



Fiscal First Aid for School Districts

➔ Additional Considerations for School Districts



Government Finance Officers Association

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ACKNOWLEDGMENTS

We'd like to thank the following individuals for their review of this manuscript:

Shayne C. Kavanagh, Senior Manager of Research, GFOA

Matthew M. Lentz, Chief Financial Officer/Board Secretary, Upper Moreland School District

Mike Mucha, Deputy Executive Director / Director, Research and Consulting, GFOA

The Government Finance Officers Association (GFOA) represents approximately 20,000 public finance officers throughout the United States and Canada. GFOA's mission is to promote excellence in state and local government financial management. GFOA views its role as a resource, educator, facilitator, and advocate for both its members and the governments they serve and provides best practice guidance, leadership, professional development, resources and tools, networking opportunities, award programs, and advisory services.



THE COVID-19 PANDEMIC has been especially difficult for governments tasked with continuing to provide essential services to their community, initiating efforts to help fight the disease, pivoting almost overnight to address the new challenges of employees working from home, and addressing staggering unemployment and economic hardships. At the same time governments are tasked with doing more, their own revenue is taking a gigantic hit from a significantly reduced tax base, creating grim budget scenarios, the difficulty of forecasting with extreme uncertainty, and the need to implement cutback measures to reduce expenses. This difficulty is further compounded for school districts tasked with providing not only a quality education to their students but also ensuring their safety and welfare, regardless of whether or not classes are being held in-person or virtually.

The pandemic has been particularly difficult for schools as districts have had to quickly pivot in terms of closing and moving to virtual/remote learning scenarios this past spring while also planning for how to resume classes in the fall and beyond. This is further compounded by the continued presence of COVID-19 throughout the country without a clear sense of when the virus may dissipate. Underlying the drive to re-open is not only the need to educate students and provide services to more vulnerable students, but also the fact that a number of parents and caregivers rely on school as a safe environment for their children while they work.

In addition, the economic ramifications of the pandemic are creating a host of revenue uncertainties for school districts. School districts are heavily reliant on state pass through revenue and local property taxes. While revenue impacts related to property taxes may not be felt in many districts for a year or two, the impacts related to state revenues are likely to be more immediate and substantial. Coupled with this revenue uncertainty is also a need for new expenditures related to promoting the wellness of student and staff—including personal protective equipment (PPE) and other items to ensure social distancing.

GFOA's Fiscal First Aid program lays out a 12-step process for recovering from financial distress. Included in this framework are strategies for recognizing, arresting, and reversing a pattern of financial decline. Strategies relate to all areas of finance, but facing this challenge is a team effort and requires collaboration and coordination across multiple disciplines, departments, and levels of the organization. This research paper expands upon these fiscal first aid strategies with additional, school-district-specific considerations for mitigating the challenges of the COVID-19 pandemic.

Opportunities are grouped to address more immediate, short-term needs as well as longer-term items. These longer-term items may not have immediate impact, but discussions by senior district leadership need to begin to prepare for future and ongoing challenges. Each provides potential benefits helpful in both dealing with the financial crisis and ensuring that districts can continue to provide critical services during this emergency and be better prepared for future events.

When applying these strategies, districts must understand that all come with some risk and that getting through this financial crisis may require taking actions that otherwise would be unpopular with district stakeholders, both external and internal. As such, communication and transparency for potential solutions must be posed by finance officers in the most clear and relatable terms possible in order to ensure broad understanding of the need for any actions taken. In addition, this is also why finance officers must closely collaborate with their academic and instructional peers to determine the impacts of any financial actions on students, staff, etc.—and ensure these impacts are also clearly communicated. It cannot be emphasized strongly enough that communications are critical to ensuring implementation of any of the following strategies and also to ensure that these strategies are not being done unto the organization by the finance officer, but are shared actions that the organization has agreed to as necessary to ensure continuity in educating students and providing related services.



Shorter-Term Strategies

The following highlights near-term strategies that districts can leverage in order to free up budgeted resources or forgo planned expenditures. While not easy, they are possible to undertake without major shifts in overall district strategy. These recommendations are intended to supplement GFOA's broader insights for all types of local governments—including school districts—as outlined in our [Balancing the Budget in Bad Times Part 1](#) and [Part 2](#).

