

June 15, 2023

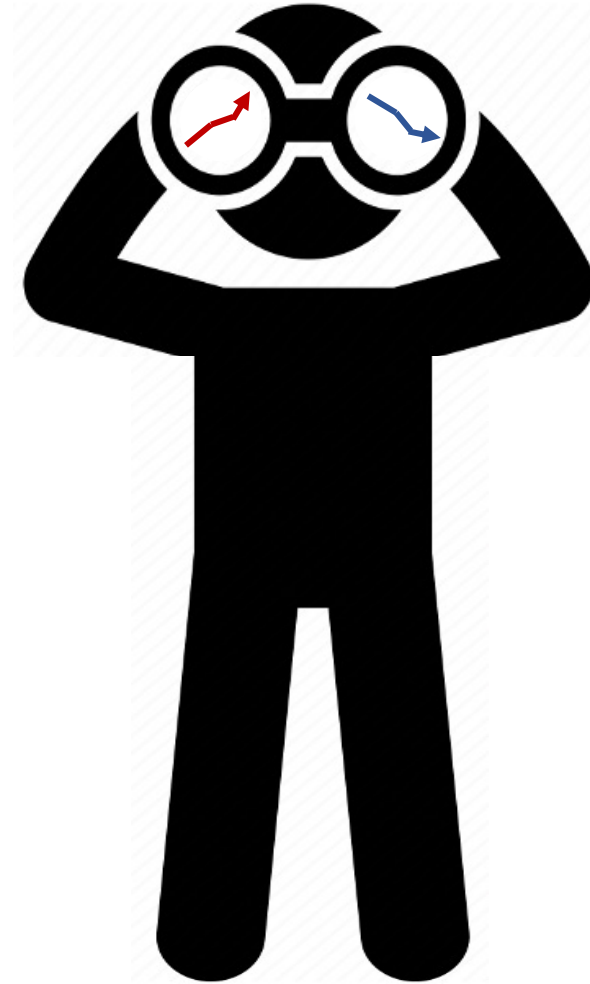
30-Minute Webinar:

Districts now have more staff
than ever. And fewer students.

What happens next?

Slides available at edunomicslab.org

*Note: Presentation is on-the-record but Q&A after is
off-the-record unless otherwise noted*

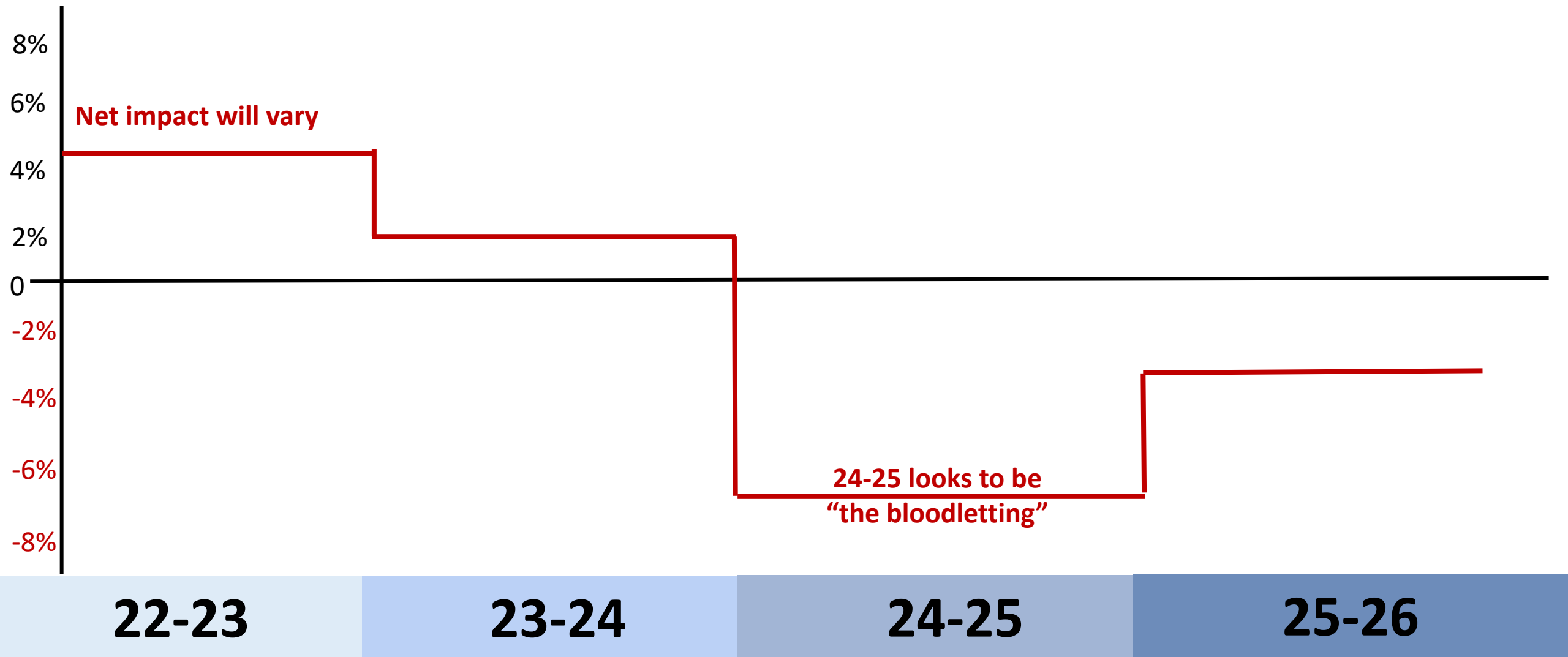


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The net impact of four atypical financial shocks on public education



Four atypical financial shocks coming to a district near you.

1. ESSER is boosting spending but then ends abruptly 9/24

- Most at risk: Districts using ESSER for recurring financial commitments via budget backfilling, new hires or permanent raises.

2. Enrollment declines mean fewer revenues in the long run

- Most at risk: Urban districts. Districts closed longer. Northern states.

3. Inflation, labor scarcity, & new hiring are driving up recurring commitments

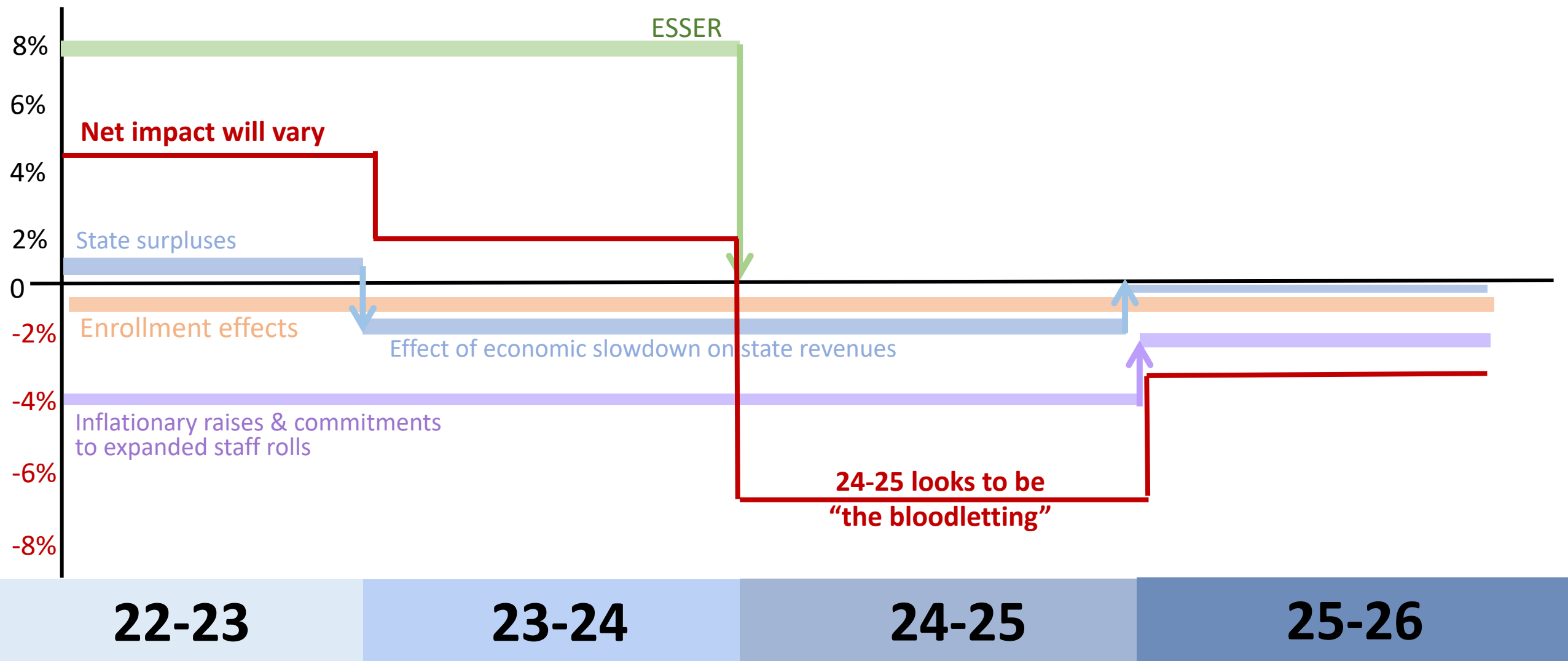
- Most at risk: Those offering permanent raises that are larger than typical (typical is ~1-2% on top of 3% via step/column increases) and those growing their staff rolls.


