

# New York's Pandemic Adjustment: Depriving Resources to Students Impacted by COVID-19

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By Mary McKillip and David Sciarra

On March 27, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which includes \$13.5 billion in emergency relief to support a rapid response by school districts to a crisis unprecedented in the history of American public education: states closing all public school buildings and transitioning students *en masse* from classroom instruction to learning at home through remote and digital means.<sup>1</sup>

But the ink was hardly dry on the CARES Act when New York approved its Fiscal Year 2021 Budget with a COVID-19 “[pandemic adjustment](#),” effectively wiping out the promise of additional federal resources for educating students remotely during school closure.

New York is the first state to enact a budget in the wake of the CARES Act. In this report, we show how the pandemic adjustment is actually a “pandemic cut” in New York State school aid, backfilled with the federal CARES Act emergency relief funds. Our analysis also shows that these cuts most impact students in New York City and other high poverty districts. We then explain how the pandemic adjustment replicates the strategy used by states to cut K-12 education funding during the 2008 Great Recession. In some states it took years to restore these cuts, and in others they had yet to be restored before the COVID-19 crisis.

## **CARES Act Emergency Relief Funds for K-12 Education**

On March 18, New York Governor Andrew Cuomo [issued an executive order](#) closing all of the state's public school buildings in response to the dramatic rise in cases of COVID-19. The closure has been [extended until at least May 15](#). With schools closed, New York school districts, like others across the county, are attempting to continue student learning through remote means.

The sudden transition from physical classrooms to distance learning has exposed a longstanding resource gap in school districts, often referred to as the “[digital divide](#).” These deficits include students' access to computer devices, reliable internet connections, software, and effective online instructional platforms. With limited or no experience in virtual learning on a mass scale, districts are struggling to adapt to this new reality, especially with regard to [students with disabilities](#). Resource needs are particularly acute in high poverty districts as they include student households lacking inhome technology and internet connections; a large proportion of students dependent on school for meals and support services; and, in many cases, chronic and

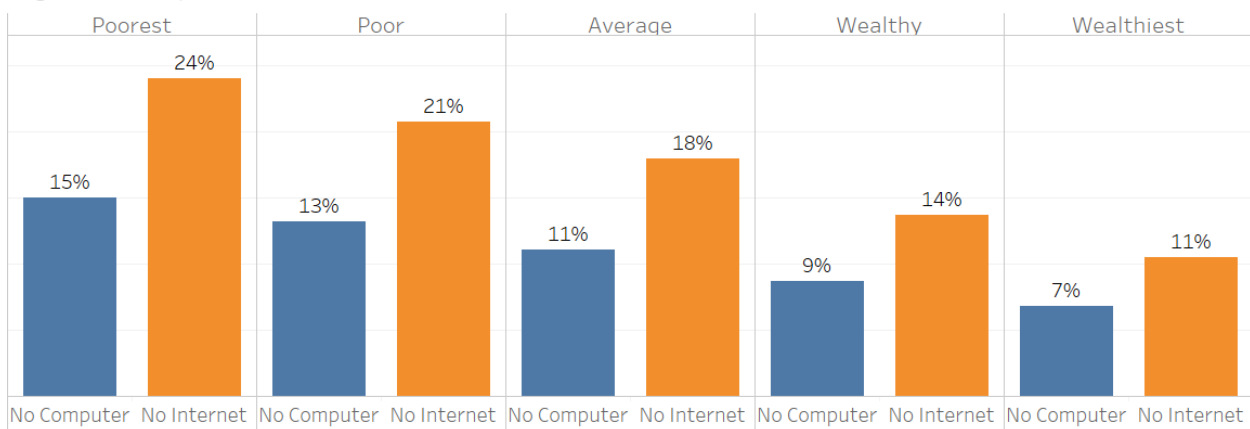
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<sup>1</sup>Section 18003 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), Pub. L. No. 116-136 (March 27, 2020)

severe lack of essential education resources and [tight budgets even before the onset of the pandemic](#).

