

#89 States of Shock: the Coming Budget Calamity

Transcript

Jennifer Berkshire Welcome to Have You Heard. I'm Jennifer Berkshire.

Jack Schneider And I'm Jack Schneider.

Berkshire And Jack because the topic of this episode is frankly quite grim. I thought that I would start by surprising and delighting you with some surprise arrivals in the, have you heard mailbag?

Schneider Okay. I always count on surprises, Jennifer, and often I worry about my ability to respond without any preparation, but here we go again. Okay.

Berkshire Well I don't know whether it's the, you know, the fact that people are at home and they're, you know, sort of at loose ends and so they're listening to the pod, but we've been getting some really great mail of late. In fact, somebody wrote in from Minneapolis, a big fan, to compliment you on your voice.

Schneider Oh, well isn't that sweet? Well, maybe In the Weeds I'll do some vocal exercises and sing some of my favorite songs.

Berkshire We also heard from a new listener who came to us via a science podcast that you and I recently did called This Podcast Will Kill you. Check it out if you haven't heard it. We talked about how public education plays into the pandemic. So she found us that way and has been binge listening and just wanted to let you know how useful the podcast has been. She's been sharing it with her partner who's also a teacher, recommending it to all her friends and she's already ordered your book.

Schneider Oh, well that's nice, Jennifer, but you should have responded and asked which one. There are many.

Berkshire And that brings us to letter number three. Now I will admit that this comes to us via a friend of mine and she is not as I refer to them an edge you friend. Right? In fact, as you will soon learn, this is a topic that holds no interest for her and I'm actually going to quote from this letter because it's so great. [Throat clearing]

Schneider Does she begin with that? I wonder, how does she spell that?

Berkshire I really liked your show with Jack about the Detroit schools case. The two of you are very funny together, like a forties film comedy, only about one of the potentially dullest subjects imaginable.

Schneider Perfect. We're like a Laurel and Hardy only with education policy. Snooze.

Berkshire So I thought, well, what a treat for her if she were to receive through the mail all three of your books.

Schneider Oh wonderful. I was actually thinking, Jennifer, that you and I would do some sort of vaudeville show to show her what, uh, dynamic relationship looks like when we're not talking about boring things,

Berkshire Isn't the correct pronunciation Vaud-a-ville? All right, well, sadly, Jack, that concludes the surprising and delightful portion of the episode.

Schneider And now we get the predictable and disturbing section, otherwise known as our regular show.

Berkshire So we are in the midst of a pandemic and now coming on the heels of that and because of that, States are dealing with a what can really only be described as a budget calamity. Basically the situation is this, you have tax revenues just basically cratering in all these States even as the amount of money that they're having to spend to for this public health emergency is soaring. Right. And so as I was, I was looking around to see sort of what the scope of the damage, the numbers are really pretty unbelievable. For example, Michigan is talking about needing to cut its school spending by a quarter. In Massachusetts tax revenues have dropped by half compared to this period last year. In Ohio they're already making, talking about a \$300 million cut to schools. And in California, the number that's being tossed around is something approximating \$19 billion out of the schools budget over the next two years.

Schneider Well, I know that you did the legwork and went out and talked to lots of smart people about this, Jennifer. But the thing that's, but the thing that's on my mind as I hear you run through those projected budget shortfalls is the fact that roughly 80% of spending in education is on personnel. And so what I think about there is the prospect of teacher layoff, the aspect of larger class sizes, uh, particularly moving kids online, uh, if they're not online for the pandemic, moving them online so that an algorithm can instruct them rather than an educator. Um, and then also relatedly, thinking about the potential economic impact of teacher layoffs because the last thing that you need in an economic downturn is people losing their jobs, right? So if the best way to cut spending in education in response to these budget shortfalls is by reducing your teacher, uh, staff. Then you're talking about not only an impact on student learning but also the potential rippling economic consequence of um, greater unemployment.

