

Legislative Update and Issues AEA Superintendents

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Margaret@iowaschoolfinance.com



Public School Funding

Adequate School Resources (RSAI Priority)

- The SSA increase 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 \$1,200 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.

Invest in Iowa's Future (UEN Priority)

- Fund Iowa's public schools at a level sufficient to deliver the quality education all Iowa students deserve and need to be successful. Adequate funding provides program options, delivery options and individual student place-based choice within their neighborhood public school. The goals of public education are to close achievement gaps, provide career exploration and work-based learning experiences, fine arts, and extra-curriculars to help students uncover their skills and passions. This quality education prepares all students for engaged citizenship, further postsecondary study and/or credentialed workforce participation.
- Adequate funding positions public schools to respond to needs deepened by the pandemic, do better for our most at-risk students, provide supports and enhancements for special needs and gifted students, provide more individualized attention and build better relationships via smaller class sizes, provide a more diverse, multi-lingual workforce, and hire and competitively compensate the dedicated teaching and support staff who nurture and challenge today's students, tomorrow's leaders. Iowans expect top-notch public schools with many programming choices for students.
- The funding level should demonstrate Iowa citizens' recognition that PK-12 Education drives family decisions for where to live, where to work and where to go to school in every community. Our high-quality public schools in Iowa provide our business community with a great recruitment and economic development tool.
- Iowa's funding formula includes meaningful and significant categorical funds which support teachers, school improvement and students. Adequate and timely SSA, at least meeting the inflation rate, is needed to deliver and sustain world-class educational opportunities for students. Funding should be set predictably, timely, sustainably and equitably. Continued progress on inequity within the formula is important. Districts must have adequate funding to address growing inflation and teacher and other staff shortages in Iowa's competitive employment economy.

HF 2317 Historic Tax Cuts

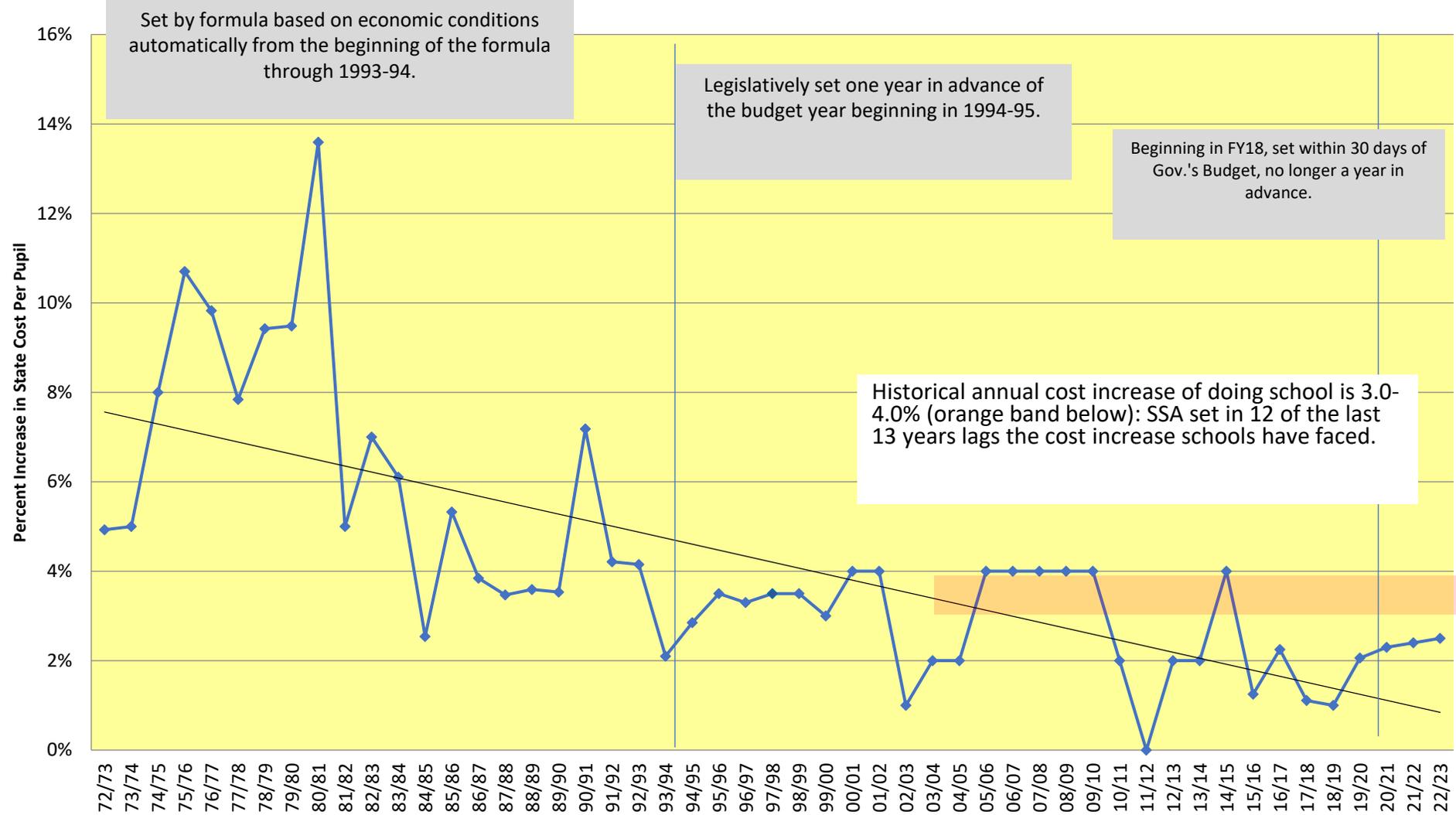
Historic Tax Cuts Enacted: HF 2317 was signed by the Governor on March 1. RSAI opposed the bill, which will reduce general fund revenue significantly, hindering the ability of the state to adequately fund schools and other essential state services. During the debate, there was strong difference of opinion, with the Republicans stating that these tax cuts will stimulate Iowa's economic growth and the Democrats stating that other states' experiences have not delivered such growth. This chart from the [LSA Fiscal Note](#) shows the total estimated reduction of taxes:

Figure 2

Projected Change in Tax Liability and State General Fund Revenue							
In Millions							
Division	Item	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
I	Qualified Stock Exemption	\$ 0.0	\$ -4.0	\$ -7.6	\$ -10.3	\$ -9.0	\$ -9.5
II	Farm Lease Income Exemption	0.0	-2.1	-2.0	-1.8	-1.5	-1.6
III	Farm Capital Gains Exemption	0.0	-7.2	-6.9	-6.1	-5.4	-5.7
IV and V	Tax Rate Reduction	-37.3	-135.7	-352.1	-948.2	-1,397.1	-1,413.4
VI	Retirement Income Exemption	-179.6	-353.3	-340.6	-359.8	-363.9	-376.4
IV, V, and VI	Rate Reduction and Exemption Interaction *	0.2	7.0	25.9	80.6	109.8	99.5
	Individual Income Tax Total	\$ -216.7	\$ -495.3	\$ -683.3	\$ -1,245.6	\$ -1,667.1	\$ -1,707.1
IX and X	Corporate Income Tax Rate Reduction	\$ -19.6	\$ -79.6	\$ -109.8	\$ -135.3	\$ -182.1	\$ -229.4
VII	Research Activities Tax Credit	\$ 0.0	\$ 13.1	\$ 23.7	\$ 30.0	\$ 36.6	\$ 44.8
VIII	Assistive Device Tax Credit	0.0	0.0	0.0	0.0	0.0	0.0
VIII	Historic Preservation Tax Credit	0.0	0.3	1.2	2.3	3.3	4.4
VIII	Redevelopment Tax Credit	0.0	0.0	0.0	0.0	0.0	0.1
VII	Research Activities Tax Credit (Supplemental)	0.0	0.0	0.0	0.1	0.1	0.2
VIII	Third-Party Developer Tax Credit	0.0	0.1	0.1	0.1	0.2	0.2
	Tax Credits Total	\$ 0.0	\$ 13.5	\$ 25.0	\$ 32.5	\$ 40.2	\$ 49.7
	Total Projected Change Compared to Current Law	\$ -236.3	\$ -561.4	\$ -768.1	\$ -1,348.4	\$ -1,809.0	\$ -1,886.8

* The tax reduction and retirement income components were estimated separately and in combination. This table presents the fiscal impacts separately, and the final line of the table adjusts for the interaction of the two tax reductions.

