



## CONGRESS TO PASS FOURTH COVID RELIEF BILL

- Senate Minority Leader Charles Schumer says the Senate is near a bipartisan deal with the White House on a fourth coronavirus-relief bill to replenish the small business loan relief program and provide additional funding. **The Senate hopes to pass the bill – providing nearly \$470 billion in relief - this afternoon, and the House would then meet Thursday to pass it.** The House is likely to need more than half of its members in attendance because leadership anticipates that Republicans will not allow the bill to pass by voice vote. Democrats had been insisting that this fourth relief bill also include money for state and local governments as well as hospitals. **They reportedly got an agreement that the next bill will have the state and local funding,** and that some funds in the CARES Act will be available to those government entities. Currently this bill is expected to include the following:
  - \$350 billion more for the Paycheck Protection Program – it has used up the \$349 billion already provided for loans to small businesses. \$50 billion would flow through the Small Business Administration’s Economic Injury Disaster Loan Program and set aside \$125 billion for “unbanked” minority and rural businesses.
  - \$75 billion for hospitals
  - \$25 billion for coronavirus testing

Governor Cuomo is on his way to Washington, D.C. to meet with President Trump about the need for federal financial assistance to the states and the role of the federal government in coordinating the purchase and distribution of testing supplies (in order to avoid states and the federal government bidding against each other for limited internationally manufactured supplies.)

In advance of the trip, the governor has pointedly referred to the potential cut of state aid to school districts has one of the primary implications of the economic shutdown. He first referenced a cut of 50% (an amount that would shut down or cripple many of the state’s school districts.) Cuomo pointed to the state’s large expenditure of discretionary funding on public education, his inability to make cuts to health care (the other large state expenditure) during the crisis and the large deficit (due to both the economic shutdown and the delay in the filing of state tax returns.) Yesterday he moderated that initial figure down to a 20% cut in school aid if no federal assistance is forthcoming. He also indicated that he has no plan prepared to reopen school buildings this year, let alone a timeline for implementing that plan.

## ANALYSIS

**SCHOOL REOPENING:** Given that surrounding states and in fact the overwhelming majority of states in the nation have already indicated that they will be teaching remotely for the remainder of the school year, combined with yesterday's admission that the state currently has no plan in place to accomplish the reopening of school buildings and the governor's indication that such a plan would include a complicated synthesis of infection rates, new cleaning protocols, student population density on any given day and a host of other factors, it seems unlikely that school buildings will reopen this school year. This obviously raises profound social, financial and educational questions.

1. The governor is unlikely to simultaneously cut school aid and attempt to assess whether individual school districts have provided sufficient remote learning opportunities to qualify for an exemption from the 180 day of instruction requirement to qualify for state aid. Districts are in a variety of positions; some having closed buildings as a result of their own recognition of public health risks. Some closed them in response to a local health department order and some closed them in compliance with the statewide Executive Order. Some incorporated their spring break into their initial building closure, while the majority were ordered to work through their scheduled break. The state cannot rationally claim that schools are operating and providing instruction (albeit remotely) and then claim that they do not meet the number of days needed to qualify for aid-while refusing to pay aid for extra days of operation resulting from the order to work through a scheduled time off for employees. The state has the problem of determining whether schools have worked too few days during the crisis and others working too many. The governor's office has indicated an awareness of the lack of need to operate school for the week usually reserved for the administration of Regents exams and it seems likely that they will use that time to address both ends of this issue's spectrum; namely that schools that closed prior to the order and had insufficient snow and vacation days to meet the requirement can use that "extra" week usually reserved for Regents exams to make up the days needed (again, most likely remotely.) Those districts finding that (due to the requirement to work during a normally scheduled time off) they are facing the prospect of paying extra wages to employees that are not within their budgets, may take that week off in order to arrive at the exact number of days for which they are contractually obligated.
2. The prospect of needing summer school to make up for learning loss during the period of remote learning is real; particularly for students with an as yet unmet IEP. The federal government has not granted waivers during isolation and those services that cannot be provided remotely may need to be provided or made up at a later date. Given that schools don't know the date at which students may be instructed "in person" again, the question of what constitutes a sufficient substitute remains. This is uncharted water.
3. The social and emotional impact of isolation on students may not be known for some time. For students with parents still working outside the home, or those living in less than ideal circumstances, or without adequate electronic connectivity, rather than an ersatz vacation this time may be a nightmarish period of family stress. Loss of contact with friends, interruption of almost all regular activity, the loss of opportunities to participate in long awaited events, loss of parental employment, fear of illness, uncertainty in how higher education or the job market will react to the crisis all weigh on students. The stress

on educators has been high as well. While the media has focused on health care professionals, educators have been forced to reimagine an entire educational delivery system, serve as tech advisors to parents and students; often spending extra hours either contacting students who are without sufficient internet connectivity or devices or attempting to make contact with unengaged students or parents. The question of whether the state or federal government will acknowledge this secondary impact on schools is anyone's guess, but the mere fiscal implications of adjusting to address the fallout of delayed or altered development resulting from the crisis are daunting in themselves.

