



NAFIS

National Association of Federally Impacted Schools

Shortchanging our Future: Sequestration's Damage to Impact Aid Schools

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“We are planning for tough times instead of looking for ways to provide children with more opportunities to be successful in life’s endeavors.” – *Superintendent Ed Stansberry, Walthill Public School, Nebraska*

Background:

A major component of the Budget Control Act of 2011 was deficit reduction. Specifically, the law created a Joint Select Committee to establish a plan of \$1.2 trillion of savings over a decade. The committee’s failure triggered across-the-board discretionary spending cuts – or sequestration – for Fiscal Year (FY) 2013, while nine remaining reduction targets will be met through lower discretionary spending caps.

The FY 2013 sequester cut federal education spending by over \$2 billion when it went into effect on March 1, 2013. Most federal education programs are structured in a way that allowed school districts a year to plan for the cuts to their 2013-2014 school year budgets. A major exception to this structure is Impact Aid, which reimburses school districts financially impacted by the presence of the Federal Government, either through the removal of taxable property (i.e. national grasslands, laboratories, etc.) or through the costs of enrolling federally connected children (i.e. military-dependents, students living on Indian trust land, etc.). First signed into law in 1950, the program has not been fully funded since 1969. As the only major federal K-12 education program that is current-year funded (meaning funding appropriated in one fiscal year is used in the same school year), Impact Aid was subject to an immediate reduction of funds for the 2012-2013 school year.

A May 29, 2013 memo from Office of Management and Budget (OMB) Director Sylvia Burwell instructed federal agencies to submit budget proposals at five-percent below the discretionary spending levels of the previous fiscal year (a similar memo was sent last year). Impact Aid school districts are planning for a second round of Impact Aid cuts at the same time other federal education programs, including Title I and the Individuals with Disabilities Education Act (IDEA), are also being reduced.

Methodology:

This report is a qualitative analysis of school districts that receive Impact Aid funding anticipating a second round of sequestration. It is a follow-up to a qualitative study conducted last year.¹ Identical questions were posed to personnel at Impact Aid-recipient school districts using online survey-collection software. While the two sets of data cannot be directly compared, they can, when taken together, provide a measure to evaluate how federally impacted schools are implementing cuts to their federal revenues.

2012 survey (2012-2013 school year): The survey was distributed to roughly 400 National Association of Federally Impacted Schools (NAFIS) school districts and 175 superintendent members of the American Association of School Administrators in August 2012. We received 334 total responses.

2013 survey (2013-2014 school year): Identical survey questions were distributed August through October of this year to 395 NAFIS school districts. We received 298 responses, a 75-percent response rate. As in the previous year, respondents represented demographically diverse school districts in terms of

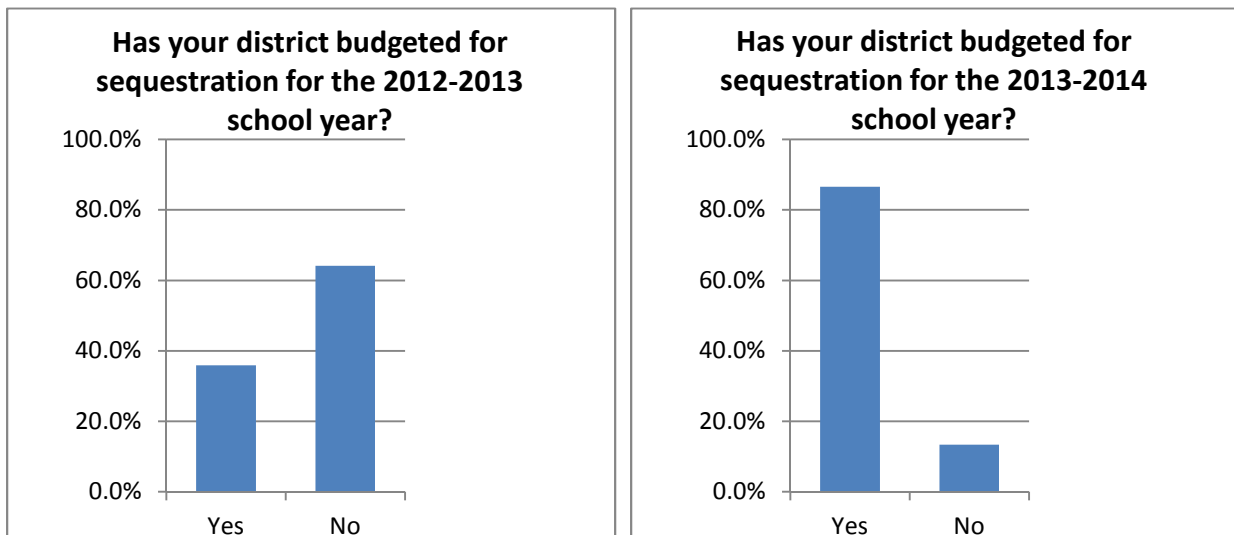
¹ “*Impact Aid and Sequestration: The Impact of the Budget Control Act on Federally Impacted Schools*,” National Association of Federally Impacted Schools. 2012

