

# CSG – Midwest

## School Funding Webinar

Michael Griffith – Senior Research Fellow

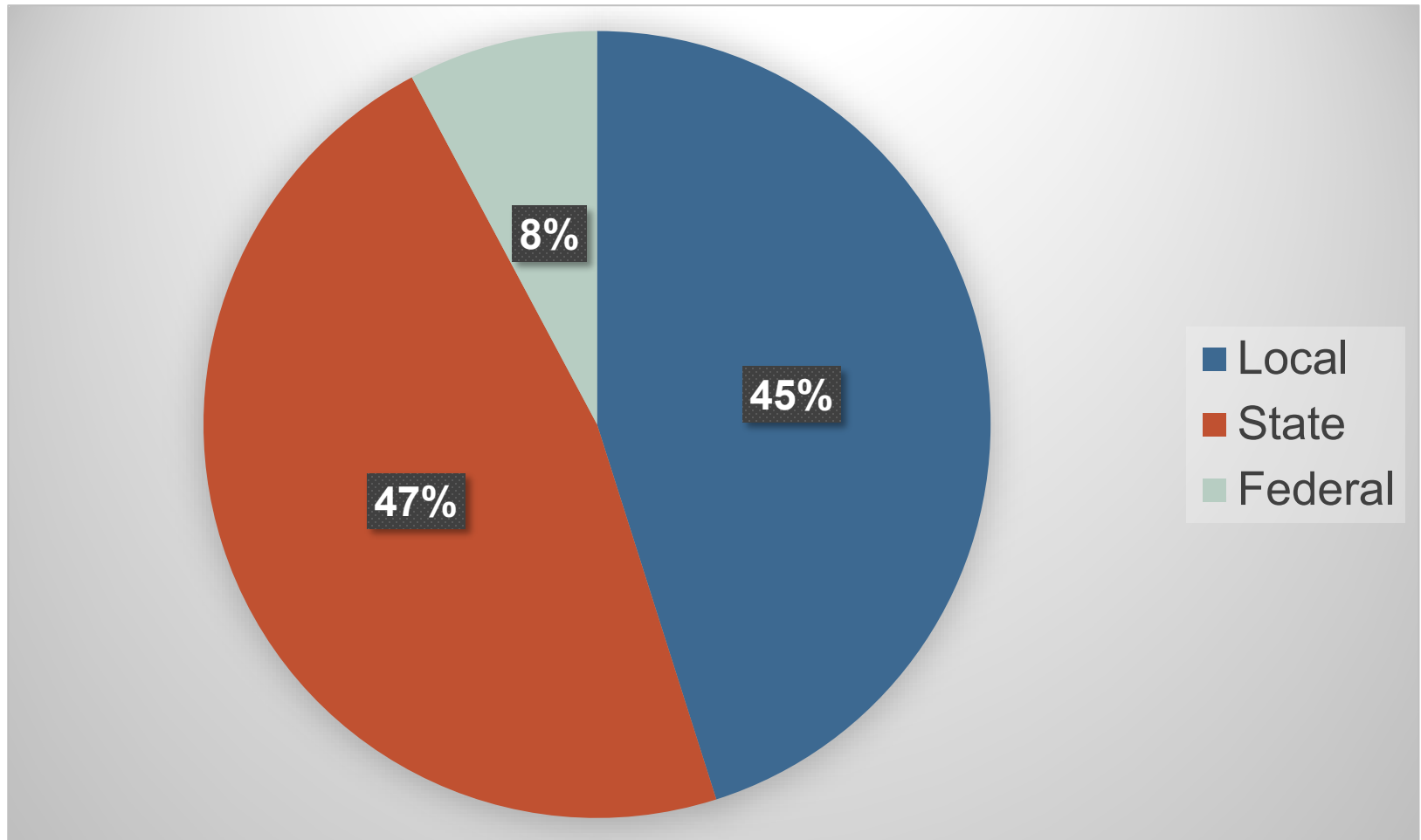
June 2026



# Overview

1. School funding basics
2. K-12 funding formulas
3. School finance issues to think about

# National Average K-12 Revenue Sources 2024-25 (Estimated)



Source: NEA Rankings & Estimates

# Percent of K-12 Funding from State Sources (2024-25 –estimated)

Nebraska	30.80%
South Dakota	33.10%
Illinois	35.60%
Ohio	37.90%
North Dakota	51.90%
Iowa	53.30%
Indiana	59.50%
Kansas	59.80%
Michigan	64.70%
Minnesota	65.70%

Source: NEA Rankings and Estimates

# Percent of K-12 Funding from Local Sources (2024-25 –estimated)

Michigan	27.90%
Minnesota	28.90%
Kansas	31.10%
Indiana	33.70%
North Dakota	38.30%
Iowa	39.00%
South Dakota	54.70%
Ohio	55.00%
Illinois	58.60%
Nebraska	62.00%