Berkshire Well to start to get a sense of what the coming budget crash is going to mean for schools we turned to an expert on all things school finance related. That would be Bruce Baker. He's a professor at Rutgers and the author of Educational Inequality and School Finance: Why

Money Matters for America's Students. And I asked him to start by painting a picture for us of what's about to unfold.

Bruce Baker The impact is going to vary widely across states and not entirely based on which states are hit worse or less bad by COVID-19 itself. But based on the way, you know, based on the structure of state kind of revenue systems for supporting public services and those are going to be pretty deep hits. States that have been more dependent on revenues from income taxes are going to take bigger hits because they always do in times of recession, it's likely to be bigger than last time. And we never fully recovered from the last time, especially school districts that were greatest in need leading up to the uh, leading up to the great recession in the late two thousands before 2010. So you know, less well positioned, likely a bigger hit. And there's just a lot that's unknown right now.

Berkshire So then the next question is, well, what do we need to do?

Baker There are certain actions the federal government can take and, and that that needs to be in two stages. One, a very bold infusion of fiscal stabilization funds to offset these short term losses and tax revenues so as to stabilize publicly funded systems, whether it's K-12 or higher ed. But there are also pieces that things that States can do to at the very least better position them themselves to counterbalance losses. Strict limits too, like property taxes tend to be more stable and if they do dip that the revenues from them, they tend to dip in a lag with respect to the dip in other revenue sources. So property taxes can serve as kind of a counter balancing mechanism.

But if property taxes are strictly limited, the ability to counterbalance is, is lost. Property taxation does lead to significant inequities across local public school districts. But we can also think creatively about how to approach that differently. Like California's referendum to do more kind of redistribution taxation of commercial and industrial properties. You know, in some States that takes constitutional change, but we need to be smart about the design of our revenue systems that support public programs and services if we want to be able to stabilize them for the long run, if we want them to be able to withstand the shocks, be it like the last recession or the one that we're entering at this point in time.

Berkshire So Jack, I actually thought Bruce's observation there about property taxes was really interesting because we are so used to now thinking about property taxes is kind of the thing that's most wrong with the way that we fund schools in this country. You know, that's the source, the biggest source of the inequity and it already seems like a million years ago, but didn't, wasn't Kamala Harris sort of running on the idea, we should fundamentally change the way we fund schools and move away from property taxes and now we're in this weird situation where unlike after the great recession, property tax income is likely to stay more stable, at least for now. And that it's these States that rely on things like income tax and sales tax or the lottery to fund their schools. They're really looking at the big budget holes.

Schneider Yeah. For the past few decades, equity advocates have been making the case that a fair way to fund schools is at the state level. So you and I are in Massachusetts and the state of Massachusetts does a great deal to close the gaps in funding between local districts. The problem as Bruce was just discussing and as you note is that uh, property taxation right now, uh, will be much more stable than state funding and as a result I worry about two things. One, I worry that we might see some retrenchment here. We might see a return to a reliance on property taxes as the primary mechanism for funding schools because of the opportunity that this is creating, right? That there are certainly people who do not like the idea of their tax dollars paying for kids in other school districts and they might use this moment to their advantage. The other thing I worry about is the fact that in those States that rely primarily on property taxes to fund schools, you already see the highest levels of inequity and funding from district to district and that's likely to be exacerbated now because state funds will be less available to try to counteract those differences.

Berkshire We heard Bruce Baker talking about all the things that are unknown right now, but I was thinking about some of the things that we already know. For example, we're starting to see how this is going to be play out differently than the great recession, but we also can sense that there are some familiar themes. They will certainly be familiar to you, Jack, as an education historian that we're going to be hearing a lot about. And one of them is this idea. It's a perennial favorite. That money really doesn't matter. So as part of my lineup of impressive guests, I reached out to a friend of yours that would be Jesse Rothstein. He's an economist at UC Berkeley. We had him on the show once before. That was a great episode. Jack's nodding.

Schneider Oh yeah. I didn't know I was supposed to say something. I'm nodding. Yeah. When we go to our, uh, video, uh, presentation of our show, then people will see my reactions to things like that. Go on.