In New York, for example, households in the state’s poorest districts are less likely to have access to a computer and broadband internet than those in the wealthiest districts. As Figure 1 shows, 15% of households in New York’s poorest districts lack computer access, and 24%, or nearly one in four, lack internet access. In contrast, only 7% of households in the wealthiest districts lack a computer, and only 11% lack internet access.<sup>2</sup> This “digital divide” means more than twice as many students in poorer districts are likely to be, in effect, “logged out” from access to continuous instruction, and not just for days or weeks, but for what may be months, during the COVID-19 school shutdown.

Figure 1: Computer & Internet Access in Household



To assist districts in providing effective and equitable remote learning opportunities to all students and to begin to narrow the nation’s digital divide, Congress authorized emergency funding for K-12 education in [the CARES Act](#). In this legislation, Congress made clear its intent that the one-time federal funds should be used to deliver urgently needed resources to connect students to their teachers and enable a continuity of instruction, learning and supports while at home. The CARES Act identifies “educational technology” as a key focus, specifically designating broadband access, hardware and software, online learning platforms, and meals and support services, especially for vulnerable student populations, as approved expenditures for the federal funds.

The main allocation for K-12 education in the CARES Act is the \$13.2 billion appropriation for the “Elementary and Secondary School Emergency Relief Fund.” These federal funds are

<sup>2</sup> This data comes from the American Community Survey – Education Tabulation 2013-17 for all households within a district. District poverty here and in remaining figures is based on the 2019-20 direct certification measures from the FY21 state aid budget data. Direct certification is a reliable and up-to-date measure of district poverty, and aligns closely with other measures of district poverty in New York. Sixty-four districts fall into the “Wealthiest” category with less than 15% of students in poverty; 131 districts are in the “Wealthy” category, with student poverty between 15 and less than 30%; 129 districts have “Average” student poverty, greater than 30% and less than 40% poverty; 169 districts have poverty between 40% and 50%, in the “Poor” category; 177 districts are the poorest with student poverty 50% or greater.

awarded to states based on their relative share of grants under [Title 1-A](#) of the Every Student Succeeds Act (ESSA), the longstanding federal program that provides funding for the education of the nation’s low-income students. Based on the federal Title 1 allocation formula, New York will receive a total of \$1.1 billion in federal emergency relief funds allocated to its school districts [statewide](#).

### **New York’s Pandemic Adjustment**

On April 2, Governor Cuomo and the New York State Legislature approved the [FY21 State Budget](#), including the appropriation of state aid to New York school districts for the 2020-21 school year. In that appropriation, the Governor and Legislature reduced state aid to districts by \$1.1 billion, a cut labeled in the State Budget as a “pandemic adjustment.” The pandemic adjustment decreases state K-12 aid by the equivalent of the federal emergency relief funds allocated by Congress to New York districts in the CARES Act. In addition to the pandemic adjustment cut, the FY21 Budget also eliminated a [3% increase in state aid](#) proposed by Governor Cuomo in his January 2020 budget.

In total dollars, the lion’s share of the state aid cut from the pandemic adjustment hits the New York City public schools hardest (\$717 million or 64% of the total cut statewide). Syracuse (\$16 million), Rochester (\$29 million), Buffalo (\$30 million), and Yonkers (\$10 million) account for \$85 million of the total cut. Altogether, the poorest districts in New York (50% poverty or higher) receive 87% of the total cuts.

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**New York  
District-specific  
views are  
available [HERE](#)**

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The “pandemic adjustment” in New York’s FY21 State Budget is a euphemism to mask a significant reduction in state support for K-12 education in the 2020-21 school year. New York districts will experience a dollar-for-dollar reduction in state aid that will be offset in 2020-21 by the amount of the federal emergency relief funding they will receive under the CARES Act.

Most importantly, by cutting state aid equivalent to the CARES Act allocations, the pandemic adjustment deprives New York students of the additional, one-time infusion of resources authorized by Congress to tackle the urgent and dire need for technology, assistance to teachers, and meals and other supports necessitated by the COVID-19 school closure. Furthermore, in future budget years, when the federal emergency assistance is no longer available, New York districts will face a billion-dollar gap in recurring state K-12 support.