Source: NEA Rankings and Estimates

# Public School Expenditures

## 2022-23

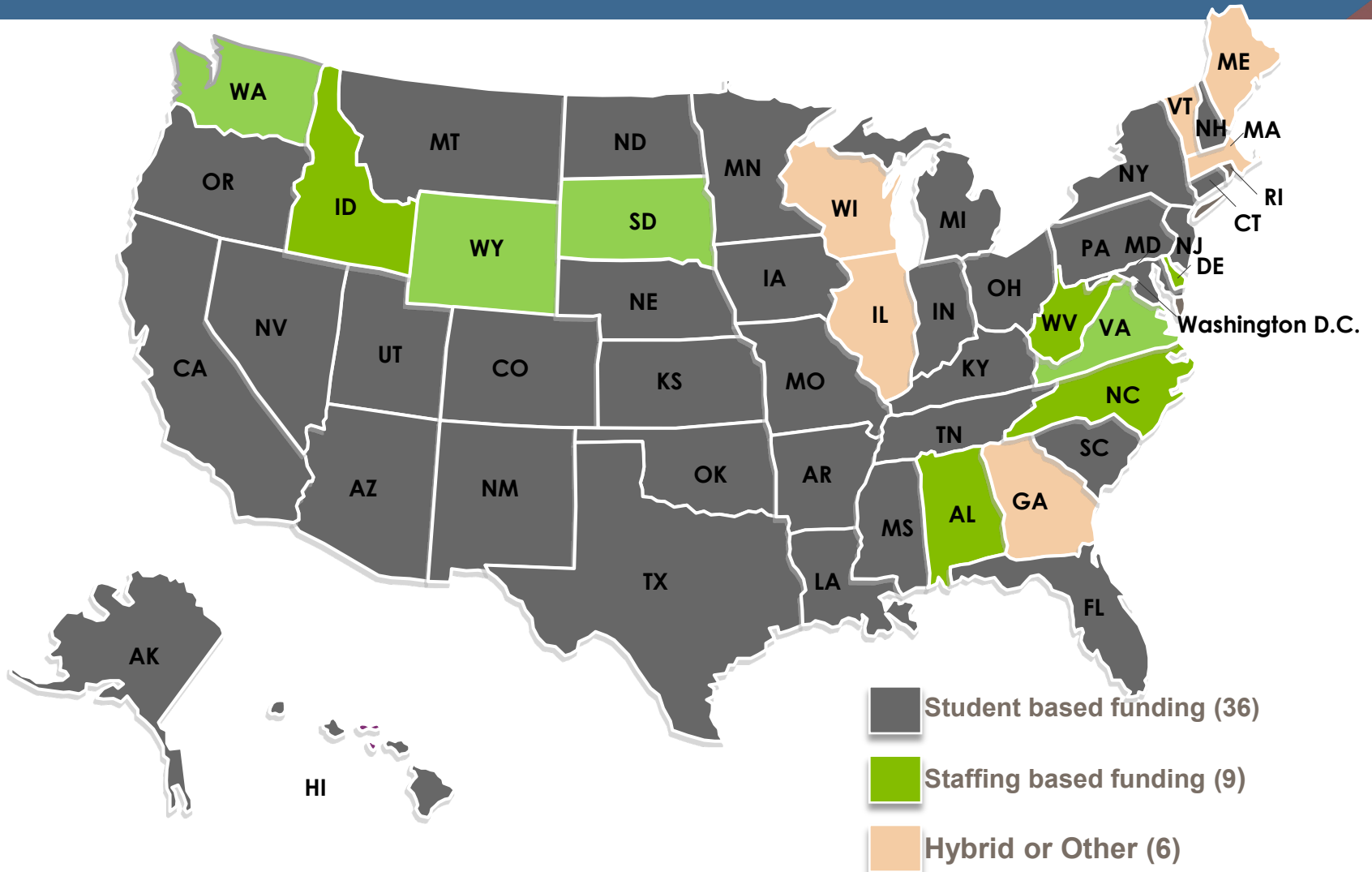
Salaries and benefits dominate school expenditures

	Classroom Instructors	All Staff
National Average	50.4%	77.1%

Note: These numbers are slightly distorted due to Covid relief funds.

Source: U.S. Census

# School Funding Formulas in Each State



Source: Education Commission of the States

# What is Student Based Funding

Foundation amount per pupil

+

Additional funding for  
high-need students

(At-risk, English Language Learners, Special Ed.)

+

Additional adjustments

(Regional costs, district size, special districts, etc.)

=

Total formula amount

# What is Student Based Funding? (Part 2)

Total formula amount

-

Mandated local contribution

=

State formula funding contribution

# What is Student Based Funding? (Part 3)

**State formula funding contribution**

+

State funding outside of the formula  
(Capital, transportation, food services)

=

**Total K-12 state funding**

# School Funding Issues

- **Inflation**: Increasing costs (teacher salaries, staff benefits, energy costs) mean that education funding needs to increase every year just to keep pace
- **Federal funding**
  - The loss of Covid funds
  - Possible decreases in spending in the 2026-27 school year

# Declining Student Enrollment

- Between 2019 and 2024 public school enrollment in the U.S. decreased by 1.4 million students (2.8%)
- It is estimated that most, if not all, states will see declining student enrollments in the near future
- Due to fixed and semi-fixed costs, LEA with declining enrollments could be looking at difficult financial times

# School Finance Cheat Codes

- Funding high-need student groups is the best way to close achievement gaps
- Right now, it is more important to look at “expenditures” and not “revenue”
- The public is very supportive of:
  - Increasing teacher salaries
  - Supporting high-need students
  - Funding programs that can be measured (small class size, extended learning time, increased food security)

# Questions or Comments?

---

**Mike Griffith:** [mgriffith@learningpolicyinstitute.org](mailto:mgriffith@learningpolicyinstitute.org)