Shorter Term Opportunity 1

School Site Budgets, Expenditures, and Allocation Formulas

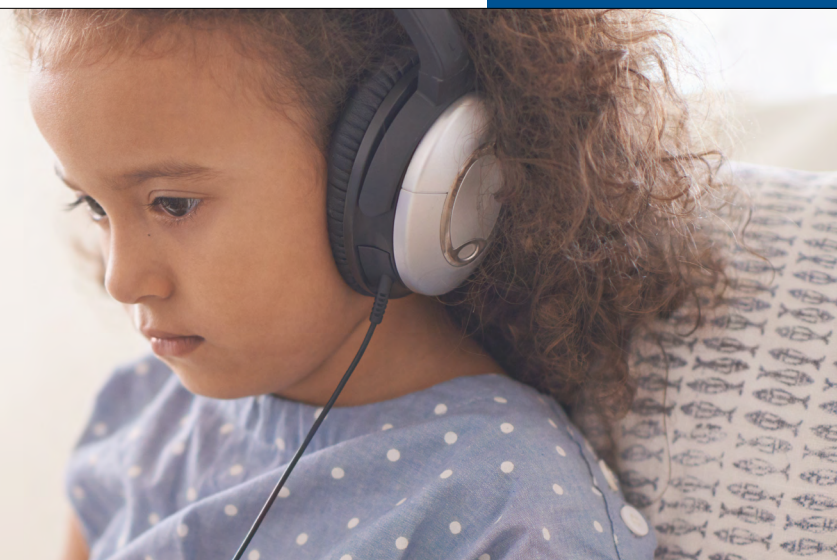
School site budgets make up the bulk of any school district's overall budget. While the level of centralized control over spending from school site budgets can vary between districts, the school site budget is largely viewed as being the responsibility of the building principal. Often, when school site budgets as well as department budgets are built, contingencies are added to each of these school and department budgets to protect against unforeseen events/needs that may arise during the fiscal year. In addition, school sites and departments advocate for their area needs related to staffing and additional funds, without necessarily accounting for the broader needs of the district or the more limited nature of resources available to the district in general. As it relates to school site and department budgets, the need is clear for additional focus on several areas:

→ **In-depth analysis of school site budgets and better comparison of budget to actuals.** Many school sites will develop or are developed with a school-by-school contingency allowance to account for any unforeseen expenditures at each individual school site. Regardless of whether it is an intentional practice known widely or not, the potential for large, unused or underutilized pockets of funds can be substantial. Consider a hypothetical district with 10 school sites, in which each school site has a budget of \$5 million. Even with a contingency at each school site of 1%, the amount represents \$50,000 for each school for a total of \$500,000 district-wide—a significant amount. As is recommended in *Balancing the Budget in Bad Times*, this analysis should also be done for centralized departments as well, in terms of pooling contingencies to direct funding allocations to areas of specific need, as opposed to funding contingencies throughout the district's subunits.

With procedures in place to offer protections for truly unanticipated events, these amounts could be pooled centrally based on historic trend patterns, etc. with potential for a substantially lower total amount needed. But in order to work well, the district will need to have a detailed process laid out for how requests are received, discussed, prioritized, and then potentially funded. Discussions of requests for funding should be done at the cabinet/senior leadership level so that a broad perspective of functional expertise is included. And in terms of prioritization and potential funding of requests, the focus should be on items that align with district goals and strategies above all else, with exceptions only for items needed due to truly unforeseen events.

→ **Better comparison of budget to actuals.** If a district does not have a robust budget monitoring process in place, now is the time to implement this process. Prior to implementing a monitoring process that involves the parties responsible for spending the funds—whether department head or building principal—an in-depth analysis should be done of what budget to actuals have looked like over the last several years. This can uncover spending patterns and also ensures budgets are right-sized to actual annual expenses. Particular attention should be given to type of expenses to ensure appropriateness and also 'backloading' of expenses at the end of the fiscal year to rapidly use unspent funds for items that will likely not be utilized during that fiscal year. If patterns of backloading expenses are particularly high, consider further investigation to determine if the subsequent year's budget could be reduced by leveraging materials bought previously. Coupled with this analysis should be a discussion on why schools and departments engage in this behavior. Did they not spend what was budgeted for contingencies (as discussed previously)? Are implementation of new programs and/or services not going as planned? Is there a need for more money in the subsequent fiscal year and they are trying to maximize current year dollars? Finding the root issue driving the backloading of expenses will be key to truly solving the issue—and with the current pandemic-related pressures, this is a necessary issue to resolve as districts work to rethink how instruction is delivered and the budgets that fund it.

Districts may need to temporarily adjust staffing formulas based on virtual learning situations.



In addition, budget monitoring conversations should include discussions of performance measures to ensure that funds spent on specific staff, items, etc. are actually producing the hoped-for results. See [GFOA's best practice on Budget Monitoring](#) and [GFOA's best practices on Performance Measures](#) for more information.

