

What do enrollment declines mean for teacher shortages? - August 29, 2025

Written by: Anna Merod for K-12 DIVE and Distributed by IASA Online through Eye on Education Email Listserv at;
<https://www.k12dive.com/news/what-do-enrollment-declines-mean-for-teacher-shortages/758664/>

During COVID-19, districts hired more teachers despite ongoing enrollment declines. That led to a reversal in broad teacher shortages, researchers say.

Ongoing student enrollment declines and the end of historic federal pandemic aid are causing school leaders to take a hard look at their staffing policies as district budgets tighten.

Using pandemic-era Elementary and Secondary School Emergency Relief dollars, schools nationwide hired more teachers despite overall student enrollment dropping, said Marguerite Roza, a research professor and director of Georgetown University's Edunomics Lab.

Now, however, districts are considering more school closures and consolidations as a result of enrollment declines and a surge of school choice options that parents are using to send their kids to private or religious schools. And as the national birthrate drops, these enrollment trends could struggle to rebound.

Are teacher shortages in the rearview mirror?

Because some districts chose to hire despite declining enrollment, they are laying off staff or implementing hiring freezes and leaving open positions, Roza said.

Consequently, the conditions used to generally describe the teacher shortage have "reversed," Roza said. "It doesn't mean that every spot has been filled. It's still hard to recruit and fill positions in rural districts. High-poverty schools have always had a hard time. Math positions and special ed have always been more scarce."

The term "teacher shortage" is often used in a simplistic and rhetorical way that obscures the nuanced staffing challenges districts face, especially for certain STEM subjects and special education, said Thomas Dee, a professor at Stanford University's Graduate School of Education.

In an analysis of student-teacher ratios nationwide between 2010 and 2022, Dee said that 2022 saw the lowest number of students per one teacher. The ratio fell from 16.4 to 15.4 in that 12-year period, he found.

"There are many more teachers per students than ever before in U.S. history," Dee said.

A separate K-12 Dive analysis of student-teacher ratios in November 2024 also showed that 43 out of 50 states and Washington, D.C., had on average fewer students per teacher post-COVID-19 than before the pandemic.

Navigating staffing amid enrollment challenges

Arizona's Deer Valley Unified School District is one district out of many nationwide facing enrollment-related budget hurdles as a result of declining birthrates and growing alternative schooling options for parents, said Curtis Finch, the district's superintendent. Arizona was the first state to approve a universal school voucher program in 2022.

Deer Valley USD's enrollment shrank by 1.5% between the 2021-22 and 2023-24 school years, dropping from 33,303 students to 32,803, according to state data.

“We’re at the tip of the educational experiment,” Finch said regarding the impact of Arizona’s school choice policy on public schools.

Last school year, Finch said, the district had to cut about 50 positions — most of which weren’t backfilled because of local and state funding budget constraints.

Still, he said, Deer Valley USD struggles to fill science, math and special education teaching roles.

House GOP eyes 27% cut to Title I – September 2, 2025

Written by: Kara Arundel for K-12 DIVE and Distributed by IASA Online through Eye on Education Email Listserv at:

<https://www.k12dive.com/news/house-Republican-FY-2026-budget-proposal-Title-I-cut-special-education/759032/>

The FY 26 proposal would eliminate funding for teacher training, full-service community schools and English Language Acquisition programs.

Dive Brief:

- House Republicans are considering a \$5.2 billion cut — or a 27% reduction — in Title I funding for low-income schools and districts under a fiscal year 2026 proposal released Monday.
- The proposal would cut overall funding for the U.S. Department of Education, including K-12 and higher education programs, by 15% below the current budget of \$78.7 billion, to \$67 billion. However, the plan would not consolidate current competitive formula funding grant programs into one formula grant program — an approach included in President Donald Trump’s budget proposal.
- The House will now need to debate and approve the funding plan and then align its proposal with the Senate’s version. In July, the Senate Appropriations Committee approved a bipartisan bill that would fund the Education Department at \$79 billion in FY 26, a slight increase to current spending.

Dive Insight:

As Congress returns from its August recess this week, one of the major tasks will be to finalize the budget by the start of FY 2026 on Oct 1. If that deadline isn’t met, there could be a federal government shutdown.