### **Impact on New York City and High Poverty Districts**

The CARES Act uses the formula for distributing Title 1-A funds under ESSA to allocate federal emergency relief funds to New York districts. Because the Title 1-A formula funds are directed to low-income districts, the impact of the state aid cut through the pandemic adjustment most severely impacts poorer districts, as shown in Figure 2. Conversely, the impact on wealthier

districts is minimal. In New York City, with a student poverty rate of 63% among its 1.1 million students, the state aid cut represents 6% of the district’s total state aid. On average, the state’s poorest 177 districts – those with half or more of their students in poverty – experience a 5% state aid cut. Yet, state aid to New York’s 195 wealthiest districts is cut by only 1%.

Figure 2: Cut in New York State Aid with Pandemic Adjustment, by District Poverty

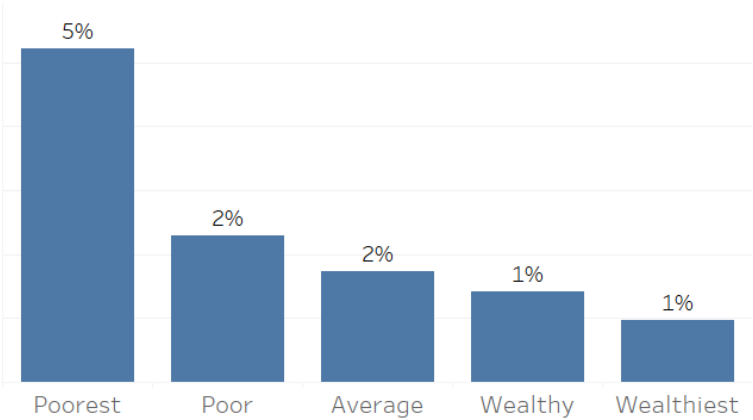
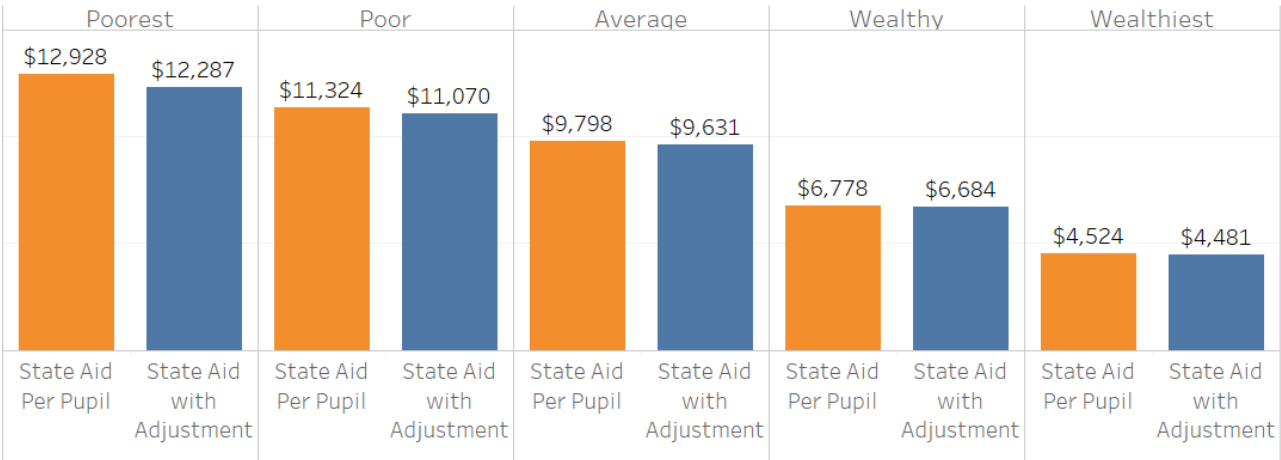


Figure 3: New York 2020-21 District Funds Per Pupil by District Poverty



Per Pupil Funding for School Year 2020-21, State Aid and Federal CARES funding , without and with the “pandemic adjustment” cut to state aid. Based on state aid budget files from April 2020.

Figure 3 expresses the state aid per pupil appropriated in the FY21 State Budget, without and with the pandemic adjustment. If the State Budget had not included the pandemic adjustment, New York’s poorest districts would have received an additional \$641 per student in state aid. The impact on the remaining districts is much smaller and, in the wealthier districts, negligible (\$43 per pupil). As this data shows, the pandemic adjustment triggers a “regressive” cut in state school aid: New York’s higher poverty districts, most in need of additional resources and most dependent on state support, experience the largest aid cuts.