Berkshire So I put to Jesse the kind of delightful challenge that I'm so often presenting you. I said, I gave him the challenge of summing up in as pithy a way as he possibly could, you know, make the case that money matters. And here's what he had to say.

Jesse Rothstein Yeah. Uh, you know, money does matter that the evidence is very clear that when you send more money to, to especially to high need school districts that students do better. And what we're looking at is mass layoffs and education, huge increases in class size, all sorts of other reductions in the amount of resources available for instruction. And that's going to have impacts on student learning.

Schneider There's just a lot of evidence now that we have over the past few decades, uh, that is pretty convincing that money matters and that in places that have done more to try to equalize funding or better yet to provide more resources to historically marginalized students and low income students, that it makes a real difference in terms of their learning outcomes. And one of the things that I've noticed is that even conservative opponents have, uh, greater investments in school funding have really stopped making the case that money doesn't matter. This is

something that you heard a lot in the 1990s, was that funding was really irrelevant, uh, that a lot of other factors mattered. Like, uh, the person in front of the classroom, for instance, hence the value added movement. Um, but now we're really seeing conservative groups just kind of elide the topic entirely, right? And make these cases like the heritage foundation did in a recent report where they just didn't discuss the importance of money at all and instead made a fairly ideological argument for renegotiating union contracts, increasing spending flexibility and firing administrators. It was a pretty straight forward dogma driven argument without any pretense about engaging with the scholarship around school finance.

Berkshire So we can guess that we're going to be hearing people make the case that either money doesn't matter or just avoid talking about it at all. Another theme that I'm guessing we're going to be hearing a lot about, Jack, I want you to see if you can look into my mind and imagine what I'm thinking about.

Schneider You are thinking about neoliberalism because I can see that twinkle in your eye when I close in. Am I warmer?

Berkshire Well, you know, I'm all, I'm always thinking about neo-liberalism. I'm thinking of course about the fact that there are many people who think that this is the ideal time to reimagine education

Andrew Cuomo Through this process, so it's not about just reopening schools when we are reopening schools. Let's open a better school and let's open a smarter education system and I want to thank the bill and Melinda Gates foundation. We'll be working with them on this project. Bill Gates is a visionary in many ways and his ideas and thoughts on technology and education. He's spoken about them for years, but I think we now have a moment in history where we can actually incorporate and advance those ideas.

Berkshire That of course was Andrew Cuomo, governor of New York announcing an ambitious maybe plan to reimagine education with the help of the Gates foundation and Jack, that got me wondering. You do hear talk of re-imagining schools coming from other countries. I'm thinking for example of Andreas Schleicher who is in charge of the international PISA test that we hear so much about. He came out early on and was talking about how the global school shutdowns were great because kids were finally free of red tape. That meant they could direct their own learning, but I don't recall him talking about re-imagining while also slashing budgets. That seems like a very unlikely combo to me.

Schneider Right? You don't often hear those two things mentioned in the same breath because when they are, uh, the idea of re-imagining education seems like a pretty thinly veiled cover for, uh, simply slashing budgets and that that really is what it is because, uh, the idea of re-imagining education, uh, is a pretty abstract one, uh, at least as it is described. And when you begin to drill down into the details, you see that the re-imagining there is a pretty straight forward attempt to cut costs. There are some nods to, uh, tropes like personalization, but the

personalization that's happening doesn't involve an educator really getting to know a student, working with that individual person, helping them discover their talents and interests and developing a curriculum that responds to that. Really it's about sticking a kid in front of a computer and having an algorithm, a guide, a kind of a March through curricular standards. So I'm really worried about the divide right now between this sort of abstract language about re-imagining and what that actually means in terms of concrete policy.

It's time to bring in another one of our experts. Sarah Reckhow is an assistant professor of political science at Michigan State and she studies education, politics and philanthropy, and she says that the crisis that's unfolding has exposed both the limits of technology, but is also creating an opportunity for people who peddle this stuff.

