

Congress of the United States
Washington, DC 20515

July 21, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer:

As the House and Senate consider a fourth supplemental appropriations package in response to the COVID-19 pandemic, we respectfully request that you attach fiscal equity guardrails: a strong maintenance of effort, a maintenance of equity provision, and a targeted supplement not supplant requirement to any educational funding provided by Congress to support and protect students of color.

Congress has provided \$13 billion in emergency aid in the Coronavirus Aid, Relief, and Economic Security (CARES) Act to help states and school districts respond to the impact of the COVID-19 pandemic on our public schools and students. However, this funding was not provided to states and school districts with fiscal equity guardrails to ensure students of color receive equal access to resources and that high-poverty school districts are protected from budget cuts. The COVID-19 pandemic has revealed how structural racism shapes health outcomes and the pervasive systemic inequity in our education system. The digital divide, inadequate funding, food insecurity, and the lack of access to remote learning, digital devices, and support services have directly impacted students of color. As a result, this pandemic will widen achievement gaps and push opportunities further out of reach for these students. Accordingly, we call on Congress to include the fiscal equity guardrails outlined in this letter in the next emergency supplemental legislation to ensure that states and school districts are meeting the needs of students of color amid the COVID-19 pandemic.

When our Nation last faced economic distress during the Great Recession, Congress responded with substantial federal relief to stabilize our economy and save jobs. However, these measures ended too soon to achieve long-term recovery and failed to include strong fiscal equity guardrails, which significantly impacted the academic achievement and chances of success for students of color. Without federal action, the U.S. could head in the same direction.

There are signs of state fiscal challenges due to the COVID-19 pandemic that make K-12 education, particularly students of color in high-poverty school districts, vulnerable to budget cuts that Congress cannot ignore. According to the Center on Budget and Policy Priorities (CBPP), states are facing a projected \$555 billion revenue shortfall over three fiscal years.¹ Compared to the Great Recession, the COVID-19 economic downturn will be much worse. As stated by CBPP, “the COVID-19 pandemic has caused state revenues to fall off the table, creating a fiscal crisis unlike anything states have faced since the Great Depression of the 1930s.”² Specifically, 300,000 education jobs³ were lost during the Great Recession, whereas nearly 759,000 public school employees have lost their jobs⁴ since March 2020. Further, more than 44 million Americans have filed for unemployment, and state education revenues are projected to drop two and a half times more deeply than during the Great Recession.⁵ States have balanced budget requirements and in order to meet this obligation, states cut education funding and other critical services that communities of color depend on as jobs are lost and poverty increases.

Research shows that states offset revenue losses during the Great Recession by cutting K-12 education spending and relying on federal stimulus funds. Specifically, data shows between fiscal years 2008 and 2012, states filled 45 percent of their budget gaps by cutting spending.⁶ Further, school districts are still recovering from cuts to education funding during the Great Recession, which led to teacher and support personnel layoffs, the scaling back of student support services, and loss of learning days.⁷ Recessions have economic, social, and human costs, and Congress must act now to protect students of color during the COVID-19 economic crisis. As we come together for the next supplemental appropriations package, fiscal equity guardrails, such as a maintenance of effort (MOE), a maintenance of equity, and supplement, not supplant requirement, can ensure educational equity during and after the COVID-19 Pandemic Recession.

Under the CARES Act, the MOE requires states to maintain support for K-12 and higher education in fiscal years 2020 and 2021 equal to the state’s average support for the prior three fiscal years. The Secretary of Education is provided the authority to waive the MOE requirement if states have “experienced a precipitous decline in financial resources.”⁸ This MOE in the CARES Act is not enough to maintain state support for K-12 education and the waiver undermines this requirement. Most of the funding for K-12 education comes from state and local support, with the federal government contributing less than 10 percent. Because high-poverty school districts depend on state funding to meet the needs of their students the consequences of state disinvestment will be devastating for students of color. Given the decades of public policy rooted in historical, structural inequity, most Black and Latino students attend high-poverty

¹ <https://www.cbpp.org/research/state-budget-and-tax/states-continue-to-face-large-shortfalls-due-to-covid-19-effects>

² <https://www.cbpp.org/state-budget-and-tax/to-support-education-congress-should-provide-substantial-fiscal-relief-to>

³ [The Great Recession and Public Education](#), William N. Evan, Robert M. Schwab, and Kathryn L. Wagner Education Finance and Policy 2019 14:2, 298-326

⁴ <https://www.bls.gov/news.release/empsit.t17.htm>

⁵ <https://learningpolicyinstitute.org/blog/impact-covid-19-recession-teaching-positions>

⁶ Center on Budget and Policy Priorities (2017), *A Punishing Decade for School Funding*, P. 7.

⁷ <https://edlabor.house.gov/imo/media/doc/LeachmanMichaelTestimony06152020.pdf>

⁸ Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, § 18008 (2020).

schools where 75 percent or more of the children come from low-income families⁹. Research shows that the U.S. is failing to invest in students of color. Specifically, high-poverty districts receive about \$1,000 less per student than the lower poverty districts, and high-poverty districts with the most students of color receive \$1,800 less per student.¹⁰ Nationally, there is a \$23 billion racial funding gap between school districts that serve predominantly white students and school districts that serve students of color.¹¹

Students of color already have to overcome significant barriers to succeed in school and life, and the COVID-19 pandemic is further limiting their equitable access to educational opportunity and critical resources. Therefore, it is imperative that federal emergency aid is contingent on a strong MOE that requires states to continue their investment in K-12 education at spending levels prior to the COVID-19 pandemic as a share of the state budget.¹²¹³ Specifically, states and school districts receiving emergency relief funds must be required to maintain investment in K-12 education, including current and capital spending, at least the same proportion of overall state budget as it was over the 2017-2019 school years calculated by a three-year average.