4. An economic slowdown would affect growth in state revenues

- Most at risk: Districts that are more dependent on state revenue (or in states more affected by economic slowdowns).

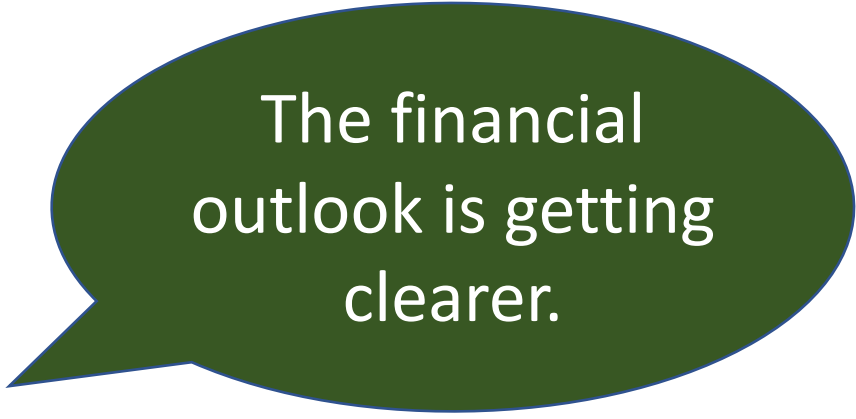


Timing and magnitude of atypical financial effects on typical budgets






In May/June,
school boards
vote on 23-24
budgets.



The financial
outlook is getting
clearer.

Here's what we're seeing:

- ✓ ESSER fueled an already-growing hiring trend: staffing levels are up.
- ✓ In many districts, enrollment has fallen and isn't rebounding.
- ✓ Many districts are forecasting deficits, suggesting that substantial cuts are coming.



The staffing-
enrollment
mismatch
spells trouble!

How misaligned are the staffing-enrollment trends?

- Staffing levels have been changing rapidly
- No real-time national staffing data
- Year-to-year comparisons require apples-to-apples staffing counts
- We've assembled data from several states and hundreds of districts where data permit analysis of trends.

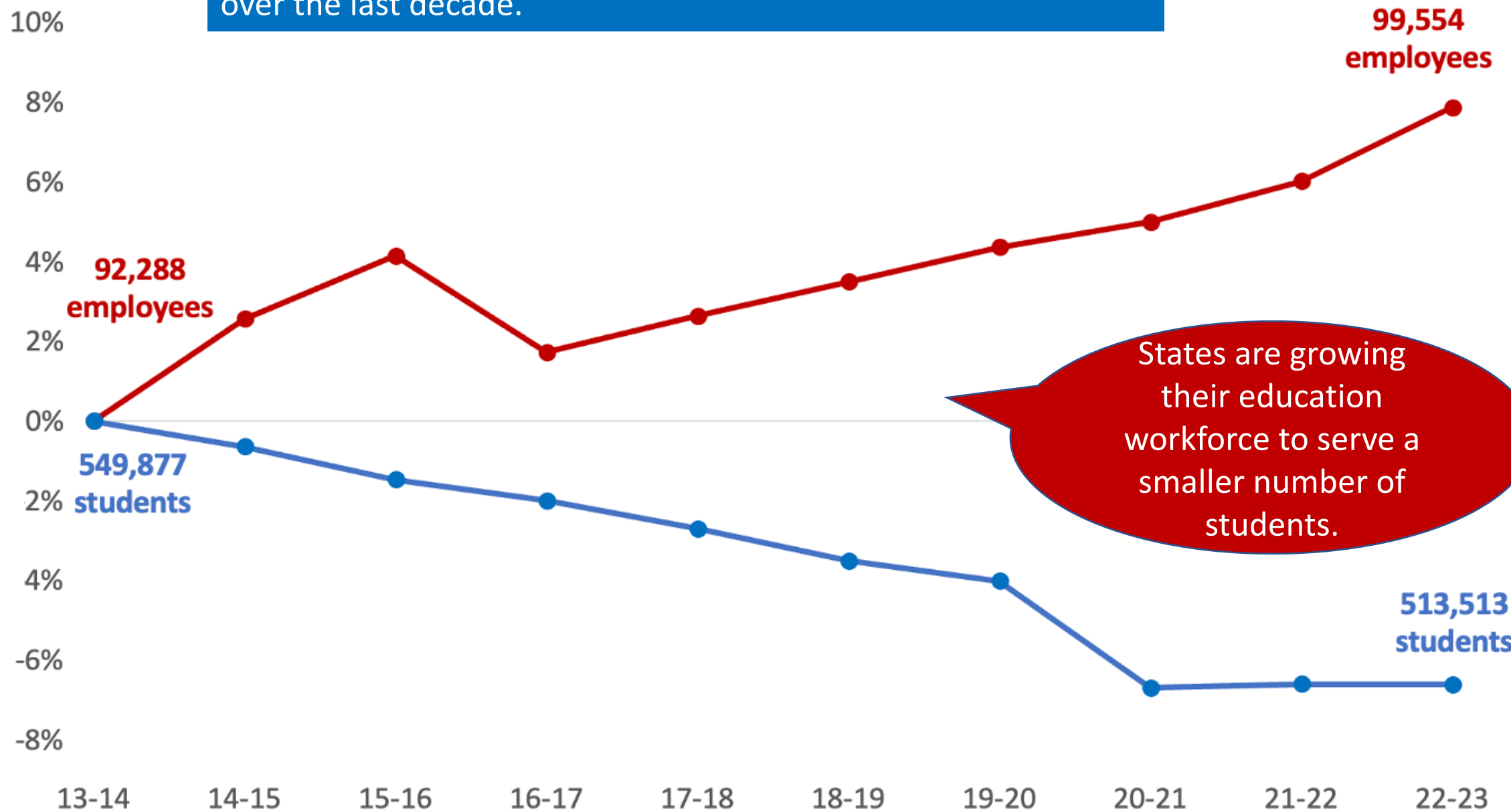
Caution: staffing counts are not suitable for state vs state comparisons of staffing ratios as some state totals include transportation, food services, etc. while others don't.



In Connecticut staffing is up **8%**, while enrollment is down **7%** over the last decade.