→ **Staffing allocation formulas and adherence to those formulas.** Formulas are necessary to ensure the rules are well-established for the amount of staff and funding each school site receives. These formulas/rules should dictate what is received and also when and how a school site may be eligible for more resources (i.e. increased enrollment) and the process for doing so. It is essential that these rules are established, readily available and intuitive, and also broadly communicated, regardless of size or stability of a district. This is needed to establish broad understanding of why school sites have varying levels of staff and funding.

Allocation formulas should also include a clear articulation of when staffing changes will occur, whether these are the addition or subtraction of staff. This could be only at the start of the year once estimated enrollment is trued up to actuals, on demand when new students arrive, or at set points in time through the year. Regardless of when, the process for how adjustments will be made should be clearly articulated as a part of developing the actual allocation formulas.

In addition, allocation formulas should be developed to allow for school sites to share positions, if the need for a full FTE at one site is not necessary and/or financially feasible. If it is not already widespread practice to do so, determine why this is the case, whether because of contractual limitations, financial/HR system limitations, resistance of staff, resistance of building principals, or some other factors. Sharing of staff between school sites can help to reduce need for additional staff and also help

to alleviate recruitment difficulties with some of the more traditionally hard-to-staff positions that can serve multiple school sites, such as nurses, social workers, etc.

Another point on allocation formulas is related to rounding of partial positions. Districts allocation formulas and policies should include the use of part-time positions to prevent rounding up to the nearest full position. This includes the potential for sharing positions between school sites as listed above or utilizing 0.5 FTE positions and potentially even paying more for teachers, especially in high schools, to teach an extra class.

The need for clear documentation and communication of allocation formulas and related processes is fundamental to ensure all school sites are being treated equitably and fairly and to ensure everyone is playing by the same rules. All districts have had experiences or situations in which an individual or situation was placated through additional staff at a particular site; but while the short-term pressure in that situation may have been alleviated, a longer-term precedent has now been established where vocal opposition to the rules leads to the rules no longer being applied.

Additionally, districts may need to temporarily adjust staffing formulas based on virtual learning situations. If a district anticipates going virtual for some time, consider these questions. Is the need to hire new teachers offset by the ability to optimize the number of students in a virtual setting, even if across traditional building lines? The savings could help to cover short-term gaps in funding, but balance will need to be struck with planning for going back to in-person instruction and ensuring appropriate levels and quality of staff are in place.

See GFOA's Smarter School Spending website – which devotes a [specific section](#) to advice on developing of allocation formulas for more guidance.

Shorter Term Opportunity 2

Better Leveraging of Staff Providing Instructional Support Services

While many districts may be limited by collective bargaining agreements regarding support staff, discussions should include how to best utilize support staff, such as classroom and special education aides, librarians and other non-classroom teachers, instructional support coaches and the like. District leadership need to reflect on how these staff were used in a virtual learning setting and ensure plans are developed in terms of how they can be best utilized for the upcoming school year. This conversation should focus on not only how to better utilize these positions but also the potential to place a hiring freeze on these types of positions (and potentially a furlough) if the positions cannot be leveraged for remote learning or somehow used to support other school site needs.

Some specific considerations by type of position include:

- **Classroom Aides:** How can the classroom aides help students with specific needs virtually? Do they have the technology to engage with students remotely? What can classroom aides do to help support classroom teachers? Are there other activities that classroom aides can be leveraged for to support building needs? For return to in-person instruction, can these staff be better leveraged to monitor social distancing in common areas during arrival, dismissal, and other heavy traffic times during the day?
- **Special Education Aides:** As with classroom aides, some of the same type of discussions should take place as to how special education aides are supporting students remotely. Do they have access to the technology to do so, and how can they better support special education teachers? And how can special education aides be best utilized to support students and their health and welfare once in-person instruction resumes?
- **Librarians and Other Non-Classroom Teaching Positions:** How can the expertise of these staff be utilized to help best support classroom teachers? What type of additional activities and engagement points can these staff help facilitate for students that will complement classroom instruction and promote the overall well-being of students? For in-person instruction, how can these staff be utilized to help reduce the number of students in classrooms and create schedules that promote social distancing?

Shorter Term Opportunity 3

Rethinking How Instructional Staff Can Be Leveraged Now

While districts are still grappling with how to reopen for this year—and already acknowledging that reassessment of how instruction is delivered on day one may need to be adjusted—consideration should be given as to how to best leverage classroom teachers and other instructional staff. Having all students return to school in-person will be few and far between for most districts, but even so social distancing will require the need to rethink how staff is used. Consider how instructional, non-classroom staff, such as coaches and other specialists, can be better leveraged to help with social distancing while supporting learning. While in more normal times they support an essential function for more individualized support of teachers and students, they may be able to take on different responsibilities or more students under current conditions. This can help to reduce number of students in the classroom and also support the learning needs of students who require more attention, particularly after losing valuable instructional time last year and this summer.

