

ON THE HILL

Looming federal cuts could have major impact on district budgets

Michael A. Resnick

Budget sequestration may not be the most engaging phrase, but as the fall progresses, it will capture the attention and concern of school boards across the nation.

Sequestration is Washington-speak for across-the-board cuts in federal programs that the White House estimates to be 8.2 percent. Currently scheduled to take effect on Jan. 2, 2013, this requirement arose from Congress' failure to agree on a 10-year plan to cut \$1.2 trillion from the federal budget in the debt ceiling deal that was struck last year between the White House and Congressional Republicans. Because of the way federal government funds education, school districts will not face midyear cuts for most major grant programs, with the possible exception of Impact Aid. If sequestration occurs, the cuts will affect districts for the 2013-14 school year. But that may not end the immediate problem, because cuts in federal aid to state and local governments that will occur this year could force them to reduce their funding for school districts. And it also could result in their limiting support next year when the 8.2 percent cut in federal aid to school districts takes effect.

Looking purely at federal education programs, an 8.2 percent cut means a district stands to lose \$82,000 for every \$1 million allocated from Title I (aid for disadvantaged students) and IDEA (aid for students with disabilities) alone. For Title I, sequestration probably will result in direct cuts in schools enrolling the lowest-achieving students.



Since IDEA requires students with disabilities to receive full service for their special needs—regardless of the federal funding level—school districts must make up the budget cut by slicing into the general education program. In these tough economic times, that could mean cutting support for core academic programs.

As significant as these cuts are for education, they won't make even a minuscule dent in reducing the federal deficit. K-12 comprises just 1 percent of the federal budget, so sequestration would reduce federal spending by a meager 8/100ths of 1 percent.

So, the question comes down to: How much do we value education as a national priority and what is the capacity of districts to absorb the cuts? If our nation truly wants a world-class education system to prepare students for a globally competitive future, can it be achieved by cutting federal programs that can help us get there?

Financial context counts

Context counts when you talk about a dis-

trict's ability to absorb current and future cuts. According to the *Report of the State Budget Crises Task Force*, which was conducted under the leadership of respected economists like former Federal Reserve Chair Paul Volcker and former Office of Management and Budget Director Alice Rivlin, the state funding outlook to restore education funding to previous levels is likely to be bleak for several years.

State budgets will continue to be under stress due to continuing growth in Medicaid costs (the largest line item), underfunded pension obligations, narrowing revenue bases that are more dependent on volatile state income taxes, the absence of adequate rainy day funds, federal funding cuts, and local government pressure to fund services that diminished local tax bases can no longer sustain. Another recent report, *New School Year Brings More Cuts in State Funding for Schools* by the Center on Budget and Policy Priorities, found that per-pupil expenditures are lower in 35 of the 48 states surveyed in the current 2012-13 fiscal year than they were in FY 2008. Of those, 17—or more than a third of the states—were at least 10 percent lower.

Not surprisingly, school districts across the country have increased class sizes, narrowed curriculum offerings, cut professional development for teachers, frozen or reduced employee compensation and benefits, shortened the school year or day, deferred purchases of course materials and building maintenance, and taken other measures. In view of the cuts that have been made and the picture painted by the various reports, further federal funding reductions through sequestration seem hardly the direction for a nation that wants a world-class education system.

Clearly, applying sequestration to education places a penny-wise, dollar-foolish limit on future economic growth by divesting in an essential requirement for workforce productivity. Following the election, lawmakers should come

back to Washington, D.C., and put together a plan that makes strategic decisions to protect budget areas, like education, that are the backbone of our nation's future infrastructure.

Simply put, Americans spend more than \$4 billion a year to fund the legislative branch and should expect Congress to do what school boards do, which is to set budget priorities rather than govern by formula.

Whether Congress actually takes on this responsibility will largely depend on how much pressure incumbents and challengers feel during the campaign season to make the commitment. NSBA is asking school board members to take a look at the impact sequestration will have on your district. Bring that information to the public forum by discussing it at your next board meeting and convey your findings to candidates, the local media, and NSBA. In a few minutes, you and other concerned school board members can provide a significant return for the children in your districts.

For more information on sequestration and how school board members can bring education into the debate, please see the National School Board Action Center at www.nsbac.org. ■

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