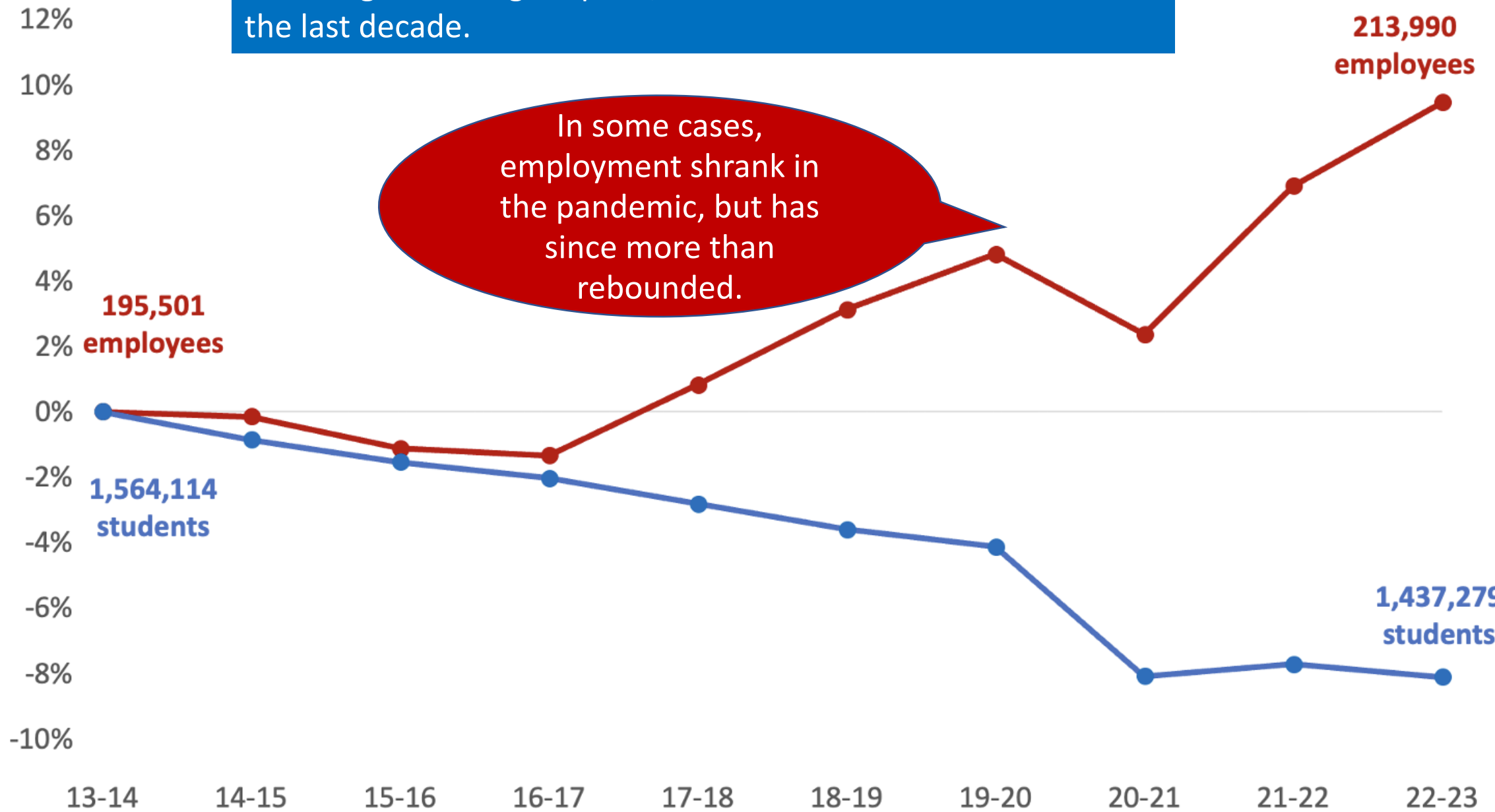
Connecticut:

Cumulative percent change in staffing and enrollment since 2013-14



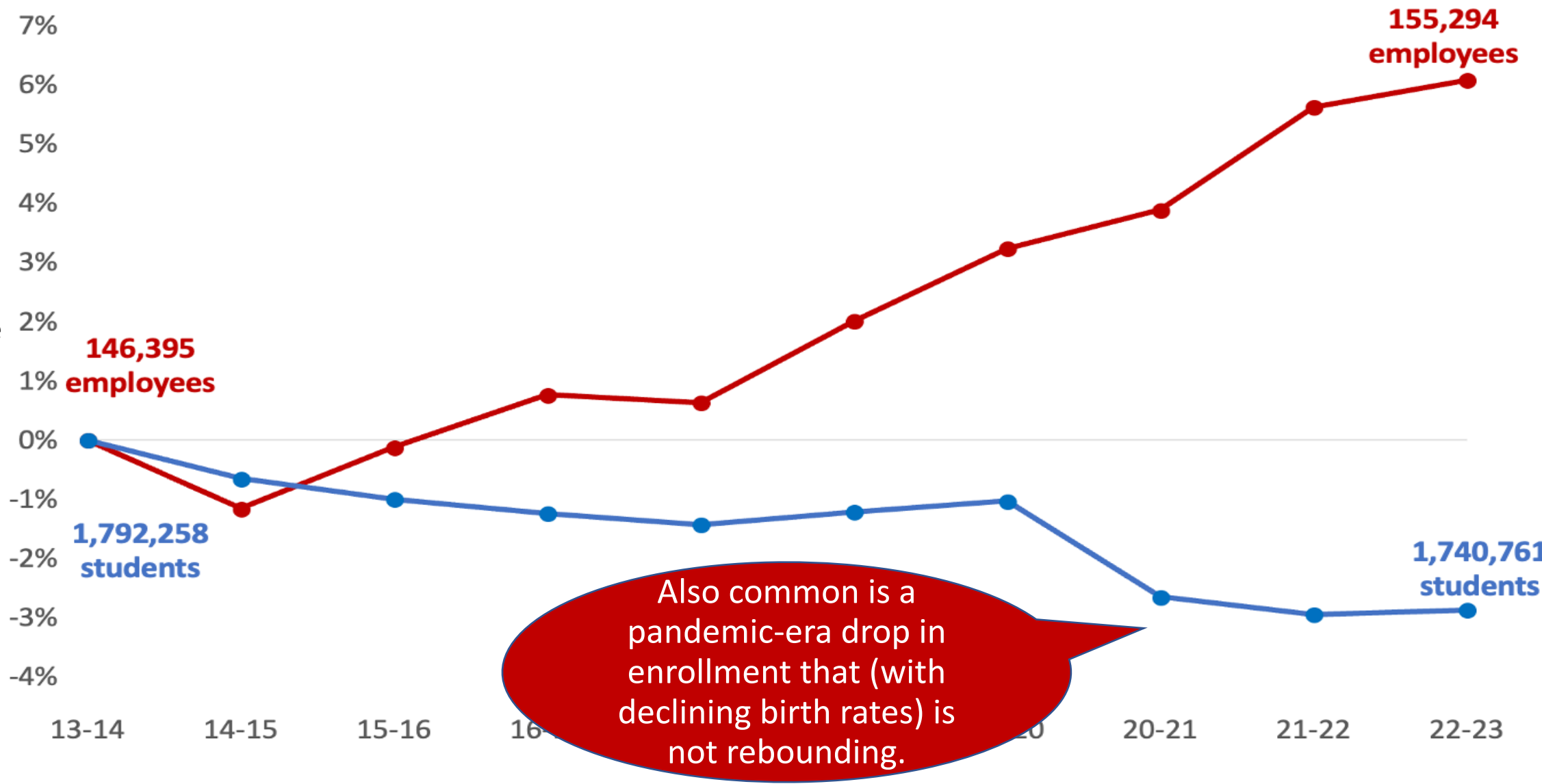
In Michigan staffing is up 9%, while enrollment is down 8% over the last decade.

Michigan:
Cumulative
percent
change in
staffing and
enrollment
since 2013-14



Pennsylvania districts have added almost 9,000 staff (6%), while losing over 51,000 students (3%).

