EDUNOMICS LAB The Study of Education Finance

Finance Effects of Declining Enrollment

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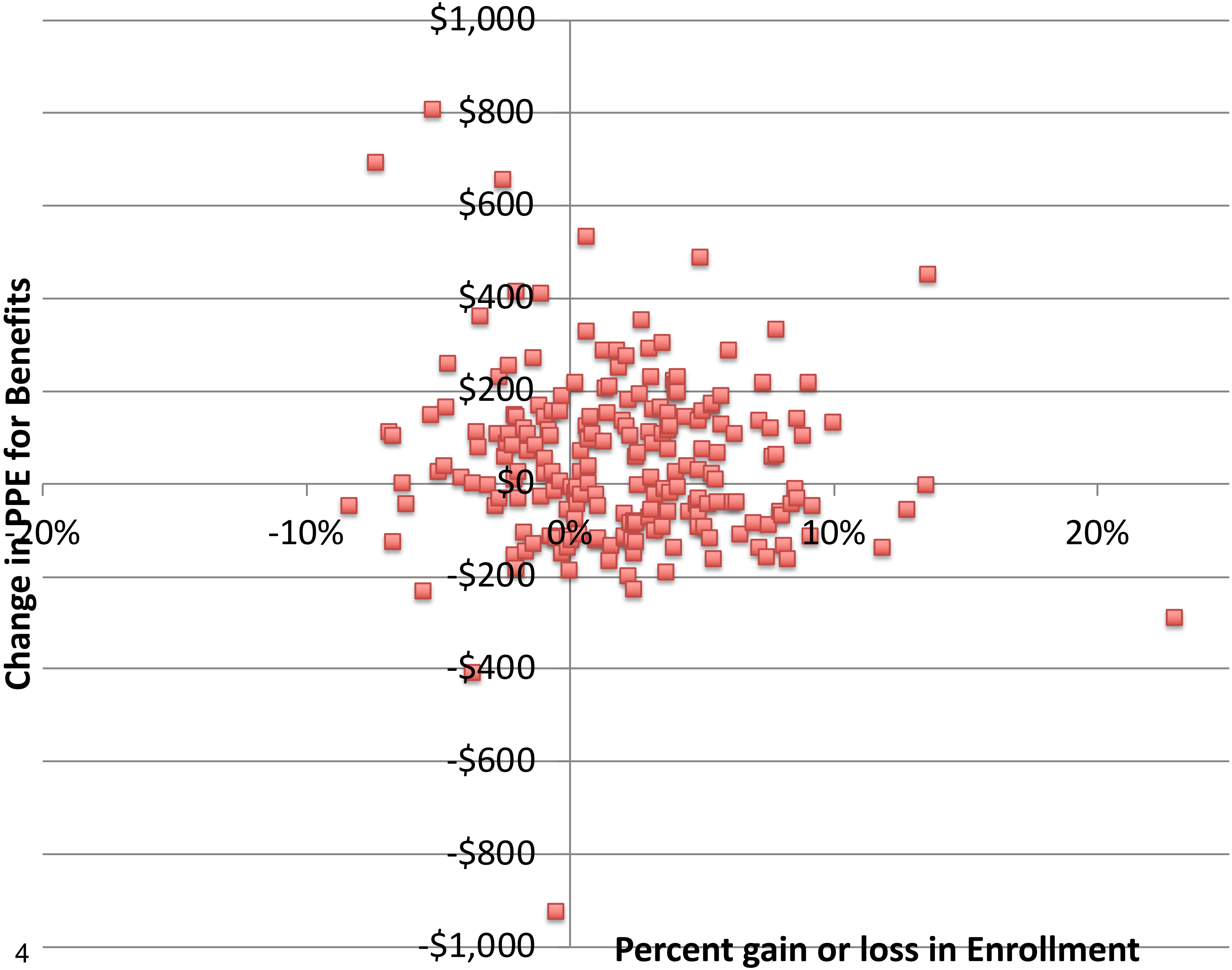
Enrollment decline: What it means for district finances

