RISING PREMIUMS FALLING OPPORTUNITIES

The Budgetary Impact of Healthcare Costs on School Districts

AASA THE SCHOOL SUPERINTENDENTS ASSOCIATION
ASBO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

About AASA

AASA, The School Superintendents Association, is the premier association for school system leaders and serves as the national voice for public education and district leadership on Capitol Hill. A professional community of more than 10,000 educational leaders, AASA and its members are committed to providing high-quality public education to all students. AASA (formerly the American Association of School Administrators) develops and supports school system leaders through the national exchange of ideas; access to professional learning, publications, and resources; and opportunities to champion initiatives to help transform the future of public education.

AASA
THE SCHOOL SUPERINTENDENTS ASSOCIATION

About ASBO International

Founded in 1910, the Association of School Business Officials International (ASBO) is a nonprofit organization dedicated to supporting school business professionals. Through professional development, certification, advocacy, and community, ASBO International equips its members with the tools and resources needed to lead the business and operational functions of school systems. The organization serves more than 11,000 members across the United States and Canada and collaborates with a network of affiliates reaching more than 20,000 additional professionals.

ASBO
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About This Survey

AASA and ASBO International conducted a survey from March 11 to April 8, 2026, to assess how rising healthcare costs are affecting school budgets and any impacts to students, staff, and educational programs and services. The survey was completed by 767 school superintendents and school business officials across 42 states. This is not nationally representative, but reflective of AASA's and ASBO International's membership.

Respondent profile:

Locality: 53% rural districts; 39% suburban districts; 8% urban districts.

Size/enrollment: 60% small districts (<2,500 students); 29% medium districts (2,500–9,999 students); 11% large districts (≥10,000 students).

Poverty/percentage of students eligible for free and reduced-price meals (FRPM): 14% high-poverty districts (FRPM > 75%); 27% mid-high poverty districts (FRPM = 51-75%); 36% mid-low poverty districts (FRPM = 26-50%); and 23% low-poverty districts (FRPM ≤ 25%).

Executive Summary

Healthcare costs have surged in the years following the COVID-19 pandemic, placing substantial financial pressure on U.S. public school systems. As school districts devote an increasingly larger share of their budgets to healthcare expenditures, fewer resources remain available for educational programs, educator salaries, instructional materials, facility improvements, and student services. Compounding this challenge, district leaders face significant constraints in redesigning employee health benefits to reduce costs while remaining competitive in recruiting and retaining a high-quality workforce. To better understand the scale and consequences of these pressures, AASA and ASBO International conducted a membership survey in Spring 2026. The resulting report, Rising Premiums, Falling Opportunities: The Budgetary Impact of Health Care Costs on School Districts, is the first national study of its kind examining how rising healthcare costs are affecting public school district budgets, staffing and operational decisions, and educational opportunities for students.

Key Findings

98%

Rising healthcare costs are affecting nearly every district.

Ninety-eight percent (98%) of district leaders surveyed reported that rising health care costs are having a measurable impact on their budgets.

Health insurance expenses consume a significant share of districts' operating budgets.

During the 2025–26 school district fiscal year, the vast majority of districts (92%) spent up to 30% of their general fund on employee insurance benefits.

Prescription drugs and high-cost treatments are driving up costs.

District leaders identified increasing prescription drug costs (60%), more claims for expensive treatments (56%), and increased utilization of high-cost specialty drugs such as GLP-1s (56%) as the leading causes for rising health insurance premiums.

Districts are making painful tradeoffs to manage rising costs, even as employee benefits continue to erode.

The most common strategies districts reported using to navigate increasing healthcare costs was tapping reserves or "rainy day" funds to cover premium increases (52%), followed by modifying employee benefits packages (46%), delaying hiring new staff (34%), reducing spending or delaying upgrades for instructional materials and technology (31%), and offering less generous health insurance plans for individuals and families (28%).

- **Tapping reserves/ rainy day funds**
- **Modifying benefit packages**
- **Delaying hiring new staff**

Rising healthcare costs are crowding out important investments that support student learning and success.

District reserves are not designed to subsidize recurring and escalating expenses such as healthcare obligations, raising concerns about long-term financial sustainability. Schools require strong, stable, and predictable local, state, and federal funding to manage rising costs without undermining educational opportunities for students.

RISING PREMIUMS FALLING OPPORTUNITIES

The Budgetary Impact of Healthcare Costs on School Districts

Introduction

Healthcare costs have risen sharply in the years following the COVID-19 pandemic, driven by increased demand for services, high-cost treatments and prescription drugs, rising labor and supply costs, and broader demographic pressures brought on by an aging population. These trends are straining budgets for employers, governments, and families across the country. School districts are not immune to these cost pressures either. However, unlike many private-sector employers—which have greater flexibility to redesign benefits packages, shift costs onto employees, or change insurance providers—school districts operate within a more constrained environment, for several reasons.

For most, if not all school districts, health benefits are a mandatory subject of collective bargaining. District employers may be contractually obligated to maintain specific health benefits packages or structures, even as insurance premiums increase. These obligations limit a district's ability to quickly adjust plans, shift costs, or reallocate resources without reopening negotiations, which can be complex and require significant time, effort, and resources. Second, some districts also participate in state-administered insurance systems that limit local control over plan design and provider options, prohibiting districts from tailoring benefits, changing providers, or otherwise responding to cost pressures in ways that private sector employers can.