size (total student enrollment), geography (42 states were represented), and the percentage that Impact Aid funding comprises of the school district’s budget. Districts commonly represent more than one type of student population or federal impaction, each of which is represented in the survey.

Results:

The percentage of respondents who answered affirmatively to budgeting for sequestration this year increased significantly over last year (see chart below).

2012 survey (2012-2013 school year): The 2012 report included a number of findings that are still useful in connection with this year’s study. For example, the percentage of school districts that adjusted for the cut was 36-percent (120 of 334). The percentage of districts budgeting for the sequester was slightly higher for Indian lands districts (40-percent) and respondents where Impact Aid makes up 30-percent or more of the district’s budget (41-percent). School districts able to avoid cuts for the 2012-2013 school year noted they were spending conservatively or accessing reserve funds. However, several districts were not aware of the impending cuts at the time their district budgets were being finalized and others did not build in sequestration because they simply could not afford to make the reductions.



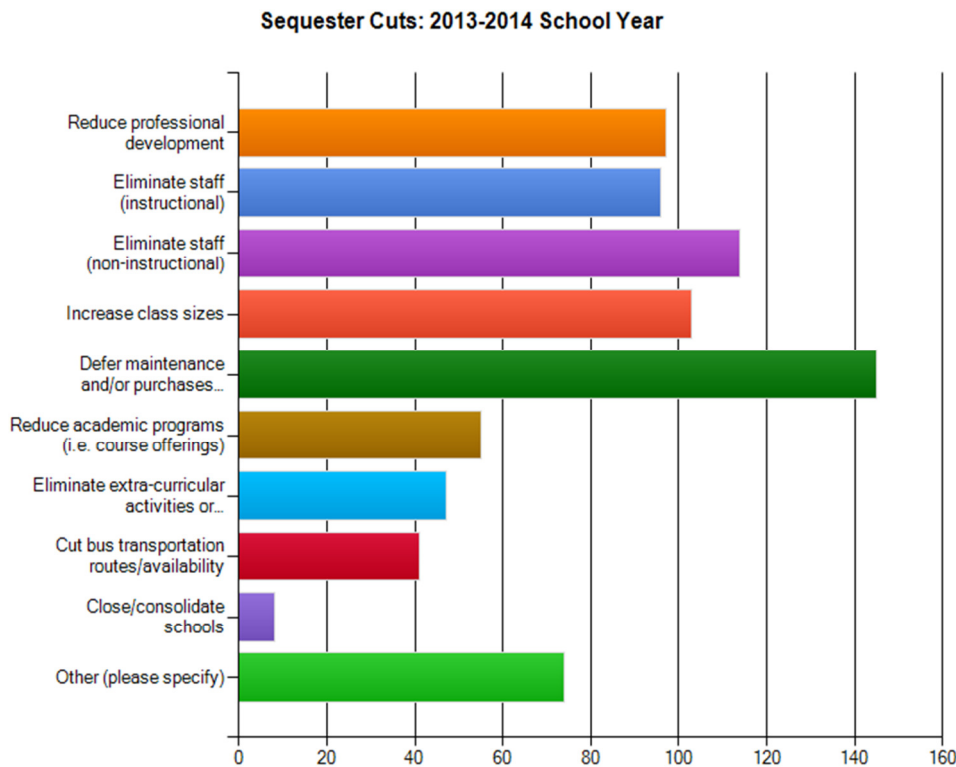
2013 survey (2013-2014 school year): For the 2013-2014 school year, the percentage of districts that have budgeted for sequestration more than doubled to 86-percent (257 of 298). The percentage is slightly higher among respondents from Indian land districts at 89-percent. For districts where Impact Aid makes up at least 30-percent of the school district’s budget, 92-percent have built in the cuts. Respondents among the small percentage that did not build in cuts noted they are budgeting conservatively, have enough of a fund balance from which to draw or resources accounting for increased enrollment have offset lost funds. Several districts had not approved their final budget at the time survey data was collected and for others Impact Aid comprises only a small fraction of the district’s budget. One district – Bon Homme School District 4-2 in South Dakota – made drastic cuts in the previous school year. Superintendent Dr. Bryce Knudson is “hoping [sequestration] will not happen as it will hurt us financially