Pennsylvania:
Cumulative percent change in staffing and enrollment since 2013-14

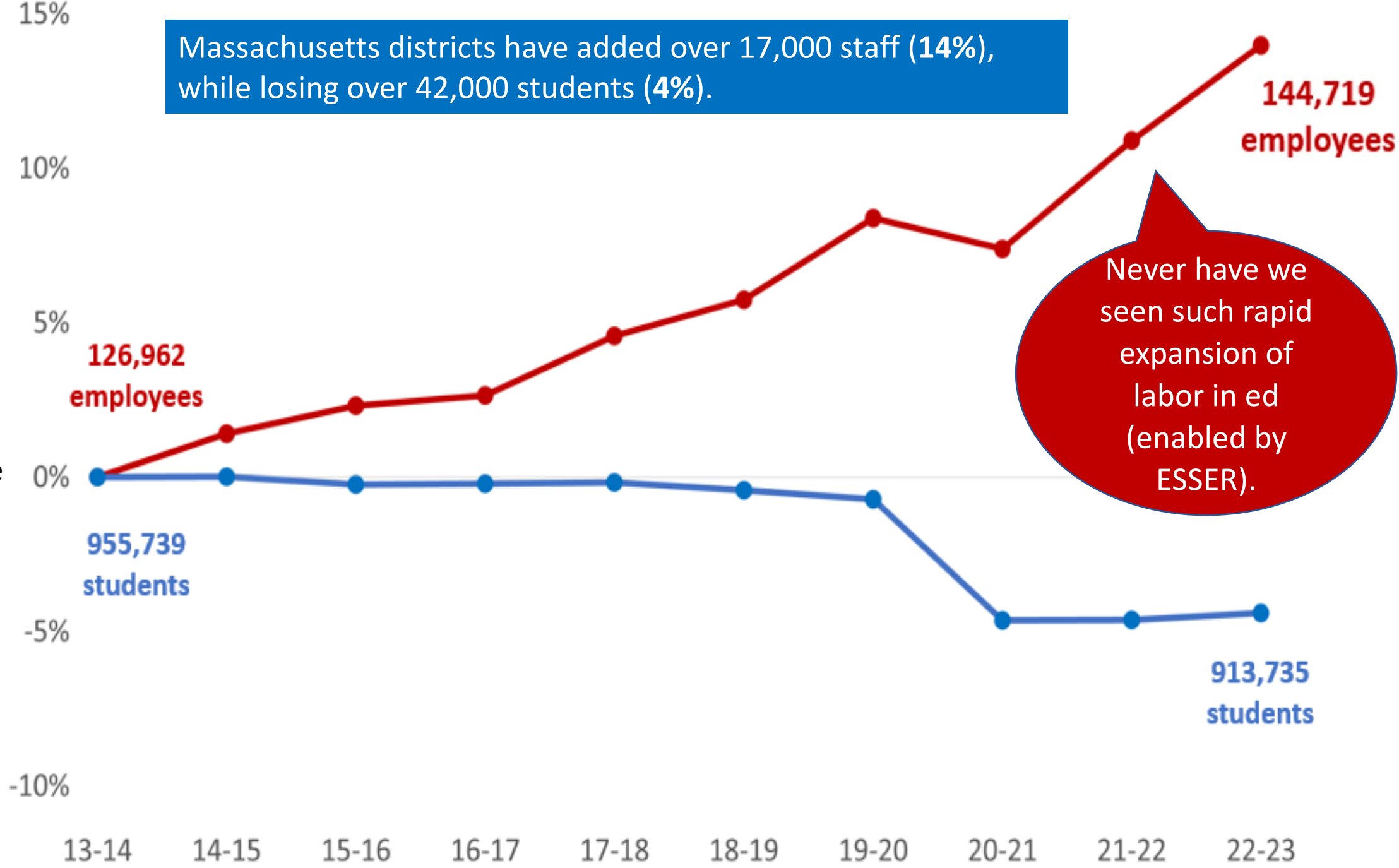


Also common is a pandemic-era drop in enrollment that (with declining birth rates) is not rebounding.

Massachusetts districts have added over 17,000 staff (14%), while losing over 42,000 students (4%).

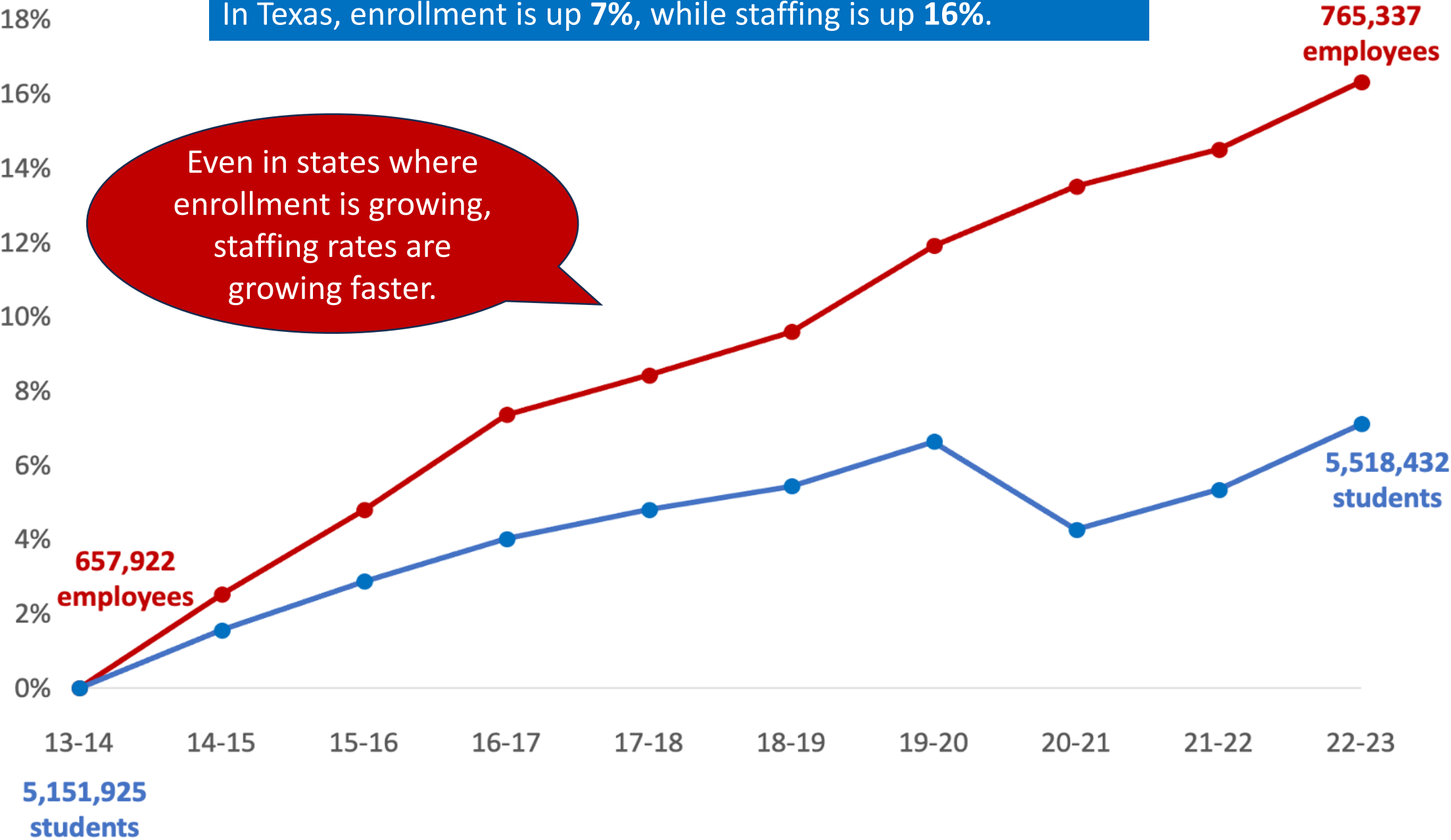
Massachusetts:

Cumulative percent change in staffing and enrollment since 2013-14



In Texas, enrollment is up 7%, while staffing is up 16%.

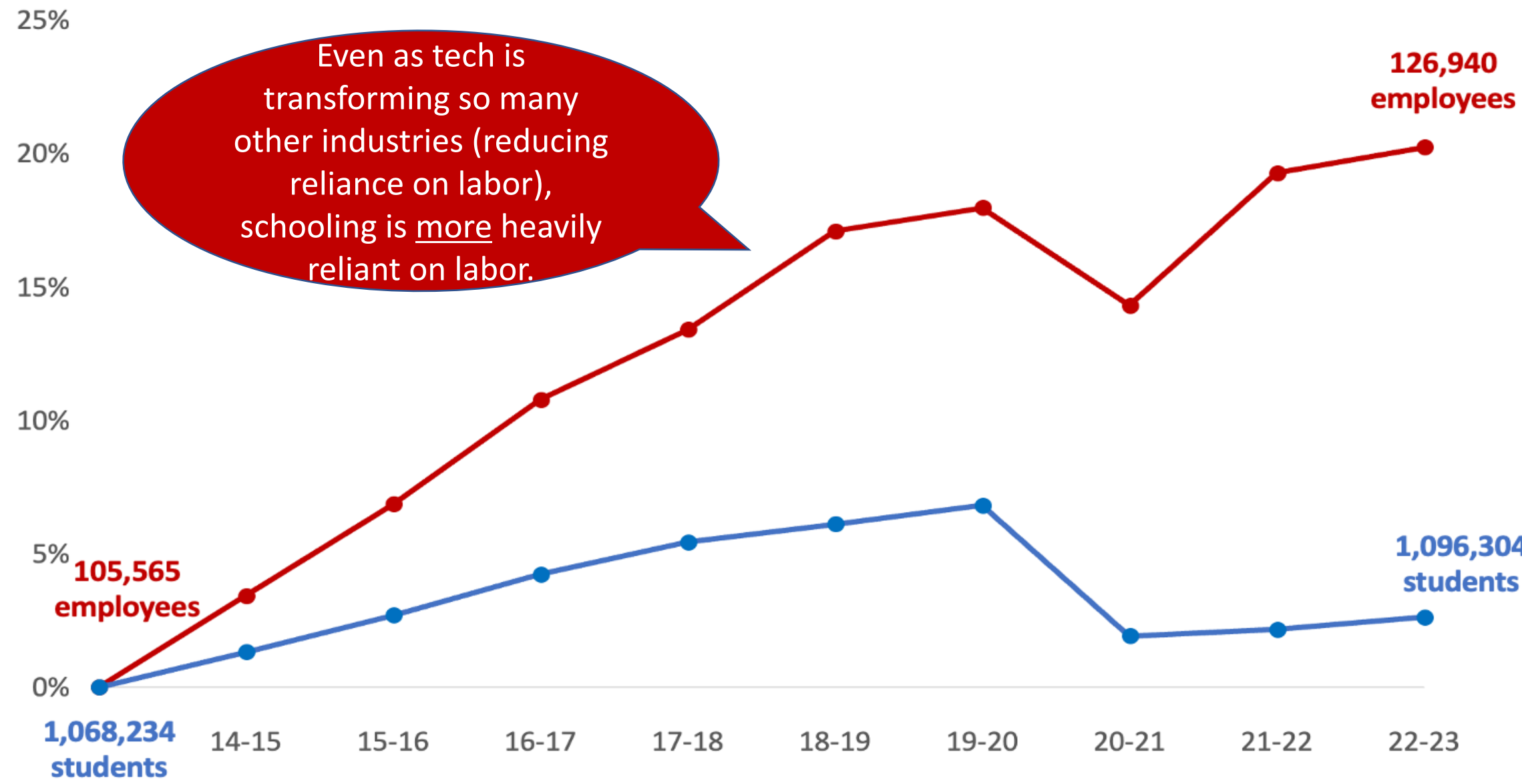
Texas:
Cumulative
percent
change in
staffing and
enrollment
since 2013-14



In Washington, enrollment has grown 3% while staffing is up 20%.

