Declining Enrollment in California Schools
Fiscal Challenges and Opportunities in the Coming Decade

February 27, 2020

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with research support from Radhika Mehlotra
Enrollment declines in California’s K–12 system are projected to intensify

- The Department of Finance projects a 7% statewide decline by 2028–29, compared to 1.5% over the past decade
- Districts with falling enrollment face financial pressures
- Declining enrollment has state budget implications
- The state can help districts adjust to lower enrollment
Coastal areas will see significant declines
Enrollment declined in eight of the ten largest districts over the past five years.
District enrollment losses take place over many years
Fewer students lead to lower revenues

- When average daily attendance (ADA) falls, districts lose funding
- At best, direct savings from fewer students add up to about half of ADA revenue losses
- The state cushions each yearly revenue loss with a one-year declining enrollment adjustment
  - Funding is based on higher prior-year ADA
- Multi-year ADA declines require districts to make budget cuts
Most districts are able to adjust to lower enrollment

- The declining enrollment adjustment boosts district per pupil spending
- Districts retain experienced teachers while maintaining teacher-pupil ratios
- Districts shrink schools rather than close them
The short-term cost of the state’s declining enrollment adjustment is increasing.
A Proposition 98 “dividend” could help all districts

- Funding will be determined by Prop 98’s Test 1 for the next few years
- Under Test 1, funding is not adjusted for enrollment
  - Under Tests 2 and 3, Proposition 98 is reduced to reflect the decline in enrollment
- We estimate increases in per pupil funding of about $100 a year for the next several years
The state can help districts address budget challenges

- Use Proposition 98 dividends to increase the LCFF base grant for all districts
  - Helps districts with a range of financial challenges—pension costs, special education, and declining enrollment

- Budget for technical assistance to declining districts
  - Current financial strains raise the risk of crises triggered by enrollment declines
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Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.