in a large way.” Several respondents noted another round of cuts would likely impact staffing and programs.

2012 survey (2012-2013 school year): Impact Aid was sequestered by \$67 million in March of 2013, the middle of the 2012-2013 school year. Based on survey feedback ahead of the of 2012-2013 school year, the top five areas for reduction (for the 36-percent of school districts that budgeted for the sequester) were: defer maintenance and/or purchases, eliminate non-instructional staff, increase class sizes, eliminate instructional staff, and reduce professional development.²

2013 survey (2013-2014 school year): Of the 86-percent of districts that budgeted for the sequester this school year, the top five areas for reduction were the same (though the order of the last two switched): defer maintenance and/or purchases (144), eliminate non-instructional staff (112), increase class sizes (102), reduce professional development (96), and eliminate instructional staff (94). In addition, 54 school districts reduced academic programs, 46 eliminated extracurricular or summer activities, 41 cut their transportation budgets, and eight have closed or consolidated schools. Districts are also dipping into their

reserve accounts, freezing salaries and combining positions, cutting field trips and supplies, reducing community outreach services and living stipends for staff, increasing food prices, and deficit spending.



Among the districts delaying maintenance, one has had to put updates to their 63-year-old high school on hold. Rocky Mountain School in Oklahoma was using its Impact Aid funds to keep facilities updated since the district has “virtually no local tax

base.” Now, Impact Aid funds are being used for basic instructional and operating expenses largely due to state cuts. Their buildings, they report, are in dire need of plumbing, roofing, wiring-electrical, and network updates.

² Ibid

Technology and curriculum are also being impacted. Sequester is hitting districts' technology budgets, noted eight respondents, from a freeze in new initiatives, like 1:1 computing, to impacting the ability of districts to implement new and online assessments. According to Superintendent Patricia Cleary, Barberton City Schools, Ohio: "The sequester has hampered our ability to fully prepare our students for the higher expectations of new standards." Seven districts are concerned about either not having sufficient resources to adequately prepare students for the Common Core State Standards and PARCC (Partnership for Assessment of Readiness for College and Careers) exam or simply not being able to replace outdated curriculum.

Forty-one districts made cuts to their transportation budgets. "We can only defer maintenance for so long before more expensive issues arise," says Dr. Jaret Tomlinson, Superintendent of Knob Noster Public Schools, Missouri. In California, the Klamath-Trinity Joint Unified School District had to reduce bus routes. Students participating in after school activities are now walking multiple miles down a state highway to get home.

Six of the eight school districts experiencing school closures are Indian lands. According to Clay County Schools Director Jerry Strong in Tennessee: "Unfunded mandates, reduction in funding and added requirements has my system on the edge of bankruptcy."

There are limited means of support, whether private grants or increased state funding, for school districts to cover losses in federal revenue, so districts are cutting their budgets or taking out loans. Arizona's Shonto Preparatory School is on Navajo trust land. The closest public school is 50 miles away and there are no organizations or businesses that pay property taxes. "It is important for all students to have opportunities equitable to other districts with a lucrative tax base," says Superintendent Lemual Adson. He continues: "To penalize students due to the lack of a tax base and the failure of the Federal Government to pay their 'fair share' of taxes is a detriment to our people. . . There are no alternative resources at all to make up for the lost revenues of Impact Aid." One district arranged for a bank loan to cover the cost of emergency repairs to electrical and internet systems caused by lightening. Five school districts have increased taxes or are contemplating a tax hike to make up for federal cuts. The lack of funding is not going unnoticed. Superintendent Dr. James Sarruda of Northern Burlington County Regional School District in New Jersey believes "community members, our taxpayers and senior citizens on fixed incomes, are weary of the sequestration consequences and are becoming more and more frustrated with the Federal Government's unwillingness to pay 'their fair share' of the expenses to educate the military child."