For blended models, how can districts rethink how staff are used and split between in-person and virtual learning environments? Can buildings that used to have multiple classrooms per grade level be consolidated while maintaining appropriate distancing to free up other teachers to create a more robust virtual environment? This may be an opportunity to identify and play to the strengths of individual teachers and determine how their strengths can best be leveraged in either setting. Using this strategy will require some upfront efforts, but the opportunity to play to strengths of staff and be more innovative outside of the more traditional classroom setting is a necessary consideration, given the situation and likelihood of adjustments for the foreseeable future.

As for fully virtual reopenings, again how can districts play to the strengths of their existing staff to help provide the best instruction possible? What resources/tools are available to make instruction in areas that a teacher is particularly strong or passionate in available to a broader audience? How can these items be cataloged and shared within the district more broadly for other teachers to leverage? With the move to a fully virtual setting being done so quickly, the opportunity for internal professional development and learning in terms of what has been successful and not cannot be overlooked. In addition, reflections on what worked well and what didn't during the spring should be examined to ensure that the virtual learning offered for the upcoming school year and beyond is as robust as possible.

Shorter Term Opportunity 4

Partnering with Other Districts/Entities

Collaboration between districts and other local jurisdictions may be of benefit in response to the pandemic. Cooperation between neighboring districts may be a quick, cost-effective alternative to providing the best possible options in times of rapidly changing demands and means of reopening that are likely to occur in response to the pandemic. In addition, the sharing of expertise, knowledge and ideas may help in providing the best possible option for students in terms of safety and welfare—and for the district as well in terms of affordability.

Districts should consider reaching out to other nearby districts to coordinate and collaborate on reopening plans, or at the very least to share ideas. While state requirements will dictate opening to a large extent, learning and sharing with your peers may be an opportunity to improve or bolster your district's reopening efforts. In addition, pooling of resources may help in terms of pricing related to platforms, software packages, or other technology needs to help provide the best remote learning experience for students. Also, in terms of remote learning, partnering may offer the chance to think through on a regional basis how to provide access to high-speed Internet to students in need on a broader basis in terms of working with Internet providers and related parties to tackle the logistics of making this service available for all students. And for schools offering an option to choose between remote and in-person learning, collaboration may allow districts to create a temporary virtual type of district/environment that can be shared and staffed by multiple districts to help alleviate the burden on one district to try to operate both types of environments.

In addition to partnering with neighboring districts on provision of instruction, districts should consider other ways to collaborate with neighboring organizations on needs related to physical spaces, risk management and other items. For in-person learning, greater physical space and distancing will be required to reopen schools, but what if district facilities cannot accommodate those needs? How can other nearby locations—such as park district facilities, other municipal facilities, and possibly other currently underutilized spaces—be leveraged by the school districts at low cost to help with social distancing needs? In addition, districts should consider collaborating with other local government jurisdictions on risk management issues related to COVID-19—from sharing ideas on prevention, pooling resources to procure PPE, and other strategies.



Districts should balance longer-term, post-pandemic needs with short-term considerations with a cognizance that facility needs, enrollment numbers, and other extenuating circumstances are continuing to evolve.

Shorter Term Opportunity 5

Short-Term Pause on Specific Capital Expenses

To the extent feasible, school districts should consider pausing capital projects to ensure that the projects are still relevant and practical given the remote and social distancing needs and also to help with cash flow needs. Projects that are funded with cash on hand (i.e. PAYGO) should be examined. In addition, districts should examine debt-financed projects, paying close attention to bond covenant requirements and arbitrage. Districts should balance longer-term, post-pandemic needs with short-term considerations with a cognizance that facility needs, enrollment numbers, and other extenuating circumstances are continuing to evolve. Other, longer-term considerations related to capital are included below.

Additionally, the virtual/remote learning environment can be an opportunity to catch up on more minor deferred maintenance needs. Without students and staff in the building, maintenance and related staff may have additional time to address maintenance and upkeep needs uninterrupted. Districts should prioritize additional items that could be accomplished when buildings remain closed during virtual and remote learning while balancing any items that need to be addressed to help promote health, safety and social distancing once buildings do reopen to students.



Longer-Term Strategies

The following outlines longer-term strategies for addressing funding and budgetary shortfalls related to the COVID-19 pandemic. These may not result in material savings immediately but may be beneficial both financially and strategically for a district in the long run. As with the near-term strategies outlined above, these are school-district specific and should be examined in conjunction with GFOA's broader guidance for local governments.

