

SREB

Education Funding in the Face of Demographic Change

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Why Education Funding?

States changing or replacing their K-12 funding mechanisms in recent years:

Alabama, Delaware, Maryland, Mississippi, Tennessee, Texas

Move toward student-based, student-weighted funding

An improvement, research-backed – but not a panacea

Pressures from choice initiatives

ESAs, home schooling

Why Education Funding?

SREB 2026 Priority Committee on Education Funding

- Several SREB states with formulas without comprehensive revision in decades
- Student needs, workforce demands and fiscal conditions have evolved in that time
- Research-based guidance to support modernization, alignment of resources with student needs and state priorities

But Hanging Over Everything

- ❑ Demographic changes
- ❑ Population shifts
- ❑ Declining student enrollments nationwide

Demographic Changes Across the Region

	Enrollment Δ 2019-24	Δ in births 2014-19	Population Δ 2020-24	Net domestic migration 2020-24	Net international migration 2020-24
Delaware	1.6%	-3.7%	6.3%	46,357	17,748
South Carolina	1.3%	-1.0%	7.0%	314,953	60,691
Alabama	0.9%	-1.4%	2.6%	119,132	38,850
Texas	0.9%	-5.5%	7.3%	747,730	820,761
Florida	0.0%	0.0%	8.5%	872,722	1,059,143
North Carolina	-0.3%	-1.9%	5.8%	392,857	185,090
Oklahoma	-0.9%	-7.9%	3.3%	92,752	43,274
Tennessee	-1.1%	-1.4%	4.7%	250,338	97,551
Arkansas	-1.1%	-5.1%	2.7%	69,069	26,296
Georgia	-1.4%	-3.5%	4.4%	205,516	192,766
Maryland	-2.0%	-5.1%	1.1%	-122,643	138,610
Virginia	-3.1%	-5.7%	2.1%	-35,437	167,249
Kentucky	-5.0%	-5.5%	1.7%	28,549	66,080
Louisiana	-6.1%	-8.6%	-0.8%	-129,419	75,855
Mississippi	-7.3%	-5.4%	-0.3%	-21,971	26,753
West Virginia	-8.1%	-10.7%	-1.4%	10,145	4,894

Carrie Hahnel of Bellwether and Jason Willis of WestEd

**“State funding systems are not
designed for a period of
sustained enrollment decline.”**

Dr. Ben Scafidi

Professor and Director, Education Economics Center,
Kennesaw State University



Changes in K-12 Public School Enrollment and implications

**Ben Scafidi
Kennesaw State University**

The views expressed here are mine alone and do not necessarily represent the views of Kennesaw State University or SREB.

Questions Covered Today

- What is the forecast for enrollment trends in the public education system up through fall 2031?
 - Is the forecast likely to be different for district public schools?
- How have the demographics of public school students been changing?
- For districts that experience enrollment declines, are students who remain “left with less”?

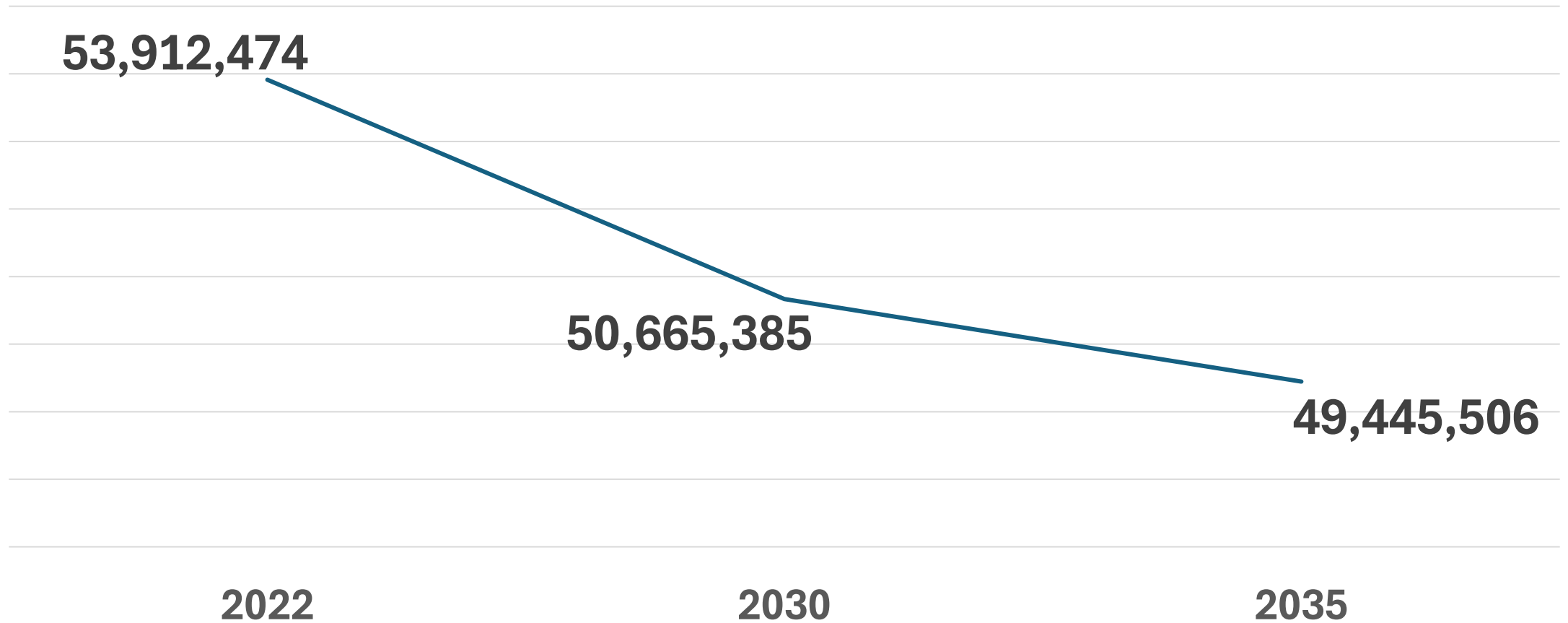
	Projected Enroll Change Fall 2024 to Fall 2031	% Change
United States	-2,497,703	-5.1%
Alabama	21,340	2.8%
Arkansas	-2,239	-0.5%
Delaware	-11,556	-8.1%
Florida	104,100	3.6%
Georgia	-24,462	-1.4%
Kentucky	-40,063	-6.1%
Louisiana	-31,340	-4.7%
Maryland	-73,225	-8.2%
Mississippi	-44,564	-10.3%
North Carolina	-36,818	-2.4%
Oklahoma	2,442	0.4%
South Carolina	-1,180	-0.1%
Tennessee	20,278	2.0%
Texas	-75,340	-1.4%
Virginia	-88,815	-7.1%
West Virginia	-24,755	-10.2%

Source: National Center
for Education Statistics,
*2023 Digest of Education
Statistics*, Tables 203.25
and 203.30

**These estimates likely
understate the enrollment
declines that district public
schools are likely to face**

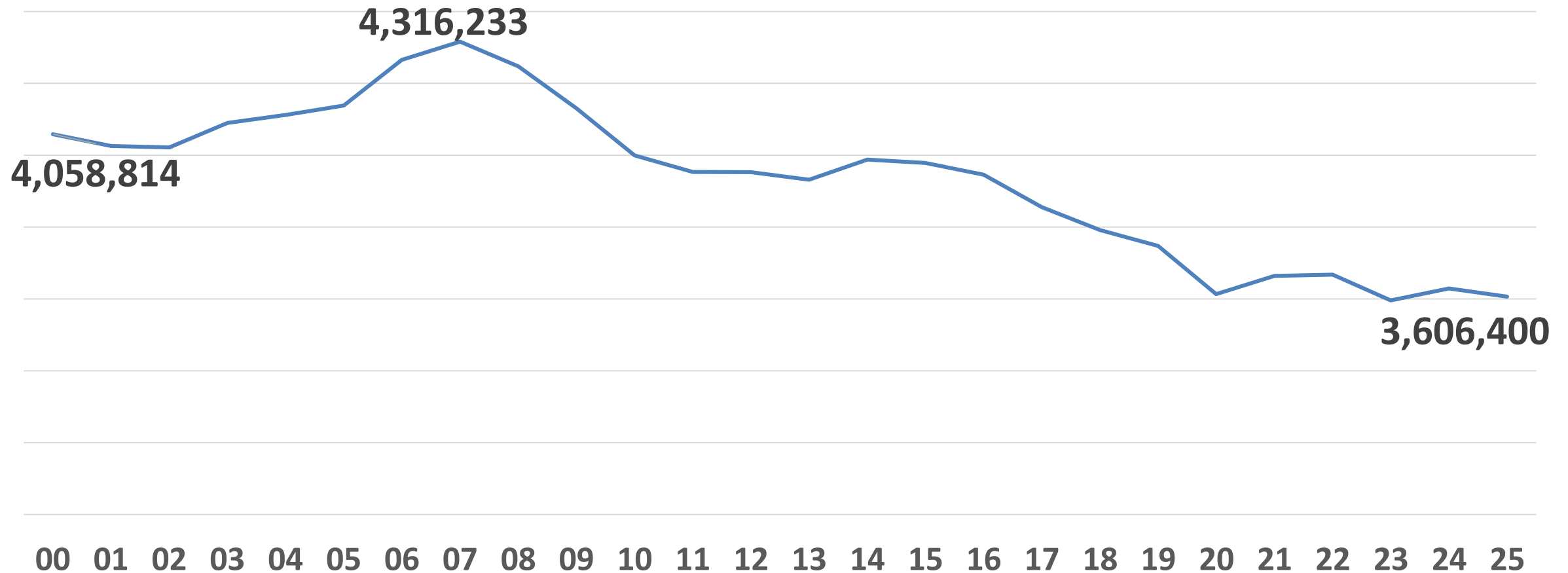
Number of Children Aged 5-17, United States, 2022 to 2035

Source: U.S. Census Bureau, 2023 National Population Projections Datasets (Main Series)



