

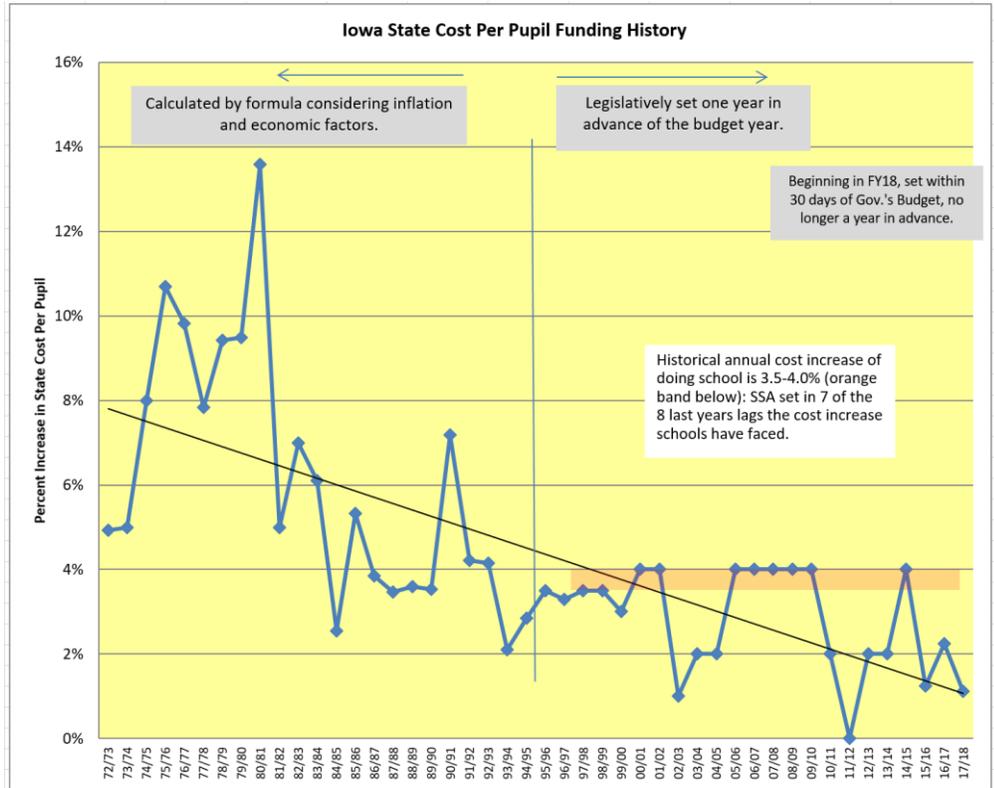
Issue Brief 2018  
**Funding Adequacy State Percent of Growth**

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:

There is a cumulative impact to low funding compounded by insufficient time for planning.

*In seven of the last eight years, the increase in the cost per pupil has fallen short of cost increases school experience.*

Historically, *Iowa Code* Section [257.8](#), subsection 1, required: "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." That was changed last year, so now the Legislature is required to set the SSA per pupil within 30 days of the Governor's budget submission (typically mid-February), but not in the prior year, effectively giving school districts just a few weeks' notice before their budget publication deadline.



**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, Talented and Gifted, 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. These funds 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. This year's increase in the employer share of IPERS is a good example. It is estimated an additional 0.6 increase in the SSA is required statewide to cover that cost.

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

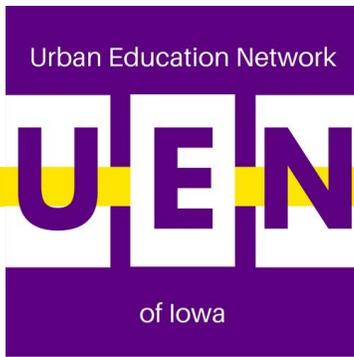
First, the general fund portion of the budget no longer includes tobacco and alcohol taxes, as it did 20 years ago. Second, the property tax portion of school funding has dropped from 50 percent in 1985, to 43 percent in 1990, to 39 percent in 1995 down to 33 percent in 2015. Some of the increases in state money have simply offset property taxes, not providing additional money for Iowa schools to spend on students. Other increases in the formula are shifts from what used to be grant funding (such as the per pupil supplements) into the formula. When evaluating Iowa's funding commitment to education, total funds, including both state and local monies, ought to be considered.

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 2016, "Iowa Elementary and Secondary Education for FY 2017 was 16.4% of total state spending."
- The plains states average (IA, KS, MN, MO, NE, ND, SD) for FY 2017 was 19.9% and the national average percentage of total expenditure for FY 2017 was 19.4%.
- Where Iowa ranks over time in the percent of all expended for Elementary and Secondary Education: FY 2015 Iowa ranked 33<sup>rd</sup>. In FY 2016, Iowa ranked 36<sup>th</sup>. In FY 2017 Iowa ranked 34<sup>th</sup>.
- Using the percentages in this report, UEN calculates it would take an additional \$839.7 Million for Iowa to reach the national average of 19.4% of all funds expended to elementary and secondary education (AKA \$1,731 per pupil)

**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 91% 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.



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This trend will not only diminish the quality of Iowa's workforce but impact our state's future quality of life.

UEN calls on the Iowa Legislature to **Invest in Iowa's Future:**  
Adequate funding is required to fulfill the goal of restoring Iowa's first in the nation education status. Adequate funding is required to deliver world-class learning results for students. Adequate funding is required to develop a world-class workforce to secure Iowa's economic future. Adequate funding is required to attract great thinkers to the field of education, to recruit, retain and reward Iowa's excellent educators of today and the future.

Iowa's investment in public education should mirror Iowa's economic growth and make up for shortfalls when the economy is robust. A strong school finance system requires commitment to the principles of primacy, adequacy, equity, and flexibility.

New resources from the state should supplement, not supplant existing resources.

Iowa's future depends on a stable and balanced state revenue policy that generates sufficient revenue to fund Iowa's priorities, including the education of Iowa's children.

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