



EDUCATION

The Financial Impact of Chronic Absenteeism on K–12 Districts

Chronic absenteeism — defined as missing 10 percent or more of the school year for any reason¹ — has reached critical levels in K–12 schools across the United States, presenting significant challenges for district leaders. In states such as Texas and California, where school funding is determined by average daily attendance (ADA), elevated absenteeism rates pose substantial budgetary risks. As districts grapple with declining enrollment and the expiration of emergency COVID-19 funding, financial instability threatens to further disrupt student learning.² Districts will continue to find themselves forced to make difficult, and nearly impossible, budgetary decisions that can have heavy consequences for underserved students and schools.

The Academic and Financial Impact of Declining Attendance



Chronic absenteeism often leads to disengagement, increasing the likelihood of students dropping out before completing their education. Research indicates that by the sixth grade, chronic absenteeism becomes [a top predictor of dropout rates](#),³ as students who miss significant instructional time struggle to keep up academically and are more likely to fall behind their peers. This academic disengagement not only impacts individual student outcomes, such as lower test scores and reduced graduation rates, but also creates broader challenges for school districts. These include diminished funding in states where budgets are tied to attendance, increased strain on intervention resources, and greater difficulty in meeting accountability standards.

Compounding these challenges is the decline in U.S. birth rates, which has already resulted in [fewer children entering the K-12 system](#),⁴ intensifying the pressure on districts to retain and support their existing student populations. Addressing these issues requires a concerted effort from educators, policymakers and communities to support students and encourage consistent school attendance.

Education funding is directly affected by K-12 enrollment and attendance. Chronic absenteeism threatens districts' funding.

¹ "Chronic Absenteeism and Its Impact on Achievement," University of Delaware Center for Research in Education & Social Policy, June 2018, https://www.cresp.udel.edu/wp-content/uploads/2018/07/P18-002.5_final.pdf

² "Post-Pandemic Education Challenges: Overcoming Obstacles with Expert Education Consulting Services," Alvarez & Marsal, Accessed April 2, 2025, https://www.alvarezandmarsal.com/sites/default/files/2023-05/423413_PSS_%20Post-Pandemic%20Era%20Transformation_02.pdf

³ "Chronic Absenteeism and Its Impact on Achievement," https://www.cresp.udel.edu/wp-content/uploads/2018/07/P18-002.5_final.pdf

⁴ "Top 5 K-12 Enrollment Trends for 2025," MGT, December 10, 2024, <https://www.mgt.us/insights/top-5-k-12-enrollment-trends-for-2025/>

A 1% drop in average daily attendance for Los Angeles Unified School District results in a \$39.2 million funding loss — equal to the cost of employing 435 social workers or math specialists.



Funding Based on Average Daily Attendance



Six states, including Texas and California, determine their funding models by ADA, rather than by average enrollment or counts of enrollment.⁵ This model impacts districts with high absenteeism rates. For example, Texas schools have seen [chronic absenteeism rates nearly double](#) since the pandemic,⁶ with about one in five students being chronically absent during the 2022–23 school year. This absenteeism directly reduces the funding these schools receive, as they are funded based on the number of students attending daily.

Chronic Absenteeism and Its Financial Implications



Chronic absenteeism remains a persistent issue, exacerbated by the COVID-19 pandemic. However, in states that use ADA in their K–12 funding formula, school district and schools' budget stability is hampered by attendance instability: The table below shows some examples and estimates of the financial impact of chronic absenteeism in large urban districts whose base funding is determined by ADA⁷:

State	District	Est. Enrollment SY2024–2025	Total Budget 2024–2025	Cost of a 1% drop in average daily attendance on base funding model	Cost of a 5% drop in average daily attendance on base funding model
California	LA USD	557,352	\$18.4B	\$39.2M	\$196.1M
California	SF USD	50,046	\$1.3B	\$5.1M	\$25.6M
California	Oakland USD	49,032	\$1.27B	\$3.4M	\$17.1M
Texas	Dallas ISD	138,577	\$2.25B	\$12.8M	\$63.7M
Texas	Houston ISD	179,592	\$1.89B	\$15M	\$74M
Texas	Austin ISD	73,495	\$954M	\$5.9M	\$29.5M

⁵ Kara Arundel, "States look to ease funding declines spurred by low student attendance," K–12 Dive, January 18, 2022, <https://www.k12dive.com/news/states-look-to-ease-funding-declines-spurred-by-low-student-attendance/617228/#:~:text=Approaches%20to%20calculating%20funding%20based%20on%20enrollment.California%2C%20Idaho%2C%20Kentucky%2C%20Mississippi%2C%20Missouri%20and%20Texas.>

⁶ "Absenteeism remains high and Texas schools want the state's help to keep students in the classroom." Associated Press, February 4, 2025, Retrieved from <https://spectrumlocalnews.com/tx/south-texas-el-paso/news/2025/02/04/absenteeism-remains-high-and-texas-schools-want-the-state-s-help-to-keep-students-in-the-classroom->

⁷ Figures derived from Texas Region 13 State Aid Estimator; California Department of Education LCFF Data Source



For example, a 1 percent drop in average daily attendance (ADA) for Los Angeles Unified School District (LAUSD) results in a \$39.2 million funding loss — equal to the cost of employing approximately 435 social workers or math specialists.⁸ While this represents just 1 percent of the district's total budget, the impact is significant, as it reduces funding for critical resources that support student success.

The decline in K–12 attendance and the rise in chronic absenteeism present substantial budgetary challenges for school districts, particularly in states where funding is based on ADA. A&M's Public Sector Services can help districts address these financial constraints while maintaining a high-quality education for students through our service offerings, including:

- **Our Rapid Fiscal Cliff Assessment:** By providing strategic consulting and financial planning services, A&M assists districts in optimizing their resource allocation and identifying alternative funding sources.

8 Assuming an average of \$90K annually per FTE between the two roles.

■ Attendance Maximization and Recordkeeping

Framework: Our team of former educators, district leaders and government operators leverages expertise in education policy, academic achievement and data analysis to help districts develop targeted interventions to improve student attendance and its academic and financial implications. This includes strategies for improving attendance tracking systems, ensuring accurate recordkeeping, implementing early warning systems, and implementing proactive measures to engage students and families. By enhancing attendance data accuracy and identifying trends early, districts can better allocate resources, reduce dropout rates and improve academic outcomes.

As these trends continue, districts must explore strategies to improve attendance and stabilize their budgets to ensure students continue to receive the education and services they need. A&M's Public Sector Services can provide the necessary support and expertise to help districts navigate these complex challenges while continuing to support students, teachers and families.

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