A shutdown would further hamper Education Department activities, which has experienced financial cutbacks and staff layoffs as the Trump administration seeks to reduce waste and send more decision-making power to the states.

Under the GOP House proposal for FY 26, some K-12 programs would see slight increases, including special education (\$26 million), charter schools (\$60 million), and career and technical education state grants (\$25 million).

But, in addition to the Title I funding reduction, other K-12 programs are targeted for elimination under the House GOP proposal. Those include teacher training programs, full-service community schools and English Language Acquisition programs, according to House Democratic leaders.

Rep. Rosa DeLauro, D-Conn., ranking member of the House Appropriations Committee, criticized the Republican plan in a statement, “Republicans are continuing their full-scale attempt to eliminate public education, decimating support for children in K-12 elementary schools and threatening the future of an entire generation.”

But House Appropriations Committee Chair Rep. Tom Cole, R-Okla., said in a statement the fiscal plan will “protect the well-being of the most precious and vulnerable among us: America’s children, seniors, and those with disabilities.”

Cole added, “President Trump’s agenda to end progressive overreach and the weaponization of government against constitutional and parental rights is advanced in this legislation.”

The Senate Appropriations Subcommittee on Labor, Health and Human Services, Education and Related Agencies planned to discuss the budget proposal Tuesday at 5 p.m. EDT.

Economic News Briefs...

- **Market and Economic Highlights: July 2025**

- Yields declined for the month on weaker job growth
- FedSpeak turned more dovish as focus shifted from inflation to employment
- Political pressure on the Fed sparked market conversations about Fed independence
- The S&P 500 and NASDAQ both finished higher for the month
- Reciprocal tariffs returned for many countries effective August 1 as trade negotiations continue

Source: Bloomberg, FactSet

- **S&P 500 Earnings Expectations Rising:** With 98% of S&P 500 companies reporting actual 2nd quarter results as of August 31st, earnings per share (EPS) growth has totaled nearly 12% year-over-year. This represents the third consecutive quarter of double-digit earnings growth. The “Magnificent 7” continues to lead the way with earnings growth of 26.6% in the 2nd quarter. However, breadth improved for the quarter with 81% of companies reporting actual EPS above estimates. This is the strongest percentage since the third quarter of 2023. Revenue growth has also been above estimates at the beginning of the quarter. Overall, these results highlight the resilience of both consumers and companies in the face of trade and other uncertainty. *Sources: Bloomberg, FactSet as of 8/31/25*

Taken from the ISDLAF+ Market Update September 2025 prepared by PMA Asset Management, LLC

DPS Business Department Briefs...

- **FY 25 WIPFLI Audit:** The audit is continuing to move forward. We anticipate the presentation being of the Annual Financial Report to be in November 2025. As part of that presentation, final official deficit spending numbers will be created for Education, Operations & Maintenance, and Transportation funds. Potential Working Cash transfers will be presented at that time.

Updated Annual Statement of Affairs Form Available and changes to the AFR

Significant changes have been made to the Annual Statement of Affairs (ASA) based on Public Act 104-0261. This legislation removes much of the duplicative reporting requirements previously contained in the ASA.

- Several sections were removed from the ASA.
- The financial information is removed from the ASA, so there is no need to wait for audit reports before completing the ASA form.
- The ASA is still required to be completed by Dec. 1 each year.
- The ASA is still required to be published in a local newspaper by Dec. 1 each year.
- The ASA is now required to be posted on the school district’s website by Dec. 1 each year.
- Districts do not need to submit the ASA form to ISBE.

Important Annual Financial Report Submission Changes

ISBE is implementing important changes to financial reporting that will streamline the process for school districts, joint agreements, and regional offices of education. Please visit the Annual Financial Report (AFR) webpage for complete details.

Auditors

- Submit the AFR as normal through the School District Financial Reports System accessed through IWAS.
- Auditors no longer are required to upload a signed copy of the Auditor’s Questionnaire.
- If any AFRs for districts or joint agreements will be submitted after Oct. 15, auditors are asked to please provide ISBE with a list of impacted entities and approximate submission dates by emailing finance1@isbe.net.
- Regional superintendents no longer need to send completed AFRs to ISBE.
- Superintendents and directors must digitally “sign” the AFR through a new AFR Confirmation System within the School District Financial Reports System accessed through IWAS.
- Superintendents must upload the Limitation of Administrative Costs Worksheet into this system.
- For districts and joint agreements with findings on the Auditor’s Questionnaire, a corrective action plan is required and must also be uploaded. A template is available.