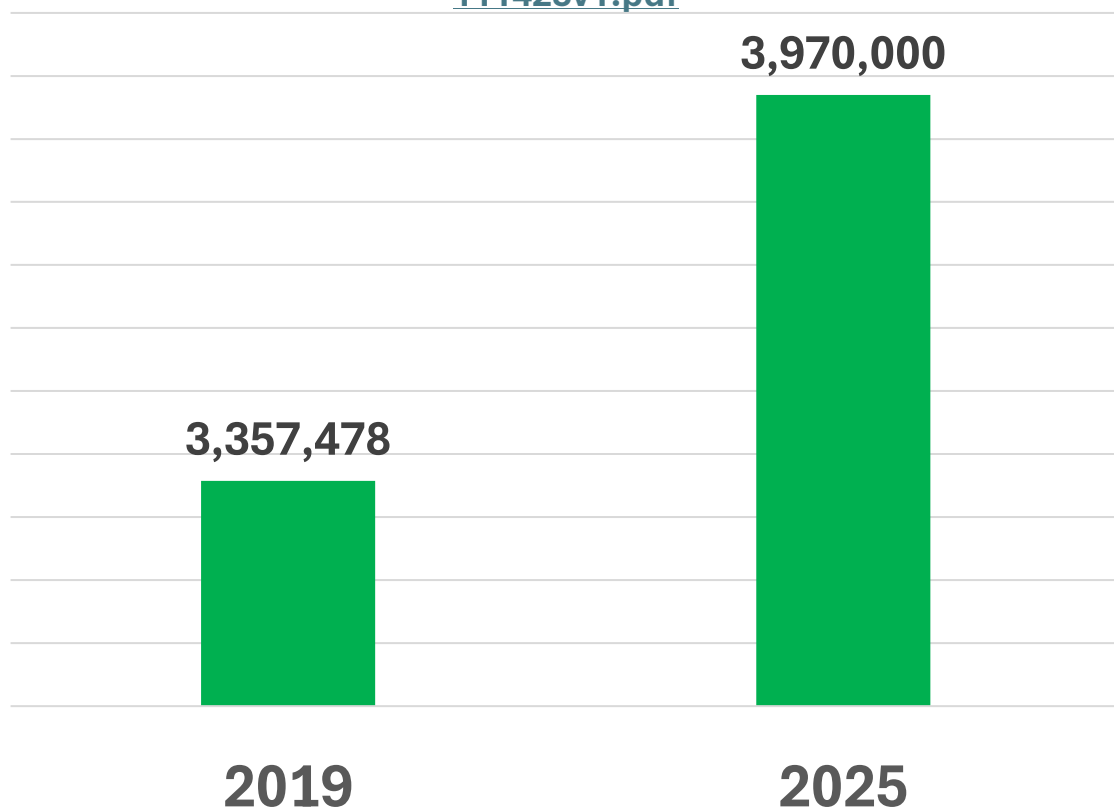
Number of Live Births, 2000 to 2025, U.S.

Source CDC April 2026, *Births: Provisional Data for 2025*, <https://www.cdc.gov/nchs/data/vsrr/vsrr043.pdf> and CDC Natality Information, <https://wonder.cdc.gov/natality.html>



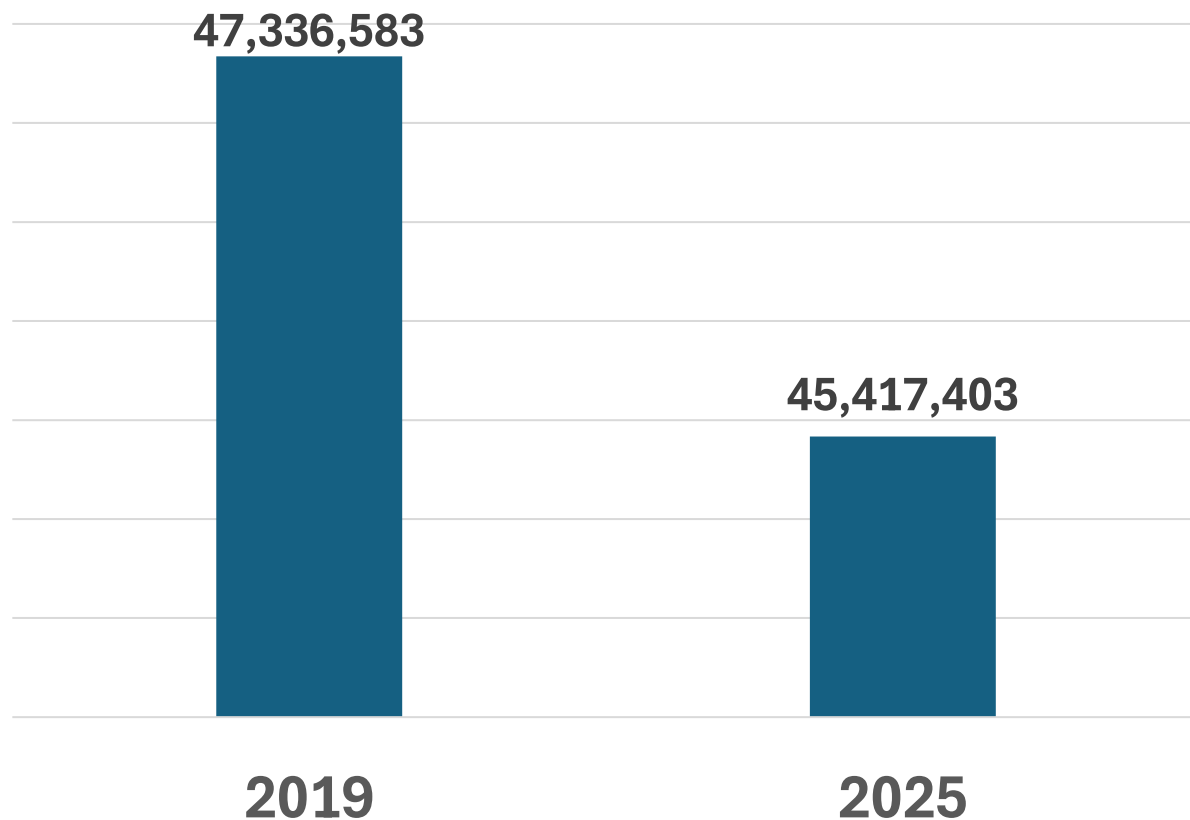
Charter Public School Enrollment

Source: National Alliance of Public Charter Schools, <https://publiccharters.org/news/2024-public-school-enrollment-trends-report/> and https://publiccharters.org/wp-content/uploads/2025/11/NAPCS-2025_Enrollment-Brief-111425v1.pdf



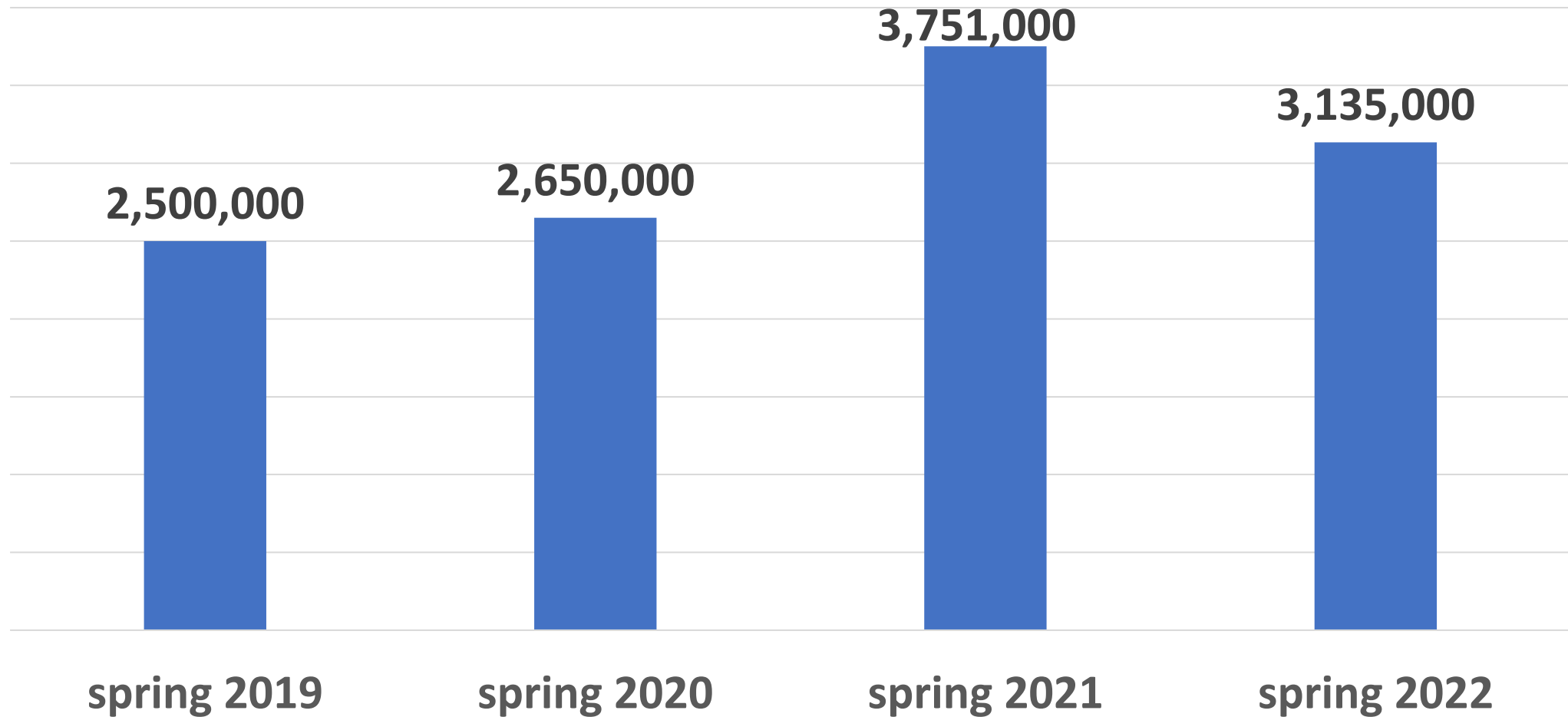
District Public School Enrollment

Source: National Center for Education Statistics, *2025 Digest of Education Statistics*, Table 203.20 (and subtracted charter enrollment from the overall public school enroll figures)



Estimated National Homeschool Enrollment

Source: National Home Education Research Institute, <https://nheri.org/research-facts-on-homeschooling/>



Home school enrollments have resumed their increase

- According to the Johns Hopkins School of Education Homeschool Research Lab, 17 of the 19 states that reported data, saw an increase in the number of homeschool students between 2022-23 and 2023-24.