At the same time, school districts have historically offered comprehensive benefits packages, including "Platinum" or "Gold" insurance plans with higher employer contributions to employee premiums, lower annual deductibles, and fewer out-of-pocket costs. These benefits play a central role in recruiting, retaining, and supporting a stable, high-quality educator workforce. As districts continue to face labor shortages, competitive benefits remain essential to maintain high-quality staff. However, this leaves districts in a difficult position: healthcare costs continue to rise and increase budgetary pressure on schools while district leaders have limited ability to reduce benefits without affecting workforce morale, retention, and sustainability.

Students rely on high-quality, dedicated educators to learn and succeed, and educators depend on adequate compensation to enable them to serve in a demanding profession. At the same time, district leaders are working to address post-pandemic learning gaps, expand student supports, and provide engaging academic programs. These priorities all require a stable, high-quality workforce. However, as healthcare costs continue to rise, districts are forced to make difficult budgeting decisions while still seeing employee benefits erode.

For several years, AASA and ASBO members have raised concerns about the unsustainable growth in healthcare costs. Rising insurance premiums are forcing districts into difficult tradeoffs that threaten workforce stability and the quality of educational programs offered to students. To better understand the scale and consequences of this crisis, AASA and ASBO conducted a membership-wide survey in March–April 2026 to examine the effects of insurance premium increases on district budgets, staffing, operations, and educational programs and services.

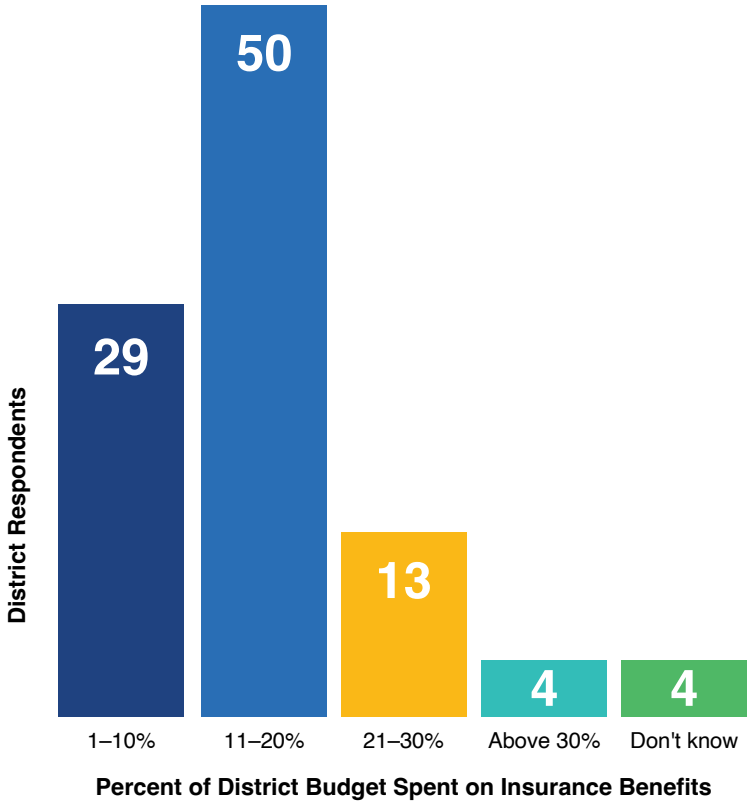
Quantifying Increased Healthcare Costs

School district funding is derived from a mix of local, state, and federal sources, with state and local governments providing the vast majority of support. While the exact distribution varies by state and district, national averages are fairly consistent; local and state revenues each account for roughly 40–45% of total K–12 education funding, while federal funding makes up approximately 10%.

To establish a baseline for district healthcare expenditures, survey respondents were asked to identify the portion of their general fund[1] (current operating budget) dedicated to employee insurance benefits, including medical, dental, and vision coverage. The survey found that for the 2025–26 school district fiscal year (FY), the vast majority of districts (92%) are spending up to 30% of their operating budget on employee insurance benefits. Nearly four-fifths of respondents (79%) are spending up to 20% of their operating budget on insurance benefits, and half (50%) are spending between 11–20% of their budget.

Insurance Benefits Consume Up to 30% of Most Districts' Budgets

For SY 2025-2026



Note: *Since not all school districts offer comprehensive benefits packages that include dental and vision care coverage, the remainder of the AASA/ASBO survey focused specifically on the budgetary impacts of providing employee medical insurance benefits. For readability and consistency, the rest of this report generally refers to employee medical insurance benefits simply as "health insurance."*