## The Great Recession All Over Again?

The pandemic adjustment in New York's FY21 State Budget [follows the same playbook](#) used by New York and many other states when they cut state aid for K-12 education in the wake of the 2008 Great Recession. In response to the massive federal "stimulus" funding for K-12 education approved by Congress in 2009, states, including New York, enacted substantial cuts to state aid in successive budgets and then backfilled those cuts with the short-term federal stimulus funds.

This method of cutting state aid in response to the Great Recession had two significant and enduring impacts on state K-12 public school systems across the nation. First, because the federal funds used by states to backfill their aid cuts were appropriated in 2009 by Congress for only two years, and recovery from the recession was just beginning when those funds dried-up, large budget holes were created in state revenues to support and maintain the nation's K-12 public school systems. The states were slow to fill these budget holes and, in some cases, have yet to fill them.<sup>3</sup> Second, because those cuts were often made without regard to student and school need, or the fiscal capacity of local communities, the state aid shortfalls more deeply impacted the poorest school districts that rely more heavily on state revenue to support their annual budgets. In sharp contrast, wealthier districts were better able to respond to cuts by successfully raising local funds, and they often did.<sup>4</sup>

Extensive research on Great Recession-era cuts to K-12 education by the states demonstrates that following the same approach in responding to the COVID-19 crisis, as New York has now done with its pandemic adjustment, will likely have severe and long-term impacts on the availability of essential resources for students at a time when need is greatest. It is even more evident that these impacts will be regressive, falling hardest on the large populations of vulnerable and at-risk students in higher poverty districts.<sup>5</sup>

## Conclusion

The CARES Act emergency relief funds are designed to provide crucial, additional resources to school districts in New York and other states to support current efforts to continue student learning while schools remain shuttered because of COVID-19. These one-time federal funds were not intended as a "trade-off" to enable the New York Governor and Legislature to cut their support for public education by an equivalent amount. More troubling, the cuts to state school aid triggered by the pandemic adjustment impact those students and schools most in need of additional resources now and when schools reopen.

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<sup>3</sup> Farrie, D., Kim, R., and Sciarra, D. (2019). [Making the Grade: How Fair is School Funding? A Guide for Advocates and Policymakers](#). Newark, NJ: Education Law Center.

<sup>4</sup> Evans, W., Schwab, R., and Wagner, K. (2019). [The Great Recession and Public Education](#). *Education Finance and Policy*. 14(2): 298-326.

<sup>5</sup> Shores, K. & Steinberg, M. (2019). [The Great Recession, Fiscal Federalism and the Consequences for Cross-District Spending Inequality](#). *Journal of Education Finance*. 45(2): 123-148; Sciarra, D., Farrie, D., and Baker, B. (2010). [Filling Budget Holes: Evaluating the Impact of ARRA Fiscal Stabilization Funds on State Funding Formulas](#). Paper prepared for 2010 Equity Symposium, Teachers College, Columbia.

Though significant parallels can be drawn between the economic impact of the current pandemic and the Great Recession, the fiscal impact of the COVID-19 crisis is already [predicted to be worse than the recession](#). Furthermore, the impact of the coronavirus pandemic on public education already goes far beyond economics. The closing of schools across the U.S. has affected students, teachers, and administrators in unprecedented ways. [Because of COVID-19](#), school districts have a pressing need for even more resources for the 2020-21 school year. This need is even greater in high poverty districts where students will not only experience significant learning loss, but also the trauma and stress of extended separation, loss of family members, widespread unemployment, homelessness, and the absence of any significant support services from their schools over a period of months.

The surge in demand for additional resources to continue to provide remote learning for a lengthy period and the remediation required when students return to school should compel the New York Legislature to take swift action to repeal the pandemic adjustment. At the very least, the adjustment should be repealed for New York City, [which is already considering cutting the city budget](#) by over \$800 million, and other high poverty districts.

Finally, other states must resist following New York's lead in backfilling cuts to state K-12 aid with CARES Act funds as they begin to confront the budgetary challenges brought on by COVID-19. It is both mistaken and shortsighted for states to reduce their support for K-12 public education in the thick of this crisis or when it is finally safe for students, teachers and support staff to return to school.

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