Budget cuts are often detrimental to vulnerable student populations, even as their districts try to insulate them from the worst of it. Important programs to preserve the culture and languages of Native American populations, as well as children requiring alternative education, are at risk of reduction or cancellation. Royal Valley Unified School District 337 in Kansas reduced performance opportunities for a local Native American Singers and Dancers group, in which 85 K-12 students participate. Ignacio School District 11-JT in Colorado is not offering a Native American Studies class with the Ute language, which Superintendent Rocco Fuschetto describes as "desperately needed," and which is spoken by members of the community. "We are trying to meet all of the needs, educationally and emotionally, at a reduced rate," Fuschetto says. Window Rock Unified School District No. 8 in Arizona reduced and relocated their Navajo Immersion School from a K-8 to a K-6. Both districts have experienced school closures.

According to Superintendent Dr. Joe Davis of Washington County Schools, North Carolina: “We have had to reduce our alternative school program because of these cuts. With a significant population of students in our district needing additional support, this [alternative school] program has been the catalyst to delivering a quality education to students in some of the most challenging circumstances.”

Students in poverty are feeling the brunt of the cuts. “Our district serves a rural, high at-risk population due to poverty, mobility, substance abuse and domestic abuse,” says Jennifer Lynn, Superintendent and K-2 principal of Baraga Area Schools in Michigan. She continues: “Reduction of programs and services drives those who can afford transportation to neighboring districts, thus concentrating our at-risk population further. Sequestration is on the backs of our most vulnerable children and communities.” Due to state and federal budget cuts, Parker Unified School District in Arizona had to increase class sizes in the primary grades from 20-23 students to 27-29 students. Business Manager of Columbia School District #206, Washington, Rod Pankey comments: “Sequester cuts have hit particularly hard in rural areas where student population has declined due to a sluggish economy and no jobs. . . These federal cuts, along with significant loss of state funding, have greatly impacted our ability to serve our Native American students, as well as all our students. It really hurts when our poverty index is such that 80-percent of the students qualify for free and reduced meals. These kids need the programs the most if they have any chance to break the cycle of poverty and seek a bright future with a college education.”

One common theme from respondents is the frustration over the uncertainty of federal funding. Eight districts said specifically the uncertainty over the timing and level of payments makes cash flow management very difficult, even lamenting Congress’ inconsistency in appropriating funding. Superintendent George Linthicum of Arlee Schools in Montana, sums up this sentiment: “Probably the greatest concern beyond keeping the doors open and providing basic learning opportunities is the mindset created by the uncertainty that sequestration manufactures.” Enrichment opportunities have been put on hold and there is unease over delayed maintenance given the district would be hard-pressed to repair a high-cost item.

In Linthicum’s district, contract bargaining has become more “emotionally laden,” while another superintendent describes the annual process as contentious. Two respondents noted that the cuts are impacting morale. The result of attrition in South Dakota’s Chamberlain School District is increased responsibilities and stress levels because, as Business Manager Holly Nagel puts it, “they have to do more with less.” One district has doubled the number of teacher observations and evaluations, but has not been able to hire an additional supervisor. In the case of three other districts, teacher recruitment and retention seem to be in jeopardy. Superintendent Terry Ebert of Fremont County School District #21, Wyoming writes: “By reducing the wage figures that can be offered, the quality of personnel attracted (or even inclined) to work at our District on an Indian reservation has declined substantially.”

Additional cuts will continue to deplete available reserves and force local leaders to make painful cuts. “We are trying to hold on to our current staff because we are already cut down to the bone,” says Superintendent Tony Thomas of Salina Public Schools in Oklahoma. No change in funding next year will mean the district will look at cutting personnel. Classified and certified staff, vocational, Native Arts, and music programs are all on the chopping block, according to survey respondents. If cuts endure over the next couple of years, four school districts would be forced to undergo significant reductions, four others would consider school closures.

