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# Population Projections Portend Future School Closures

## In a Nutshell

- Over the 2020 to 2050 period, Michigan’s school-age population is expected to fall from 1.58 million to 1.48 million children. This will fuel a continuation of a two-decades-long decline in the number of students enrolled in public schools.
- As individual schools confront further enrollment declines and the exhaustion of one-time federal COVID relief aid at the end of 2024, many will face the prospect of whether to close buildings with lower enrollments to ensure their long-term fiscal stability.
- School closure decisions are often the most controversial issues faced by local officials and involve several considerations ranging from displaced students’ academic performance to broader community concerns over losing a public gathering space for social, civic, and cultural events.

In last year’s multi-part research effort “Michigan’s Path to a Prosperous Future” we documented that Michigan’s population growth has lagged behind the nation for the past 50 years. Most worrisome for the state’s future is the finding that this trend is expected to continue through 2050. Our research showed that these sobering population trends, combined with other demographic shifts, will be felt by residents of the Mitten State across multiple dimensions – economy, workforce, health, infrastructure, environment, climate, and public services.

These top-line population projections, however, hide another important trend at work. Michigan, an already relatively old state, will age even more as the cohort of residents aged 65 and older expands substantially, while the number of school-age children contracts over the period. This portends a continuation of the long-term public school enrollment decline the state has experienced going back to the early 2000s. The effects of which are unevenly spread across Michigan’s 836 local districts, traditional public and charter schools.

As individual schools confront further enrollment declines and the exhaustion of one-time federal COVID relief aid that propped up their budgets since 2020, many will face the prospect of whether to close buildings with lower enrollments to ensure their long-term fiscal stability. The confluence of these factors has prompted several Michigan districts to initiate tough community conversations surrounding future school closures.

## Slow Growing and Aging State

Between 2020 and 2050, Michigan’s population is projected to grow minimally from 10.06 million to 10.52 people. This represents an annual growth rate of only 0.15 percent, about one-third of the projected U.S. population annual rate (0.45 percent) over this period. Michigan’s total population is projected to peak in 2046 at 10.54 million people, after which it will begin to decline.

While the size of Michigan’s population is projected to change little over the next few decades, the age distribution is shifting older. The aging of the population is a trend playing out throughout the U.S. but is especially notable for Michigan, a state that is starting with a population that already is older than average and is not growing in the younger age groups.

Over the 30-year period there will be fewer children and more people of retirement age in Michigan than there are today (chart below). Between 2020 and 2050 the population of children (aged 0 to 17) is projected to fall by six percent, while the retirement age cohort (aged 65 and older) is projected to grow by 30 percent. The working age population (aged 18 to 64) is projected to decline between 2020 and 2030, then grow slowly to 2050, increasing by only 0.7 percent over the entire 30-year period.

## Long-Term Declining Enrollment and the Loss of Federal COVID Funds

Of particular note for those concerned about K-12 education are the projections for the school-age population (5 to 17 year-olds). Over the 2020 to 2050 period, this population cohort is expected to fall from 1.58 million to 1.48 million children, portending a continuation of a two-decades-long decline in the number of students enrolled in public schools.

Total K-12 public school enrollment fell from 1,690,990 students in the 2002-03 school year to 1,383,889 students in the 2022-23 year, a 20 percent decline over this period.