Another key item to mention before looking at more specific opportunities is the need for collaborative long-term financial planning for a district. Strategic plans are necessary in order to effect change in an organization. Similarly, long-term financial plans are necessary in order to ensure that a district remains financially solvent and makes course corrections before financial challenges become insurmountable. GFOA's Best Practices in School Budgeting recommends development of a district strategic financial plan that builds upon goals and strategies from its strategic plan to best inform financial forecasts and engage in a discussion among leadership and other stakeholders on how these needs should be addressed.

More information on GFOA's strategic financial planning recommendations for school districts can be found [here](#). In addition, GFOA has created a [strategic financial plan template](#) for districts to utilize as well.

Longer Term Opportunity 1

Strategic Alignment

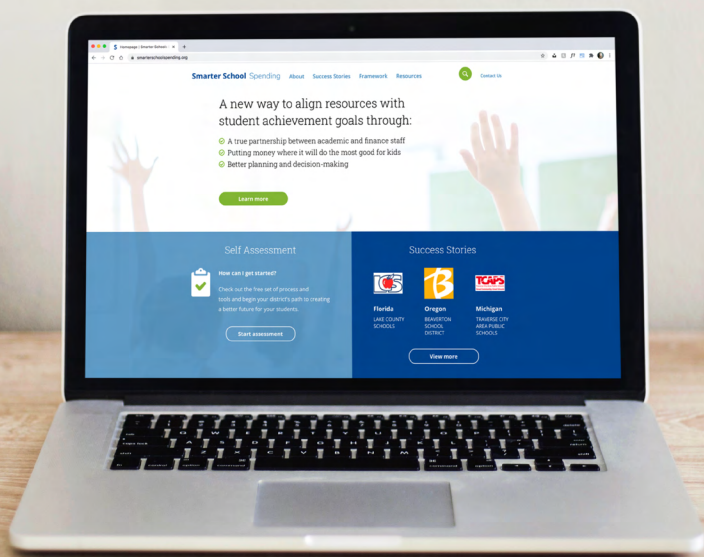
A district's strategic plan should be the guide for everything and anything a district does, whether district-wide or at the school sites. Without a strategic plan or adherence to an in-place plan, district staff are left without guidance in directing decisions for their responsible areas as well as when it comes to the strategic focus for the organization. The following outlines key elements to focus on in developing a plan or evaluating an existing plan to ensure focus for the district is well-articulated and adhered to. More importantly, these elements can determine how the strategic plan can be leveraged to prioritize current and proposed programs and strategies and focus attention and funds on those that have the best chance at accomplishing district goals and that best serve students. Of equal importance is ensuring these discussions take place collaboratively between the instructional/academic leadership and finance staff to ensure the best possible decisions for students that also maintain a district's financial solvency.

➔ **Development of robust goals.** While most districts do have goals, goals are not often specific and/or measurable enough to truly drive change within the district. As part of



Across-the-Board Cuts

One cautionary strategy in our *Balancing the Budget Parts 1 and 2* that bears further mention is across-the-board cuts. Across-the-board cuts are a common and popular budget balancing strategy for all types of governments. However, across-the-board cuts are the furthest option possible from being labeled as strategic and can have lasting ramifications. Forcing all budgeted departments, school sites, or whatever unit at which funds are budgeted to implement cuts places those areas of greatest need at a further disadvantage, such as schools with already low performance, a high number of economically disadvantaged students or those with special needs, etc. Budget cuts should be strategic and targeted in nature. While eliminating an entire program or function is a difficult decision, the organization may be better off in the long term by taking difficult action than doing a percent across-the-board reduction that will hamper the organization.



Tools to Promote Strategic Alignment

GFOA's Smarter School Spending project and associated website contains a host of tools and other resources for districts looking to improve their budgeting and planning processes. Tools on the website to help with strategic alignment include the following:

- ☑ [Strategic Abandonment Tool](#) is a list of eight criteria to evaluate specific aspects of a program to gauge whether or not the program should be discontinued.
- ☑ [Evaluating Options](#) is a simple scoring rubric to help analyze how well (or not) certain strategies and programs align to a district's goals and needs.
- ☑ [Instructional Priority Planner](#) is a guide to walk-through development of priorities but also includes 'Map the Levers' activity to connect programs to goals and help inventory programs and ensure connection to broader district strategy and direction.

our Best Practices in School Budgeting framework, GFOA recommends developing SMARTER goals. This acronym stands for Specific, Measurable, Achievable, Relevant, Time-Bound, Engaging and Resourced. Robust goals are the foundation of a solid strategic plan. Without a strategic plan in place, those in the district do not know what the focus of the organization is, nor why it is the focus.