Iowa State Cost Per Pupil Funding History



Evidence that Funding is Not Keeping Pace

2019 US Census data, May 2021

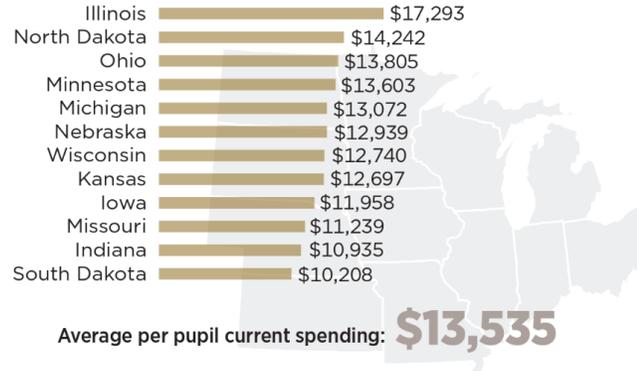
<https://www.census.gov/data/tables/2019/econ/school-finances/secondary-education-finance.html>

- **By the end of 2019, Iowa pupil public elementary and secondary school system expenditures slipped to \$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* from 2014 to 2019.**

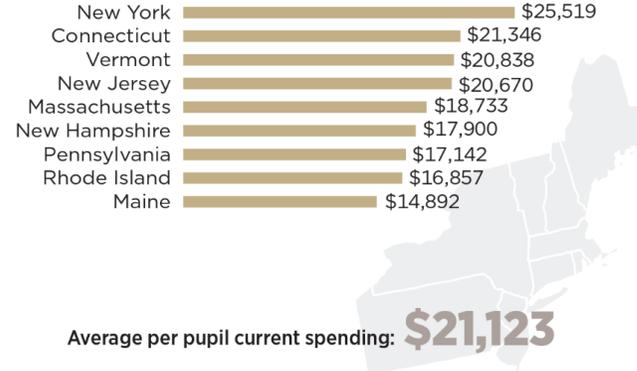
U.S. School System Current Spending Per Pupil by Region: Fiscal Year 2020

Nationwide Average: \$13,494

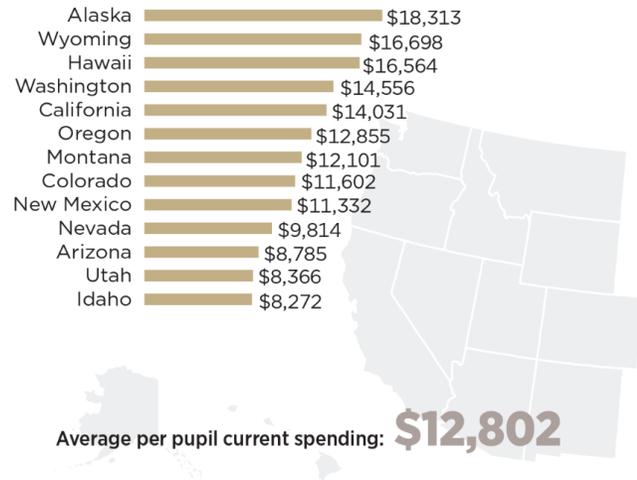
MIDWEST



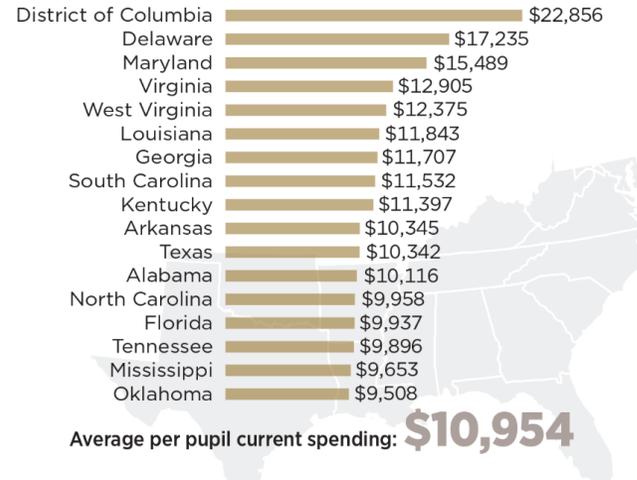
NORTHEAST



WEST



SOUTH



Note: Data include public pre-K through 12th grade systems.