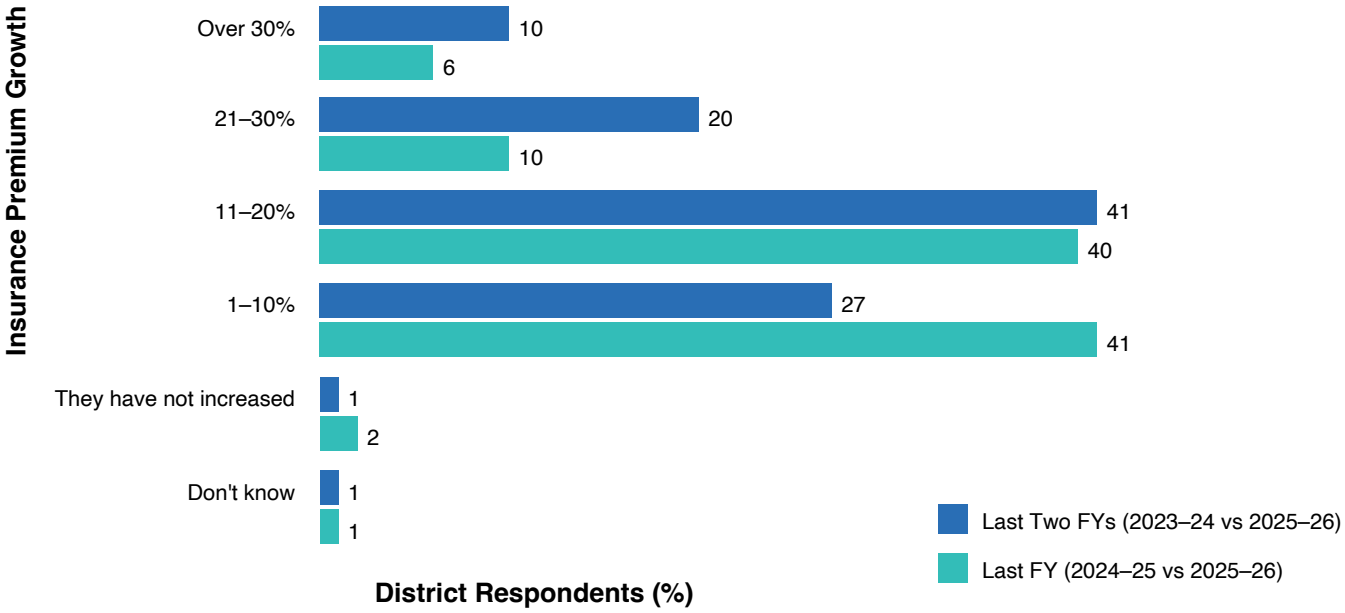
[1]The General Fund is the primary operating fund of a school district and supports its day-to-day educational and administrative activities. It includes both restricted and unrestricted funds and serves as the main source of funding for salaries and benefits, instructional materials, student services, utilities, insurance, and other routine operating expenses. Definitions vary by state and district, including the mix of local, state, and federal dollars in the fund. It is the chief operating fund for all financial resources of a district that are not accounted for in another fund (e.g., special revenue, capital projects, debt service, permanent, proprietary, agency, and others).

The AASA/ASBO survey also examined how employee health insurance premiums have shifted over the past two FYs. District leaders were asked to report how insurance premiums have changed in FY 2024–25 versus FY 2025–26, as well as FY 2023–24 compared to FY 2025–26.

Over the last fiscal year, 41% of respondents saw up to a 10% increase in health insurance premiums, and another 40% experienced a premium increase between 11–20% in the same period. Meanwhile, 16% of district leaders surveyed reported more than a 20% increase in health insurance premiums.

School District Health Insurance Premiums Skyrocket Over Two Years

Comparing FYs 2023–24 and 2024–25 to 2025–26



Looking over a two-year period (FY 2023–24 versus FY 2025–26), 27% of respondents reported up to a 10% increase in health insurance premiums, while 41% said health insurance premiums increased between 11–20%. More than one-quarter of respondents (30%) said premiums increased by more than 20% over the last two FYs.

More than one in four districts have experienced premium increases of over 20% in the last two years.

When asked to pinpoint the reasons for the rise in health insurance premiums, district leaders pointed to several leading causes. The first was increasing costs of prescription drugs (60%) followed by more claims for expensive treatments (56%) and increasing utilization of high-cost specialty drugs (56%). District leaders also cited higher utilization of medical services overall (52%) and rising health provider fees (44%). Other, less common reasons for premium increases included higher projected trend costs from actuaries (25%), an increasing utilization of mental health services (16%), reinsurance or stop-loss[2] insurance premium increases (16%), a lack of insurance providers (11%), and less favorable provider terms and network discounts (11%).

Six out of ten district leaders say prescription drugs were the main reason for their healthcare plan's cost increase.

Big Picture Impacts

The AASA/ASBO survey found that rising health care costs are having a negative budgetary impact on 98% of respondents across districts of all sizes, locales, and poverty rates.

When asked to describe the severity of these pressures, only 2% of district leaders reported no measurable impact, while just 12% said the costs were manageable. Meanwhile, 47% of district leaders shared that increasing health care costs required reallocating funds and resources—and this was the most frequent response for rural districts in particular. Fifteen percent of respondents said that high health care costs have already resulted in unfortunate tradeoffs, forcing districts to cut programs and services. One in five districts (20%) said rising healthcare costs were creating significant structural deficits. Urban district leaders reported deficit concerns more frequently than their suburban and rural peers. Overall, the findings point to a widening gap between available district resources and mandatory healthcare obligations, raising significant concerns about the long-term financial sustainability of school systems if district revenues continue to lag behind rising costs.

98%

District leaders who say that rising health care costs have made a measurable impact on their budgets.