- ➔ **Reevaluation of current goals.** Having robust goals as indicated above is essential. But even if a district's goals are robust, they may not be the right goals. Given the impacts of the pandemic, have your district's goals changed? Has the pandemic and switch in how instruction is delivered made any of your goals irrelevant or at least impacted substantially? And in terms of meeting/achieving your district goals, do timelines and how these are accomplished need to be adjusted?
- ➔ **Alignment of strategies to goals – looking at true prioritization.** In addition to robust goals, a district needs strategies to achieve those goals. And if strategies and programs—even if effective and driving good outcomes—are not aligned to the goals and underlying areas of need and issue in the district, should these strategies and programs continue to be pursued and funded? A candid conversation about current strategies needs to occur in order to ensure all funds are being directed to strategies that are addressing key needs of the district.
- ➔ **Monitoring of performance.** In addition to robust goals and strategies to achieve those goals, districts need to ensure the effectiveness of these strategies by regularly monitoring performance. Performance measures for a strategy or program should be clearly identified, intuitive, and well-communicated. And most importantly, evaluation of performance measures should be coupled with actions to make course corrections or discontinue a strategy/program if results are not being achieved. For more information see [GFOA's best practice on Performance Measures](#).

Longer Term Opportunity 2

Better Leveraging of Staff Providing Instructional Support Services

A district should have discussion on longer-term considerations and possible redirections regarding support staff. Specifically, how can a district get a greater return on its investment in personnel in rethinking the traditional model of how classrooms are supported by aides and also how other traditional positions support school buildings? Restructuring of support staff should be done in careful alignment with the strategic goals and direction of the district to ensure the changes will not adversely impact achievement of district goals. While financial savings may be an underlying factor as to why support staff need to be reexamined, a clear plan should articulate what savings will be utilized for—whether it is to prevent cuts in other areas or to bolster other areas of need.

A key driver of the conversation of any staffing changes should be the net benefit to students of the services provided by the current structure. If students would be better served by other types of positions—whether virtually or in-person—and if financial savings may be involved, then the ramifications of the pandemic would be the opportune time to do so.

For example, if classroom aides are mostly utilized to help with struggling or disruptive students, would the district be better served by having an extra social worker and/or interventionist to serve a building as opposed to a half-dozen classroom aides? Even if the classroom aides' pay were half of the replacement positions, savings would result and could be even greater if health care coverage is offered to classroom aides as well.

Again, this circles back to the strategic goals of the district and ensuring that dollars are being leveraged to the highest extent possible on better student outcomes. The value add of positions is of particular importance, as staff account for such a large portion of any school district's budget. And if the value add is for positions that are not necessary to meet state guidelines for number of students in a classroom and related requirements, then a district needs to rethink its past utilization of specific staff types to ensure they are producing good outcomes aligned with district goals and needs. These types of staffing changes will take time and solid engagement with all stakeholders to gain their perspective and convey why the change is necessary. Ultimately, using the financial challenges related to the pandemic to help better position for the future will provide better outcomes for students.

Longer Term Opportunity 3

Opportunity to Rethink How Instruction is Delivered

The pandemic and related impacts are an opportunity to rethink how a district provides an education to its students. Districts have increasingly been exploring different ways to deliver instruction and engage students, all in the effort to increase learning and student performance. If these different ways of providing instruction are a lower-cost option to the district, then how can these efforts be increased to deal with the resulting financial implications of the pandemic? Districts have already had to quickly pivot from in-person to virtual/remote instruction for better or worse. What lessons can be learned from this experience to help rethink how instruction and related services are provided to students? Key items



to keep in mind are ensuring equity for all students, with a proven track record of the option and cost.

An overarching area of concern and more pressing need is for engaging students remotely. As part of this, how can one-to-one devices be used to greatest impact? And how to best deliver instruction and related supports remotely? But coupled with this pressing, current need should be a plan for how this can be leveraged for the long-term as well—such as continued engagement outside of school hours and in summer months where much research has been focused in terms of loss of learning. And a huge concern of remote learning outside of devices and effectiveness of instruction is the ability of students to access high-speed Internet from their homes, a need that can be more difficult for a school district to address directly.

Another item to have an in-depth discussion around would be the use of physical textbooks and other paper-based materials. With more focus on remote and virtual learning and one-to-one devices, are traditional materials the best use of district funds? Are there comparable electronic versions available? What kind of open source, free/low cost options are available to leverage? What is the cost-benefit between physical versus electronic? What are the potential impacts on instruction, if any? This should also include how other physical materials—such as library books—are utilized as well, particularly with a greater reliance on digital devices and potential for more remote learning.