Countywide Sales Tax

The District again continues to see strong CFST revenues. The table below represents strong receipts for May 2025. The CFST receipts are three months in arrears, so the funds received in September represent the taxes paid by consumers in May. The \$219,000 received represents the largest amount since the creation of the program and is a 12% increase over FY 24. Also, it is important to remember that these funds cannot be spent on anything other than facilities improvement. The summary below outlines a summary of the receipts since FY 22 with a comparison of FY 24 vs. FY 25.

<u>Countywide Sales Tax Revenues</u>					
	<u>FY 22</u>	<u>FY 23</u>	<u>FY 24</u>	<u>FY 25</u>	Difference FY 24 v. 25
July	\$154,600.29	\$167,736.37	\$166,297.20	\$177,241.56	\$10,944.36
August	\$151,914.91	\$157,646.19	\$171,178.89	\$177,589.47	\$6,410.58
September	\$147,769.08	\$160,407.90	\$175,220.50	\$176,058.42	\$837.92
October	\$149,779.51	\$162,719.99	\$165,535.70	\$157,162.56	-\$8,373.14
November	\$151,772.24	\$157,766.14	\$168,001.90	\$171,171.84	\$3,169.94
December	\$173,545.72	\$167,486.45	\$178,755.19	\$201,004.74	\$22,249.55
January	\$120,886.90	\$134,425.96	\$141,195.76	\$179,547.38	\$38,351.62
February	\$116,109.65	\$123,815.53	\$141,802.17	\$164,559.27	\$22,757.10
March	\$148,860.94	\$154,850.14	\$165,591.32	\$187,252.74	\$21,661.42
April	\$151,074.10	\$159,801.14	\$168,718.21	\$198,100.75	\$29,382.54
May	\$176,921.12	\$182,291.57	\$195,620.51	\$219,783.67	\$24,163.16
June	<u>\$179,688.24</u>	<u>\$181,283.06</u>	<u>\$186,682.55</u>	<u>\$0.00</u>	<u>\$0.00</u>
	\$1,822,922.70	\$1,910,230.44	\$2,024,599.90	\$2,009,472.40	\$171,555.05

The next payment obligation for 2018A & 2019A Alternate Revenue Bonds will be in January 2026 and this will be a principal and interest payment. The payment will be allocated out of CFST receipts on a monthly basis to meet the obligation. Then in July 2026, an interest payment will be made on the bonds. In general, the obligation amount is \$90,000/month. Any amount above this amount, represents opportunity for future facility improvements.

Insurance Information Summary – June 2025 – Information in this section same as last month.

