

Emerging Issues in School Funding

Council of State Governments

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Top School Finance Issues for 2025

1. Reduction in federal funding
2. Declining student enrollment
3. What can schools do in difficult economic times?

Difficult-ish Times For Public Schools (But this is not 2008)

- **Financial difficulties that states are facing:**
 - Loss of federal funding
 - Decreases in student enrollment
 - General inflation
 - Difficulty recruiting and retaining qualified teachers
 - Ever increasing insurance costs
- **Some positives:**
 - Stable economy (Low unemployment, increasing wages, etc.)
 - Many states and districts have been able to build up their reserves

Elementary and Secondary School Emergency Relief Fund (ESSER)

- All 3 ESSER programs provided **\$189.5 billion** that could be expended from March 2020 to January 2025
- The majority of ESSER funds were spent over 3 school years (2021-22, 2022-23, and 2023-24)
- ESSER III funds had to be “obligated” by **September 30, 2024** and expended by January 28, 2025 (Unless you have applied for an extension)



*Don't cry because it's over.
Smile because it happened*

-Ludwig Jacobowski

What Did ESSER Funding Do?

Federal ESSER funding helped to address the following:

- Additional costs due to COVID
- Learning loss due to COVID
- Decreasing enrollments
- Infrastructure improvements
- Investments in technology, equipment, and supplies
- Replenishing reserve accounts

ESSER Funding

Some districts could be running into financial difficulty after ESSER funding expires. Districts with the following characteristics are the most likely to face problems:

- An inability to increase local funding
- A high reliance on Title I funding
- Located in a state with a flat or decreasing K-12 budget

ESSER'S IMPACT ON FUNDING

K-12 REVENUE GROWTH 2019 TO 2023

	2018-19	2019-20	2020-21	2021-22	2022-23*	Growth from 2019 to 2023	
						Total	Percent
Federal	\$1,206	\$1,204	\$1,837	\$2,564	\$2,528	\$1,322	109.6%
State	\$7,309	\$7,548	\$7,908	\$8,267	\$8,721	\$1,412	19.3%
Local	\$7,132	\$7,313	\$7,702	\$8,079	\$8,372	\$1,240	17.4%

Declining Enrollment and School Funding

- Most states base their payments to school districts on the number of students that they serve
- A loss of students can result in a reduction in state funding
- It takes 2 to 3 years to right size a district/charter financially after losing students

Declining Student Enrollment

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Fall Enrollment	50,251,218	50,240,623	50,175,655	48,875,061	48,878,286	49,033,092
Annual Change		-10,595	-64,968	-1,300,594	3,225	154,806
Percent Change		-0.02%	-0.13%	-2.59%	0.01%	0.32%

Source: NEA Rankings & Estimates

Public School Enrollment: School Years 2000–01 to 2022–23

Clear all filters

School Year

2022–23

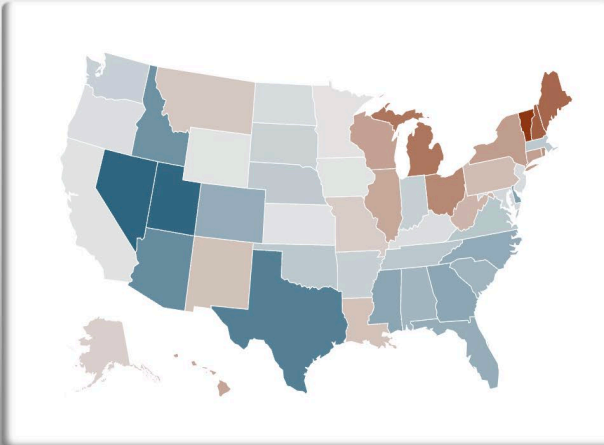
Enrollment for SY 2022–23:

47,789,940

Enrollment changed by **2,849,568** students (or **6.34%**) between 1999–00 and 2022–23.

Region & State

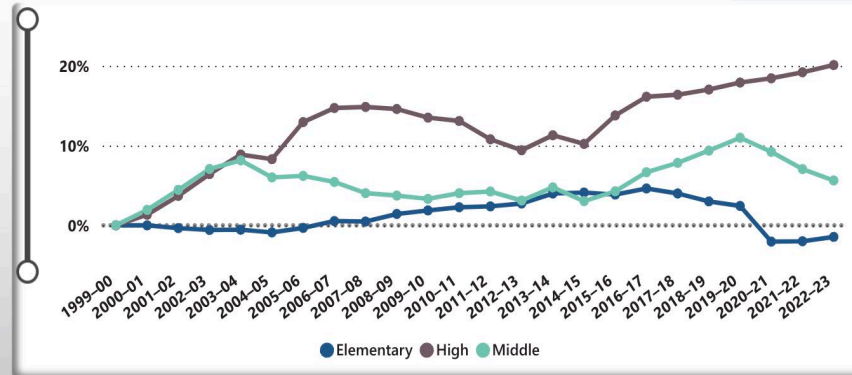
- Select All
- > New England
- > Middle Atlantic
- > Great Lakes
- > Plains
- > Southeast
- > Southwest
- > Rocky Mountain
- > Far West



Map shows percentage difference in enrollment between 1999–00 and 2022–23.

- Select options to the right to filter the map
- Δ from 1999–00
 - Δ from 2007–08
 - Δ from 2018–19
 - Δ Year-over-Year

Data Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Local Education Agency (School District) Universe Survey, Data," selected years.