**SCHOOL FUNDING:** We've been here before. During the Great Recession the state cut school aid and the federal government stepped in with stimulus funding that initially replaced the state aid. When that federal funding expired, schools were left with a deficit and a state unable (or unwilling) to return to former funding levels. It took a decade for the state to make up the difference. Public education suffered as a result. Some suffer still. Now, schools have been level-funded, using an initial round of federal stimulus and the governor has telegraphed a likely 20% cut in aid.

1. A 20% cut in aid does not necessarily mean an overall reduction of 20% from last year's aid level. It may mean a 20% cut in aid for the first scheduled state aid payment, with the issue revisited in light of changes to the economy or the provision of additional federal aid. Obviously the longer the state is sheltered, the longer it will take normal revenue sources to provide the state the funding it needs for schools.
2. Congressional legislation to provide relief to schools seems likely. The amount that would be provided is unknown, as is a requirement of a state Maintenance of Effort (eligibility for the federal funding would depend on the state's not cutting aid beyond the amount that would be replaced by the stimulus funds.)
3. Most state fiscal years begin on July 1<sup>st</sup>, so at present, New York is somewhat of a lone voice calling for help. Soon, all states will join that chorus making relief politically imperative in a congressional and presidential election year. No one wants the blame for starving schools and potentially raising local taxes for not having provided sufficient relief.
4. Here at home, even the date of local school budget votes is up in the air. When they do take place, the tax levy cap will prevent districts from any real attempt to make up for lost state revenue. Even without the cap, most would be hard pressed to raise taxes on a community that had been out of work for months. The hope for sufficient school aid this year previously hinged on elected officials wanting smooth sailing into their election (and subsequent redistricting.) Now (in state budget provisions) they have allowed the governor to make the aid cuts for them, deflecting public outcry. Lacking state revenue, they would have been unable to stave off cuts in any event. The issue for legislators now is whether they will make good on prior attempts to reform the funding formula, particularly in light of diminished capacity to provide aid according to the status quo.

**COMING OUT ON THE OTHER SIDE:** They say you should never waste a good crisis. This one will cause tremendous harm to schools, families and society. To not use the

opportunity to make needed changes would do a disservice to our children. Assuming we have significantly less funding for some period of years, we should be learning from history to better cope with the implications. During the Great Recession, the state took the aid from Foundation Aid under the premise that's where most of the aid was to take. The result was that it did the most harm to the most needy of school districts; the ones least capable of coping. By the second year of cuts, and later when it came around to restoring the cuts, it had learned the lesson and restored aid to fiscally dependent districts first. This time the state needs to be more artful in cutting. Cuts need to come from districts with broad existing curricula, programs and services long before taking funding from districts attempting to provide even the state required minimum standards of education.

This crisis has highlighted our state's lagging approach to educational innovation. In deference to our teachers' unions we have restrained digital learning (on the premise that it would cost some teachers their jobs.) If the Great Recession has taught us anything it is that teachers' jobs were lost anyway. We need every teacher we can get, but across a broader curriculum. Digital learning is vital, not only as a backup but as a primary methodology in a fiscally stressed or geographically broad environment where there is a need for individualized instruction.

Similarly, despite massive underfunding in many districts, we have avoided innovative means of restructuring our school districts to allow us to provide a competitive educational experience for kids. Regional high schools work. Ask any of our neighbors (that typically score above New York State on national assessments of state educational systems and that have combatted funding deficiencies and the challenge of distance with regional high schools for over two generations now. New York State has only four.)

**THE UPSHOT:** New York State can ill afford to take the next decade merely recovering from the financial result of this crisis. To remain competitive it must restructure too, adjust and reform as well as re-fund. They say never give a leader a problem without telling them how to solve it; don't expect them to intuitively recognize a solution. Hand it to them. Among our many responsibilities coming out of this pandemic will be to provide leaders with ideas for more than merely minimizing the harm: We must show them how we can be better, if we're only allowed. Our current situation may finally provide the environment needed to make long needed changes.