Washington:

Cumulative percent change in staffing and enrollment since 2013-14

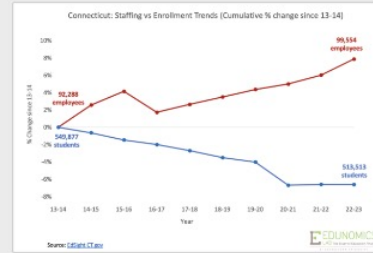


District-by-district trends offer a more nuanced look at local staffing choices in comparison to enrollment

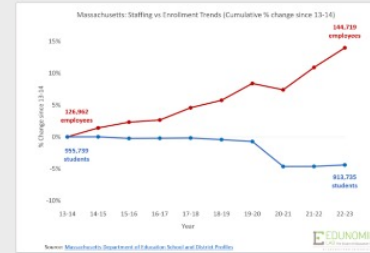
Want to display your district's trends? There's an app for that!

Note: each slide's vertical axis gets scaled to its data.

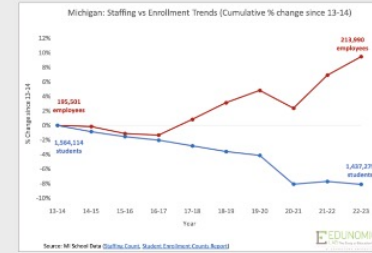
Connecticut



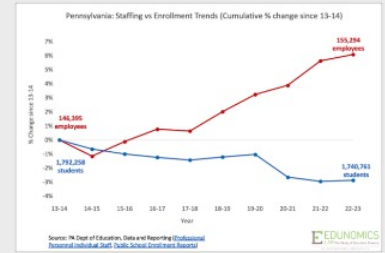
Massachusetts



Michigan

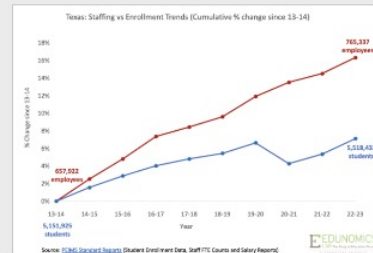


Pennsylvania

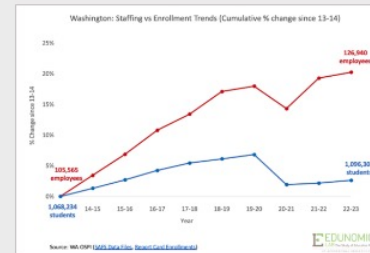


edunomicslab.org/staffing-v-enrollment-trends

Texas



Washington



Insert your district's data into our template.

Graph trends for your state or district

STEP 1: Use our template to enter student enrollment and staffing data for your state or district, starting with the 2013-14 school year. We encourage users to use state or district published and audited data. Alternatively, data can be entered from a public source like [Edunomics Lab's Core of Data](#).

STEP 2: Download the custom graph showing staffing and enrollment trends.

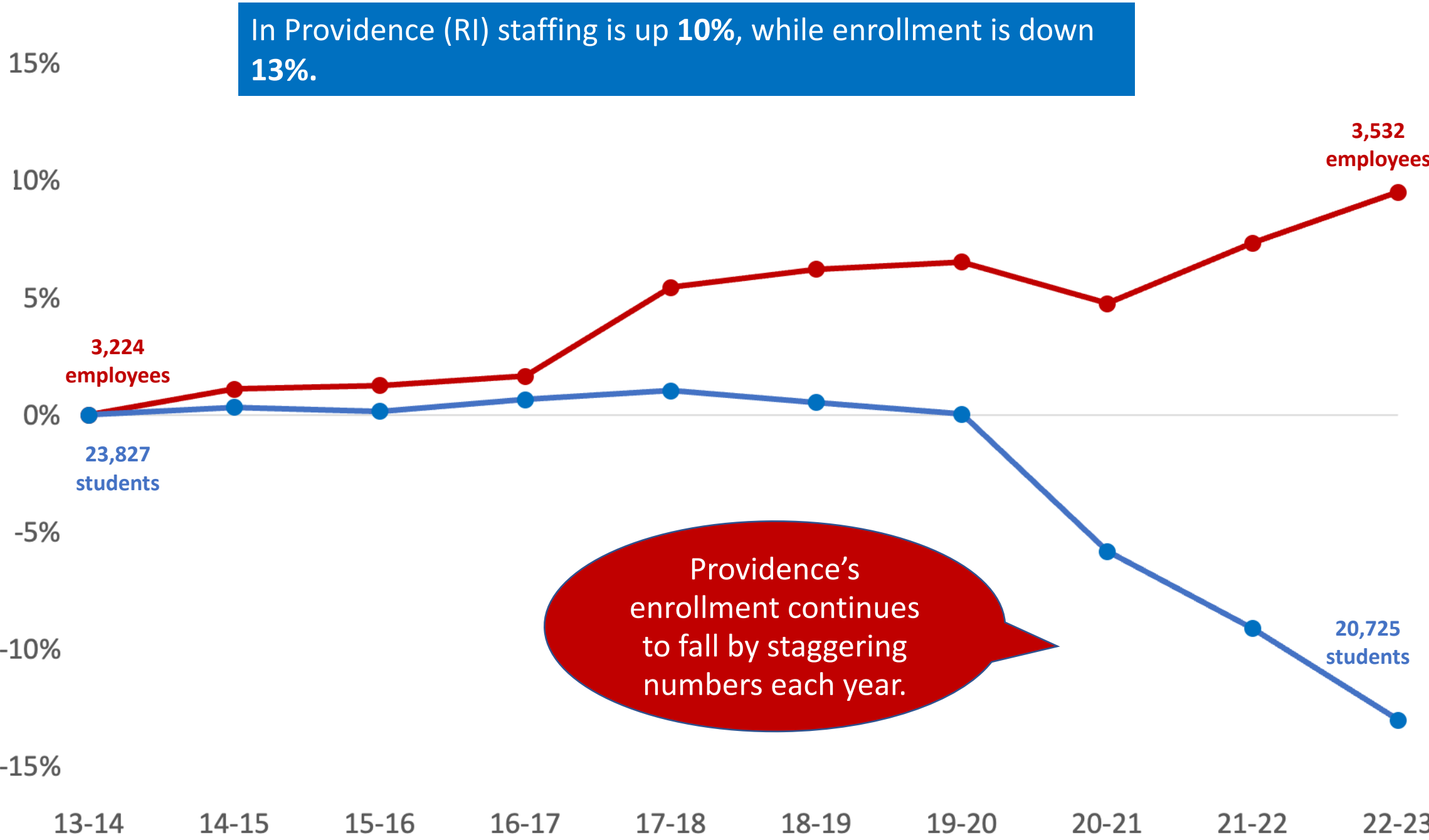
Need help? Please email edunomics@georgetown.edu or join our [mailing list](#) for Edunomics Lab updates [here](#).

