**UEN 2021 Legislative Priority:
Adequate Education Funding**

**History:** There is a cumulative impact to low per pupil funding increases in Iowa over many years. This chart shows the historical percentage increase in Iowa’s state cost per pupil, previously called Allowable Growth, now State Supplemental Assistance, since the funding formula began in 1972-73:

**Current reality:** Annual cost increases have not been enough to pay for staff salaries sufficient to compete with the private sector, employee benefits, and all of the other costs of operating schools and meeting student needs. Low funding impacts the weightings, or multipliers, assigned to students with special education needs, English-language learner supports, college credit courses and preschool.

The SSA funding percentage is also applied to Teacher Salary, Professional Development, Teacher Leadership and Compensation (TLC) and the new Transportation Supplements. Although the transportation funds are for any general fund purpose (considered as reimbursement), other categorical funds are regulated for specific purposes. AEA special education and school improvement are also dependent on adequate increases in the per pupil amount. Unfunded mandates, both state and federal, are paid from this funding. When the costs of doing the business of school increase more than funding, program and staff reductions follow. Declining enrollment, which many urban districts face, whether through students moving or open enrolling out of the district, requires even further reduction.

**COVID-19:** The impact of a global pandemic has worsened the “summer slide,” especially for low-income students. The Iowa State Board of Education received FAST assessment data at their Nov. 18 early literacy workshop, showing the average regression in K-3 student achievement this fall at 11% below the achievement in the fall of 2019. For low-income students, the slide was 12%. Getting students back on track will require additional time and individual attention, both of which require staff. The need to socially distance and to replace retirees or hire long-term substitutes to fill in when staff come down with the virus or are in quarantine further stretch school resources. Without adequate funds, urban districts cannot pay a competitive wage and attract a qualified and diverse staff to our schools.

**Benchmarks/Economic Measures for Comparison:** When comparing the state cost per pupil to economic benchmarks and other states, Iowa school funding falls short. For example:

* The Gross Domestic Product (GDP) for Iowa grew 20% controlling for inflation, 2011 to 2017, compared to the state cost per pupil which grew 14% without controlling for inflation (means the gap is even larger.) <https://www.legis.iowa.gov/docs/publications/FTNO/966760.pdf>
* Expressing the state cost per pupil as a percentage of one billion GDP shows a disturbing trend. In the 1990s, the SCPP ranged between 52-44% of one billion GDP. In the 2000s, the SCPP ranged from 45-37% of one billion GDP. Since 2010, the SCPP has ranged from 37-34% of one billion GDP; the last four years show the lowest comparison in the formula’s history.
* Iowa Per Capita Personal Income increased 31.5%, 2010-2018 [https://fred.stlouisfed.org](https://fred.stlouisfed.org/)
* Historical Real Median Family Income for Iowa (controlling for inflation) increased by $6,440 or 9.8%, 2010-2017. <https://www.deptofnumbers.com/income/iowa/>

**Other State Comparisons:** First, from 2018 US Census data updated May 2020 <https://www.census.gov/data/tables/2018/econ/school-finances/secondary-education-finance.html>

* Iowa ranks 26th in per pupil public elementary and secondary school system revenue, which is $1,096 below the national average.
* Iowa ranks 22nd in state sources of revenue, (53.2% of total funding from state sources, compared to 46.7% USA average.) This is $395 higher per pupil than the national average, however Iowa’s local taxpayers contribute $1,284 per pupil less than the USA average. Iowa receives $178 per pupil less than the USA average in federal funding per pupil.
* Although Iowa per pupil spending on Salaries for Instruction is $126 above the national average, Iowa per pupil spending on employee benefits (pension and health insurance, etc.) is $460 per pupil below the national average, leaving Iowa’s total instructional spending at $199 below the national average. Iowa per pupil spending on School Administration is $42 below the national average.

A true apples-to-apples comparison shows what percent of total state resources are spent on education. The NASBO (National Association of State Budget Officers) annual [State Expenditure Report](https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/2019_State_Expenditure_Report-S.pdf) analyzes all state expenditures:

* In FY 2019, Iowa’s education expenditures were 16.5% of total state expenditures. Plains states averaged 20.2%. All states averaged 19.5%.
* Iowa ranks compared to all 50 states: in both FY18 and FY19, Iowa ranked 32nd in the percent of total state funds spent on elementary and secondary education.

**Impact:** 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 91.6% of our students graduating with their class in four years in the 2019 school year. Schools are committed to school improvement efforts, such as TLC, early literacy and STEM initiatives. The percent of students taking key courses increased across almost all curriculum areas, except physics, for the class of 2020 including: algebra II (81.2 percent of all students took at least one course), higher-level mathematics (48.6 percent), world languages (88.1 percent), chemistry (73.6 percent), physics (31.7 percent) and high-quality computer science (10.7 percent) *Source: Nov. 2020 Annual Condition of Education Report*.

These efforts will be compromised if the basic foundation of school funding is not sustained. There are not enough qualified applicants to fill jobs, generally indicating that school employment is being outpaced in the marketplace. Class sizes are going up. Programs are being eliminated. Districts are offering fewer extracurricular and fine arts opportunities for students, especially in middle school. SSA is the life-blood of urban schools. Increasing student needs over the last decade have outpaced funding increases, forcing tough decisions that impact students.

**Invest in Iowa’s Future:** Public schools educate a diverse workforce with the skills necessary to fuel our future. Adequate funding is required to:

* fulfill the goal of restoring Iowa’s first in the nation education status,
* deliver world-class learning results for all students,
* prepare creative, caring and motivated citizens,
* close learning gaps to support excellence in Iowa’s diverse economy,
* develop a world-class workforce to secure Iowa’s economic future, and
* recruit, retain and reward Iowa’s school staff and educators of today and the future.

The cost per pupil must be sufficient to fuel school districts and AEAs and must be set no lower than 3.75% for the 2022 school year to form a strong foundation for Iowa schools to educate all students.

A strong school finance system is based on the principles of primacy, adequacy, equity, and flexibility. Iowa’s investment in public education should mirror economic growth and make up for shortfalls when the economy is robust. UEN school leaders appreciate the continued commitment to 2.3% SSA and transportation/formula equity investments for the 2020-21 school year, even after COVID-19 began to negatively impact state revenues. As the economy rebounds, Iowa students depend on the state to increase investments in education to make up for learning loss and other expenditures associated with pandemic recovery not accounted for in prior years’ budgets. Iowa’s future depends on a stable and balanced tax policy that generates enough money to fund Iowa’s priority of educating our children.

A strong system requires a diversified revenue portfolio. New state resources must supplement, not supplant existing resources. Increased state funding for schools must increase spending authority rather than simply using the school aid formula as a vehicle for property tax relief. Iowa’s 31st in the nation ranking of local school funding as a percent of total education revenues demonstrates that our revenue portfolio is out of balance.