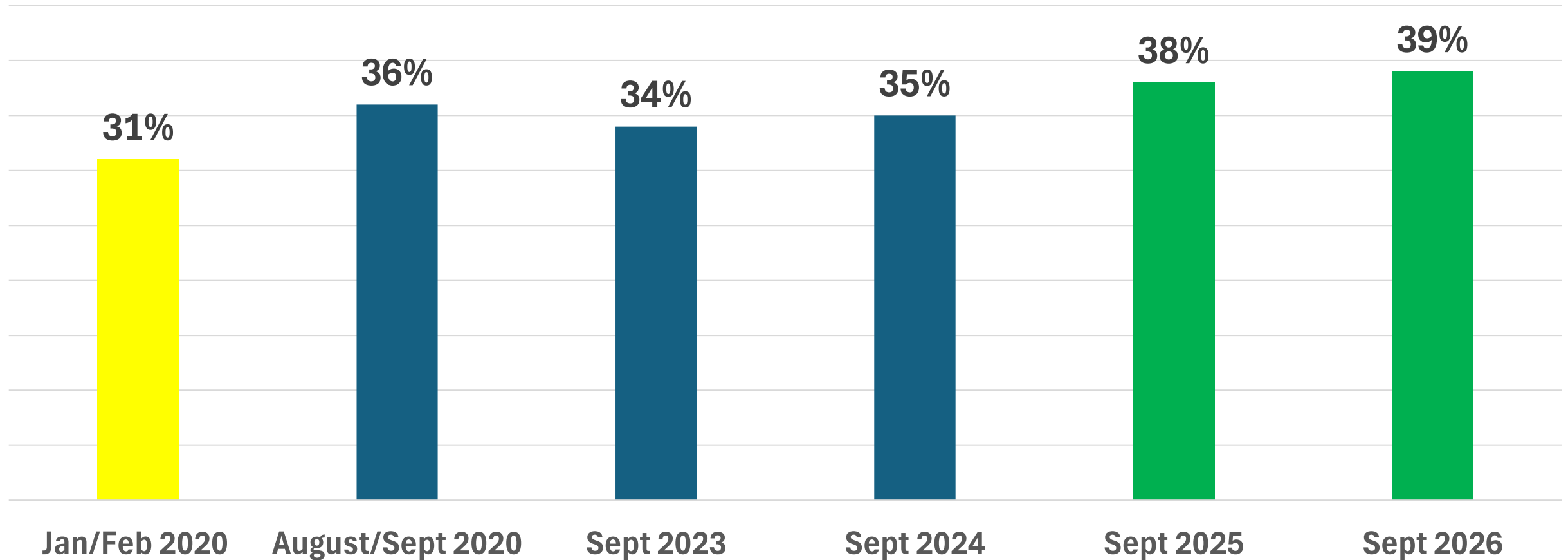
Source: Johns Hopkins University Homeschool Hub, <https://education.jhu.edu/edpolicy/policy-research-initiatives/homeschool-hub/homeschool-growth-2023-2024/>

- They report **another 4.9% increase** in homeschooling between 2023-24 and 2024-25 (**annual growth was 2% pre-pandemic**)

Source: Johns Hopkins University Homeschool Hub, <https://education.jhu.edu/edpolicy/policy-research-initiatives/homeschool-hub/homeschool-growth-2024-2025/>

Percent of Families Who Would Enroll their Children in a Private or Home School if Money was Not a Concern

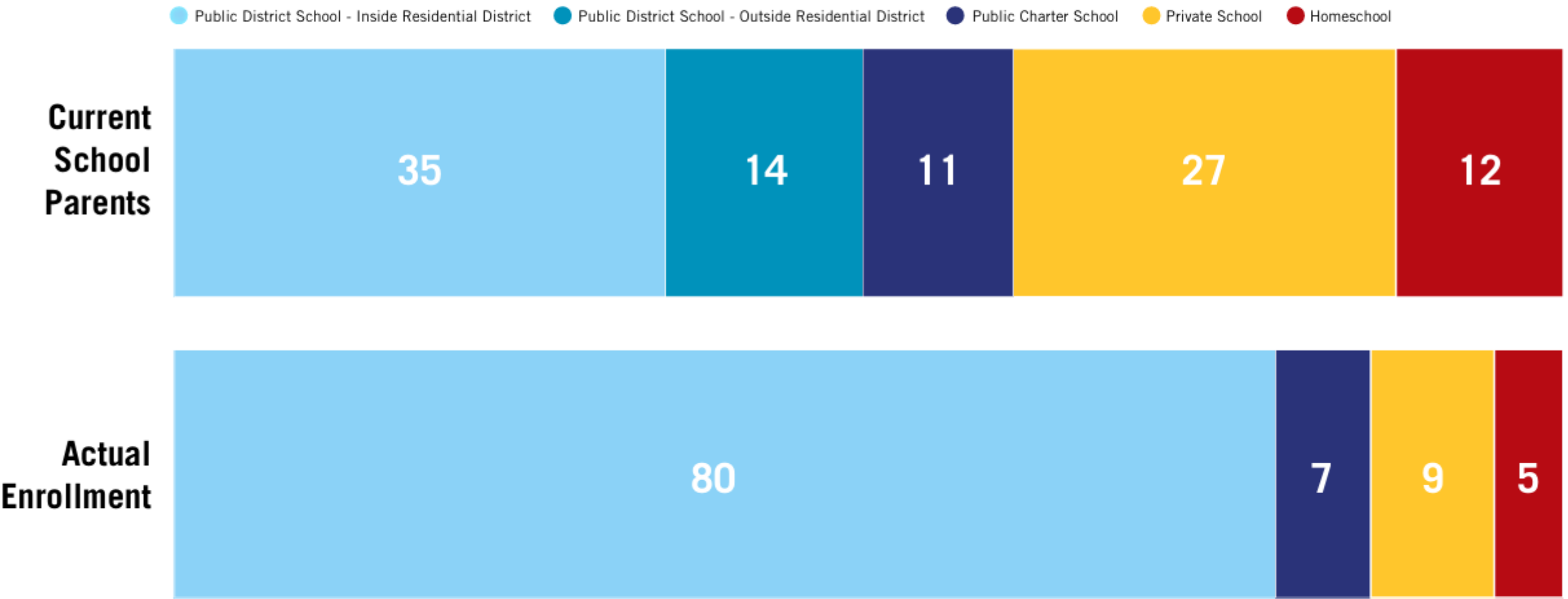
Source: Morning Consult , EdChoice Public Opinion Tracker, <https://edchoice.mcdatahub.com/edchoice/downloads>
(School Parents crosstabs)



SCHOOL TYPE PREFERENCE VS. ENROLLMENT, 2026

There continues to be a substantial disconnect between parents' schooling preferences and actual enrollment patterns. More than half of parents would choose a school type other than a public district school.

% of Current School Parents



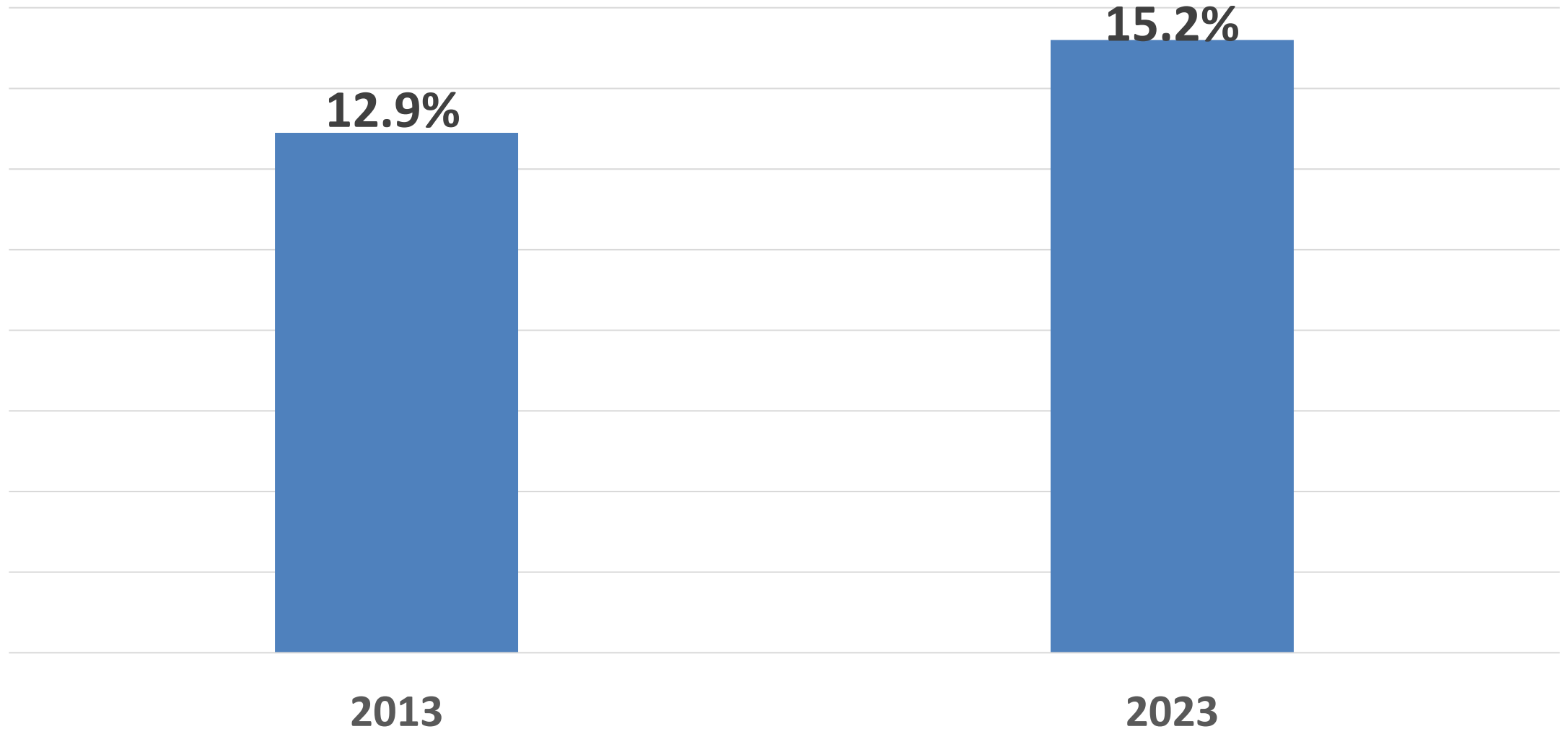
Notes: For the online survey, the respondent was permitted to skip the question. NCES does not split out inter- and intra-district choice.