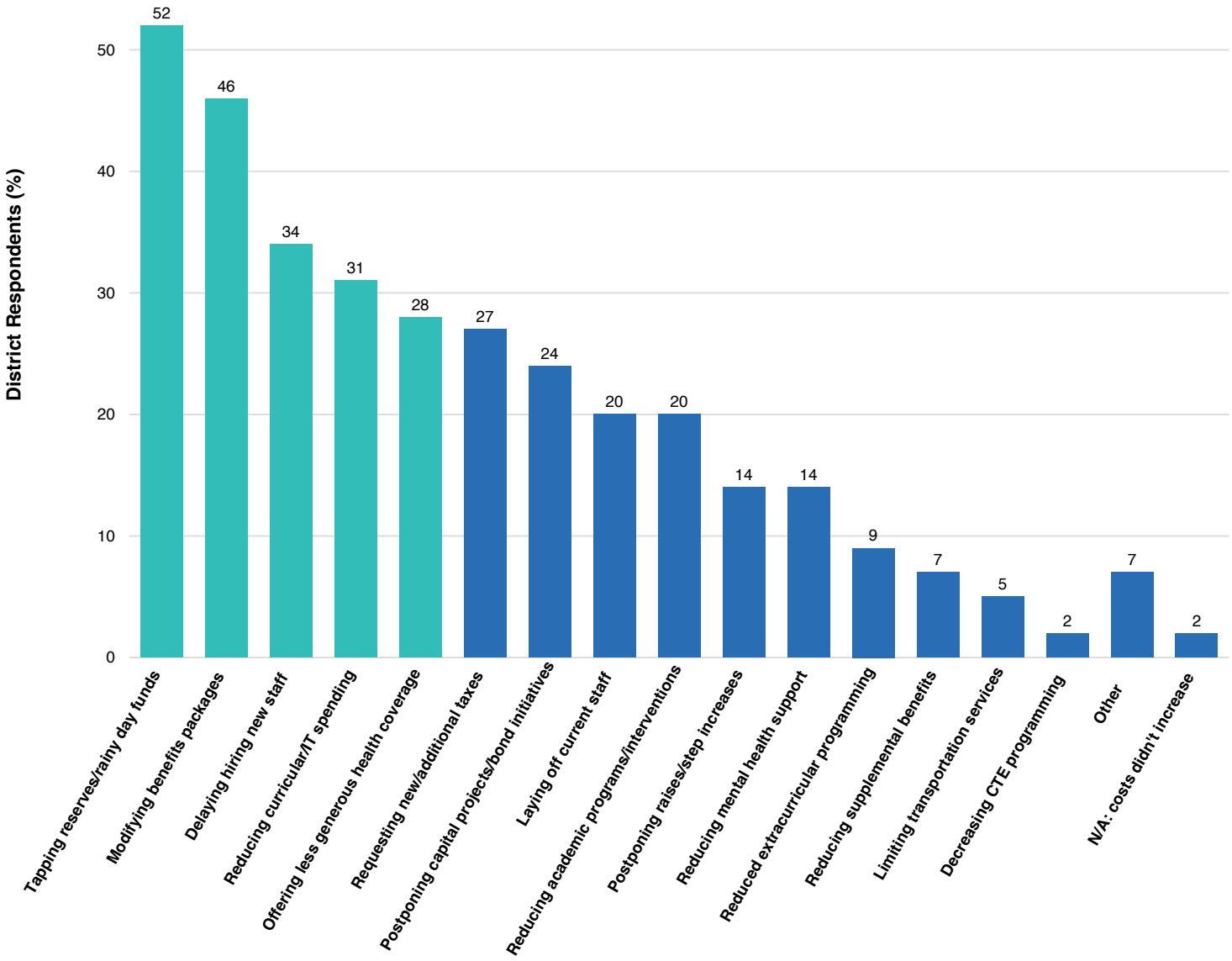
[2] Reinsurance and stop-loss insurance are forms of financial protection used by some insurance providers, statewide or public-sector health trusts, and school districts that self-fund their employee benefits plans to transfer a portion of their healthcare claims risk to a third-party insurer in exchange for a premium. These arrangements can help reduce financial risk and protect against exceptionally large or catastrophic claims.

Schools Struggle to Meet Rising Costs

When asked what tradeoffs school district leaders are having to make to navigate increasing healthcare costs, the top answer was tapping reserves, fund balances, or rainy day funds to cover premium increases (52%). Other common tradeoffs were modifying benefits packages (46%), delaying hiring staff (34%), reducing spending or delaying upgrades for instructional materials and technology (31%), and offering less generous health insurance plans for individuals and families (28%).