Sarah Reckhow There are so many pressures right now that I think it's a little hard to know how it'll all shake down, but those early signs and the fact that the, you know, the way we've had to cobble together a response to the crisis so far has been very dependent on technology, right? We cannot have kids in brick and mortar schools right now. So we've turned to technology. What that's done is it's raised a lot of awareness about how we fall short in various ways on the, on the technology as access, right. Which of course puts pressure to explore new ways to have it. We're planning for the fact that next year there might be closings and so districts are, I'm sure vendors all over the country are seeing an opportunity here, not, it's not just the Gates foundation, right? If you have an ed tech product or software to sell, then you're, you're looking at this as an opportunity right now.

Berkshire So Jack, we have been talking primarily about how this is playing out at what economists would refer to as the macro level.

Schneider Oh, you look so excited saying that Jennifer.

Berkshire Well now we're going to pivot and hear about an example at the micro level.

Schneider Got it. Okay.

Berkshire So I heard about this story involving an alternative school in suburban Detroit. This is a school where really, you know, kids who've run into all sorts of problems end up there and the administrators made an announcement that really due to budgetary concerns, they're going entirely online. And so I had a chance to talk to a teacher there who's been trying to raise awareness about what this means for students. So I want you to hear his story.

Paul Sandy We left for the pandemic just like everybody else, and all of a sudden, a few Fridays ago, we were told basically with three days notice that they were going to switch to what they call the blended model of education, which I found out basically just men replacing teachers with software and having quote mentors to help the kids, which are basically just low paid workers to watch the kids.

Berkshire That's Paul Sandy. You may recognize him from our Back to School episode this fall. He spent the past year teaching at an alternative school in Michigan called Avondale Academy. It's going to reopen this fall as an online school run by a for-profit provider. And when I asked Paul about his students he told me that they're dealing with a lot: poverty, trauma, academic and behavioral challenges.

Sandy More than anybody, they, they're longing for human connection. They're longing for purpose in their lives and they're longing for a social community. That and an education that that includes them and isn't just prescribed to to everyone.

Berkshire Paul is understandably unhappy about being out of a job. But he says the hardest part about his school closing has been trying to explain to his students what's going to happen next.

Sandy From my students, just talking to them and communicating with them about this. There's just a sense of confusion of like, why are we doing like this doesn't make any sense because educationally it doesn't make any sense. And so I'm, I am fearful that there are going to be a lot of decisions made, not in the interest of kids and that these long-term effects that are going to be felt for years

Schneider Listening to this. I think one of the things we know about the immediate future the next few years is that the students who will be most effected by this financial downturn with regard to their educations will be our most vulnerable students. And one of the things that we need to pay very close attention to is the fact that this economic downturn will eventually stop. There will eventually be an economic recovery and we will not be facing down an economic depression of the length of say, the great depression, but what will happen to schools in the meantime? What are the actions that will be taken in the short term to address these financial shortfalls and how long will we be feeling the impact of those? Because if you make policy decisions that are not framed as short term decisions that are due to sunset or expire, then what we're looking at is a permanent change that has been brought about by a devastating but still short term crisis.

Berkshire We started this episode hearing for Bruce Baker who said, you know, there's still so much that we don't know, but Jack just, I mean based on our exchange so far, it seems like you and I know a lot.

Schneider That's right, Jennifer. There, there are the known knowns and that's what we're in charge of here. And then there are the known unknowns and that's what Bruce has been talking about. But I want to know when we're going to get to the unknown unknowns. That's the piece that I'm really interested in exploring

Berkshire That's going to remain unknown for now anyway, back to the known knowns. So one thing that's starting to become really clear is just how political all of this is becoming. So I'm sure you've been following the, you know, you have more and more States who are pushing the feds for a, uh, a major bailout, right? That they're now seeing these cavernous budget holes open up. And, and you heard, we've heard, um, for example, um, Senate majority leader Mitch McConnell refer to them as blue state bailouts, right? That, and so I wanted to know a little bit more about the political context. And so I put this question to Jesse Rothstein about where this comes from and what he's worried about.