Sources: Authors' calculations; Colyn Ritter, January 27, 2026, 2026 EdChoice Share: Exploring Where America's Students Are Educated, EdChoice; 2026 Schooling in America Survey (conducted March 24–April 4, 2026), Q15

**How have the
characteristics of
public school students
been changing?**

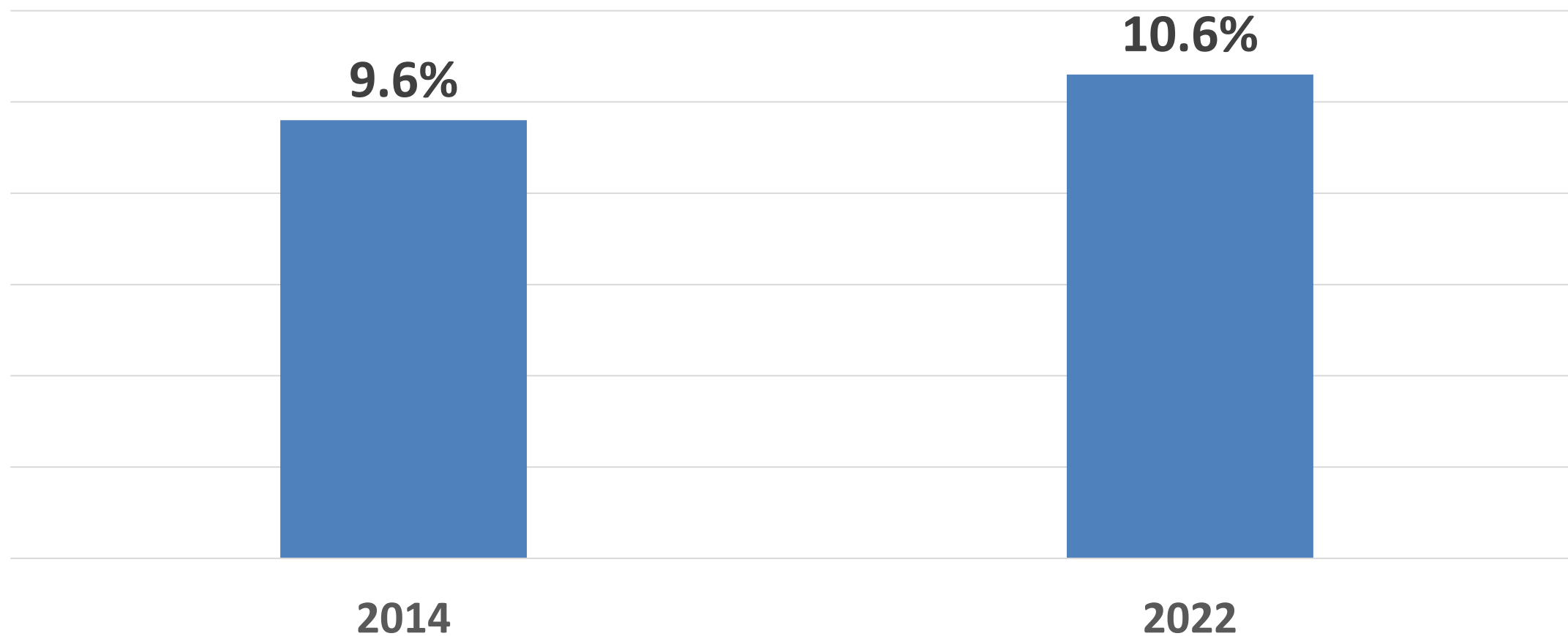
Special Needs Students

Source: National Center for Education Statistics, *2023 Digest of Education Statistics*, Table 204.70; and *2014 Digest of Education Statistics*, Table 204.70



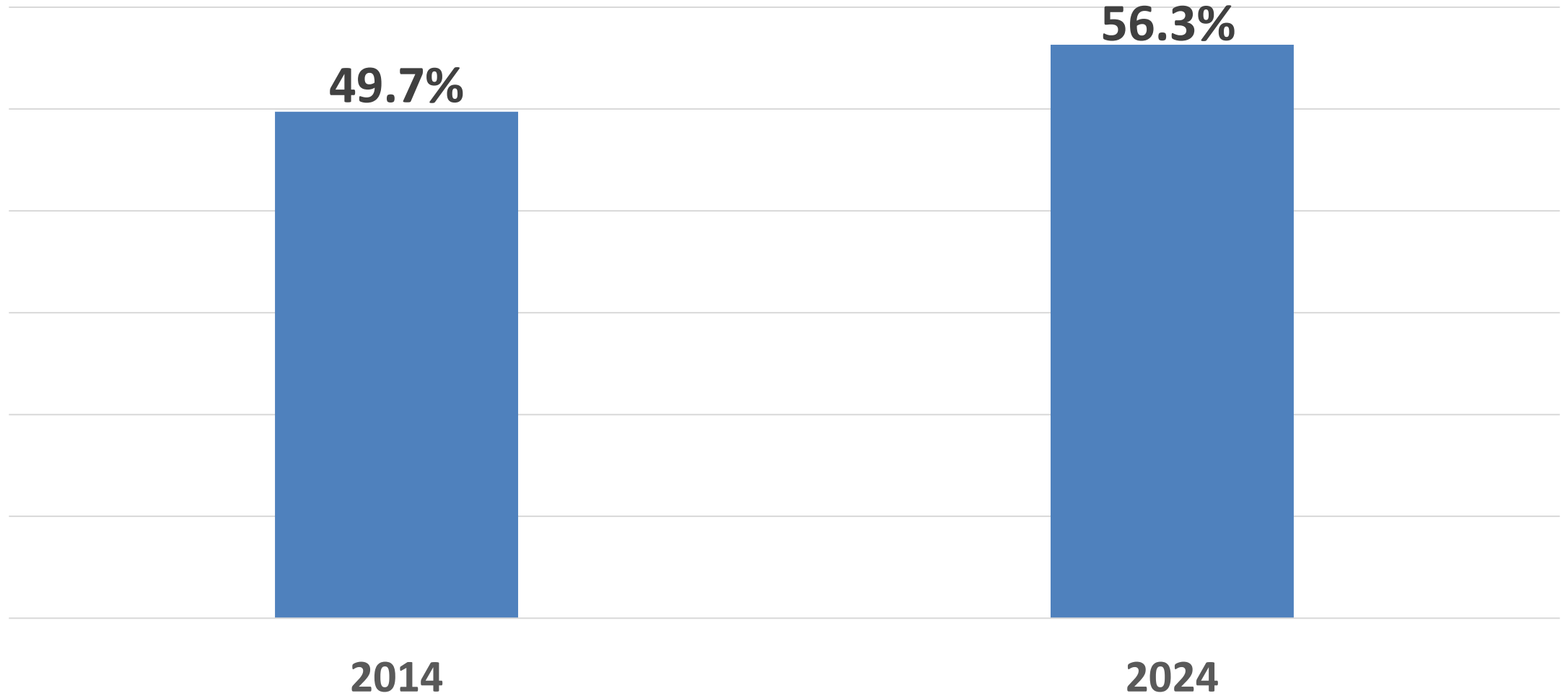
English Language Learner Students

Source: National Center for Education Statistics, *2023 Digest of Education Statistics*, Table 204.20



Nonwhite Students

Source: National Center for Education Statistics, *2024 Digest of Education Statistics*, Table 203.60



When districts lose enrollment, for any reason, are the students who remain in district public schools left with less?

“Everybody” seems to think so



“(vouchers) take scarce funding from public schools ... This means public school students have less access to music instruments and science equipment, modern technology and textbooks, and after-school programs.”
[National Education Association, 2021]



“Declining School Enrollment Spells Trouble for Education Funding.”
[Urban Institute, 2020]

“When more kids are leaving the public schools, that’s less funding for the public schools and those who are left, are left with less.” **[NBC News Story, 2024]**



“... education institutions are facing fiscal cliffs, born of declining enrollments and rising costs, and are struggling with teacher, staff, and school leader shortages, burnout, and insufficient staffing for school psychologists and counselors for the students who remain.”

[American Education Research Association, 2025]



“because state and federal financial support to public schools is typically proportional to student counts while costs are more fixed, enrollment declines may threaten some schools’ financial and operational viability. Schools with diminishing enrollment may have to lay off teachers or shut down completely.”
[Hamilton Project, Brookings, 2023]

Districts with enrollment declines appear to have a fiscal and resource advantage for their students, as compared to districts with growing enrollment

August 19 2026

Enrollment, Fiscal, and Resource Changes in American Public School Districts, 1998 to 2019

Matthew H. Lee, Benjamin Scafidi 

[> Author and Article Information](#)

Education Finance and Policy 1–58.

<https://doi.org/10.1162/EDFP.a.478>

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Abstract

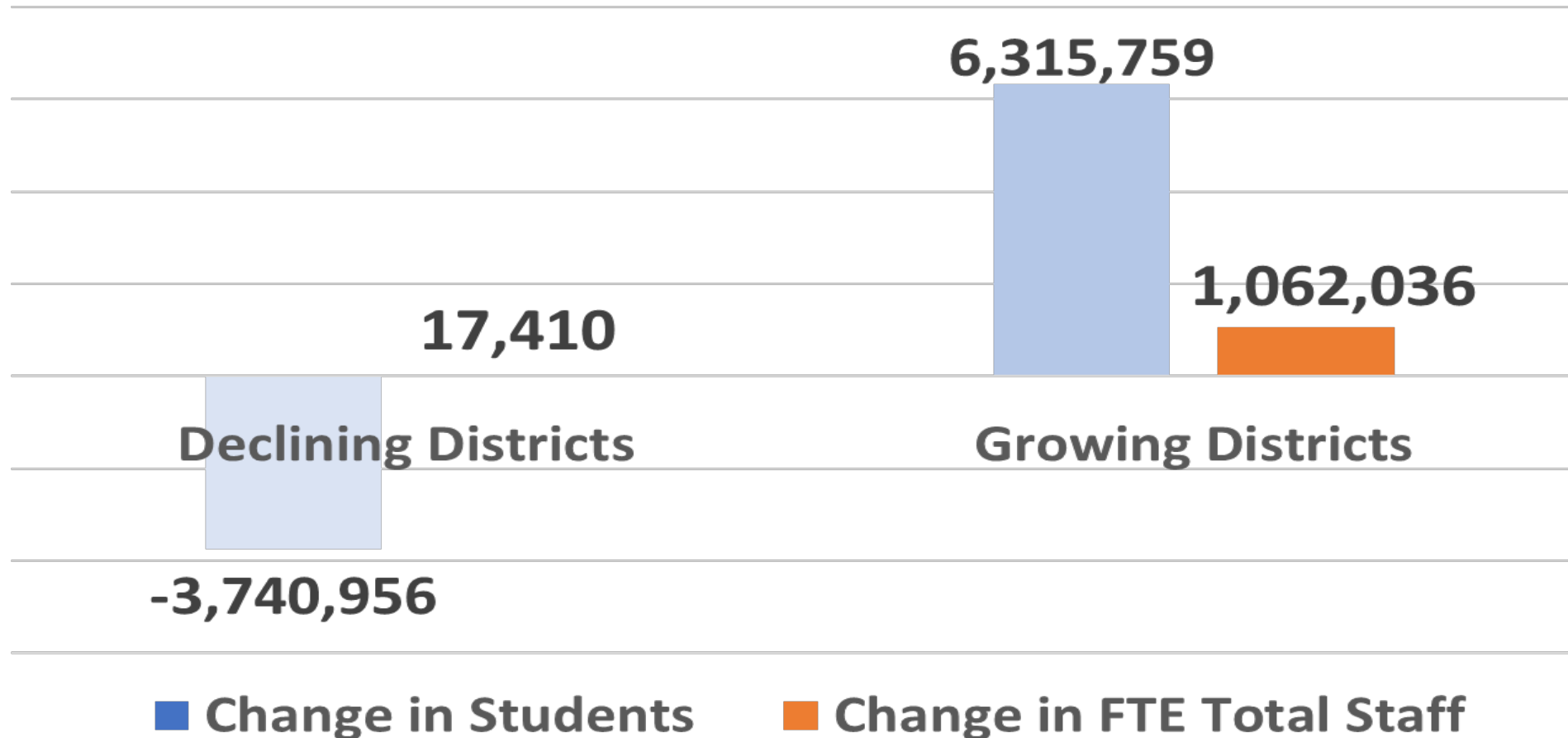
Total public school enrollment has decreased in recent years and is forecast to continue decreasing for the foreseeable future. Experts and educators are concerned about how enrollment declines will change resources available for students who remain in district public schools. Using data on all public school districts from 1998 to 2019, we estimate how resources change as district enrollments increase and how resources change as enrollments decline. Our preferred empirical approach operationalizes all explanatory variables as spline variables, which allows for different covariates for growing and declining districts. This flexible approach allows for the possibility that school funding systems, and therefore fiscal and resource changes, differ between districts with growing and declining student enrollment. We find generally that districts with declining student enrollment have experienced larger increases in per-pupil funding and resources compared to districts with growing enrollments, as enrollment declines were associated with larger increases in local, federal, and, to a lesser extent, state revenues per pupil. Our descriptive results also suggest there may be heterogeneity across districts with respect to relationships between enrollment and fiscal and resource changes, which should be a subject of future research.