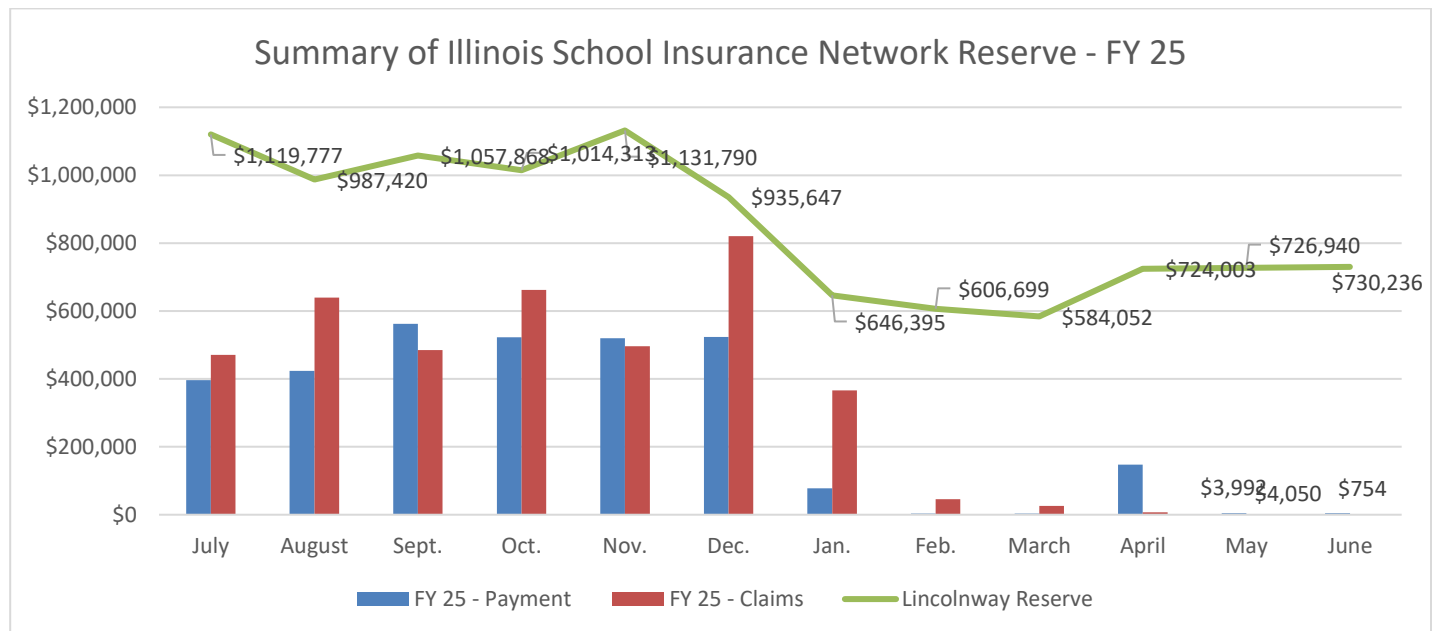
MMA our insurance agent has provided us with our renewal rate percentages. These are key points of information for the Board.

- Premium rate of increase for both Tier II & III PPOs = 8.5% (effective January 1, 2026)
- While not fully in place the HDHP increase = 7.75% (over previously stated premiums, effective January 1, 2026)
- In April 2025, the District had claims of \$953,000 (approximately \$500,000 over expected). This justifies the movement from self-insured to fully insured.
- The ISIN Cooperative member Districts have received increases ranging from 7.75% to 9.75%.
- This information will be presented to the Insurance Committee at the next meeting.

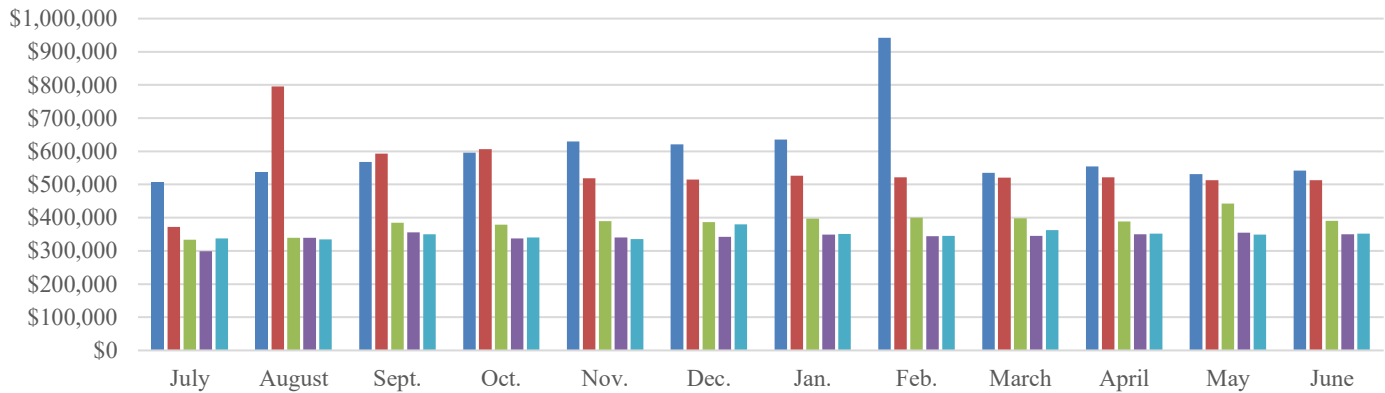
Effective Premium 1/1/26	Single	Employee +1	Family
Tier 2 – PPO	\$1,215.00	\$2,808.00	\$3,182.00
Tier 3 – PPO	\$1,171.00	\$2,682.00	\$3,067.00
HDHP	\$854.00	\$2,075.00	\$2,432.00

The *Summary of Lincolnway Affiliation Insurance Reserve – FY 25* graph provides three key pieces of information.