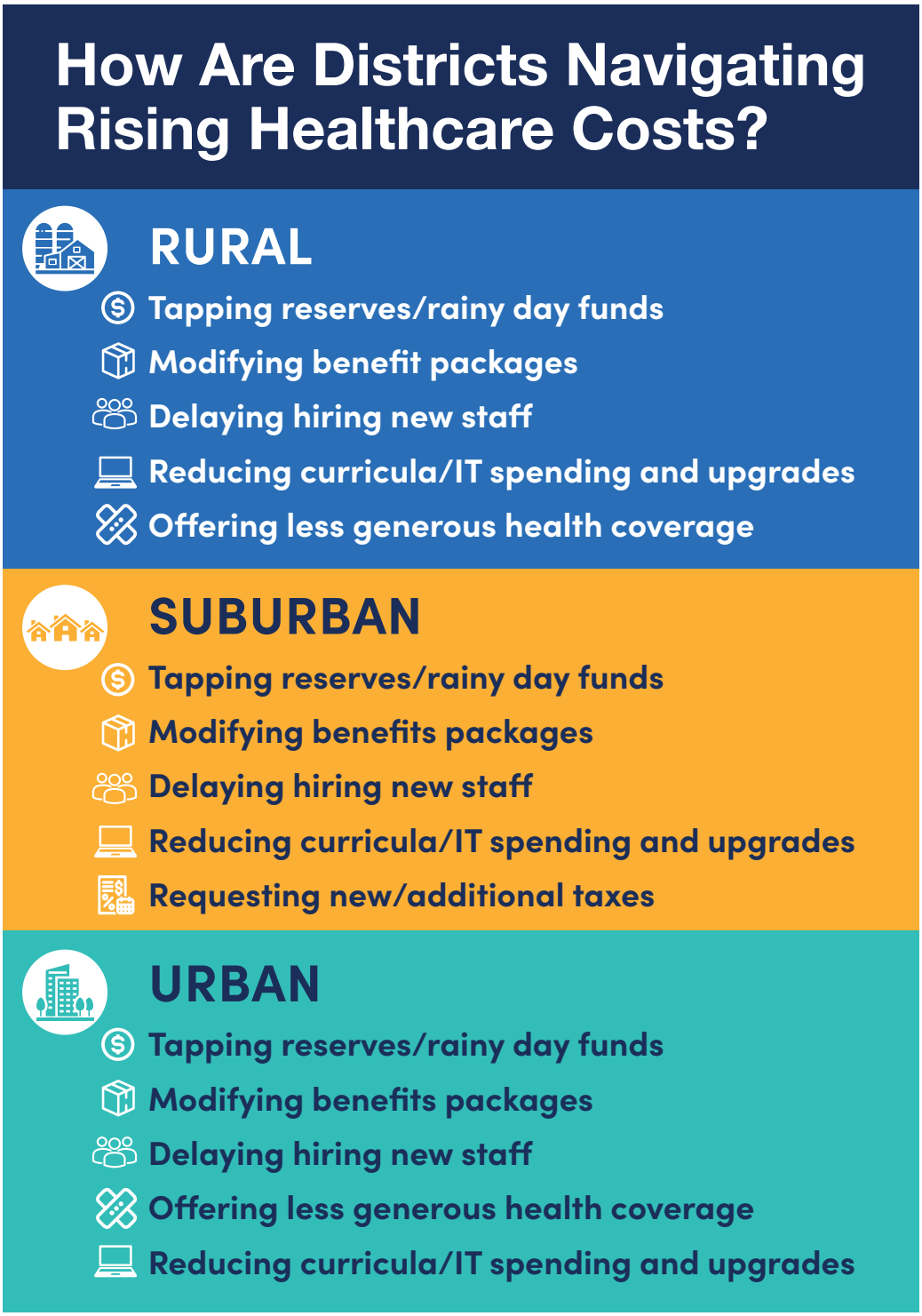
> **We are facing a massive deficit due to the increased cost of health insurance. Every line item in our budget needs to be examined and student activities and programming may be cut to pay for the increase. The current increases to healthcare are not sustainable.**
>
> PENNSYLVANIA

Rising Healthcare Costs Force Difficult District Decisions



There were small but notable differences in how districts are navigating rising healthcare costs based on locale. Across all district respondents, the most common strategies were tapping reserves, modifying benefits packages, and delaying hiring new staff. However, districts differed in the tradeoffs they pursued after those initial measures.

Urban district respondents were more likely to report offering less generous health insurance coverage for employees' families before reducing spending on instructional materials and technology upgrades. In contrast, rural and suburban districts more frequently chose to reduce or delay spending on instruction and technology upgrades before pursuing their next most common strategies: offering less generous health coverage and requesting additional local taxes to offset costs, respectively.



① Drawing Down Reserves

More than half (52%) of respondents reported tapping reserves, fund balances, or "rainy day" funds to cover healthcare premium increases, making it the most common strategy districts identified for managing rising healthcare costs. This trend raises significant concerns about long-term financial sustainability for districts. School district reserves are generally intended to help manage temporary financial disruptions, cash flow needs, emergencies, unexpected revenue losses, or one-time operational and capital expenses—such as facility repairs, equipment replacements, technology and infrastructure upgrades, new curriculum adoption, or other non-recurring investments that support school operations and student services. Ideally, reserve balances are maintained at healthy levels, often based on a percentage of expenditures or number of days' cash on hand, so districts can respond quickly to emergencies or unforeseen costs without disrupting educational services.

> **We would have invested the money in funding expensive maintenance to our buildings. We are getting crushed in the short term, and it's only going to get worse long-term as we have to delay facilities projects for buildings that are aging and require that we pay prevailing wage.**
>
> **NEW JERSEY**

> **These reserve accounts have been used for deferred maintenance and recurring capital expenses that support maintaining safe buildings, maintaining appropriate technology, and maintaining infrastructure to support secure buildings and networks. Diverting funds to account for rising healthcare costs is slowing down maintenance and replacement cycles, placing districts in a difficult position where they have to choose between buildings, equipment, and safety. If these dramatic increases continue, there is nowhere else to cut.**
>
> **MASSACHUSETTS**

However, reserves are not designed to subsidize recurring and escalating expenses such as employee healthcare costs. Unlike emergency facility repairs or one-time equipment replacements, health insurance premiums are recurring obligations that increase annually. Reliance on reserves to regularly offset healthcare costs is unsustainable and may signal broader structural deficit concerns. Yet many districts have few alternatives as they face increasing budgetary pressure from inflation, declining enrollment, and local, state, and federal revenues that are not keeping pace with growing student and staff needs. As reserves are depleted, districts face more difficult tradeoffs as healthcare costs crowd out other spending priorities. In practice, this often results in deferred facility maintenance, delayed curriculum and technology upgrades, postponed equipment replacement cycles, staffing reductions or hiring delays, and fewer resources available for new academic initiatives and student supports.