Enrollment and Staffing Data on the Remaining Slides

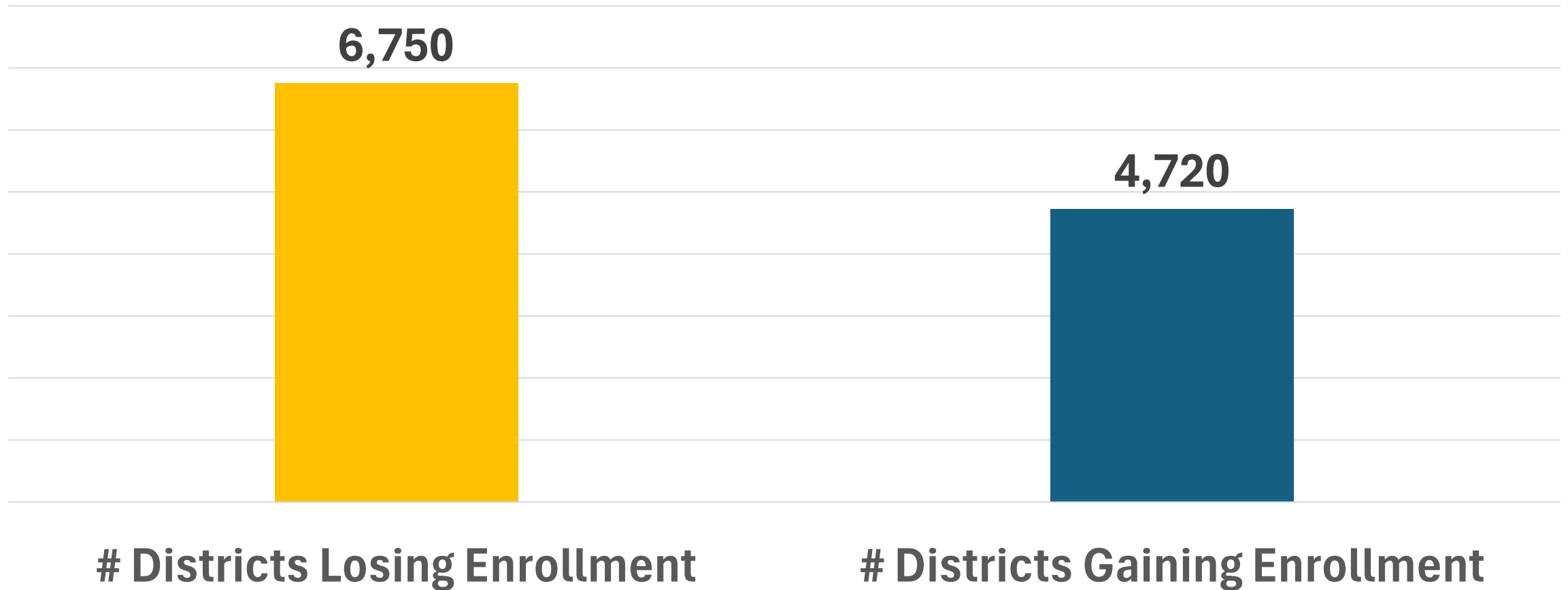
- National Center for Education Statistics, ELSi Table Generator (Common Core of Data, CCD), <https://nces.ed.gov/ccd/elsi/tableGenerator.aspx>
- Or you may use the raw CCD data files, <https://nces.ed.gov/ccd/files.asp>
- Selected only districts that were agency type 1, “regular local school district that is NOT a component of a supervisory union”
- Inflation adjustment on dollar figures using the PCE price index, <https://fred.stlouisfed.org/series/pcepi>

Change in Total FTE Staff and Pupil Enrollment 1999 to 2019

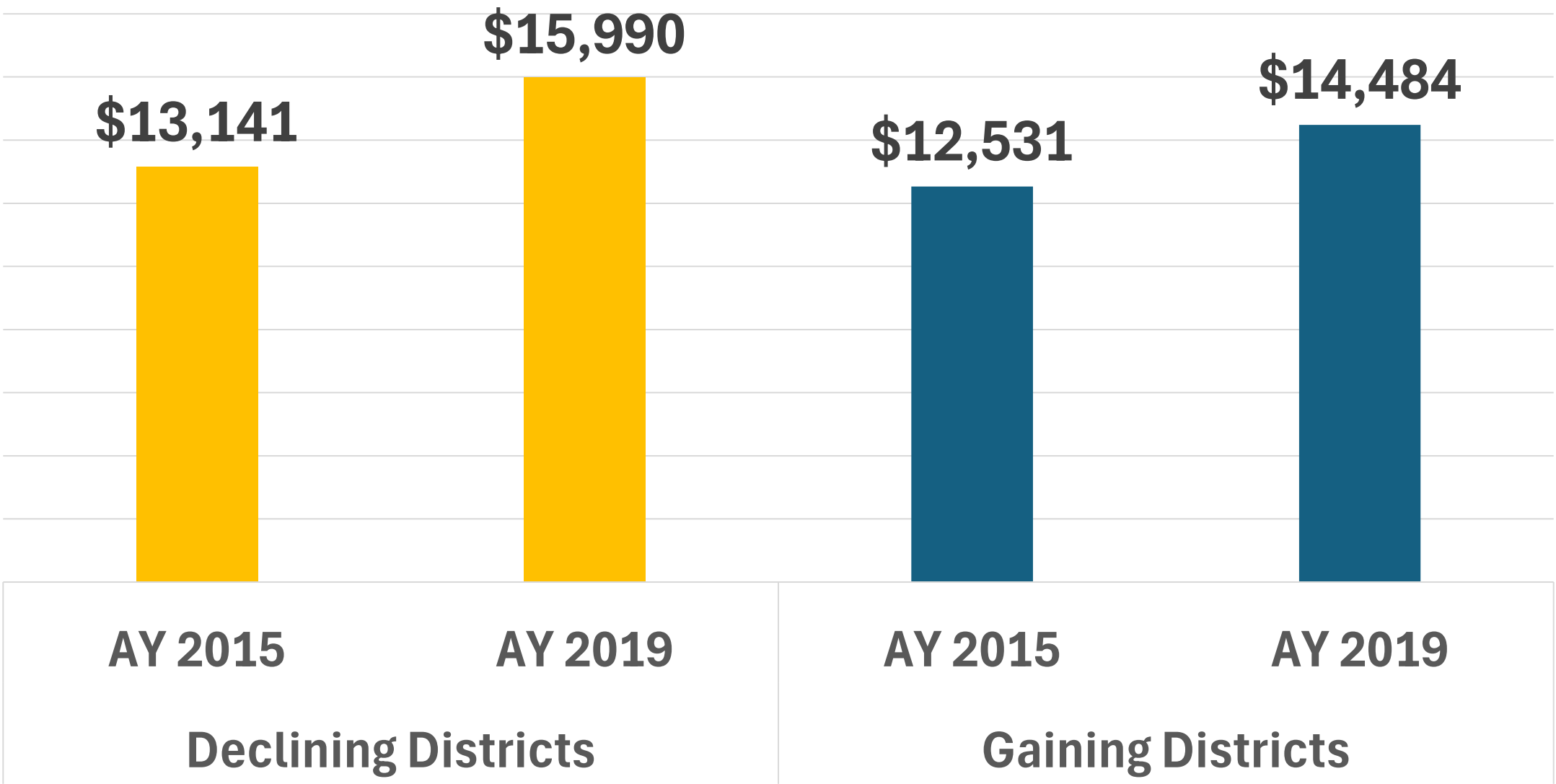
Source: Figure 1 in Lee and Scafidi (forthcoming), <https://direct.mit.edu/edfp/article-abstract/doi/10.1162/EDFP.a.478/138315/Enrollment-Fiscal-and-Resource-Changes-in-American?redirectedFrom=fulltext>
Ungated (older) version: <https://edworkingpapers.com/ai25-1266>



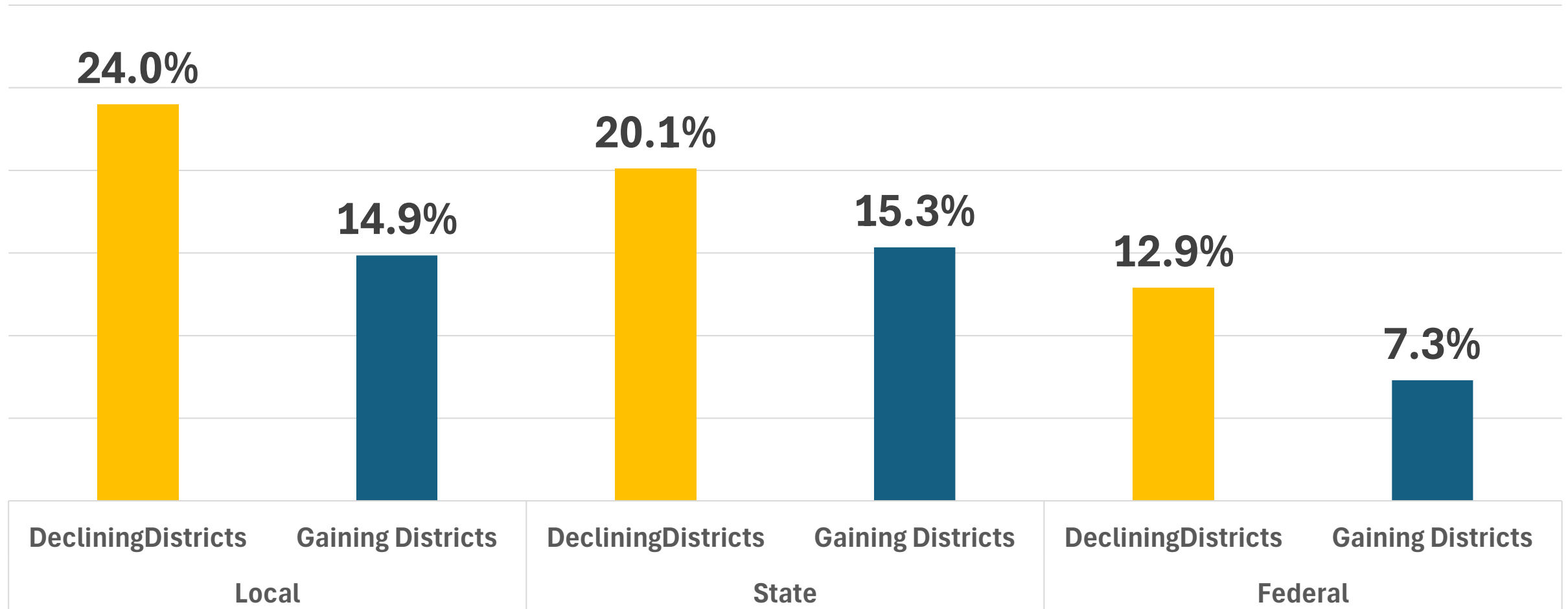
A significant majority of American public school districts saw enrollment declines, even before the pandemic (2015 to 2019)