Another item for consideration is partnering with charter organizations to help provide or at least coordinate some of the in-person and virtual learning needs for students within your district. Are there areas of strength your district or charter has that can help support the broader needs of resident students? Could there be some potential to ‘divide and conquer’ between students requesting in-person versus virtual instruction? In addition, are there outside providers that could support delivery of virtual instruction to district students opting for that type of delivery?

Longer Term Opportunity 4

Tackling Key Areas of Concern for Both Performance and Cost

The aforementioned opportunities are more focused on examining overall district operations and direction; however, most districts have several areas of specific service provision that would benefit from renewed focus on outcomes in conjunction with funds spent. Efforts to do this should be well-coordinated and communicated with a central focus on wanting to improve performance and outcomes with a secondary intention on cost-effectiveness. Leading with concerns of funding first will likely be met with suspicion internally and even externally as being a ‘money grab’ as opposed to one that is dual purpose in terms of performance and also better use of funding. While not a short-term solution to overcome current financial challenges, the need for looking at longer-term areas of concern is just as important and justifies the need to tackle more difficult areas as the impacts of the pandemic on district revenue will be much longer-term as well.

The following are a few areas to potentially examine and begin discussions within the district as to how students can be better served in a more cost-effective manner to help alleviate not only financial pressures but also free up resources for other areas of need as well:

- ➔ **Special Education and Related Supports.** Special education is one of the largest expenditure areas within a district and can also be one of the more difficult to understand in terms of complexity/diversity of needs, legal requirements, internal processes, and the like. Coupled with the complexities are often outcomes that are less than optimal. While analyzing special education can be particularly sensitive, a broader discussion should occur on how services are provided, how needs are identified and ultimately how students with disabilities can be better supported. Conversations should include a diversity of perspectives with a focus on early interventions to help minimize needs for longer-term supports and should include examining processes for how Individualized Education Plans (IEPs) are created to ensure consistency between school sites and in supports provided to students.
- ➔ **Professional Development.** Facilitating the learning and improvement of a district’s human capital has received more and more focus over the last several years. Professional development is essential to ensure that teachers and other staff have access to education on trends in improving how they serve students, but also to make sure new staff are well-versed in areas of importance for the district. Providing quality professional development is of high importance, but

so is ensuring that it is aligned to district needs and helps to promote improvement in those key areas of need. External as well as internal professional development should be included, such as that provided by coaches and other staff dedicated to supporting those in the classroom.

Each district will have its own areas of known concern and need in terms of cost versus outcomes. The approach taken in terms of initiating conversations on how to improve cost-effectiveness will be key in terms of success in tackling the area of concern. Regardless of area, the approach should be collaborative, focused on improving student achievement, and with the intent to invest any funds saved back into supporting students and key areas of need. Again, while this may not address more near-term shortfalls, addressing longer term concerns now will help districts redirect resources to already identified or future areas of need, as most any district is in continuous need of more resources to provide services to its students.

Longer Term Opportunity 5

Outsourcing of Non-Core Functions

School districts have leveraged outside vendors for a range of services throughout the years. In fact, outsourcing has become increasingly commonplace for transportation, food services, and janitorial services. However, the decision to outsource should not be based on challenges related to the pandemic alone. Careful consideration and thought will need to go into what services to contract out, including active engagement with the community and, most importantly, district staff that may be impacted as a result. Outsourcing carries risks related to direct control over service provision; however, it can allow the district to focus more on provision of core services related to instruction and instructional supports.

If outsourcing for the first time, districts need to ensure contracts with vendors are carefully structured in order to best serve the needs of the district. This includes setting and ensuring service level requirements are met and the ramifications if a vendor fails to do so. As related to our current situation, contracts should have provisions that address a reduction or stoppage in need for vendor's services and corresponding payments to the vendor. These provisions should not be overly specific to one type of occurrence, such as a pandemic, but be written as broadly as possible to protect the district for any type of future, unforeseen events.



Additional Resources

[Cost Savings Idea Tool](#). GFOA's Smarter School Spending website has a host of tools and other resources to help support better planning, budgeting and overall decision-making. One of the most robust tools on the website is the Cost Savings Option tool, which allows districts to investigate 30 areas of district activities to compare against industry standards and other district practices.

[Academic Return on Investment \(AROI\)](#). AROI is a concept to look in-depth at cost-effectiveness of particular programs and strategies within a district. The key tenet of AROI is to get the best possible outcomes at the best possible amount of funding. Structuring a robust AROI initiative can take considerable time and effort, but benefits can be substantial, and the conversations facilitated through the efforts help as well. GFOA has done more in-depth research in this area, including this [white paper](#).