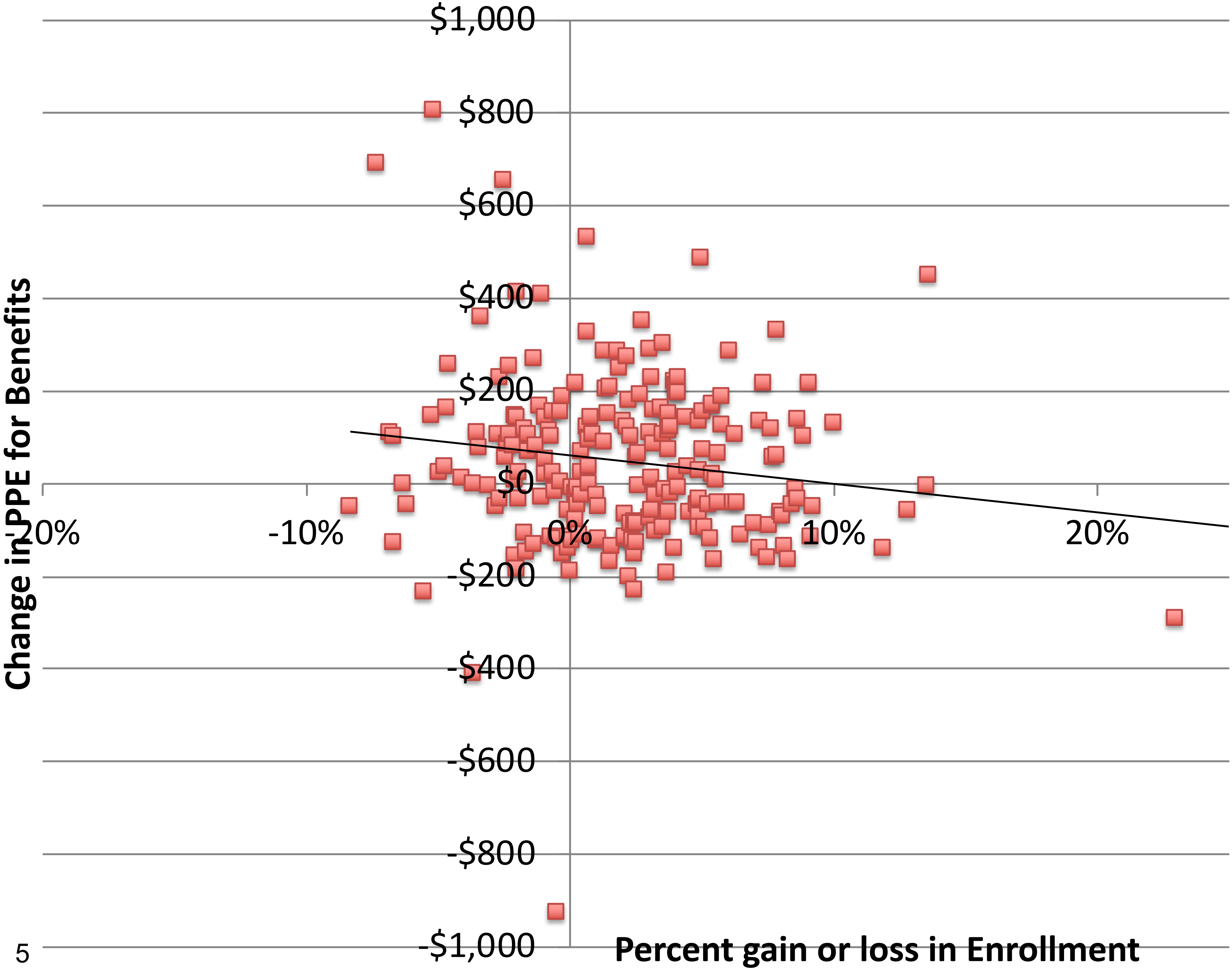
- Examined districts > 30,000 students and > 20,000
- Compared finances for those with *consecutive* years of decline and by proportion of decline to peers.
- Averted recession/stimulus years
- Percentage on <u>functions</u> vs percentage on <u>objects</u>
- Change in PPE on functions and objects
- Compared finances among those with largest percentage decline
- Examined pool with and without largest enrollment losers (since they tended to be subject to unusual contexts) (Detroit, Cleveland, Newark, Philly, Toledo, Indy)

Punch Line(s)?