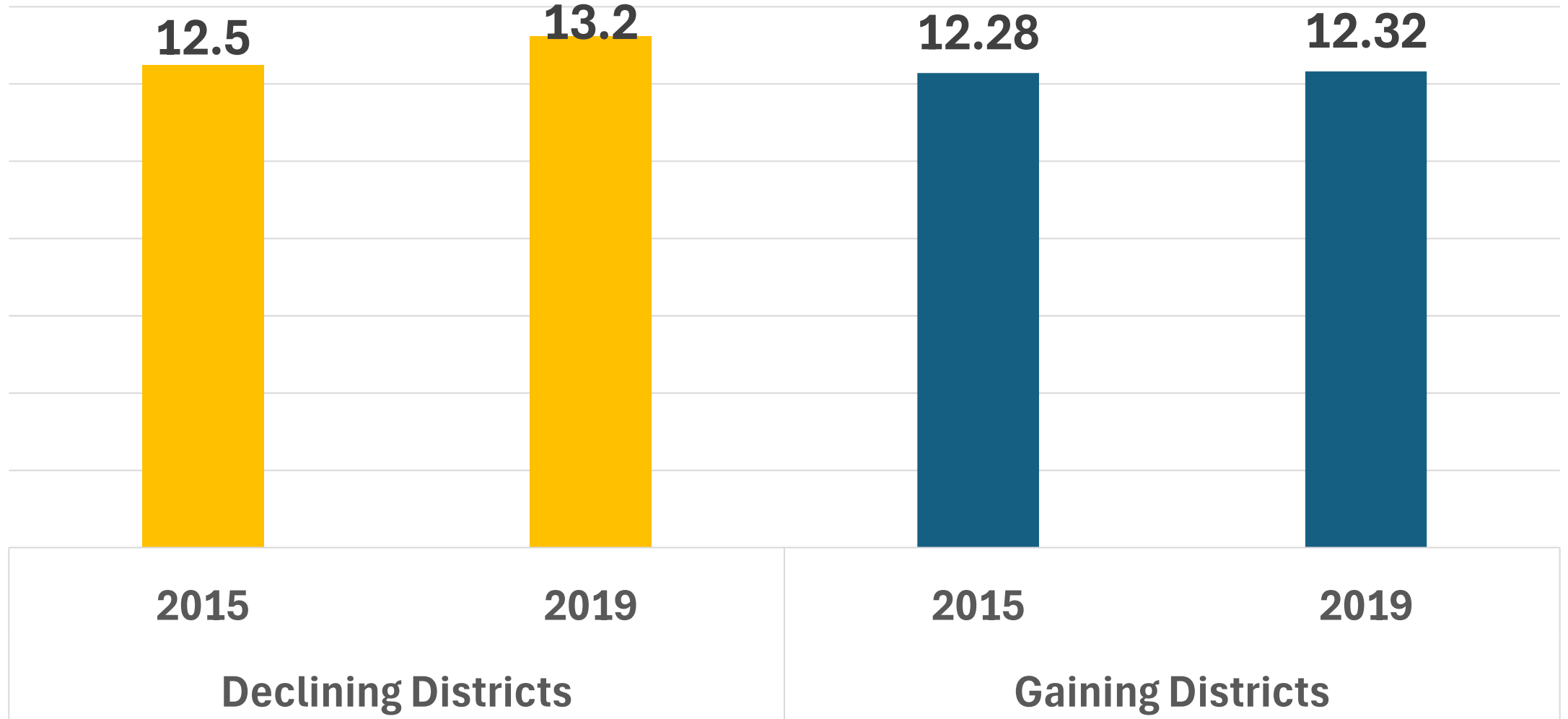
Declining districts saw total expenditures per student increase by 21.7%, while districts gaining enrollment saw “only” a 15.6% increase



Districts do not lose all funds in proportion to their declines in enrollment (they lose less), per-student revenues by source, 2015 to 2019

