

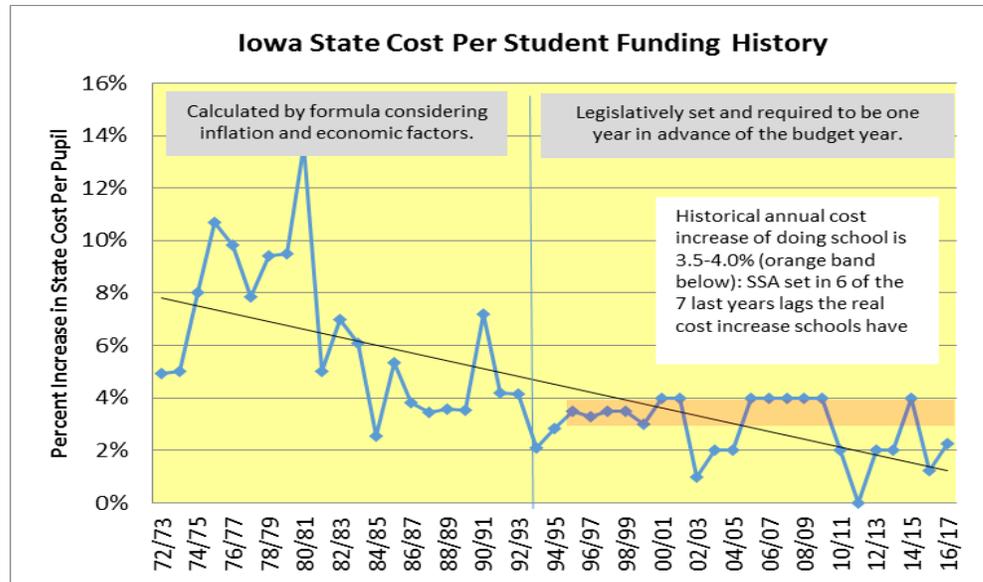
Issue Brief 2017

Funding Adequacy State Percent of Growth

The following chart shows the historical percentage increase in Iowa's state cost per pupil, previously known as Allowable Growth, now called State Supplemental Assistance, since the funding formula began in 1972-73:

There is a cumulative impact to low funding and several years with no time for planning.

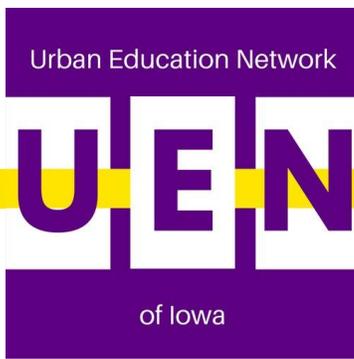
- In six of the last seven years, the increase in the cost per pupil has fallen short of cost increases school experience.
- In five of the last seven Sessions, the legislature did not set the growth rate in the year preceding the budget year, as required by law.



Iowa Code Section [257.8](#), subsection 1, requires: “The state percent of growth for each subsequent budget year shall be established by statute which shall be enacted within thirty days of the submission in the year preceding the base year of the governor’s budget under section 8.21.”

Current reality: School budgets are complicated. Annual cost increases include aging the salary schedule, salary negotiations, cost of employee benefits, insurance, busing (drivers, fuel), textbooks, utilities, professional development and staff training, paper and materials, library books, instructional software, science labs and equipment, staffing and materials for specific student programs (dropout prevention, at-risk, English-language learner, special education, CTE programs, etc.) Low funding impacts the weightings, or multipliers, assigned to students requiring special education services, English language learner supports, preschool costs, assessments and administrative leadership and support.

The funding percentage is also applied to class size/early intervention, teacher salary supplements and professional development supplements per student, and mostly recently include the new Teacher Leadership and Compensation (TLC) supplements, but those revenues are strictly regulated for specific purposes. Additionally, school transportation costs and unfunded mandates from the state and federal level are paid from the per pupil amount. When costs increase greater than funding, program and staff reductions follow.



Perception of State Funding Increases: Some metrics, such as the percent of the state budget dedicated to education, are used to demonstrate an increased commitment, but the commitment is illusive.

First, the general fund portion of the budget no longer includes tobacco and alcohol taxes, as it did 20 years ago. Second, the property tax portion of school funding has dropped from 50 percent in 1985, to 43 percent in 1990, to 39 percent in 1995 down to 33 percent in 2015. Some of the increases in state money have simply offset property taxes, not providing additional money for Iowa schools to spend on students.

A true apples-to-apples comparison is found if you consider what percent of total state resources are spent on education. The National Association of State Budget Officers (NASBO) [State Expenditure Report](#) analyzes all state expenditures excluding bonds (not just general fund.) In their analysis titled State Spending by Function, as a Percent of Total State Expenditures, Fiscal 2015, "Iowa Elementary and Secondary Education for FY 2015 was 16.3% of total state spending." That is below the national average of 19.3% for all states and further below the 19.6% average for the plain states region, in which Iowa is categorized.

Impact: Schools have been working very hard to deliver results for students. Iowa has seen slight growth in NAEP scores despite significant growth in poverty and ELL students. Iowa continues to rank first in the nation in graduation, with over 90% of our students graduating with their class in four years. Schools are committed to school improvement efforts, such as TLC, early literacy and STEM initiatives.

These efforts will be compromised if the basic foundation of school funding is not sustained. Schools in Iowa are experiencing an increasing number of teacher shortage content areas. There are not enough qualified applicants to fill jobs, generally indicating that the profession of teaching is being outpaced in the marketplace. Class sizes are going up, making the job even harder. Programs are being eliminated. Districts are offering fewer extracurricular and fine arts opportunities for students, especially in middle school, resulting in less opportunity and engagement for students. This trend will not only diminish the quality of Iowa's workforce but impact our state's future quality of life.

IEN calls on the Iowa Legislature to make a speedy decision on the state cost per pupil as the 2017 Legislature convenes and to set it high enough to begin to restore lost ground that has accumulated over several years. Additionally, the law requiring advanced determination of the cost per pupil should be followed, setting the rate for the 2018-19 school year. The future of Iowa's children is at stake.

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