1. Relatively <u>few clear or steady trends </u>in spending by function or object as enrollment shrinks.



$1,000
$800
$600
$400
$200
$0
-$200
-$400
-$600
-$800
-$1,000
-20%
-10%
0%
10%
20%
Change in PPE for Benefits
Percent gain or loss in Enrollment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Change in PPE for Benefits
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   Proportionate share and per pupil expenditures for:

   – Salaries of different functions (inst., inst sup., student services, ops, leadership, etc)

   – Benefits of different functions

   – Debt, capital, other objects

   Counts of teachers per 100 students

Shrinking districts are pulling different "levers" to address financial impacts

Punch Line(s)?

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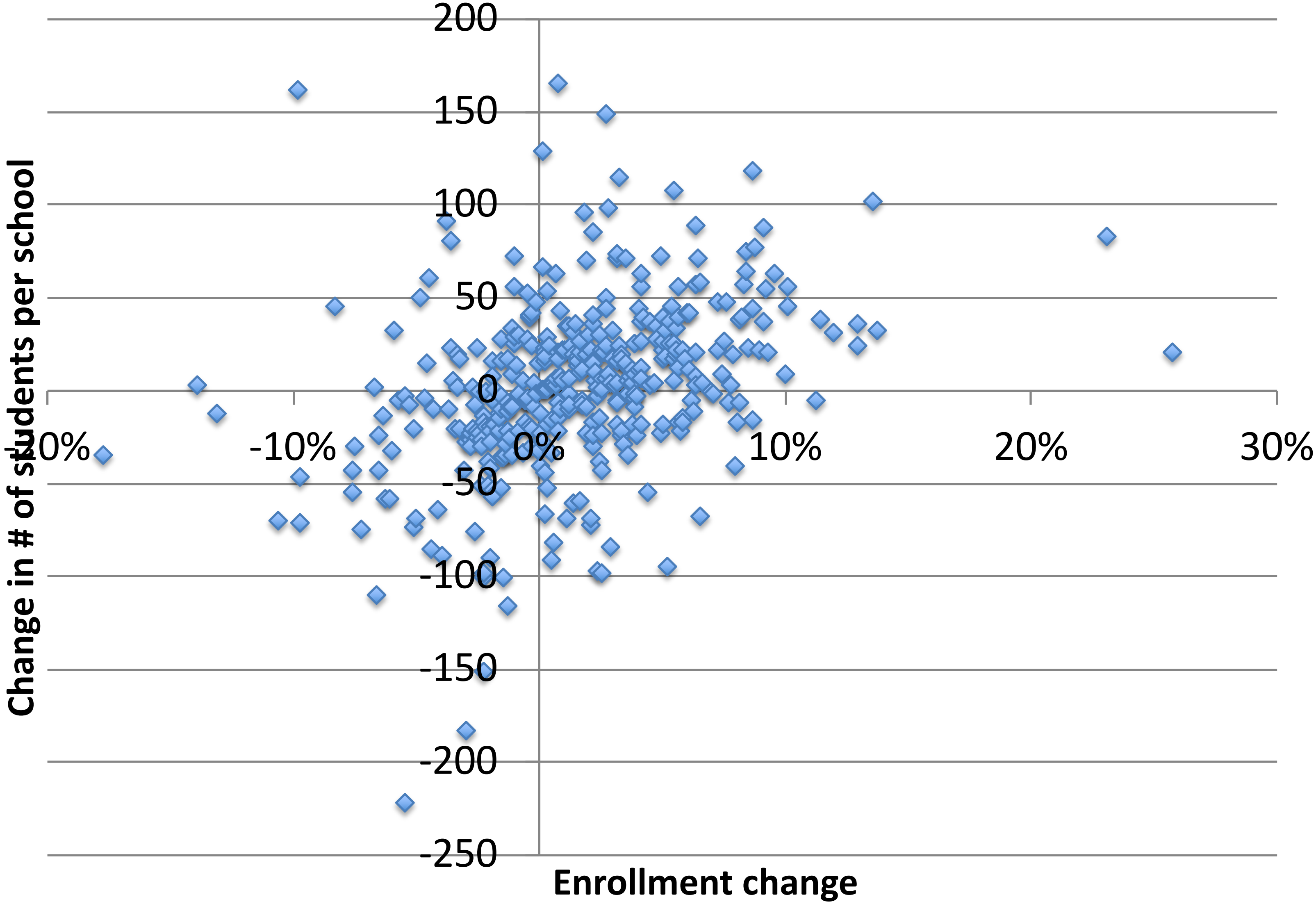
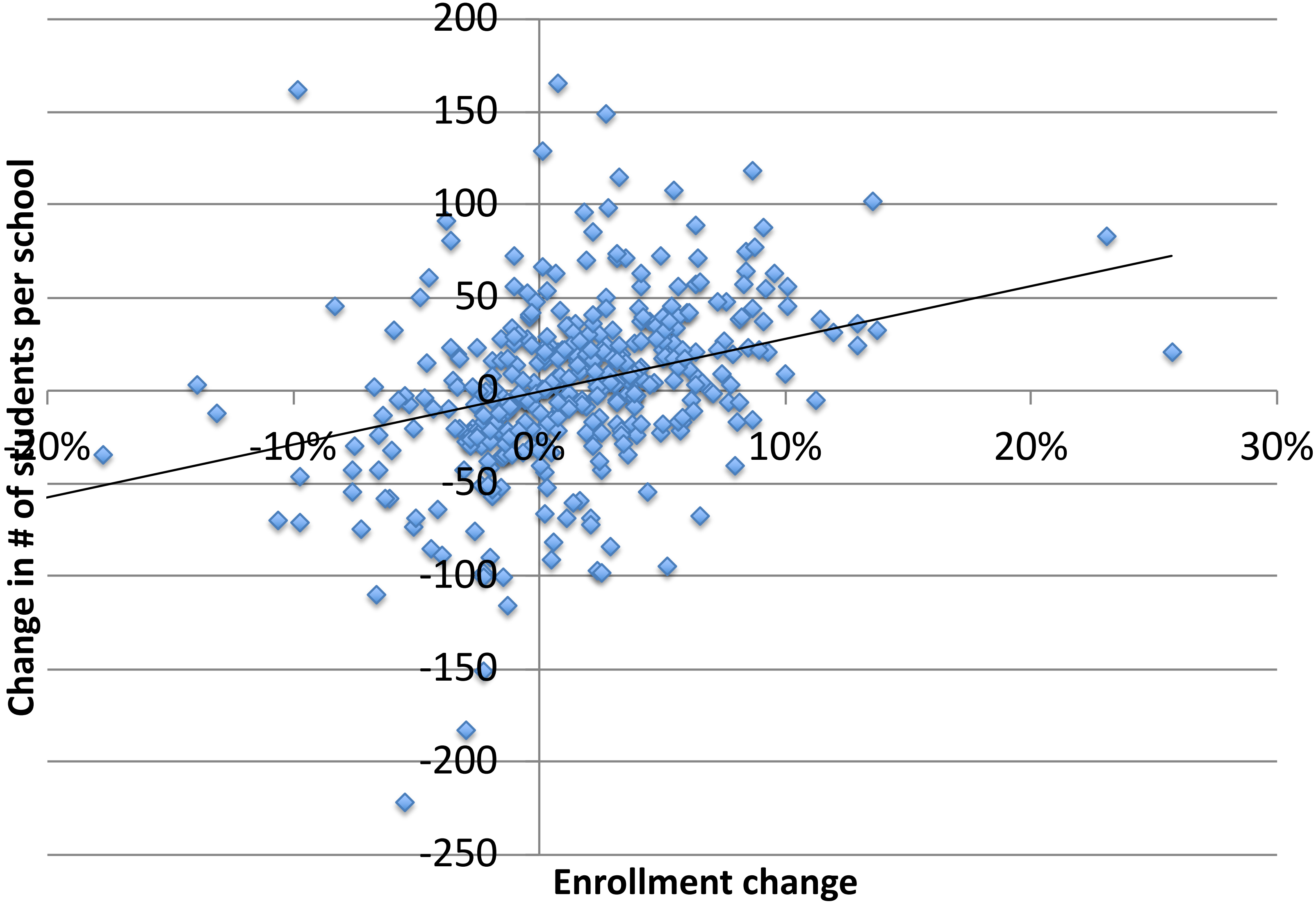
2. Shrinking districts did tend to see a decline in # of students per school