The Gap widens.

US Census data from May 2022 shows Iowa now \$1,536 below the national average.

Iowa ranks 30th in the nation in per pupil expenditures.

NAEP Student Achievement

- National Assessment of Educational Progress Iowa Scale Scores and Difference from USA Average

Subject and Grade	1990 or 1992 Scale Score/	2019 Scale Score	2020 Scale Score
Math – 4	221 / +11.30	241 / +0.68	240 / +4.97
Reading – 4	225 / +10.66	221 / +1.06	218 / +1.91
Math – 8	278 / +16.22	282 / +0.68	277 / +4.00
Reading – 8	(Oldest data 2003) 268 / +6.33	262 / +0.33	260 / +0.66

In the 90s, schools could opt out of NAEP and Iowa was less diverse. Mostly level or higher scores despite doubling of poverty.

- Iowa's ranking: In the 90s, Iowa was in the top 10 of every measure. By 2019, Iowa is slightly above to right at the national average in most. 2020, post pandemic, other states slipped more than Iowa did.

https://www.nationsreportcard.gov/profiles/stateprofile/overview/IA?cti=PgTab_OT&chort=1&sub=MAT&sj=IA&fs=Grade&st=MN&year=2022R3&sg=Gender%3A%20Male%20vs.%20Female&sgv=Difference&ts=Single%20Year&tss=2022R3&sfj=NP

What has changed since the 80s despite demographics?

There are so many sources for the per pupil comparisons. One of the most credible is the National Center for Education statistics. These numbers come from what states report to the federal government.

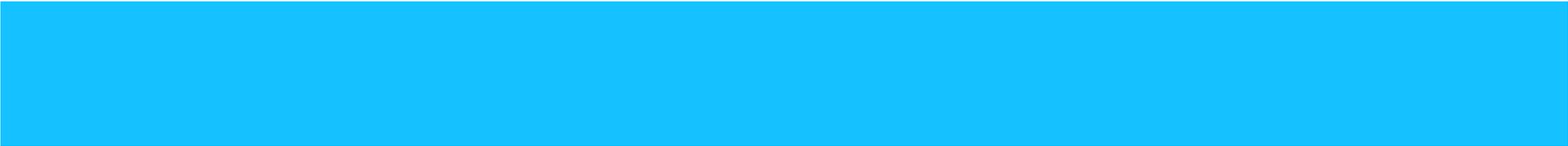
https://nces.ed.gov/programs/digest/d21/tables/dt21_236.65.asp

The differences between Iowa and USA total expenditures per pupil in fall enrollment have changed over time.

- **In the 1970s and 1980s, Iowa spent more per pupil than the national average.**
- By 1989-90, Iowa was \$453 below the national average.
- By 2018-19, that shortfall had grown to \$1,254.
- 2019-20 shows Iowa now \$1,536 below the national average.
- With continued low per pupil increases in the school funding formula in Iowa from 2021-2023, Iowa's expenditure shortfall per pupil is likely even greater.

What does the \$\$\$ buy?

- Staff, supports and programs proven to close achievement gaps so all students graduate prepared for their next adventure
- Sufficient compensation and benefits packages to attract diverse and expert talent so all student have great teachers, mentors, counselor, coaches and support.
- Music and art programs, extracurriculars, theater/speech/debate, career exploration/internships and college credit while in high school all help students find their passions and develop their skills. These programs, sometimes thought of as “extras” are primary to student engagement and success.
- Staff training, curriculum, software and instructional materials are all critical to improved instructional and student success.
- People: 80% of school general funds typically provide the staff, or human capital, to support and educate students. Fewer adults means increased class sizes, fewer course offerings/choices, less student engagement.
- Calculating Return on Investment: e.g., How many college credits or credentials were earned while in high school? How much did that save parents and college students? How much sooner was someone producing tax revenue at the state and local level?