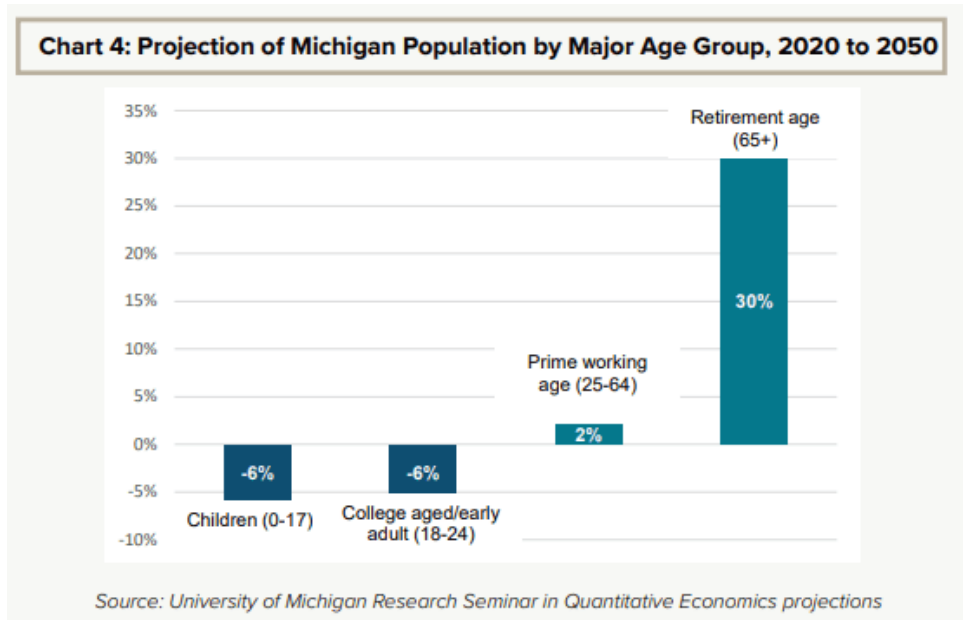
This drop has been fueled by several long- and shorter-term factors, including declining birth rates, a slowdown in immigration and, more recently, shifts in enrollment triggered by COVID-19 with families opting out of public schools in favor of private schools and homeschooling.

The 20 percent statewide enrollment decline has not been uniformly distributed across the state's 836 local school districts, including charter schools. Rather, there has been great variation at the individual district level and across governance systems. In general, traditional public school districts have experienced the largest declines, while the charter sector has been impacted less. That is because of the hollowing out of many of the state's urban centers and the increased competition for students faced by districts in these locales with the opening of new charter schools. Long-term enrollment declines have been particularly acute for traditional public schools in and around Detroit, Flint, Grand Rapids, and Pontiac. Grand Rapids Public Schools, for example, recorded a 30 percent decline over the past 15 years.

Further declines in public school enrollments portend challenges for schools on several fronts. Because school districts' funding is based primarily on the number of students enrolled, shrinking enrollment results in a reduction of ongoing funding available to deliver educational services. As a result, districts must reduce or eliminate the educational programs and services provided. That likely means reductions in staffing, including classroom teachers and instructional support, because school budgets mostly fund personnel costs.

Since the onset of the COVID-19 pandemic in early 2020, the federal government has stepped up with a massive infusion of educational relief dollars to assist schools in navigating the challenges arising from the virus. Michigan schools received over \$6 billion across three different federal relief packages. Those dollars were provided on top of a growing base of state and local base funding schools received. As such, school finances are as healthy as they have ever been.

However, that is about to change as the spending deadline for the last round of federal relief is less than nine months away. The exhaustion of these one-time funds from school budgets is likely to result in spending cliffs for those districts that received the largest allotments. In other words, school leaders will have to determine whether programs and services funded with these resources can fit within budgets supported by ongoing rev-



venue streams. Several school systems are finding that they won't be able to continue services that are funded with the one-time funds and have begun thinning their employment ranks.