② Modifying Benefits Packages

The second most common strategy to navigate rising healthcare costs was modifying employee benefits packages, with 46% of respondents selecting this option. Respondents from higher-poverty districts were more likely than lower-poverty districts to modify benefits packages, as were rural and suburban districts compared to urban districts. These findings suggest that higher-poverty rural and suburban districts face greater pressure to shift rising healthcare costs onto employees through plan design changes. It is important to note that this strategy is not equally available to all districts, as collective bargaining agreements often limit districts' ability to modify employee benefits.

> **Increasing health care costs have forced the district to pass on the increased premium to the employee, and is also limiting future pay increases to district staff.**
>
> 
>
> **MISSOURI**

When asked about the specific plan changes districts are making to account for rising costs, 40% of respondents said they were forced to offer plans with higher deductibles, 31% had to increase employee contributions to employee health care premiums, and 28% had to offer plans with higher co-pays. District leaders were generally more hesitant to reduce employer contributions to premiums (14%) or reduce the number of insurance plans offered (10%). Rural district respondents were more likely than suburban or urban districts to offer plans with higher deductibles and higher co-pays as cost-mitigation strategies. In contrast, urban district respondents were much more likely to increase the employee portion of health care premiums than their rural and suburban counterparts.

A substantial share of respondents (37%) offered "Other" answers for cost-mitigation strategies, including changes to prescription drug coverage (particularly GLP-1 medications), switching insurance providers or plans, modifying care networks, and other plan design adjustments. Given that more than half (56%) of respondents shared that an increasing usage of GLP-1s and other high-cost specialty drugs were driving up insurance premiums, changing prescription drug coverage makes sense as a common cost-mitigation strategy.

> 
>
> **GLP-1 drugs are killing us. If we did not need to spend so much on GLP-1s, we could have had a higher employee raise this coming year.**
>
> **OHIO**

③ Delaying Staffing Investments

The third most common strategy to navigate rising healthcare costs was delaying or avoiding hiring staff, which more than one in three districts (34%) selected. District leaders emphasized that rising costs are increasingly shaping staffing decisions, including whether districts can afford to fill vacant positions, add new positions, increase salaries and wages, and provide more comprehensive health benefits for employees and their families.

Respondents described a range of methods used to manage escalating healthcare costs, including reducing staff through attrition, converting select full-time positions to part-time roles, forgoing plans to rehire staff or hire new staff, eliminating non-instructional positions, and postponing salary increases. District leaders indicated that these staffing and compensation decisions are limiting their ability to expand curriculum offerings and student supports. Absent rising healthcare expenditures, those funds would have otherwise been directed toward staff (e.g., base salaries, steps, and/or column advancements), recruitment and retention programs, and additional student services.

> Our district was not able to hire full-time related service providers and rehire teachers because of the increase in health insurance premiums.