Shrinking districts see a reduction in # students per school

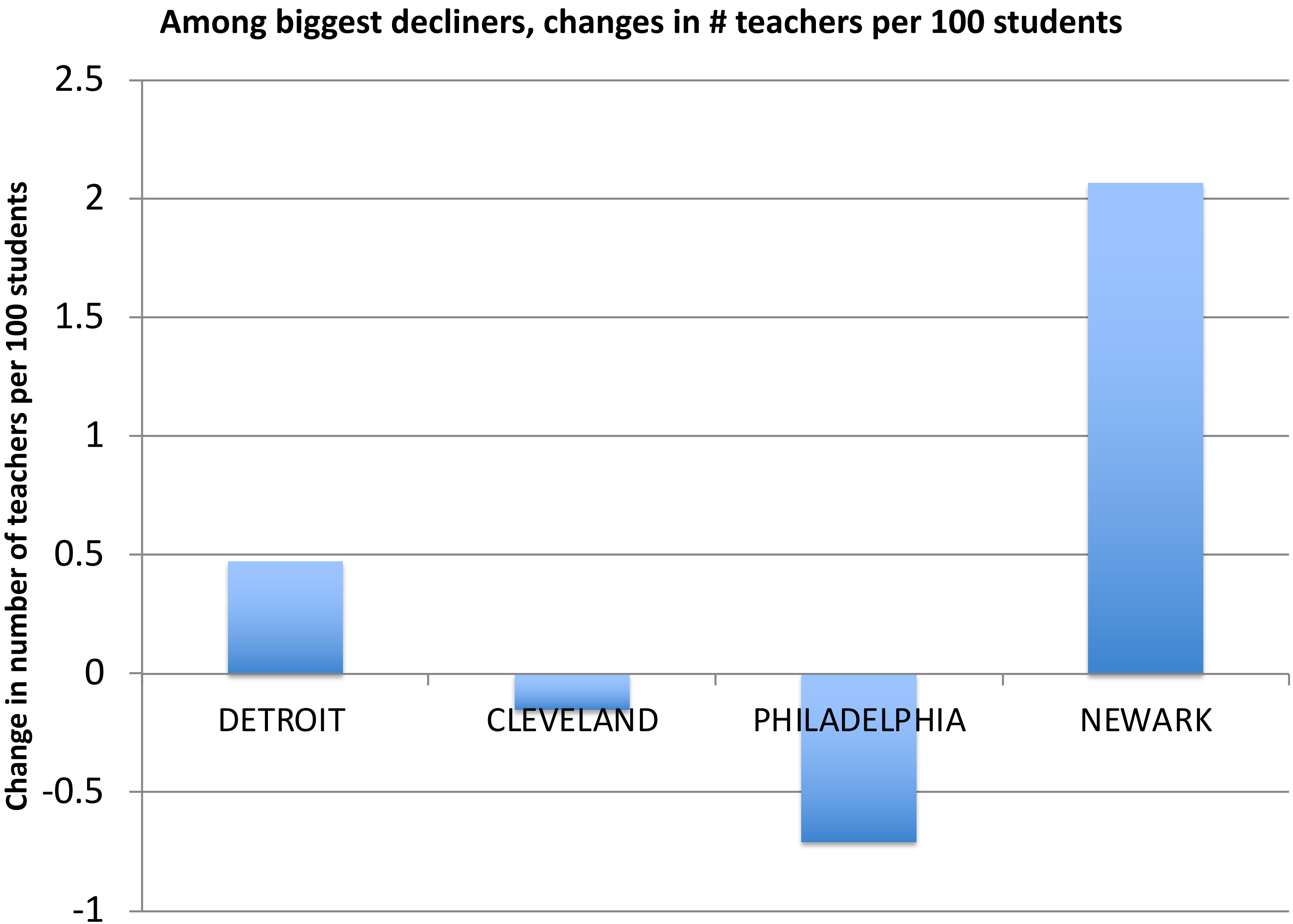


Shrinking districts see a reduction in # students per school



Punch Line(s)?

1. Relatively few clear or steady trends in spending by function or object as enrollment shrinks.
2. Shrinking districts did tend to see a decline in # of students per school
3. Uneven financial responses even among districts with largest enrollment lost


Among biggest decliners, changes in # teachers per 100 students
Change in number of teachers per 100 students
2.5
2
1.5
1
0.5
0
-0.5
-1
DETROIT
CLEVELAND
PHILADELPHIA
NEWARK

Punch Line(s)?