Iowa Teacher Pay Gap

Gap between Iowa Average Teacher Salary and the National Average in 2019 is \$4,815 (in 1988, the gap was \$3,182). With significant teacher shortages across the nation, beginning teacher pay is also a critical comparison.

Figure 3-3

Average Salaries of Public School Teachers for Iowa and the Nation, 1987-1988, 1992-1993, 1997-1998 and 2007-2008 to 2019-2020

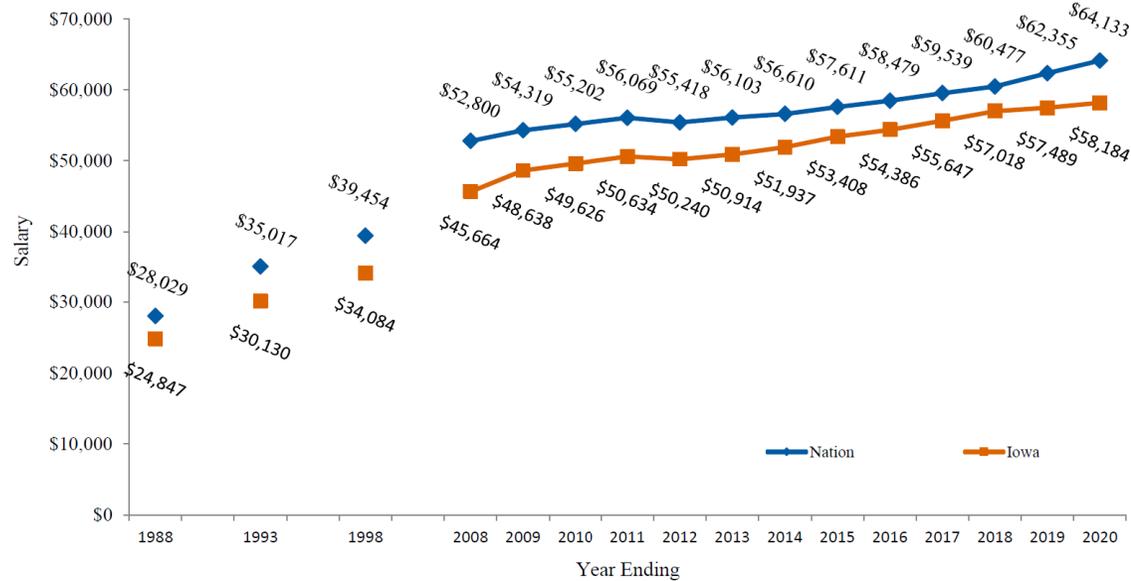


Chart from Iowa Condition of Education Annual Report

<https://educateiowa.gov/data-reporting/education-statistics/annual-condition-education-report-pk-12>

Source: National Education Association, Rankings and Estimates of School Statistics.

<https://www.nea.org/sites/default/files/2022-04/2022%20Rankings%20and%20Estimates%20Report.pdf>

	2018-19	2019-20	2020-21	2021-22 est'd
Iowa	\$ 57,489	\$ 58,184	\$ 58,831	\$ 59,262
USA	\$ 62,304	\$ 64,133	\$ 65,293	\$ 66,397
IA-USA	(\$4,815)	(\$5,949)	(\$6,462)	(\$7,135)