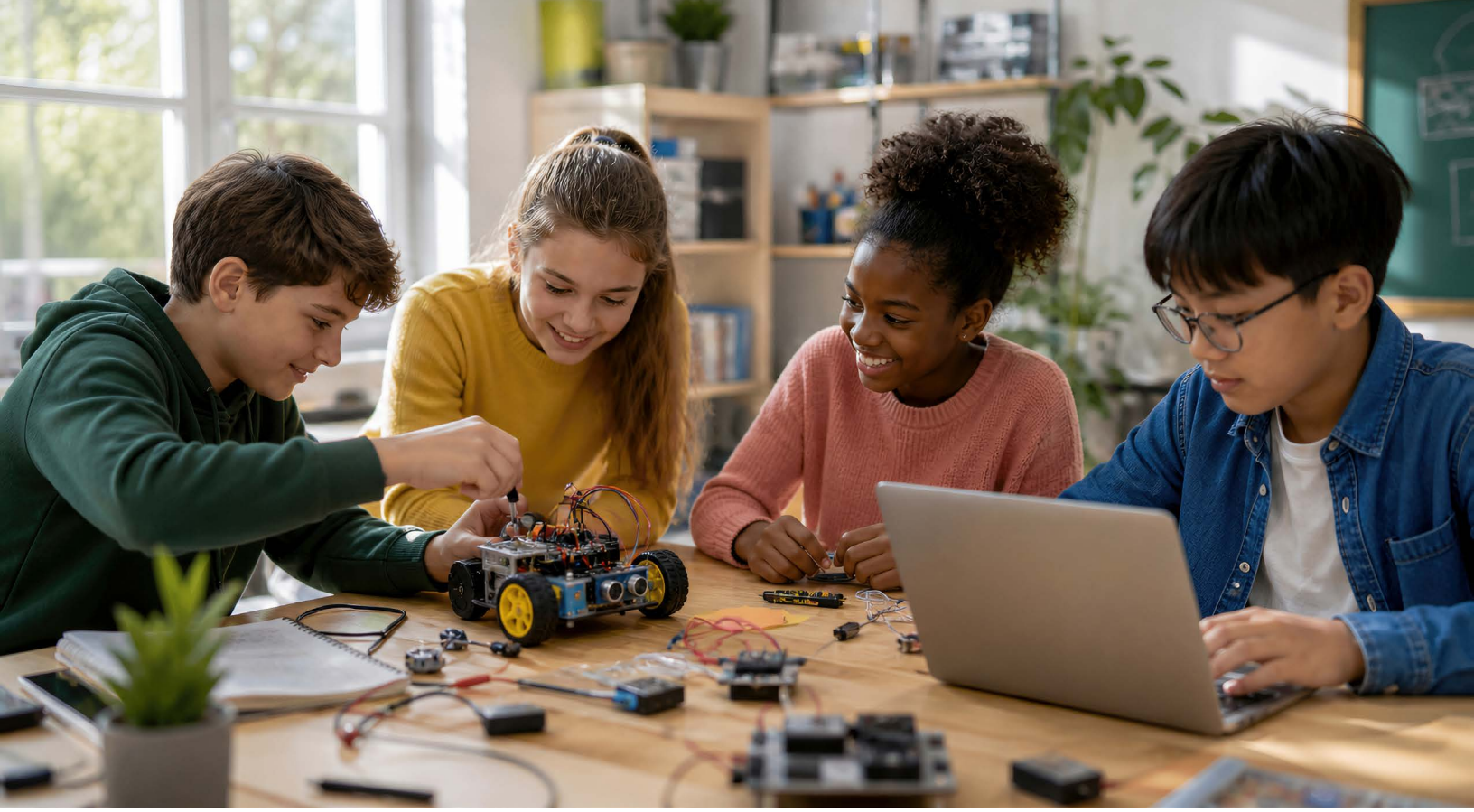
NEW YORK

> For next school year we have proposed only 'giving steps' to our employees without adding dollars to the salary schedule. If insurance costs would have been less, we would have looked to add a 1.5% increase to our salary schedules as well.

MISSOURI

> Without the burden of rising insurance premiums, we would strategically reallocate those funds into total compensation to drive competitive recruitment and promote long-term retention.

MISSOURI



④ Delaying Student Instructional and Technology Investments

Nearly one in three (31%) district leaders indicated that they have had to reduce spending on instructional materials or technology and delay updates and adoption cycles in response to rising healthcare costs. Respondents shared that if not for these expenses, those funds would have otherwise been directed to support classroom instruction, academic enrichment opportunities, and long-term education investments. District leaders shared that they have had to delay or scale back investments in instructional materials and technology, STEM and career and technical education (CTE) programs, special education, mental health services, school security, and early childhood learning initiatives in order to absorb rising healthcare costs.

> **We would have been able to deploy the funding from healthcare expenditures into building our early learning developmental center.**
>
> **ILLINOIS**

> **We would have been able to put these funds directly into the classroom in the form of additional curricular purchases, instructional technology, and enhancements to our STEM lab.**
>
> **MICHIGAN**

⑤ Scaling Back Coverage for Employees and Families

More than one-quarter of district respondents (28%) said they had to offer less generous health insurance plans for employees' families due to rising healthcare costs. District leaders expressed affordability concerns regarding family health insurance coverage, noting that the long-term costs of providing comprehensive family benefits were increasingly influencing staffing and compensation decisions. Family health insurance premiums were also growing at such a pace that they were rivaling or exceeding annual staff salaries.

> **We have done a simplified analysis based on CT school districts and at current trends, insurance costs will overcome salaries within the next 15 years. For some of our employees that has already happened, with plan costs being higher than annual salaries.**
>
> **CONNECTICUT**

> **Health insurance is the number two line item in the budget and it is also the fastest growing line item. We are on track with rising medical costs that our family premium total amount... will be higher than our starting teacher wages in two years.**
>
> **WISCONSIN**

The AASA/ASBO survey found that nearly one in five (19%) district leaders said their school district covers 100% of employee health insurance premiums for individual plans, and 76% of respondents said their district covers at least half (50–99%) of employee individual plan premiums. Meanwhile, only 3% of respondents said their district covers the full premium for employee family insurance plans, while 73% said the district covered at least half (50–99%) of their employees' family plan premiums. Only 5% of respondents cover less than half of employees' individual insurance plan premiums, while 24% cover less than half of employees' family insurance plan premiums.

> **The single greatest impact of rising healthcare costs is that we think twice about adding additional staff, not necessarily because of the salary alone, but because of the impact of providing health coverage, especially at the family level. We have reduced staffing via attrition despite experiencing the most significant rate of growth in Pennsylvania over the past 10 years.**
>
> **PENNSYLVANIA**

⑥ Seeking Tax Revenues to Offset Rising Costs

Although this report primarily focuses on the five top tradeoffs districts are making to navigate rising healthcare costs, the sixth most common strategy—seeking additional local tax revenues—was included because it emerged as a close follow-up and reflects the growing fiscal pressures districts are facing. More than one-fourth (27%) of district leaders reported requesting new or additional local taxes to offset expenses or avoid deeper operating budget cuts. This strategy was slightly more common among suburban district respondents than their urban and rural counterparts. Lower-poverty districts were more likely to choose this strategy than higher-poverty districts as well.