Download Template

In Providence (RI) staffing is up **10%**, while enrollment is down **13%.**

Providence:

Cumulative
percent
change in
staffing and
enrollment
since 2013-14

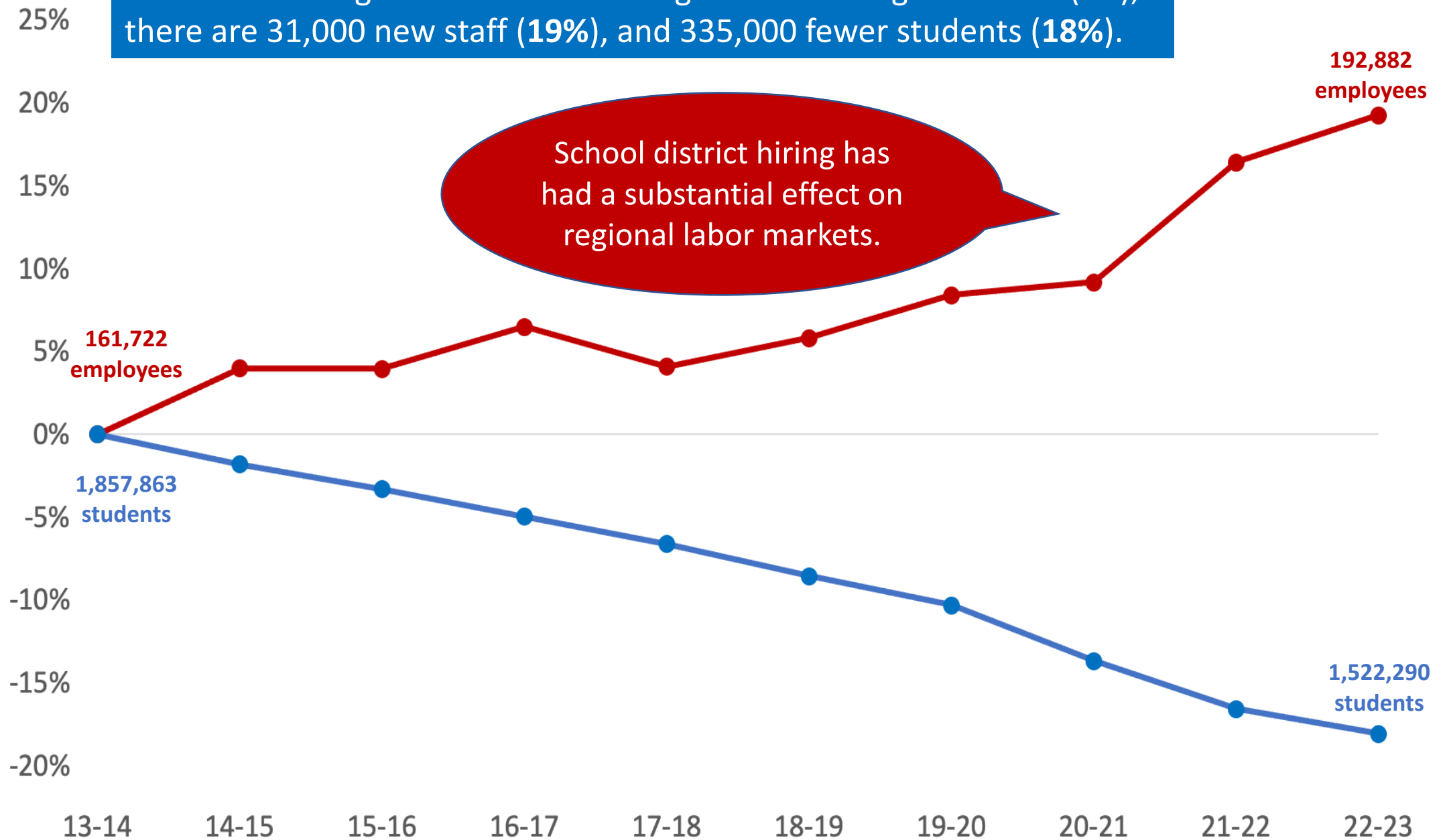


Providence's enrollment continues to fall by staggering numbers each year.

When combining all districts in Los Angeles and Orange Counties (CA), there are 31,000 new staff (**19%**), and 335,000 fewer students (**18%**).

**All districts
in Los
Angeles and
Orange
Counties:**

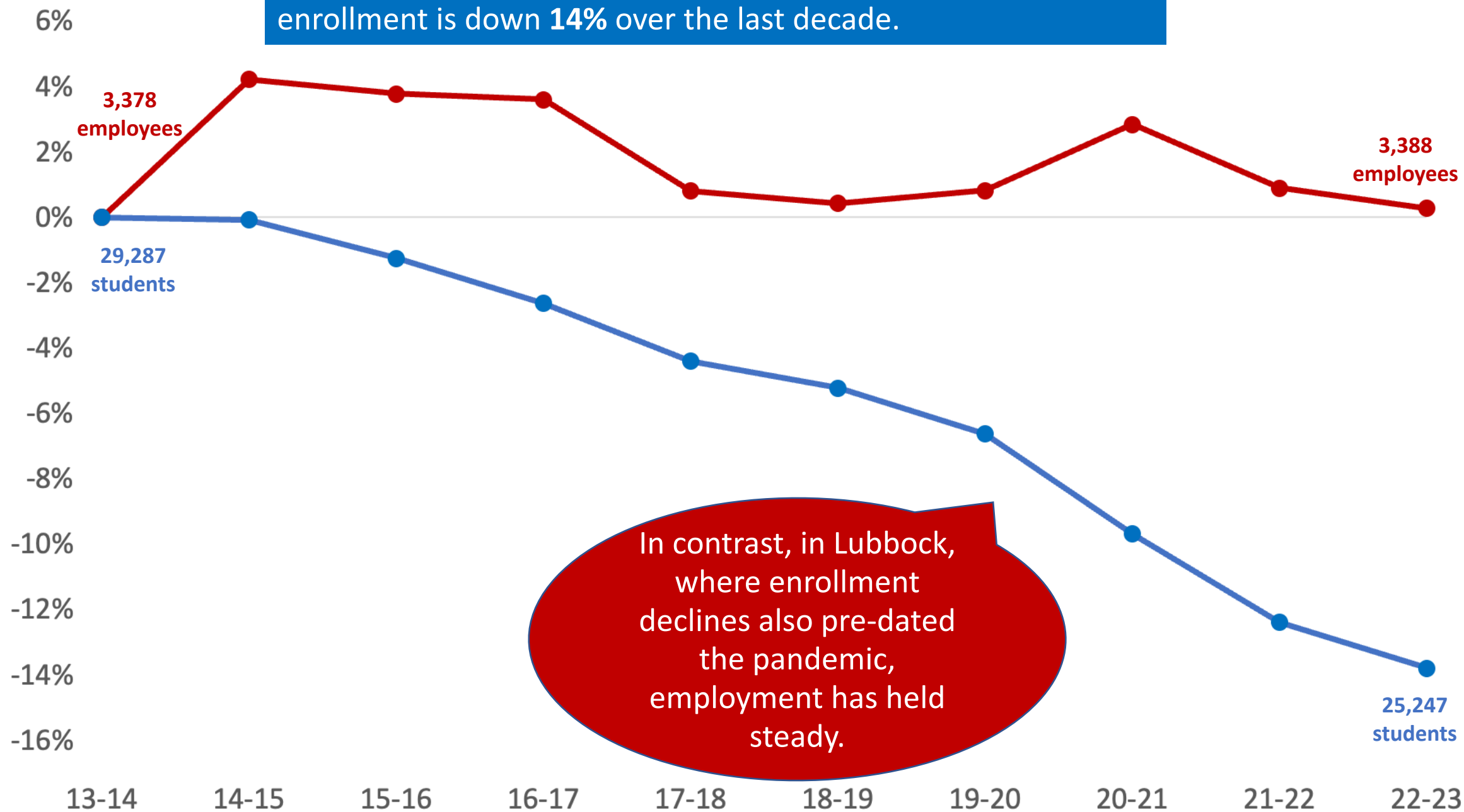
Cumulative
percent
change in
staffing and
enrollment
since 2013-14



In Lubbock ISD (TX), staffing has stayed relatively flat, while enrollment is down 14% over the last decade.