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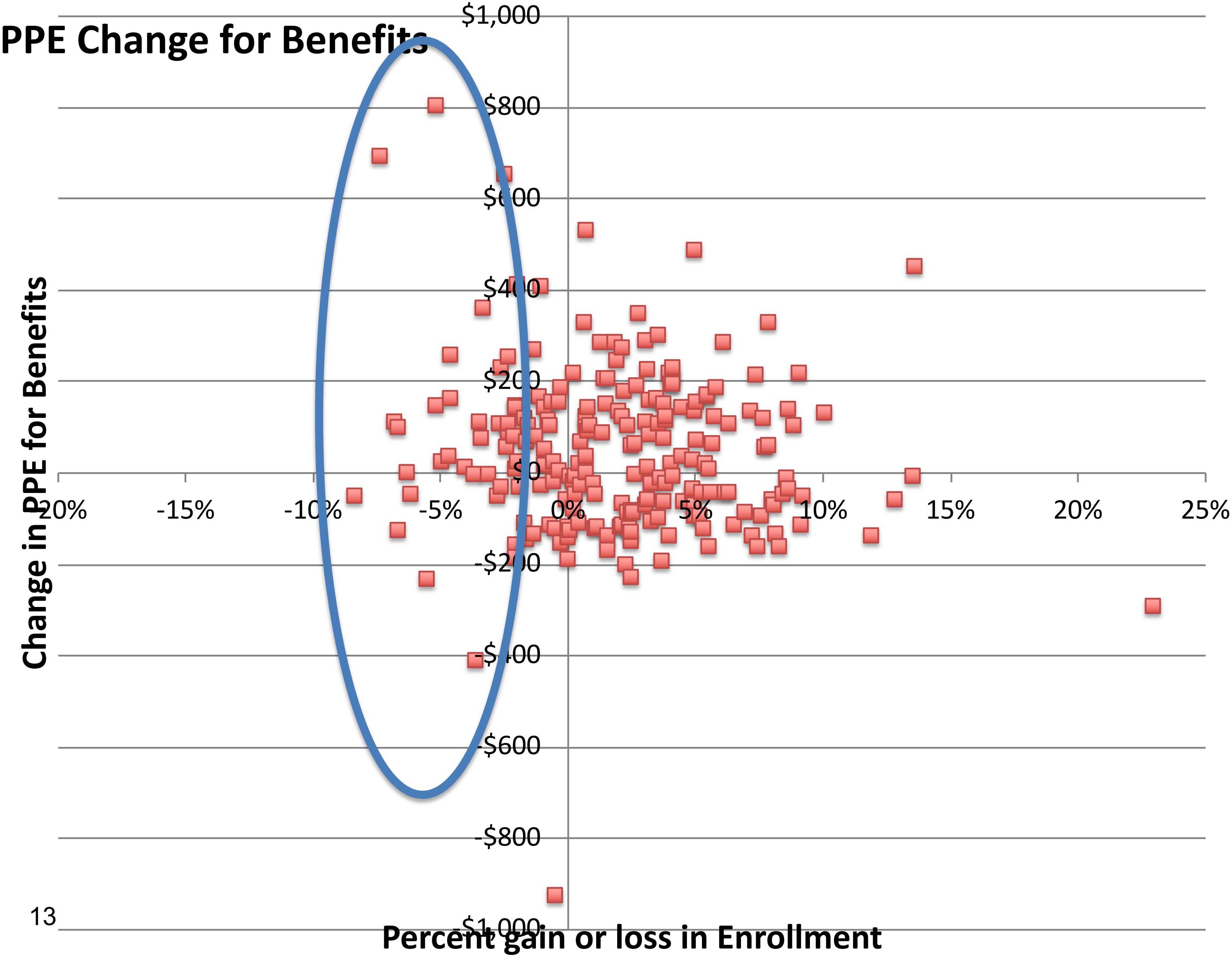
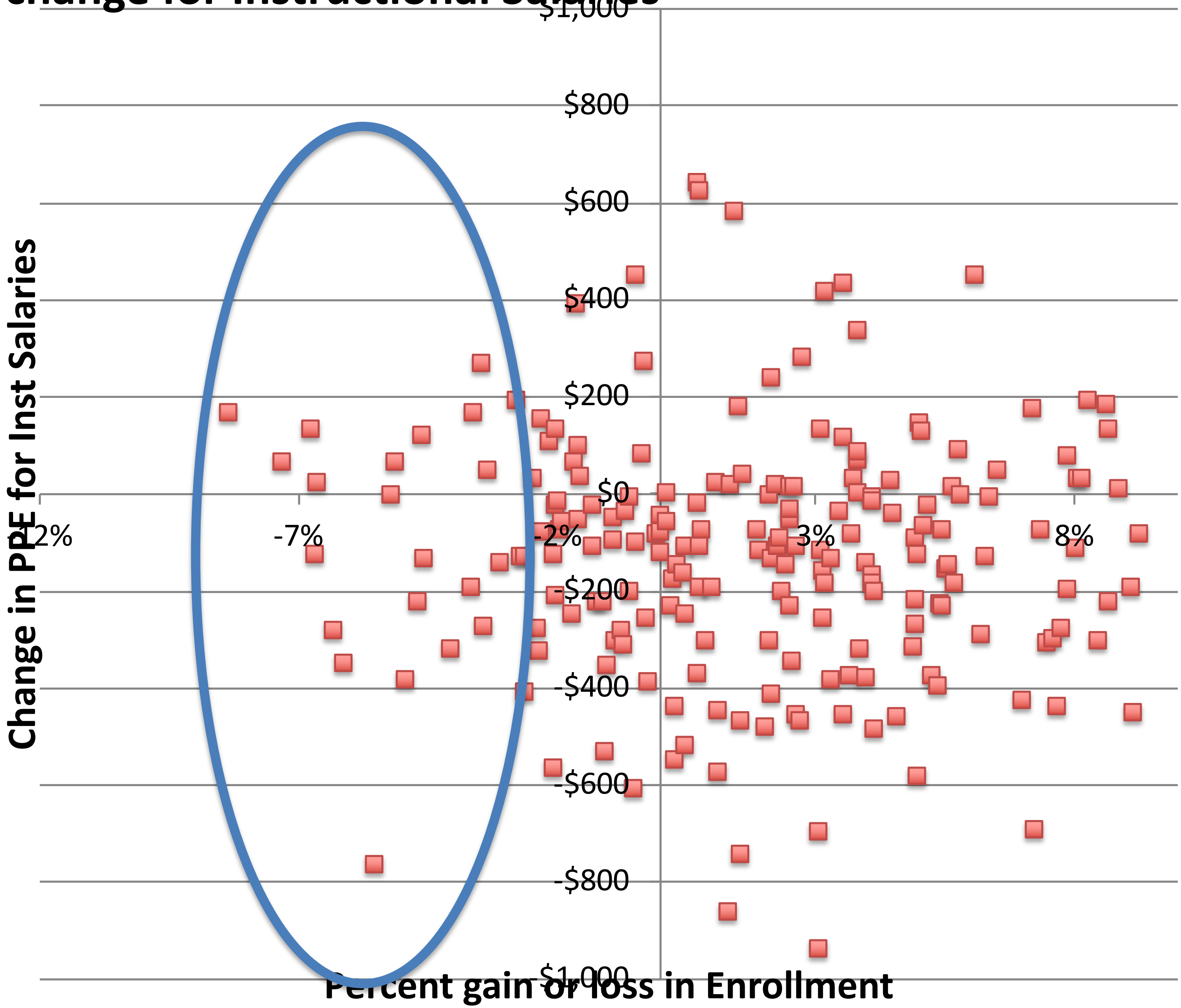
2. Shrinking districts did tend to see a decline in # of students per school
3. Uneven financial responses even among districts with largest enrollment lost
4. Greater dispersion in responses among districts losing > 0.75 - 1% per year. (More extreme responses amidst greater destabilization).

PPE Change for Benefits



PPE change for Instructional Salaries



“More research needed” … but…

- *Declining enrollment districts have a tough time closing schools*
- *Enrollment loss of > 0.75% per year is associated with greater magnitudes in % or PPE changes by category => Destabilizing*
- *Shrinking districts respond by pulling different levers to address their financial strain.*
- *Some districts without enrollment declines also behave as if destabilized = > Big district finances are challenging even without enrollment declines.*
- *A few big decline districts didn’t appear destabilized: Mobile, Moreno, Milwaukee (early decline before 2008), NYC (later)*