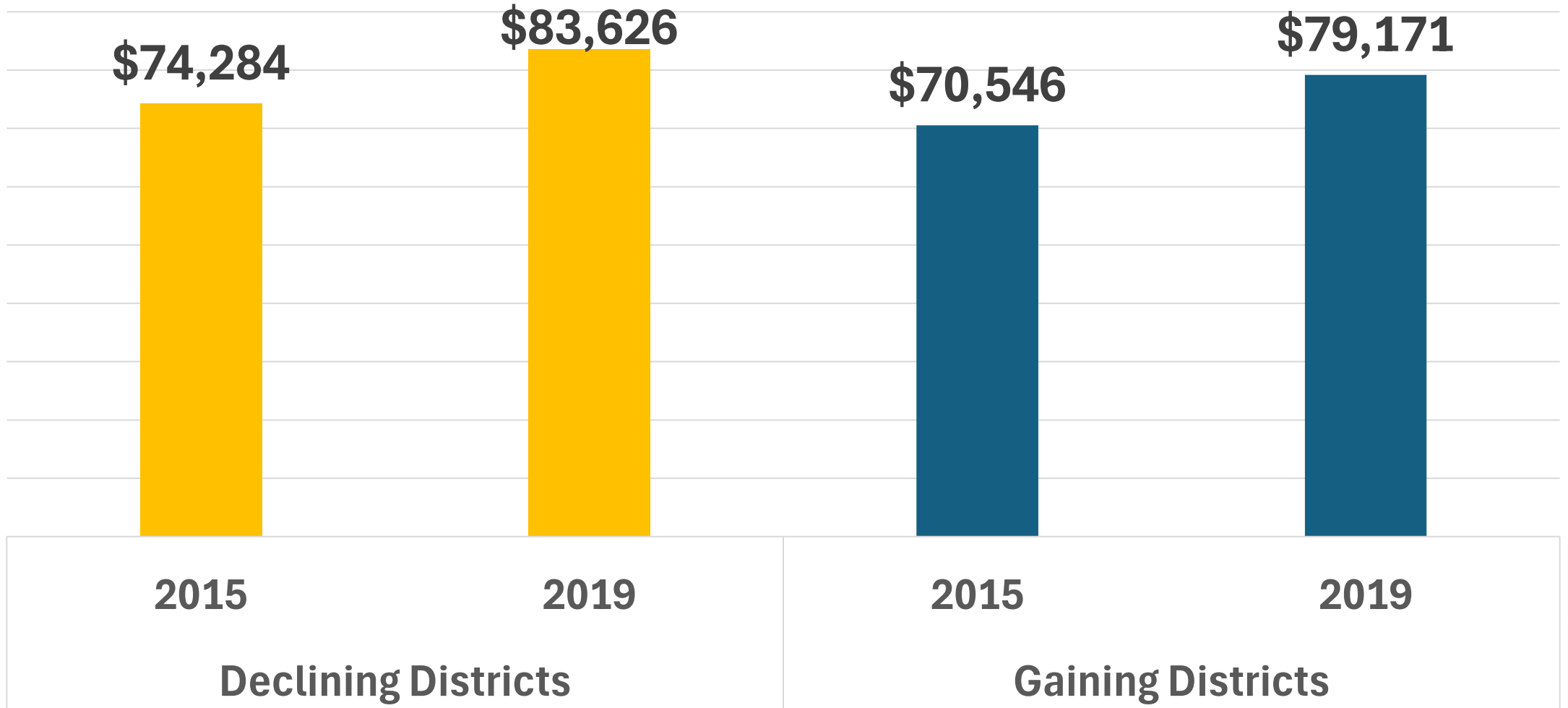


FTE Total Staff Per 100 Students



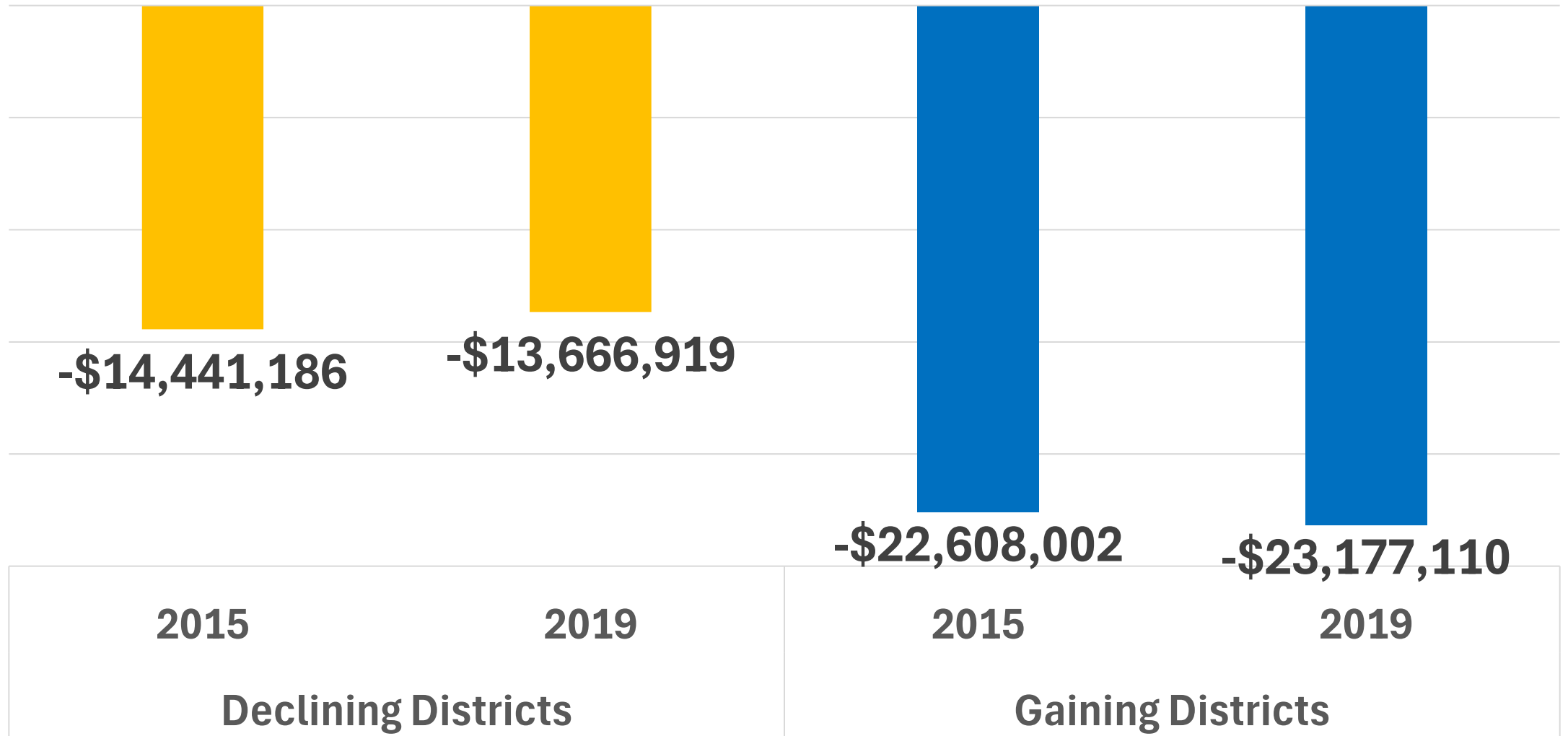
Total Compensation Per FTE Staff

(salaries + benefits)

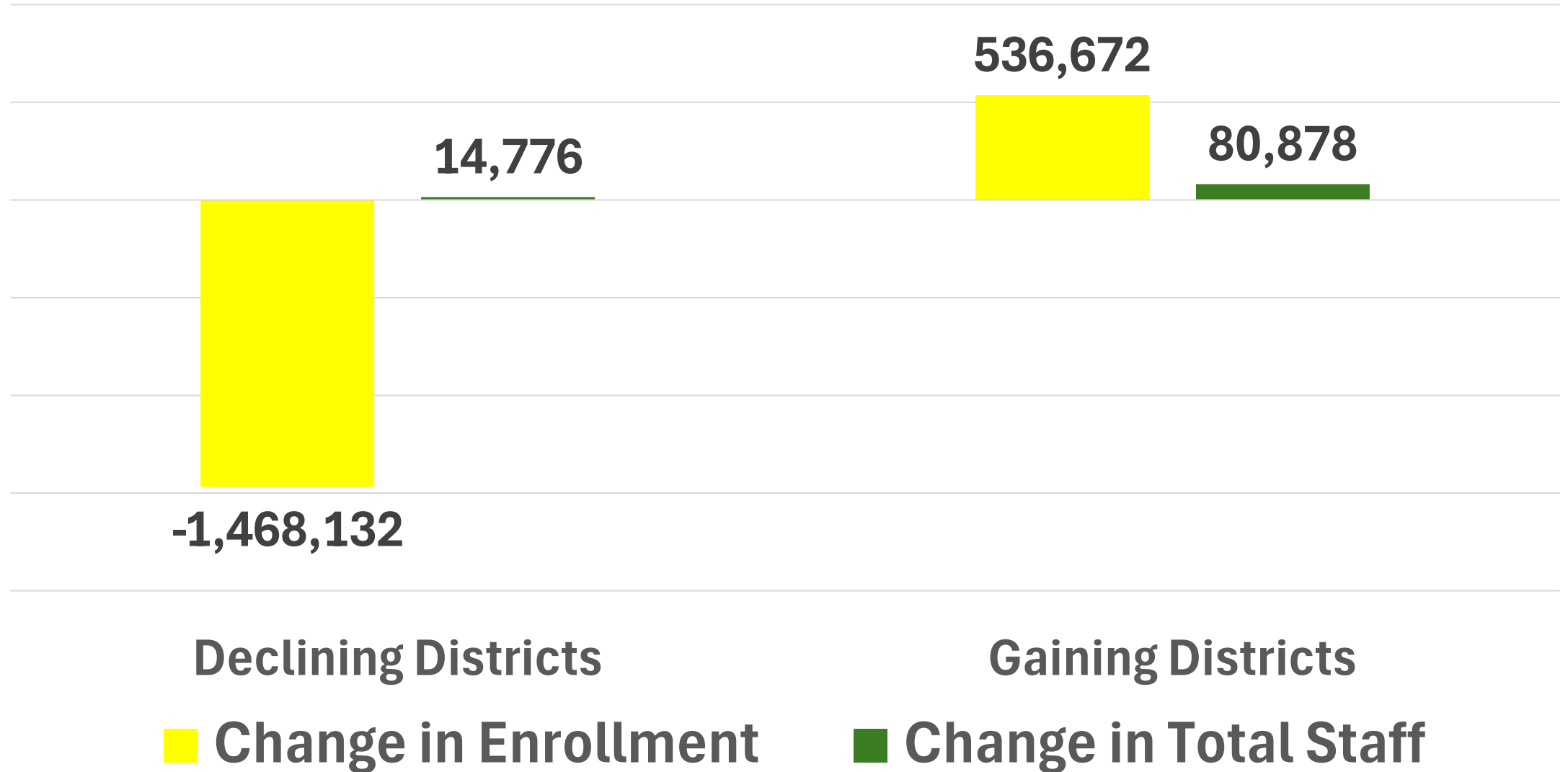


Net Fiscal Position

total unspent funds minus total debt



Covid Era, 2020 to 2023



Data on enrollment changes and resource changes for school districts in your state

<https://campus.kennesaw.edu/colleges-departments/coles/centers/education-economics-center/enrollment-changes/index.php>

Google: Kennesaw State Education Economics Center

Then, scroll down a little and click on “Enrollment Changes”

Takeaways

- District public schools will generally experience enrollment declines for the foreseeable future
 - While the southeast is an outlier, many districts in your states will likely experience further enrollment declines—and Scafidi made a case that district enrollment declines will be larger than projected
- District public schools have been serving a higher proportion of students with extra needs
- Districts with growing enrollments are less able to increase the funding and resources available to their students as compared to districts facing enrollment declines—contrary to the conventional wisdom
 - Because declining districts, in practice, do not experience declines in funding proportional to declines in enrollment

The following 7 states plus DC were excluded from the next slide, for missing data

Data: U.S. Census Bureau Annual Survey of School System Finances

Alaska

DC

Hawaii

Maryland

Nevada

North Carolina

South Carolina

Virginia

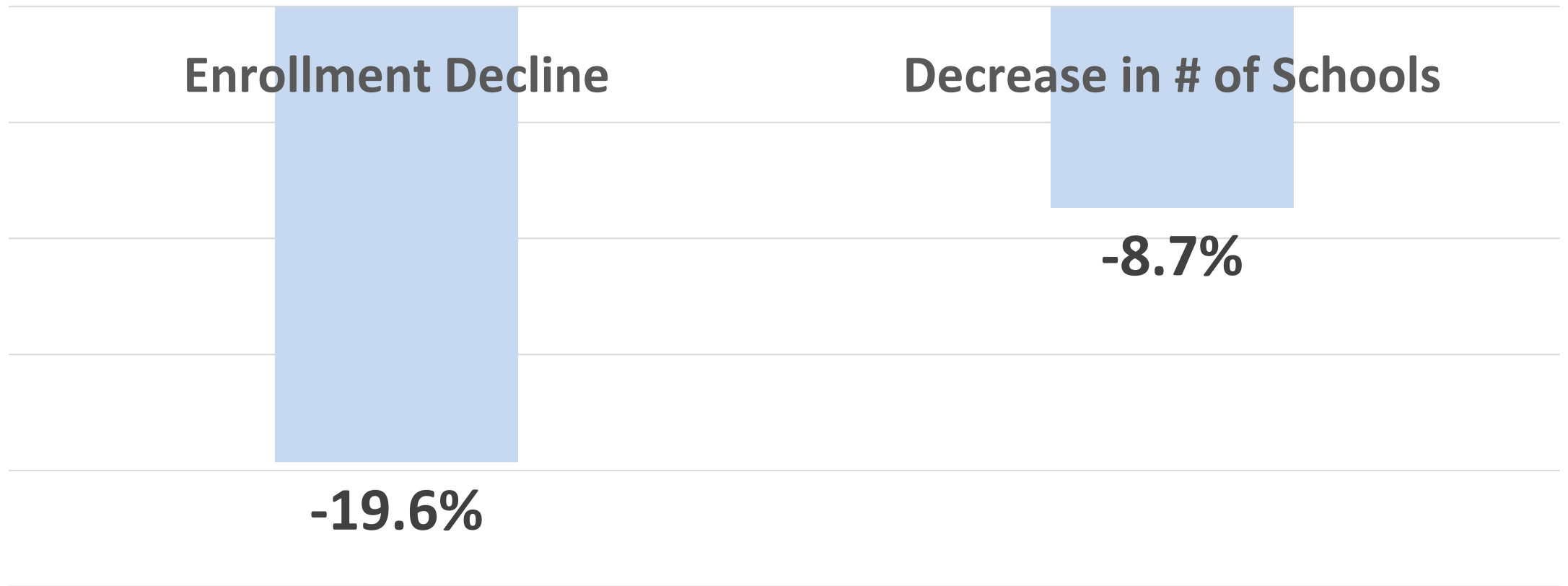
Net Fund Balance as a Percent of Total Revenue