Longer-term financial pressures related to the pandemic could be considerable, with districts needing to examine what is planned and if it is truly affordable or not given the current circumstances.

A fiscal impact study should be done when considering outsourcing of services with considerations for:

1. **Short-term impacts** – looking at cost to provide service directly compared to cost of contract with vendor. Is the savings significant enough to go through outsourcing of the service? If savings is minimal, does it justify keeping service in house? What other considerations in terms of time, effort, centralized oversight, etc. may come into play?
2. **Long-term impacts** – how can contracting out a particular service offset major costs to the district in the future? If needs for major investments in bus fleet, kitchen equipment, etc. are upcoming, could contracting out help avoid incurring the full brunt of those needs? Likewise, costs related to major collective bargaining agreements could be offset as well by outsourcing.

For more information on potential outsourcing of services, see [GFOA's best practice on Evaluating Service Delivery Alternatives](#).

Longer Term Opportunity 6

Longer-Term Considerations for Capital Projects

In addition to the short-term considerations highlighted previously, districts will need to examine their capital needs on a longer-term basis in terms of cost, affordability, need, and design. Longer-term financial pressures related to the pandemic could be considerable, with districts needing to examine what is planned and if it is truly affordable or not given the current circumstances. While certain projects that are already well into the planning and financing may be more difficult to delay, all capital projects should be examined to ensure the designs meet future needs and altered to the best extent possible.

In addition, speculation abounds in terms of whether or not the pandemic will have an impact on where people live, with consideration and potential demand for larger houses and more open space in response to pandemic-related shelter-in-place orders. If this does materialize, what kind of impact will this have on district enrollment? Even if it is too soon to see direct impacts, are there ways to hedge potential enrollment losses (or gains) related to the pandemic?

Also, what kind of other enrollment shifts may occur? For districts with significant non-public school options, the potential for enrollment in the public district could be significant with increasing economic uncertainty and job losses pushing private school tuitions out of reach for families currently attending. Conversely, if a district decides virtual/remote learning is the best option for the fall, what happens to the district's enrollment if nearby private schools decide to proceed with in-person learning, which may attract students whose parents/caregivers want and/or need this for their children? Enrollment shifts may not be that large, given that it may be difficult for a private school to significantly increase capacity quickly enough, but the resulting impact on loss of revenues (particularly those driven by enrollment) would still be painful, given all of the other pandemic-related pressures.

Longer-term considerations should also be incorporated into the planning for new buildings or updating existing facilities to accommodate the need for future social distancing and other pandemic-related needs. Are there more minor and affordable design adjustments that could be made to help better deal with events like this in the future that the district should be prepared for? Or is this such a rare occurrence that this should not be taken into account? What is the cost-benefit of potential changes?

Potential needs and areas to consider when looking at longer-term needs could include:

- **Designing common areas** – including hallways, locker bays, cafeterias, etc. to promote social distancing
- **Sizing of classrooms to accommodate social distancing needs** – including types of furniture and other accessories purchased. For example, shared desks and tables that could also be utilized for single students would help future social distancing needs.
- **More robust HVAC and other systems** to lessen the spread of contagions through buildings
- **Considerations for WiFi** and electrical capabilities throughout the building to accommodate needs to further space out students as necessary.

In addition to the changes to infrastructure that may need to occur, discussions should include a policy for the timing as to how and when changes are done. Should retrofits for existing structures be planned and done as soon as possible? Or should districts take an approach akin to how ADA improvements are made, where if a building is remodeled these types of pandemic response upgrades should be part of a remodeling of a facility? A key part of these discussions needs to focus on how the costs for these improvements will be funded as well.

Outside of school site considerations, districts must consider more about what they can do and how they can partner to ensure access to the Internet on a broad basis throughout their communities. Virtual learning is dependent on connections to high-speed Internet to ensure touchpoints and other key interactions occur between students, teacher, and other instructors. The need for high-speed Internet can be challenging in terms of ability to access for high poverty districts and for availability in terms of more rural/remote districts. Districts should also consider how they can partner with other governments, service providers, and others to help address this gap to ensure more remote learning does not deepen inequities in access to learning.



Conclusion

School districts will be able to leverage a number of the recommended techniques in GFOA's broader series on responding to the COVID-19 pandemic's economic repercussions, but they should take into account unique aspects of their organizational structures to ensure a truly comprehensive approach. The areas above will hopefully help to address some of the more acute financial related issues caused by the pandemic. They may also better position districts in the long run in terms of overall strategic alignment and creating a culture that has more open discussions about performance and allocating resources to areas of greatest need.

For more information about GFOA's Fiscal First Aid program, visit www.gfoa.org/ffa.



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