



# DECLINING ENROLLMENT

## 14 WAYS STATES CAN MITIGATE CHALLENGES AND SEIZE OPPORTUNITIES

### INTRODUCTION

Enrollment in public schools is expected to [drop](#) over the next 10 years by more than two million students, continuing a trend that started during the pandemic. Largely due to declining birth rates and population migration, more than half of states will see decreases of 5% or more by 2031.

State funding is generally based on student enrollment, which means significant enrollment drops can create financial challenges for school districts that have fewer students. To help districts and avoid difficult conversations, states may feel tempted to keep funding districts as if they had the same amount of or more students. However, funding so-called “ghost” students is [very expensive](#) for states. At a minimum, state policymakers should carefully consider whether these resources can produce greater benefit to students if used in other ways.

Instead, as states prepare for and face the enrollment decline, here are 14 ways state policymakers can help school districts reduce expenditures without harming students while seizing opportunities created by freed up funding, facilities and staffing.

### RECOMMENDATIONS

#### Mitigating Challenges

Even though school districts with declining enrollment will inevitably lose funding, states can help districts reduce their expenditures so that they can best serve their remaining students.

1. **Give districts more time:** require districts to make credible enrollment projections and submit to the state multi-year strategic finance plans that demonstrate balanced budgets. States can also require districts to keep a reserve fund to compensate for a one-time enrollment drop that decreases funding.
2. **Help districts identify efficiencies:** improve [school-level financial transparency](#) so that schools can find similarly situated schools that are spending their funding more efficiently and learn how these higher-performing schools are doing more with less.
3. **Support cross-district collaboration:** incentivize districts to [offer classes, programs and activities](#) to students from other districts.
4. **Give districts more flexibility:** simplify the state’s funding formula and eliminate [spending restrictions](#), such as specific staffing ratios, so that districts can figure out how best to cut expenditures, with [accountability](#) and [rewards](#) for student success.
5. **Require that any layoffs be performance-based:** ensure the most effective teachers are retained regardless of seniority or tenure status by requiring performance as the primary or sole factor when deciding [educator reductions](#).
6. **Prohibit locked-in contracts:** prevent districts from agreeing to employ staff before knowing how much funding is available.
7. **Allow more flexible staffing structures:** let districts hire [part-time staff](#) and [redesign teacher staffing structures](#) that expand the reach and responsibilities of their most effective teachers.



## Seizing Opportunities

Declining enrollment can free up funding, facilities and staffing, and states can take steps so that these resources are put to the best use on behalf of students.

8. **Strengthen student-centered funding:** States can strengthen their [student centered funding formulas](#) by increasing the base for all students as well as the weights that provide supplemental funding for higher-need students, including low-income students, English learners and students with disabilities.
9. **Reinvest savings in evidence-based strategies:** shift funding to investments that will produce greater impact on student outcomes. States can invest in policies, like the [science of reading](#), that have a proven track record of improving student success and closing achievement gaps.
10. **Fund teacher pensions:** States can use the savings for [teacher pensions](#) if they are significantly underfunded.
11. **Fund student success instead of enrollment:** provide [substantial bonuses](#) to school districts when their students are successfully employed, enrolled in college or enlisted in the military.
12. **Recruit surplus teachers to fill critical vacancies:** [incentivize](#) effective teachers, who are no longer needed in one district because of declining enrollment, to fill hard-to-staff positions elsewhere in the state, including subjects such as STEM, career technical education and special education classes with high concentrations of economically disadvantaged students and rural schools.
13. **Require alternative uses of underutilized buildings:** through a combination of carrots and sticks, make unused space available to other schools or community providers and for affordable teacher housing. For example, states can allow higher-performing charter schools in district facilities to [count](#) as part of district performance for accountability purposes. They can also reduce facility funding for districts that are maintaining unneeded space, or they can empower a neutral facility authority to make sure that all classroom space is effectively utilized, as [Indiana is exploring](#).
14. **Improve student transportation:** Not only will there be fewer public school students to transport and possibly a need for fewer buses, but as states build out choice programs they need to [rethink transportation solutions](#) from a regional perspective.

## CONCLUSION

These are not all the solutions. ExcelinEd looks forward to working with states as they identify strategies to navigate the coming enrollment decline.