources to get back on track in the 2020-21 school and resume the critical work of educating all of our New Jersey students.



¹³See https://drive.google.com/file/d/1sXXOViBnTzk6_pWdtztS13zZCrc_8byL/view

¹⁴See https://drive.google.com/file/d/1sXXOViBnTzk6_pWdtztS13zZCrc_8byL/view