Rothstein We know that states and local and school districts can't borrow. So when their revenues go down as they are going way down right now, they have to lay workers off and shrink and it's the federal government that has the ability to borrow and so has the opportunity to prevent that from happening and to keep, to keep those budgets whole. I think any serious analyst realizes that, that, that right now it's completely appropriate time for the federal government to be bailing the states out. They're not in trouble because they made bad decisions that are in trouble because the virus happened and it's only politics that is stopping the federal government from doing this. It's the Republicans in Congress who want to get things from the states that the states don't want to do and they're trying to use this to force the states' hands.

Berkshire So what is it that Republicans in Congress are after? Rothstein's assessment is pretty bleak.

Rothstein Well, they want government to shrink in general and so they want to force states to just do less. They want government to not work well. And in particular, I think they want some of the labor relationships that states have worked out with public employees and especially the, the pensions that many public employees have. They want to get rid of those. They don't want public employment to be a attractive job or a middle class job. And their hope is that by forcing drastic austerity on to states and local governments and school districts, that they can force that to happen.

Berkshire So, Jack, while I've been touring a pretty grim future, you've been immersed as per usual in the past, looking for some relevant examples from the pre-Trump era. What did you find? For us,

Schneider Interestingly, there's a very recent precedent for policy specifically addressing, uh, the threat of teachers being laid off in a financial downturn. And that's the 2009 American recovery and reinvestment act, which was just sort of commonly referred to as the stimulus, which channeled over a hundred billion dollars to K-12 and higher education. And as an article in the Cambridge journal of economics recently found money that went to prevent layoffs of teachers, uh, significantly breasts, the floor of aggregate demand in the economy. Um, that's using language from that study, uh, that would have otherwise collapsed. So it's important to be thinking about the role that money plays, not just in continuing to allow schools to function, but

also in keeping teachers from losing their jobs and therefore from joining the ranks of the unemployed.

Berkshire One of the things that makes all this so complicated is that we're going to be having this debate at a time when schools are closed. When the Obama folks stepped in, it was at a time when we'll schools were open and teachers were teaching in a way that they traditionally teach. And now we're in this weird, very different situation. And I put this question to Sarah Reckhow because she's in Michigan, which perhaps is our most politically polarized state right now. And I was curious to hear from her how she sees the politics of this playing out in a state like Michigan.

Reckhow I think there's a political argument to be made about like what are you paying for? What are the schools going to deliver and how is it going to be delivered? And the fact that it hasn't been delivered very much in these few months that we've been closed. There will be a budget discussion, right? And it will involve schools and there will be and should be proposals that have to ask for increased school funding because we're going to have huge losses in terms of what kids have learned. But I, I don't see our Republican party coming to the table to do that at all.

Berkshire We're going to be taking a look at how teachers and their unions have and have not been responding to this crisis in the segment that we do for our Patreon subscribers called in the weeds. Just go to patreon.com/haveyouheardpodcasts, if this interests you. But Jack, you've also been thinking about the messy politics of all of this. What's your take?

Schneider One important thing to keep track of here is a contextual difference between what's happening right now in this pandemic slash economic collapse and what was happening in 2008 2009 during the great recession. And that's that right now, teachers are not able to do a tremendous amount. Um, they aren't in their classrooms. They've been really limited with regard to what they're able to do online. And so there's going to be strong pushback against money to keep teachers employed because there's going to be a strong argument that, um, teachers aren't really fully employed right now, uh, that you know, against their will. Um, they have been really neutralized as the force they usually are and therefore why should we pay them in the same way that we previously did?

Berkshire Well, Jack, we've reached the portion of the episode where I present you with a quiz question, so posterous so out of the blue that you cannot possibly be prepared for it.

Schneider And I feel like I usually get this right.

Berkshire We started off this episode hearing from school finance expert, extraordinary Bruce Baker and one of Bruce's favorite sayings. And I'm going to give you the first two thirds of it and see if you can complete it. Ready?