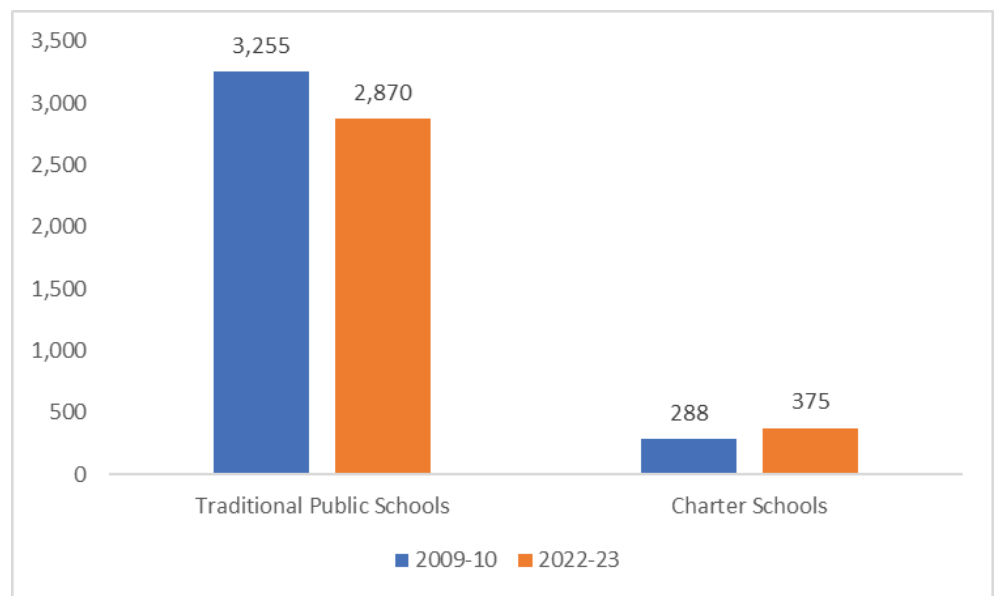
## More School Closures on the Horizon

While there are many ways districts can reduce programs or services to live within budget constraints, they can only operate under-enrolled schools for so long before the situation becomes financially untenable. This is because there are fixed costs associated with operating school sites, including routine maintenance, utilities, and general building cleaning and upkeep. In the short term, some personnel costs are effectively fixed as schools need to maintain teaching staff to serve the full range of grade levels and student needs.

In an environment of continuous enrollment decline, these fixed costs are spread across fewer students, making schools more expensive to maintain on a per-pupil basis. That means, over the longer term, some districts will have to consider closing under-enrolled schools to maintain some semblance of operational efficiency and to live within the resources available. Note, public schools are prohibited by law from running budget deficits.

There is evidence that districts have been responding to enrollment declines, in part, by closing schools. While we don't know the reasons behind each closure case, state data shows that the number of school buildings operated by traditional public schools decreased by 12 percent since the 2009-10 school year (chart below), compared to a 16 percent drop in enrollment across the sector. Notably, the charter school sector, which has experienced a 40 percent enrollment bump during the same period, saw an increase of nearly 30 percent in the number of operating schools.

**Number of Public Schools in Operation in 2009-10 and 2022-23**



Source: Center for Educational Performance Information

### Local school closure decisions

can be extremely controversial and rightfully so. That is because closures are disruptive to a student's academic journey and can negatively impact performance and school attendance. The research is mixed here, but the obvious key factor with respect to student performance following closure is whether displaced students are assigned to better-performing schools. In cases where displaced students attend struggling schools, research suggests that performance suffers.

Closures also affect surrounding communities as local schools serve as a component of the "social infrastructure", shaping the way people interact across many dimensions. Removing a physical space where a community gathers for social and civic events threatens its stability and cohesion. This is especially relevant when the economic, social, and cultural voids caused by a school closure are left unfilled by other institutions.

In addition to attending to the concerns of many impassioned stakeholders, district officials must maintain a focus on the racial and socio-economic inequities that often accompany closure decisions. There is a growing body of research that shows school closures are often inequitable and can disproportionately affect already disadvantaged students. School closures in response to declining enrollment risk widening Michigan's existing gaps in educational achievement between poor and marginalized students and their more well-off peers.

## Conclusion

Long-term projections show that Michigan's population growth will continue to trail the nation for the foreseeable future and that the school-age cohort will decrease by six percent between 2020 and 2050. This follows nearly two decades of declining statewide K-12 enrollments that have already fueled several closures of under-enrolled local schools. While closure decisions have been temporarily moved to the back burner in some communities thanks to one-time federal pandemic aid, those dollars will be exhausted later this year.

Future enrollment declines and the loss of federal relief funds will bring school closure and consolidation discussions back to the fore. Planning today for the demographic and fiscal changes ahead will not make decisions surrounding possible school closures any less challenging, but it will provide local decision-makers and affected communities with the opportunity to consider and communicate the many important factors involved.

### ABOUT THE AUTHOR

#### Craig Thiel - Research Director



Craig is the Research Council's Research Director and primary researcher of education and school finance issues. Prior to becoming Research Director, Craig served as the Director of State Affairs and as a Senior Research Associate. During his graduate school studies, he worked for the Council as a Lent Upson-Loren Miller Fellow from 1993 to 1995. Before joining the Council in 2006, Craig worked for ten years as a fiscal analyst at both the Senate Fiscal Agency and the House Fiscal Agency. He previously worked for the Michigan Department of State, Office of Policy and Planning and the United States Environmental Protection Agency in Chicago.

Craig holds a B.A. in Economics and Political Science from Kalamazoo College and a Masters in Public Administration from Wayne State University. He holds positions on various professional, nonprofit, and local government boards/associations.

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