Lubbock:

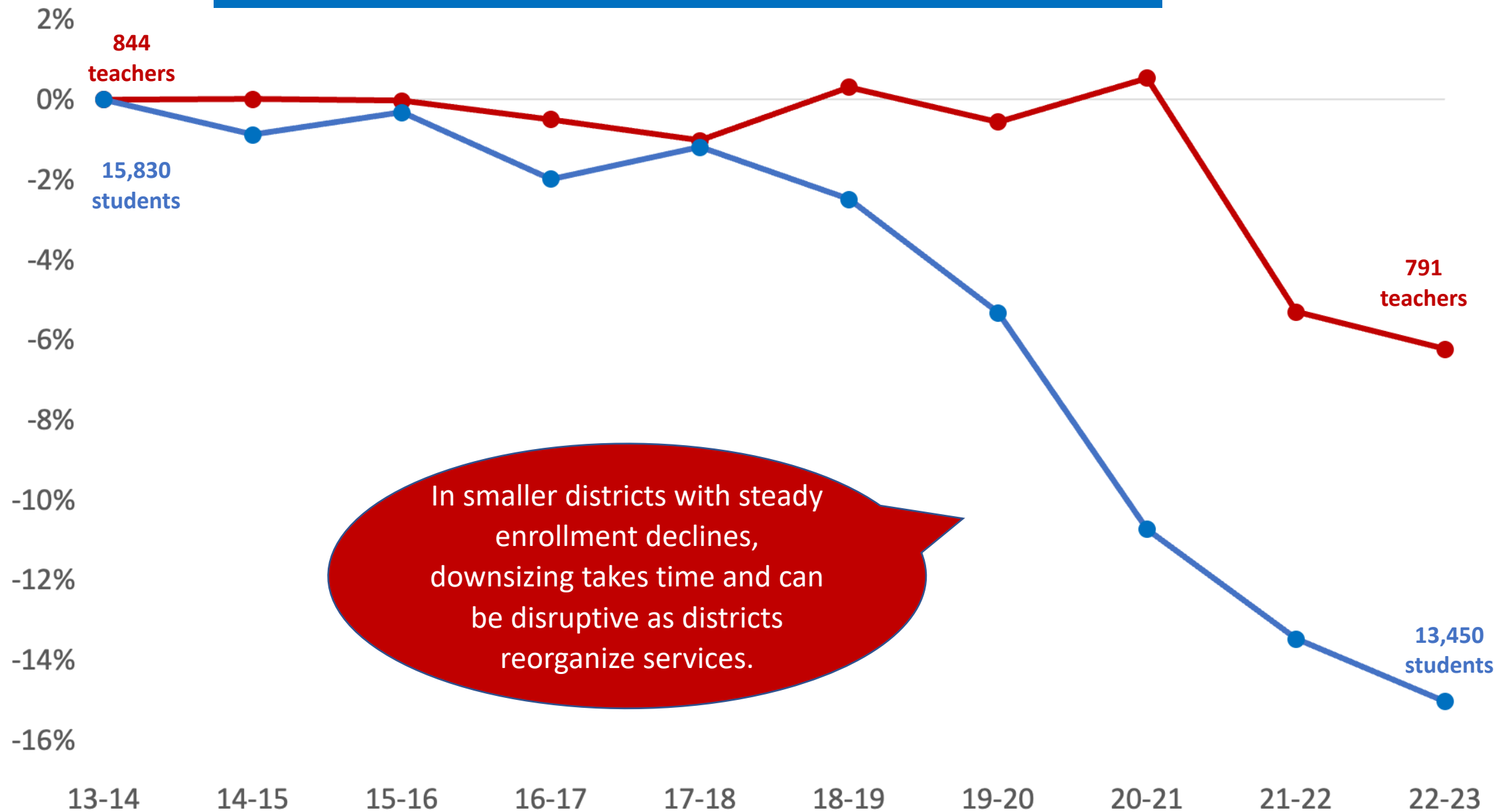
Cumulative percent change in staffing and enrollment since 2013-14



In contrast, in Lubbock, where enrollment declines also pre-dated the pandemic, employment has held steady.

In Littleton (CO) teaching staff is down 6%, while enrollment is down 15% over the last decade.

Littleton:
Cumulative
percent
change in
staffing and
enrollment
since 2013-14



In smaller districts with steady enrollment declines, downsizing takes time and can be disruptive as districts reorganize services.

Strong state revenues in 2015-19 fueled hiring
before enrollment started falling.



ESSER fueled an already-growing hiring
trend even as enrollments started falling.

What happens next?



After Sept 2024, ESSER funds can no longer pay for labor

Right now, \$24B of ESSER3 is paying for district annual labor*



When ESSER ends, reducing \$24B
in annual labor costs likely means a
reduction in jobs



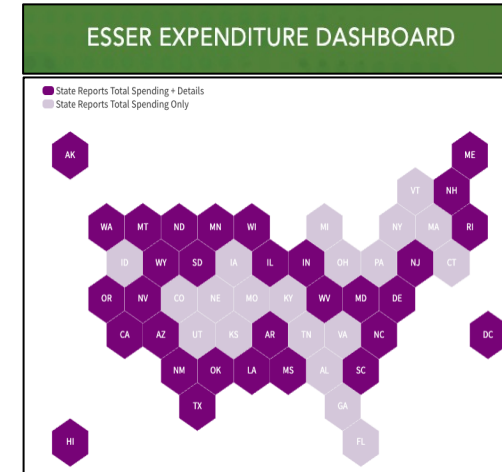
\$24B on labor**

= ~250,000 education jobs

4% of all
education
jobs hang in
the ESSER
balance.

Some of the
\$24B has paid
for raises, but it
is hard for
districts to pare
those back.

Not expecting
quite this many
job cuts
immediately as
districts can tap
reserves, etc.



• 40% of expenses for salaries and benefits x \$60B annually
** assuming ~ \$100,000 per job in salary and benefits
<https://edunomicslab.org/essser-spending/>

How will districts respond? It can be hard to read between the lines.

Overheard in this spring's budget hearings:

"...reorganize the district..."

"...eliminate excess capacity..."

"...reduce redundancies..."

"...find efficiencies..."

"...take advantage of attrition..."

"...streamline services..."

"...trim the budget..."

"...reassess our staffing needs..."

Districts will find different ways to avoid announcing job reductions.

Off the record district finance leaders have told us: they already know they will need to shrink their workforce in the next few years.



What can we expect?

Reductions in labor via

- Attrition (hiring freezes)
- Layoffs
- Incentives for early retirements
- Reduced days/ furloughs
- Lower pay raises

Some changes can eliminate excess capacity, but a concern is that they'll be done in a way that affects high-needs schools the most.

What does that mean?

Unfilled positions
(often at higher rates in higher-needs schools)

LIFO layoffs may disproportionately affect higher-needs schools and deplete younger, more diverse staff ranks

Paring back central staff, specialists, electives, aides, programs, etc.

Fewer PD days, less planning time

Very little hiring

School closures



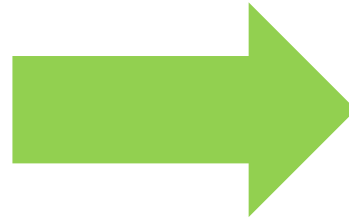
District/policy/advocacy leaders will need to pivot quickly ...

FROM focusing on:

Retaining staff amidst inflation

Diversifying the workforce through new hiring

Meeting needs of students with new staff



TO focusing on:

Understanding what's worth protecting

Altering layoff policies to reduce risk to

higher needs students/schools, protect

staff diversity, etc.

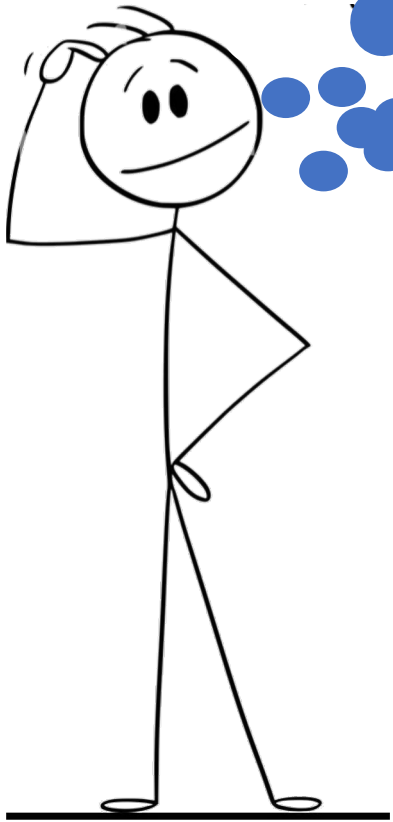


Will leaders have missed the chance to address increasingly relevant issues like layoff policies, minimizing disruption for high-needs students, etc.?

<https://www.ednc.org/2023-03-15-gov-roy-cooper-releases-budget-proposal-including-full-funding-for-leandro-and-teacher-pay-raises/>

<https://www.sheltonherald.com/news/article/new-haven-hopes-proposed-raises-stem-teacher-17784199.php>

<https://timesofsandiego.com/education/2023/05/26/san-diego-unified-educators-agree-on-new-3-year-contracts-with-10-raises-more-leave-time/>



Should we rethink the notion that adding staff is always the best use of new funding?

There are other options...

Such as...

Add days to the school year*:

2013-14 178.5 days

2022-23 178.5 days

Tap student/family motivation

Leverage data/tech to rethink delivery

Other?