The CARES Act does not include a maintenance of equity requirement to prevent state budget cuts from disproportionately impacting high-poverty school districts and students of color. A maintenance of equity requirement is necessary to prohibit budget cuts for the highest poverty districts.¹⁴¹⁵ For example, during the Great Recession, high-poverty school districts lost over \$1,500 per student in state funds as states relied heavily on spending cuts, local funding, and federal aid to fill budget shortfalls after the Great Recession.¹⁶ Further, researchers found that budget cuts to K-12 education during the Great Recession led to a decline in achievement and lower graduation rates in high-poverty schools predominantly serving students of color.¹⁷¹⁸ Students of color deserve better. We must not allow the looming state fiscal crisis brought on by the COVID-19 pandemic to negatively impact students of color. Congress must include a maintenance of equity provision in the next supplemental bill that expressly conditions federal funds on the requirement that states cannot reduce state funding below fiscal year 2019 levels for the 20 percent of school districts in the state with the highest share of students living in poverty. Further, states should be prohibited from cutting per-pupil funding to high poverty districts at a higher rate than low-poverty districts.

⁹ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), “State Nonfiscal Survey of Public Elementary and Secondary Education,” 2000–01 and 2017–18; and National Elementary and Secondary Enrollment by Race/Ethnicity Projection Model, 1972 through 2029.

¹⁰ https://edtrust.org/wp-content/uploads/2014/09/FundingGapReport_2018_FINAL.pdf

¹¹ “\$23 Billion.” EdBuild. February 2019, edbuild.org/content/23-billion.

¹² <https://edlabor.house.gov/imo/media/doc/LeachmanMichaelTestimony06152020.pdf>

¹³ <https://edlabor.house.gov/imo/media/doc/KingJohnTestimony06222020.pdf>

¹⁴ <https://edlabor.house.gov/imo/media/doc/LeachmanMichaelTestimony06152020.pdf>

¹⁵ <https://edlabor.house.gov/imo/media/doc/KingJohnTestimony06222020.pdf>

¹⁶ Knight, D.S. (2017). Are High-Poverty School Districts Disproportionately Impacted by State Funding Cuts?: School Finance Equity Following the Great Recession. *Journal of Education Finance* 43(2), 169-194. <https://www.muse.jhu.edu/article/688011>.

¹⁷ <https://cepa.stanford.edu/sites/default/files/wp17-09-v201708.pdf>

¹⁸ C. Kirabo Jackson, Cora Wigger and Heyu Xiong. "Do School Spending Cuts Matter? Evidence from the Great Recession" (2018)

The CARES legislation lacks a supplement, not supplant requirement, which is another option to support and protect students of color and high-poverty school districts. A supplement, not supplant requirement would ensure that high-poverty school districts are able to use federal emergency aid to address the challenges students of color are experiencing due to the COVID-19 pandemic. For example, Texas recently reduced their support for K-12 education for the 2019-2020 school year by the same amount as their CARES allocation.¹⁹ As a result, school districts that were depending on federal emergency aid will no longer receive these funds to help cover costs incurred due to COVID-19 or to provide additional supports for students and teachers. This is especially detrimental for students of color in high-poverty school districts who will not receive the additional supports and services they need to make it through this pandemic. To illustrate, compared to white students, who are expected to lose six months of learning because of the pandemic, Black and Latino students could experience learning loss equal to 10 months for Black students and 9 months for Latino students. Many of the supports that schools were planning for will not be possible without the federal relief funding they were expecting, including addressing learning loss and hiring additional counselors and nurses. Therefore a supplement, not supplant requirement targeted to high-poverty school districts would help ensure that students of color benefit from federal aid.

The COVID-19 Pandemic must be a wake-up call to Congress to address systemic inequality. Like the Great Recession, the COVID-19 recession will have a lasting impact on students of color for many years to come. Robust federal financial assistance distributed using the Title I-A formula and attached to fiscal equity guardrails can help mitigate these negative effects. At a time when we are dealing with an unprecedented public health crisis that is disproportionately impacting communities of color, Congress has an opportunity to ensure that these communities do not fall further behind. The disproportionate impact of COVID-19 pandemic on communities of color means that students of color are disproportionately experiencing the academic, social, emotional, and economic impact of this virus. Therefore, we call on Congress to prioritize students of color and mitigate the harm of the COVID-19 pandemic. We urge that as you negotiate coronavirus response legislation, you include the federal fiscal equity guardrails discussed in this letter. Congress must heed the urgency of this moment to address systemic inequality. Anything less is unacceptable.

We thank you for your consideration of this request.

Sincerely,



Chair Joaquin Castro
Congressional Hispanic Caucus



Chair Karen Bass
Congressional Black Caucus



Chair Judy Chu
Congressional Asian Pacific American Caucus

¹⁹ <https://www.statesman.com/news/20200612/why-texas-schools-won't-get-their-12-billion-in-federal-coronavirus-aid>

Additional Co-Signers:

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