If sequestration continues, one of the first items Minnewaukan Public School, North Dakota may be forced to cut is an early childhood program. Jean Callahan, a principal writes: “Our kids deserve the same type of education as wealthier kids, but sequestration is not allowing us to provide this.” Lackland Independent School District in Texas, which almost exclusively educates military dependents, has already eliminated early childhood and computer lab programs, Spanish and technology applications classes. Cuts will continue to have negative consequences – and not just from a lack of Impact Aid. Two districts interceded in local Head Start programs: one stepped in to provide transportation for students; the other started providing services for students this year. However, a reduction in separate services or maintenance will be required to continue this program beyond 2014. Another district may have to reduce the number of students they serve in Head Start from 275 to 175 while reductions to mainly poor and special needs children are also being considered.

The cumulative, short-term impact of cuts on some of our most vulnerable districts is taking its toll. More worrisome is the long-term, compounding damage of years’ worth of cuts. What follows is a collection of responses detailing the challenges facing underfunded school districts:

“This year we have eliminated six elementary teachers, four gifted teachers, three Title I teachers, one music teacher, three literacy collaborative teachers, and five secondary teachers. We have also eliminated classified aids. This has increased our class size, decreased our planning and professional development time, and increased our parents’ frustration that needed services for our kids are not available. It would be nice to live in a country that actually valued education for all students.” – *Supervisor of Student Services/Certified Personnel Gary Walker, Fairborn City Schools, Ohio*

“We have cut our after school program and activity bus. We have reduced our summer school program. We have reduced our ordering of supplies and materials. We have cut our music program. All of this has a direct impact on our students and the ability to access engagement in activities.” – *Superintendent Tim Ames, Wellpinit School District, Washington*

“We have eliminated all athletic funding which is a huge issue in a small school. The parents and coaches are trying to raise funds to support athletics. We have cut two fulltime kindergarten classes to one half-day class. We have eliminated a PE teacher at the elementary and teachers will be teaching their students PE. We have furloughed three days. We are going to a four-day school week.” – *Business Manager Marcia Hoffman, Plummer-Worley School District #44, Idaho*

“Impact Aid has been used to provide instructional supports, provide funding for building maintenance, and to provide supports for children of military families, children with disabilities, and to meet the many ‘little’ costs related to poverty and military families. With sequestration, we find ourselves increasingly unable to provide the little extras, counseling supports to children of military families, to maintain our school buildings, and to slowly ‘erode’ the instructional programs for children with disabilities and children living in poverty.” – *Director of Student Services Dale Lambert, Great Falls Public Schools, Montana*

“Our rural school district is finally showing signs of success, such as an almost 80-percent high school graduation rate, which was as low as 39-percent just a few years ago, and dramatically fewer students testing far below grade level as compared to the past. . . We’re gravely concerned that all of the hard work and courageous action of our Governing Board and leadership team to turn this school district around will not be sustainable if the series of sequestration cuts materialize.” – *Business Manager Daniel Fleury, Indian Oasis-Baboquivari Unified School District #40, Arizona*

Conclusion:

It is clear that multiple rounds of federal budget cuts are having a significant impact on federally impacted districts, including the military dependents and Native American children who live there. These districts already understand how to do more with less given the limited local tax base and address the unique challenges of their communities and student population. The number of districts preparing for continued sequestration and budgeting deep cuts increased significantly over last year. Even those districts that have faced a minimal impact to date or have avoided cuts altogether are bracing for tough times ahead.

Those communities most vulnerable to federal reductions – those that rely disproportionately on federal funds, high-poverty districts – will continue to feel the brunt of federal budget cuts. In the end, students suffer. As Congress continues to postpone a responsible, long-term plan to secure our nation’s fiscal future, school leaders have to make tough choices in the absence of guidance, information, and resources. Instead of investing in our future, we are shortchanging it. We will continue to face the effects of impending budget cuts in coming years unless sequestration is ended.

NAFIS is a non-profit, non-partisan association of school districts organized primarily to educate Congress on the importance of Impact Aid and to ensure school districts affected by a federal presence receive the basic resources necessary to provide a quality education program for all their students.

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