Net Fund Balance = unspent end-of-year funds minus total debt

U.S. Public School Districts, 2004 & 2024



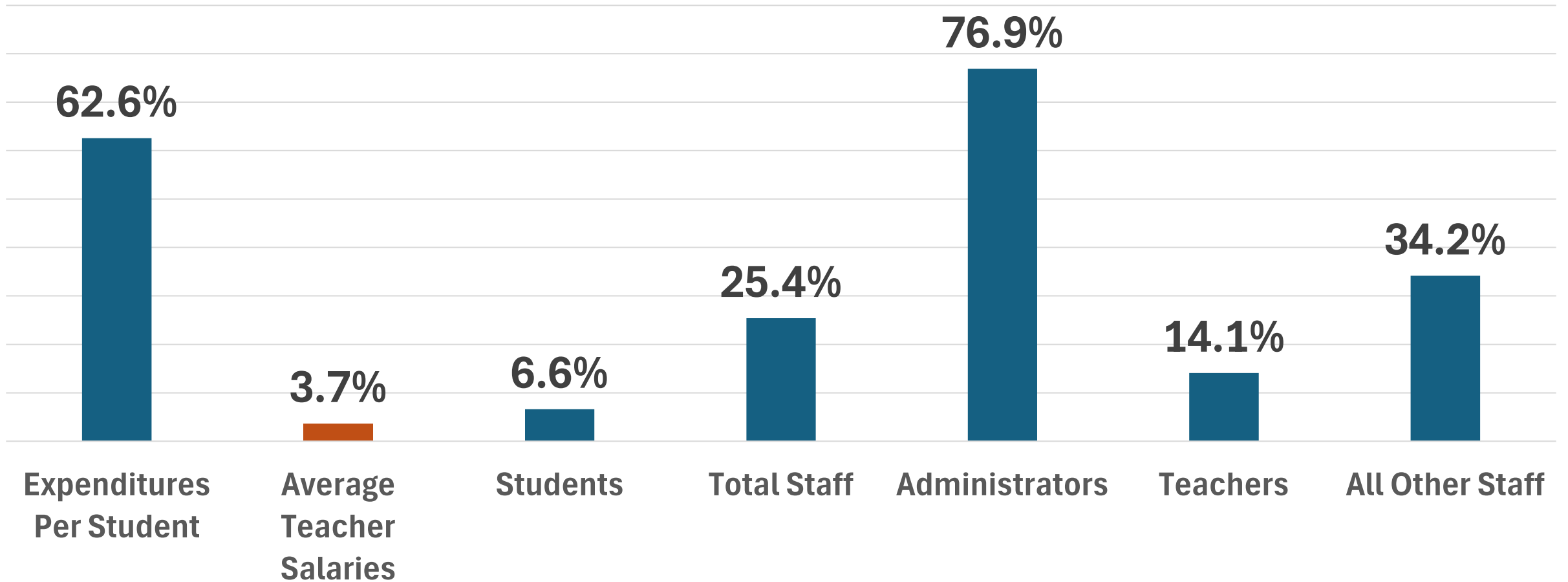
Districts with Declining Enrollment, SREB States, 1999 to 2025



Staffing Surge and Average Teacher Salaries

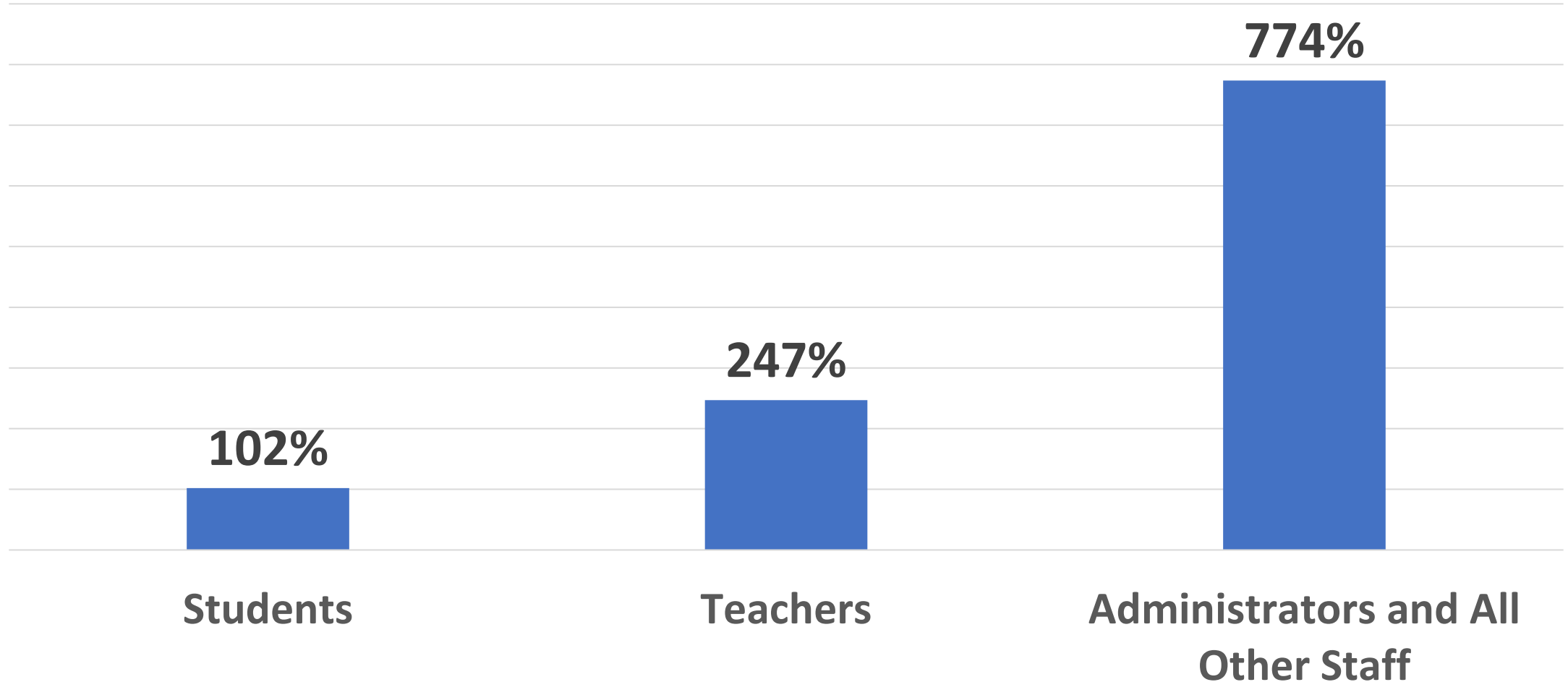
American Public Schools, 1999 to 2024

(all dollars are adjusted for inflation)



U.S. Public School Staffing Surge FY 1950 to FY 2018

Source: National Center for Education Statistics, 2022 Digest of Education Statistics, Table 201.10; 2021 Digest of Education Statistics, Table 203.20; and 2019 Digest of Education Statistics, Table 213.20



COVID-era

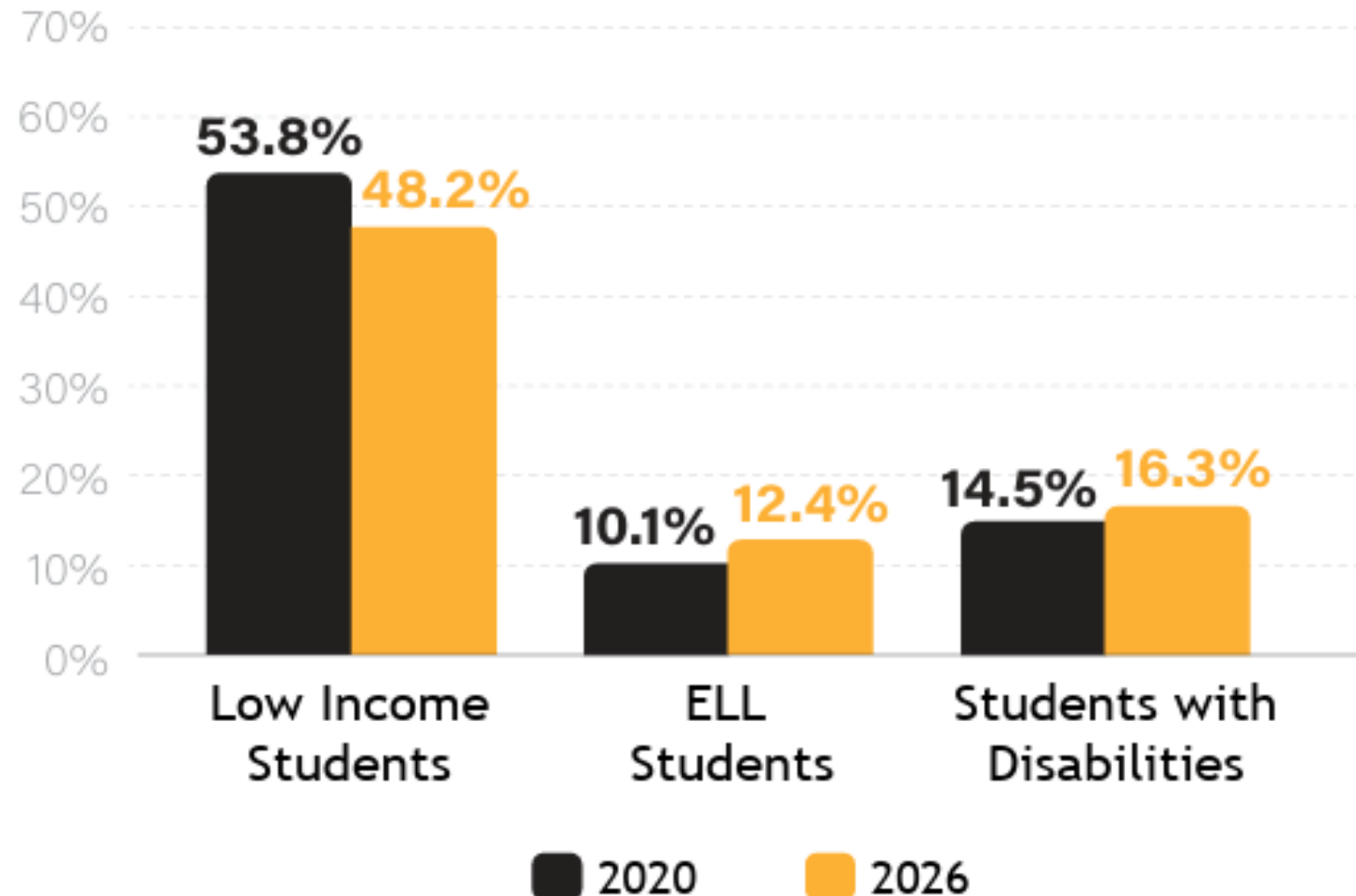
Districts prioritized the hiring of administration and counselors & psychologists.

	Percent Change 2020 to 2023	
	Declining Districts	Gaining Districts
Students	-5.1%	5.2%
Total Staff	0.2%	5.8%
Teachers	-1.2%	5.3%
Administrators	8.0%	8.6%
Admin Support	8.0%	12.5%
Counselors & Psychologists	2.7%	6.4%
All Other Staff	-1.0%	5.0%

Florida District Public Schools

Source: Scafidi (2026), <https://afloridapromise.org/wp-content/uploads/sites/3/2026/07/2026-Where-Did-the-Money-Go.pdf>
<https://www.fldoe.org/accountability/data-sys/edu-info-accountability-services/pk-12-public-school-data-pubs-reports/>

Student Subgroups in Florida Public Schools, 2020 to 2026



Questions that Remain

- 1. Should states do anything about the increase in districts' unspent, end-of-year funds?**
- 2. Should districts close more schools?
“If something cannot go on forever, it will stop”**
- 3. Should the public school staffing surge continue?**
- 4. Why has there been such an increase in the proportion of students with special needs?**

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- Should states do anything about the increase in districts' unspent, end-of-year funds?
- Should districts close more schools?
“If something cannot go on forever, it will stop”
- Should the public school staffing surge continue?
- Why has there been such an increase in the proportion of students with special needs?

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