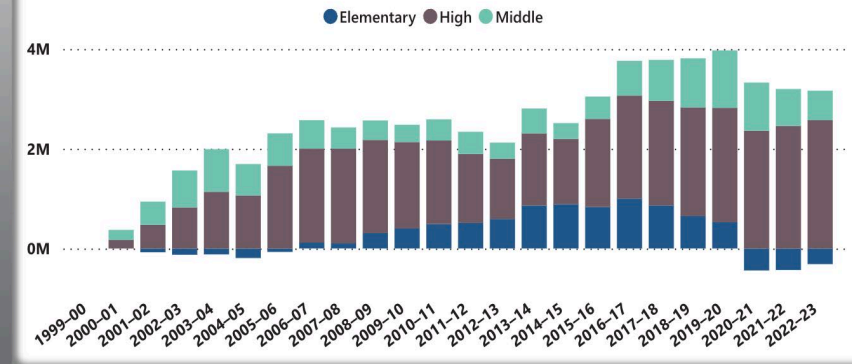


Select Chart Measure

Select Chart Values

Region | Locale Type | **Grade Level**

Total enrollment | Δ Year-over-Year | **Δ from 1999–00**



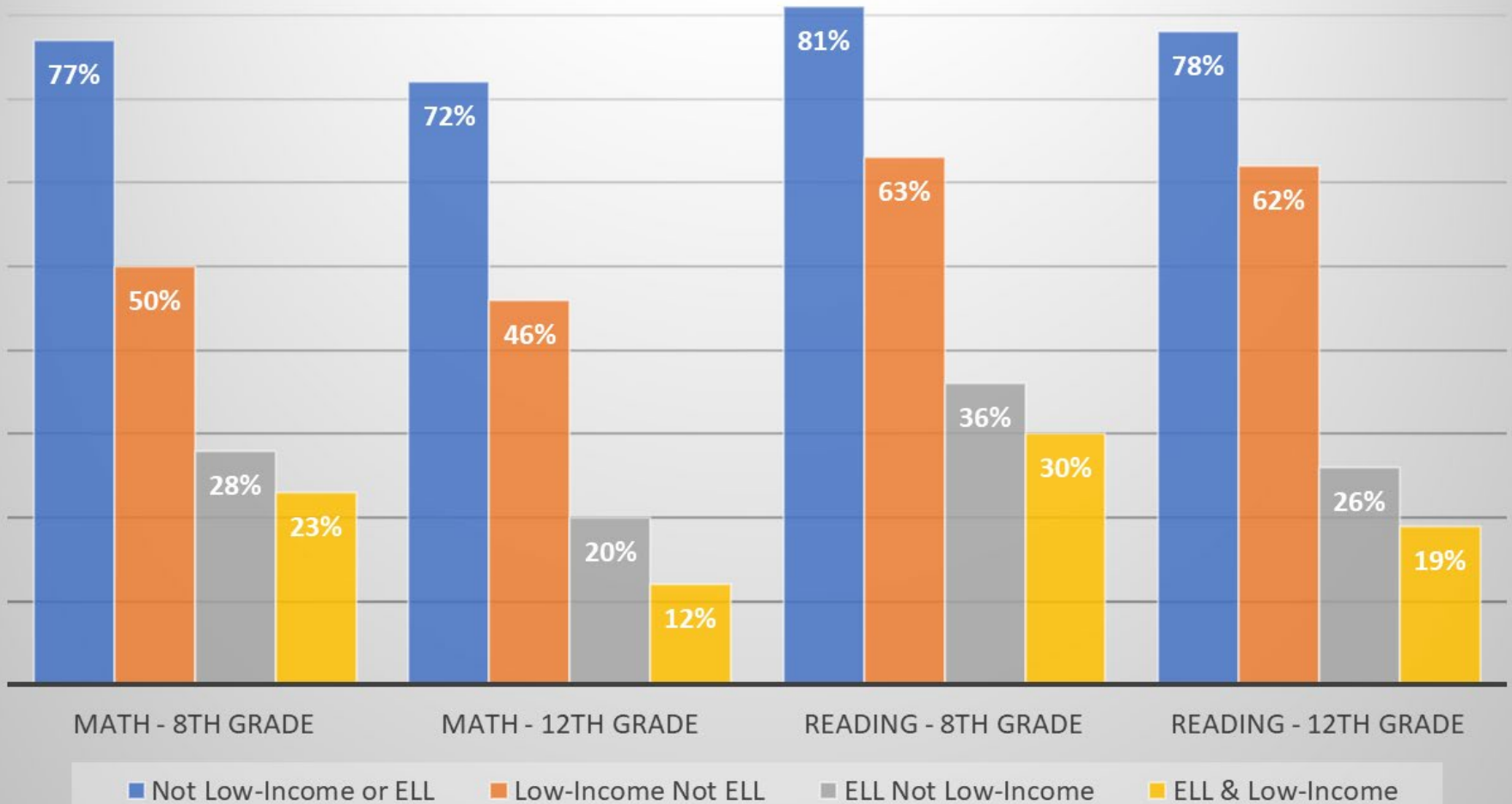
What Can be Done During Difficult Financial Times?

- Share services – with other districts or local governments
- Work with third parties (Boys & Girls Club, United Way, and others)
- Maximize the use of state and federal funding including Medicaid
- Adopt a community school approach to achieve all of the above

Funding High-Need Student Groups

- To improve educational outcomes, target funding toward the students that need it most
- Think about providing funding for all of a student's needs (At-risk + ELL)
- The more targeted the better
 - Students experiencing homelessness
 - Foster youths
 - Migrant students

National Assessment of Educational Progress: Students Scoring at Basic and Above (2022)



Questions or Comments?

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