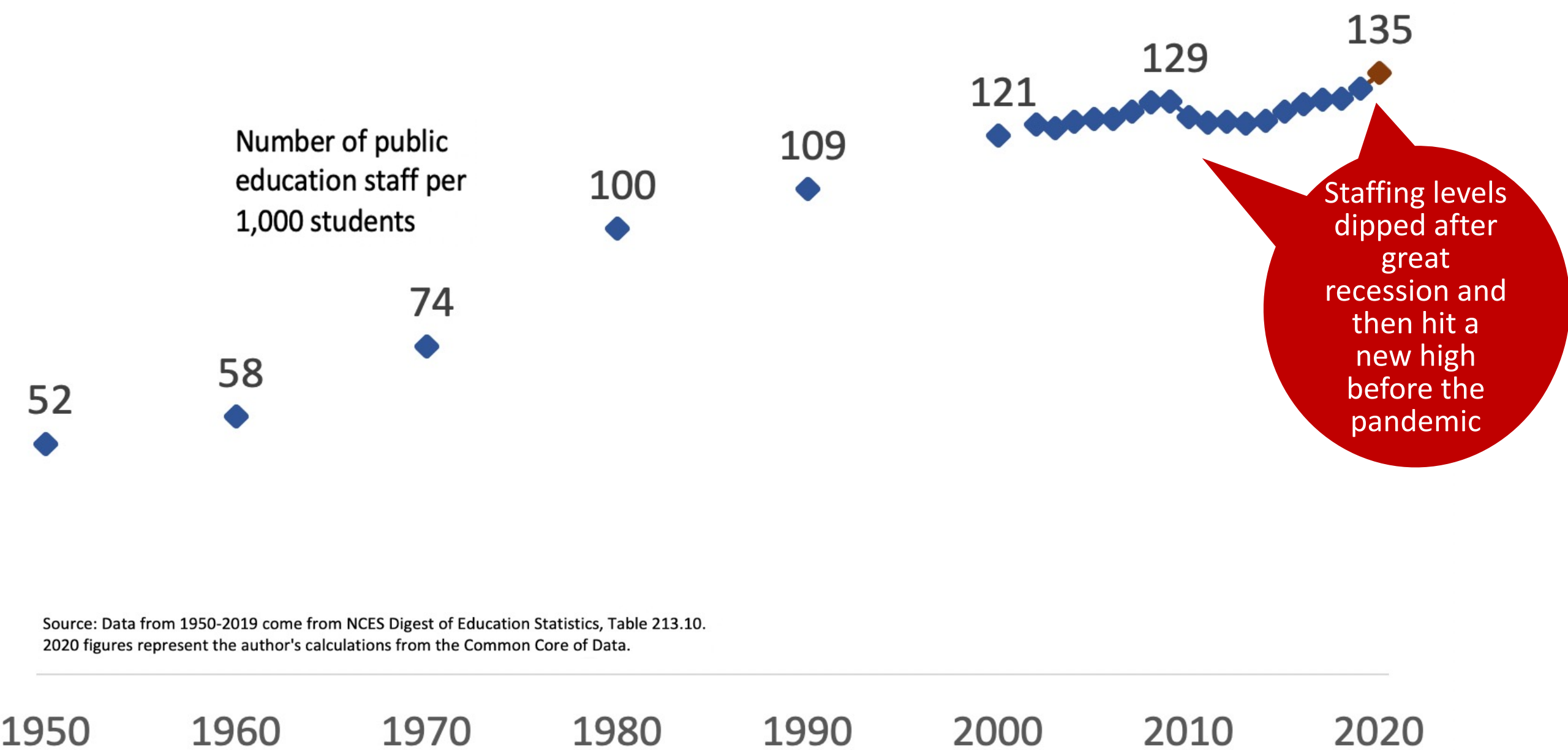
Substantially raise teacher pay and increase hiring selectivity: “Teachers are making less than they did 10 years ago when salaries are adjusted for inflation.” ~ Ed Week**

* <https://www.nctq.org/blog/August-2014:-Student-and-teacher-school-year>

* <https://reports.ecs.org/comparisons/instructional-time-policies-2023-01>

**<https://www.edweek.org/teaching-learning/teacher-salaries-arent-keeping-up-with-inflation-see-how-your-state-compares/2022/04>

Even before ESSER, each time there's new money, the tendency is to add staff



At a minimum, we should be measuring whether investments in new staff are working.

Are investments in counselors working to boost attendance?

Are more specialists getting students back on track?

Are smaller classes working to remedy math and reading losses?



The upside to less hiring: districts can be choosier

- ✓ Studies suggest that teachers hired during recessions are significantly more effective than teachers entering during non-recessionary periods
- ✓ Takeaway: The next few years may mean higher-quality teachers in front of students whose learning was impacted by the pandemic

Q&A

Note: Q&A is off the record unless otherwise stated

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State Revenue Projection Appendix

- [Alabama Department of Finance Legislative Presentation on FY24 Proposals, March 2023](#)
- [Alaska Department of Revenue Spring 2023 Revenue Forecast](#)
- [Arizona FY24 Governor's Budget, January 2023](#)
- [Arkansas Department of Finance and Administration Revenue Memorandum, May 17, 2023](#)
- [California 23-24 Revision to the Governor's Budget, May 2023](#)
- [Colorado Legislative Council Staff Economic & Revenue Forecast, March 2023](#)
- [Connecticut Office of Policy and Management FY23-FY26 Revenue Estimates, May 2023](#)
- [DC Chief Financial Officer's Revenue Estimates, February 2023](#)
- [Delaware Economic and Financial Advisory Council General Fund Revenue Worksheet, May 2023](#)
- [Florida Revenue Estimating Conference General Fund Financial Outlook Statement, March 2023](#)
- [Georgia's FY24 Proposed Budget, January 2023](#)
- [Hawaii Council on Revenues General Fund Tax Revenue Estimate, May 2023](#)
- [Idaho Joint Legislative Economic Outlook and Revenue Assessment Committee Report, January 2023](#)
- [Illinois Commission on Government Forecasting and Accountability Three Year Budget Forecast FY24-FY26, March 2023](#)
- [Indiana State Budget Agency Economic Outlook, April 2023](#)
- [Iowa Revenue Estimating Conference's General Fund Estimate, March 2023](#)
- [Kansas Legislative Research Department Legislative Adjustments to Consensus Estimates, May 2023](#)
- [Kentucky Consensus Forecasting Group General Fund Revenue Estimates, December 2022](#)
- [Louisiana Revenue Estimating Conference Revenue Estimate, May 2023](#)
- [Maine Revenue Forecasting Committee Report, May 2023](#)
- [Maryland Board of Revenue Estimates Update, March 2023](#)
- [Massachusetts Revenue Forecast Consensus, January 2023](#)
- [Michigan House Fiscal Agency Consensus Estimates of GF, May 2023](#)
- [Minnesota Management and Budget Economic Forecast, February 2023](#)
- [Mississippi Legislative Budget Office Budget Summary, May 2023](#)
- [Missouri Governor FY24 Consensus Revenue Estimate, December 2022](#)
- [Montana Legislative Fiscal Division 2023-2025 Biennium Revenue Estimate, November 2022](#)
- [Nebraska Economic Forecasting Advisory Board Revenue Projection, April 2023](#)
- [Nevada Economic Forum Forecast Report, May 2023](#)
- [New Hampshire Department of Revenue Administration Revenue Estimates, May 2023](#)
- [New Jersey Treasurers FY24 Budget Packet, May 2023](#)
- [New Mexico Legislative Finance Committee General Fund Consensus Revenue Estimate, December 2022](#)
- [North Carolina Office of State Budget and Management Revised Consensus GF Revenue Forecast, May 2023](#)
- [North Dakota Office of Management and Budget 2023-2025 Revenue Forecast, March 2023](#)
- [NY FY24 Enacted Budget](#)
- [Ohio Office of Budget and Management FY24-25 Budget Recommendations, January 2023](#)
- [Oklahoma Office of Management & Enterprise Services Proposed FY24 Revenue Certification, February 2023](#)
- [Oregon Economic and Revenue Forecast, May 2023](#)
- [Pennsylvania Bureau of Research 23-24 Estimate, March 2023](#)
- [Rhode Island Revenue Estimating Conference Consensus Economic Forecast, May 2023](#)
- [South Carolina Board of Economic Advisors' Update on Forecasts, May 2023](#)
- [South Dakota Joint Committee on Appropriations Revenue Projections, February 2023](#)
- [Tennessee FY24 Proposed Budget, February 2023](#)
- [Texas Biennial Revenue Estimate 24-25, January 2023](#)
- [Utah Executive Appropriations Committee Revenue Estimate, December 2022](#)
- [Vermont January 2023 Economic Review & Revenue Forecast Update](#)
- [Virginia Department of Taxation Economic Outlook and Revenue Forecast, November 2022](#)
- [Washington State Economic and Revenue Forecast, March 2023](#)
- [West Virginia Proposed FY24 Budget, January 2023](#)
- [Wisconsin Legislative Fiscal Bureau General Fund Revenue Projections, May 2023](#)
- [Wyoming State Government Revenue Forecast FY23-28, January 2023](#)