- The Blue bar represents the amount paid to the affiliation. This amount is based on industry standards and premium rates based on the number of employees enrolled in the program.
- The Red bar represents actual Medical and Pharmaceutical Claims paid in the month, not necessarily occurring in the month. A medical claim can take three months to be processed.
- The Green line represents a reserve of funds paid by DPS over the amount of expenses. The reserve amount is on a spend down starting January 1, 2025. As of the end of June, the amount of expense claims hitting the reserve should be minimal. As a result, the reserve balance of \$730,236 is an amount owed to Dixon. This payment would be made per the bylaws to Dixon in January 2026. **WIPFLI has advised on this process and plans to create a prepaid expense on the balance sheet to represent the amount owed. Note that this amount is expensed in the ledger and in the budget, but it represents an over expenditure amount.**



FY 25 (Black) vs FY 24 (Red) vs FY 23 (Green) vs. FY 22 (Purple) vs FY 21 (Blue) Insurance Expenses



In looking at the graph above, the Blue bar represents insurance costs paid in each of the months vs. the previous four years. Month over month the claims for FY 25 have been higher than the previous years. It is challenging to dissect the years against each other as the number of claims paid, the number of individuals and families on the plan changes, the types of claims paid is entirely different, as well as a significant inflationary component in FY 25.

Considering the information, the following are key points of information and decisions to be made in the near future.

1. *Being Self-Insured is probably no longer the best interest of the District. By being a full participating member of the Lincolnway Affiliation, the District could insulate itself again large claim years and significant premium increases.* In April/May, the ISIN Board and the DPS Board approved full membership status for Dixon. **The implementation of fully-insured status began January 1, 2025.**
2. *Each year, the District renews insurance premiums around this time of the year. We have experienced significant increases in the premium amounts over the past couple of years. This is a yearly Board approval item.* In June 2024, the Board approved the recommendation of increasing the Health Insurance premium rate by 20%. **The ISIN Board and Marsh-McClennon have been working to finalize the premium change for FY 26. The ISIN Board of Trustees has approved increases between 7.75% and 9.5%. Dixon's increase for PPO will be 8.5% and 7.5% for the HDHP and will go into effect January 1, 2026. This will be finalized in the next couple of weeks and will be a Board approval item in September 2025, after review from the insurance committee.**
3. Increasing Health Insurance costs continue to be an issue for the District. The implementation of the Tier III plan was a strong start to the process. Negotiations need to continue regarding the final implementation of the Health Saving Account Plan (HSA).
4. **Note that dating back to October 2024, the District received a 5-year health insurance cost projection \$9.1 million in 2029. That same projection table provided a 2025 cost of \$6.0 million. Actual FY 25 costs are \$6.45 million, not including June 2025. These increases over time are unfunded costs that are not offset by new or additional revenues. This information was shared at the insurance committee meeting.**
5. **Currently the estimated FY 26 Health Insurance cost is projected at \$6.4 million, given same number of employees, same plan, no changes.**

Dixon USD #170 is and has been self-insured for over 30 years. The plan utilizes excess reimbursement coverage for claimants who exceed \$350,000 per year for higher individual claim costs. Note that in September 2019 we transitioned to Lincolnway Co-op for claims processing and management. Their involvement has continued in FY 24. Please remember that the financial information disclosed on the Self-Insurance Reports represent financial information through February 2024 but due to the monthly receipt of information from Lincolnway Area Affiliation, the information provided in this summary is through January 2024. During the 23/24 SY Lincolnway Area Affiliation changed the name to Illinois School Insurance Network (ISIN).

Transportation Peer Group Costs:

The graph below represents a peer group of school districts in Illinois with enrollment between 2000-2500 and a low income percentage of 45-60%, similar to Dixon. Additionally, these districts contract transportation services. Looking at the three year trend, note the increases taking place for the districts. This represents escalation in their contract rates. Dixon’s is fluctuating, not escalating. The costs are shown per student.