> "We were forced to ask for a 4.5% increase in our tax levy."
>
> NEW JERSEY

> "Referendum was the only option for us."
>
> WISCONSIN

District leaders expressed considerable discomfort about having to rely on local taxpayers to absorb rising healthcare costs. Respondents who resorted to this option indicated that tax increases, levies, or referendums were pursued only after districts had exhausted other cost-containment strategies. In many states, districts must obtain voter approval to raise taxes or levies for operating costs, making the process time- and resource-intensive; success is also highly dependent on local economic decisions and community support.

Recommendations

Rising health care costs are increasingly crowding out important local investments that support student learning and success. As school districts devote larger shares of their operating budgets to employee health care, fewer resources remain for hiring high-quality educators, instructional materials, student supports, technology investments, facility repairs, and other educational priorities. School districts require strong, sustainable, predictable funding at the federal, state, and local levels to navigate these challenging circumstances.

At the federal level, Congress can take meaningful steps to support school districts struggling to absorb rapidly increasing healthcare premiums. Robust, strategic investments in Title I and IDEA—the two largest federal K-12 education formula grant programs—can provide critical fiscal relief and help districts manage cost pressures without resorting to harmful measures such as cutting staff and student services, unsustainably drawing down limited reserves, or increasing local taxpayer burdens to maintain current employee benefits. When federal mandates from IDEA and Title I are adequately funded, districts are better positioned to reallocate local dollars toward their intended purposes and priorities: supporting students, strengthening instruction, and maintaining stable operations. While increasing federal funding alone will not eliminate the financial pressures created by rising healthcare costs, it can reduce the extent to which those expenses crowd out investments in classrooms and student services.

States can also play a critical role in helping school districts manage healthcare expenditures. Many states utilize school district risk pools or similar structures to provide employee health insurance coverage, which can help manage risk, improve bargaining power, and stabilize long-term costs when structured effectively. States should evaluate whether existing pools are adequately controlling costs, providing sufficient flexibility, and leveraging purchasing power to negotiate more competitive rates with healthcare and pharmaceutical providers. Where current systems are not functioning effectively, policymakers should explore reforms or modernization efforts that improve affordability and long-term sustainability.

In Montana, for example, legislation established a unified statewide health insurance trust for public school employees designed to strengthen collective purchasing power, improve negotiations with healthcare providers, and better stabilize costs associated with high-cost claims. Montana's approach established a statewide self-funded model to improve affordability, reduce financial volatility, and prioritize educator well-being. As healthcare costs continue to rise nationwide, states with existing school district insurance risk pools should evaluate whether those systems are effectively controlling costs, and where necessary, pursue reforms to modernize or restructure risk-sharing models. ***Read more about Montana's story here.***

States should also evaluate whether school funding formulas and local revenue policies adequately reflect the real costs for operating modern public school systems. As healthcare expenditures, labor costs, special education services, utilities, and other operating expenses continue to rise, state and local revenues are failing to keep pace with districts' actual financial obligations. States should periodically review school funding formulas to ensure education aid is adequate, responsive to changing economic conditions, and aligned with evolving district needs. Legislatures may also consider targeted or supplemental aid to help districts navigate extraordinary financial circumstances to avoid crowding out essential investments in education services and programs.

State and local policymakers should also examine local revenue limitations that may unintentionally exacerbate financial pressures on school districts. Levy caps, millage limits, reserve restrictions, and other constraints on local revenues limit districts' ability to quickly respond to rapidly increasing operating costs.

When insurance premiums and other expenses rise faster than the rate of inflation or revenue growth, districts can become trapped in a cycle of austerity—forced to defer maintenance, delay hiring, reduce programming, or scale back student services simply to sustain basic operations. Policymakers should retexamine these limitations and identify alternative revenue sources for education to ensure districts have sufficient flexibility to manage extraordinary cost pressures and unexpected financial disruptions while continuing to meet student needs.

Ultimately, the intersection of rising healthcare expenditures, declining revenues, and rigid funding structures is creating an increasingly precarious financial environment for school districts. Addressing these challenges requires a multi-pronged approach: the federal government must fulfill its longstanding funding commitments for IDEA and Title I; states must optimize healthcare risk-sharing systems, modernize school funding formulas, and work with local leaders to identify alternative revenues and reform fundraising policies to help districts manage rising operational costs. The growing financial pressures created by rising healthcare costs can no longer be ignored. Without additional funding, flexibility, and support, districts will increasingly be forced into unsustainable tradeoffs that strain school operations, undermine efforts to retain a high-quality education workforce, and weaken educational opportunities for all students.

> **Without the current burden of rising health benefit costs, we would have been able to maintain programs and staffing. To address this significant budget shortfall, staffing and programs will need to be cut. The board is considering a combination of shared services and concessions in school safety, education, and mental health services, which could include eliminating a school security officer, interventionists, and a school counselor, as well as reducing other staff to part-time positions. All of these options will ultimately have a negative impact on students and a community which the state classifies as a high-needs district.**
>
> **NEW JERSEY**

> **If healthcare costs were not escalating at their current pace, the district would have significantly greater flexibility to invest in expanding innovative educational initiatives, staff support, facility improvements, and other strategic priorities that directly benefit students and the community.**
>
> **PENNSYLVANIA**

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