**RSAI 2023 Legislative Priority:   
Adequate Education Resources**

**History:** This chart shows the historical percentage increase in Iowa’s state cost per pupil, called State Supplemental Assistance or SSA, since the funding formula began in 1972-73:

**Current reality:** Annual formula increases have not been enough to pay salaries and benefits to compete with the private sector, plus other costs of operating schools and meeting student needs. Few or no applicants at all, especially in rural districts, demonstrates the inability to compete for human capital in Iowa’s thriving economy. SSA impacts the weightings, or multipliers, assigned to students with special education needs, English-language learner supports, college credit courses and preschool, providing resources for student programs.

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. State and Federal unfunded mandates are paid from this funding. When school costs increase more than funding, program and staff reductions follow. Declining enrollment requires even further reduction. Growing enrollment demands additional staff and supports, both compromised by low SSA.

**Staff Shortages:** Schools are still striving to replace retirees or hire long-term substitutes when staff are ill or have not returned to teaching since the pandemic. Schools not benefitting much from federal pandemic funds based on the Title I formula still have additional costs and labor shortages. Districts with high poverty have additional educational needs. Without adequate funds, rural districts cannot pay a competitive wage and attract quality staff to our schools; this dynamic has intensified over the last decade. See the RSAI Staff Shortage position paper for additional data regarding staff shortages.

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

* The Gross Domestic Product (GDP) for Iowa grew 30.5%, controlling for inflation, 2011 to 2020, compared to the state cost per pupil, which grew 16.9% over the same period. <https://www.bea.gov/sites/default/files/2021-09/qgdpstate1021.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 six years show the lowest comparison in the formula’s history.
* Iowa Per Capita Personal Income increased 40%, 2010-2020, <https://fred.stlouisfed.org/> while the state cost per pupil increased 19% over the same decade.

**Other State Comparisons:** from 2019 US Census data, May 2021 <https://www.census.gov/data/tables/2019/econ/school-finances/secondary-education-finance.html>

* Iowa slipped to 30th in per pupil public elementary and secondary school system expenditures, which is $1,280 below the national average.
* Since 2014, Iowa elementary and secondary education spending has increased 11.6%, while the national average increase has been 19.9%. In the Midwest region, Nebraska is the only state outpaced by Iowa. Iowa ranks 40th nationally in the per pupil expenditure ***increase*** since 2014.
* [US Census data](http://www.census.gov/programs-surveys/school-finances.html) from May 2022 shows Iowa now $1,536 below the national average. Contrast this recent trend with Iowa’s early history. In the 70s, 80s, and 90s, Iowa schools spent more than the national average per pupil on education. [US Census data](https://nces.ed.gov/programs/digest/d21/tables/dt21_236.65.asp)
* Iowa still ranks 30th in the nation in per pupil expenditures FY 2020.

The State’s contribution to school funding is roughly 42% of the state general fund budget. As the state has taken on a bigger share of the formula, lowering property taxes, the 42% benchmark is no longer indicative of a commensurate increase in resources available for educating students. The State has also created other funds (Taxpayer Relief Fund or Healthy Iowans Trust Fund) and lowered taxes, both of which invalidate the benchmark as a meaningful indicator of adequate funding. For true apples-to-apples, compare all state resources spent on education. The NASBO (National Association of State Budget Officers) annual [State Expenditure Report](https://www.nasbo.org/reports-data/state-expenditure-report) shares this comparison:

* In FY 2021, Iowa’s education expenditures were 16.5% of total state expenditures. Plains states averaged 18.2%. All states averaged 18.9%.
* Iowa’s 2021 drop of 0.3% was not as steep as the national average decline as a percentage of total expenditures (reduction of 0.8%).
* Iowa’s formula has become increasingly state-funded, significantly more so than the national average.
* Iowa’s ability to maintain 16.6% in FY 2021 may have been due in most part to the property tax relief portion of the formula (property tax relief payment) and changes to the foundation threshold in the formula, which increased the relative state share of school funding in Iowa.

**Impact:** Efforts to educate students, prepare a qualified workforce, and deliver the excellent educational outcomes to which Iowans are accustomed 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 the profession of teaching 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 lifeblood of rural schools. Declining enrollment combined with low SSA means more rural schools will have to consolidate or face closure by the state.

**Adequate School Resources:** the increase in SSA provides the resources for Iowa schools to deliver an educational experience for students that meets the expectations of Iowa parents, communities, employers and policymakers. What schools can deliver is dependent on the level of funding provided, which begins with the 2023-24 school year and requires a consistent and sustainable commitment:

* **World Class Education:** An investment of at least 10% SSA ($741 per pupil, or $4.12 per day of 180 days of instruction) would position Iowa schools and AEAs to deliver a world-class education, lower class sizes, attract and retain qualified staff, increase and individualize internships and other workforce experiences for students, and provide programs to close achievement gaps. Iowa per pupil expenditures fall $1,536 short of the national average, which does not meet the standard of Iowa’s pride in our foundation of education, as shown on the Iowa state quarter. The 10% investment would be a down payment in closing Iowa’s lagging funding gap, unless other states commit even more to their students’ education.
* **Sustain Current Status:** An investment of at least 5% (*$371 per pupil, or $2.06 per day of 180 days of instruction*) would position school districts and AEAs to maintain current status with Iowa’s competitive economy, recovering *partially* from high inflation and increased student needs.
* **Continued Erosion:** An investment of 2.5% (*$185 per pupil, or $1.03 per day of 180 days of instruction*) will *partially* cover expected increased costs of the next fiscal year, including staff salaries and benefits, but will require schools to scale back, provide part-time librarians, counselors and nurses, shift some classes to on-line learning, or take other actions to squeeze more out of the current system in order to set a salary sufficient to retain existing staff (teachers, bus drivers, custodians, paraprofessionals) and provide a rounded course offering and programs.

Iowa’s school foundation formula must maintain balanced state and local resources, be predictable, and assure adequate time for budget planning and staffing.