Schneider Hang on. I'm logging on to Twitter. Okay.

Berkshire No cheating allowed.

Schneider Okay.

Berkshire Ready? Choice is not a substitute for what?

Schneider Um, boy, um, choice is not a substitute for, um, money

Berkshire Adequacy.

Schneider Ah, well, you know, that's where I was heading. I was heading in the same place. If funding adequacy, I, I'm giving myself partial credit for that. You look too happy right now.

Berkshire So I bring that up, not just to put you on the spot and laugh uproariously at your expense, but because this sort of wraps up our known known segment, which is that, you know, if you look at what happened during the great recession, there were all these States that cut school spending while expanding school choice. And we're already seeing something very similar play out. If you think about like what Betsy DeVos has been up to during the pandemic and how she's found all these ways to extend money to private schools. And you know, when you think about it, they enroll a more affluent part of the population. So that, so basically the kids that are losing money are the ones who need the most and then it's going to private schools. And so that, that made me think of of Bruce's favorite saying of which you knew two thirds.

Schneider And it's, I think, important to point out here that it's not just an opportunity cost, right. Where, uh, money that could have gone to low income students is instead going to, uh, more affluent, more privileged students, white students, students in private schools. Um, but it's actually that funds are being diverted. Funds that were actually going to low income students are being diverted. So it's not just they're missing out on the opportunity of getting those funds. Those funds are literally being taken away from them.

Berkshire Well, Jack, once again, we have left ourselves and our listeners feeling despondent, which can mean that it can only be time for one thing.

Schneider That's right. The one minute to accompany a half hour of, you know, a complete rainstorm. Um, but, uh, you know, I won't play it down because it is the high point of my week. So let's, let's go to the sunshine.

Berkshire How do you make school more relevant to students? Well, nine students at Cambridge Rindge and Latin high school have been exploring that question with two of their world history teachers, Benji Cohen and Cancun Kibungo since the fall. The students and their teachers have been working together to design a curriculum. And then of course the pandemic

forced them to get creative. Here's student Sammy Friedman Wellesch describing how she and the other working group members adapted

Sammy Friedman Wellesch Before quarantine, we were working on the final research paper for ninth graders and it gave us a chance to talk with the teachers as well as understand sort of the thought process that goes into planning the curriculum during quarantine. We have planned actually two projects since we could not move forward with our final research paper. So we altered the research paper and we also have planned a creative project and it has been really cool being able to see our ideas in paper form being assigned to students in our class. I'm Sammy Friedman Wellesch. I'm a ninth grader at Cambridge, Rindge and Latin and this is my 60 seconds of sunshine.

Berkshire This show of course, is brought to you by, well you, we don't take any money from, uh, from vendors. No ed tech ads for Jack to slip seamlessly into the conversation.

Schneider You always mention that Jennifer. It's like you have a recurring dream that can't be a nightmare. It seems like it's actually something that you enjoy imagining me shilling for, you know, like, uh, some, some personalized algorithm.

Berkshire If you want to pitch in and support the show, all you have to do is go to patreon.com/haveyouheardpodcast. A small monthly donation gets you extras, like a custom reading list for each episode and a special extended play version of the show that we call in the weeds. And of course our eternal gratitude. And our topic for today is how teachers and their unions are responding to the pandemic. Are they just zooming it in?

Schneider But for everybody else, you can support the show by going on wherever you get your podcasts. Giving us a rating, um, throwing us some stars and a comment always makes us pretty happy. Uh, you can share the podcast with friends, coworkers, family members, send them your favorite episode. Just let them know you're listening to us. Um, and you can send us the ideas that you've got by engaging with the show's Twitter handle at, have you heard pod? We've had some great ideas for shows previously, and we're getting lots of interesting questions and letters from listeners that way right now.

Berkshire Well done, Jack.

Schneider She says mechanistically,

Berkshire Until next time, I'm Jennifer Berkshire. This is Have You Heard. S