Average Annual Starting Salary by State, 2019–20

State	Average Annual Starting Teacher Salary	State	Average Annual Starting Teacher Salary
District of Columbia	\$56,313	South Dakota	\$39,636
New Jersey	\$53,177	Arizona	\$39,057
California	\$49,303	New Hampshire	\$38,990
Washington	\$49,113	Tennessee	\$38,809
Alaska	\$48,469	Florida	\$38,724
Hawaii	\$48,428	Wisconsin	\$38,678
Maryland	\$47,959	Georgia	\$38,509
Massachusetts	\$47,396	Kansas	\$38,314
New York	\$47,181	Oregon	\$38,280
Connecticut	\$46,905	Idaho	\$38,015
Wyoming	\$46,558	Oklahoma	\$37,992
Pennsylvania	\$46,232	West Virginia	\$37,978
Texas	\$44,582	Iowa	\$37,908
Rhode Island	\$43,569	Indiana	\$37,573
Delaware	\$43,092	Ohio	\$37,569
Utah	\$43,026	South Carolina	\$37,550
Virginia	\$42,069	Michigan	\$37,549
Louisiana	\$41,747	Kentucky	\$37,238
New Mexico	\$41,214	North Carolina	\$37,049
U.S. Average	\$41,163	Mississippi	\$36,543
Alabama	\$41,028	Maine	\$36,380
Nevada	\$40,732	Nebraska	\$35,820
Illinois	\$40,484	Colorado	\$35,292
Minnesota	\$40,310	Arkansas	\$35,201
Vermont	\$40,241	Missouri	\$32,970
North Dakota	\$40,106	Montana	\$32,871

In 2019-20, Iowa ranked 38 in beginning teacher pay.



<https://learningpolicyinstitute.org/product/understanding-teacher-compensation-state-by-state-analysis>

Note: Annual starting salary is defined as the salary paid to a teacher with a bachelor's degree and no prior experience. Annual starting salaries were collected by the National Education Association from district teacher salary schedules or district compensation plans. The national average is calculated as the average across districts. Annual starting salaries vary by district, so within states there are locales that offer starting salaries higher and lower than the state average.

Source: NEA 2019-2020 Teacher Salary Benchmark Report.

Table 3-11

Average Total Salaries of Iowa Full-Time Public School Teachers by Enrollment Category
2000-2001, 2019-2020 and 2020-2021

Enrollment Category	Average Total Salary			Percent Salary Change	
	2000-2001	2019-2020	2020-2021	2000-2001 to 2020-2021	2019-2020 to 2020-2021
<300	\$28,811	\$48,395	\$48,917	68.0%	1.1%
300-599	\$31,557	\$52,708	\$53,225	67.0%	1.0%
600-999	\$33,809	\$54,729	\$55,864	61.9%	2.1%
1,000-2,499	\$35,912	\$58,820	\$59,471	63.8%	1.1%
2,500-7,499	\$38,266	\$62,247	\$62,828	62.7%	0.9%
7,500+	\$40,452	\$64,915	\$65,313	60.5%	0.6%
AEA	\$36,196	\$68,500	\$68,607	89.2%	0.2%
State	\$36,479	\$60,050	\$60,656	64.6%	1.0%

Chart from Iowa
Condition of
Education Annual
Report
<https://educateiowa.gov/data-reporting/education-statistics/annual-condition-education-report-pk-12>

Source: Iowa Department of Education, Bureau of Information and Analysis, Basic Educational Data Survey, Staff files.

Notes: Includes AEA teachers.

Teacher figures for 2019-2020 and 2020-2021 represent average salaries for full-time public school staff with teaching position codes. There were approximately 6,000 full-time public staff in 2019-2020 and 2020-2021 with teaching position codes who also reported that they served in the capacity of administrator (superintendent, principal, etc.) and/or student support personnel (Curriculum Consultant, Teacher Leader, etc.). Average salaries for these staff include salaries for these additional responsibilities.

Table 3-1

 Characteristics of Iowa Full-Time Teachers 2000-2001, 2019-2020 and 2020-2021

Characteristics	Public			Nonpublic		
	2000-2001	2019-2020	2020-2021	2000-2001	2019-2020	2020-2021
Average Age	42.2	40.7	40.8	40.3	43.0	43.2
Percent Female	70.5%	76.1%	76.3%	80.3%	82.1%	81.1%
Percent Minority	1.8%	2.7%	2.8%	0.9%	3.0%	2.7%
Percent Advanced Degree	27.0%	37.5%	37.9%	13.1%	17.0%	18.1%
Average Total Experience	15.1	13.5	13.5	12.3	15.0	15.2
Average District/AEA Experience	11.9	10.3	10.3	8.8	10.7	11.0
Number of Teachers	33,610	37,567	38,022	2,437	1,680	1,562

Source: Iowa Department of Education, Bureau of Information and Analysis, Basic Educational Data Survey, Staff files.

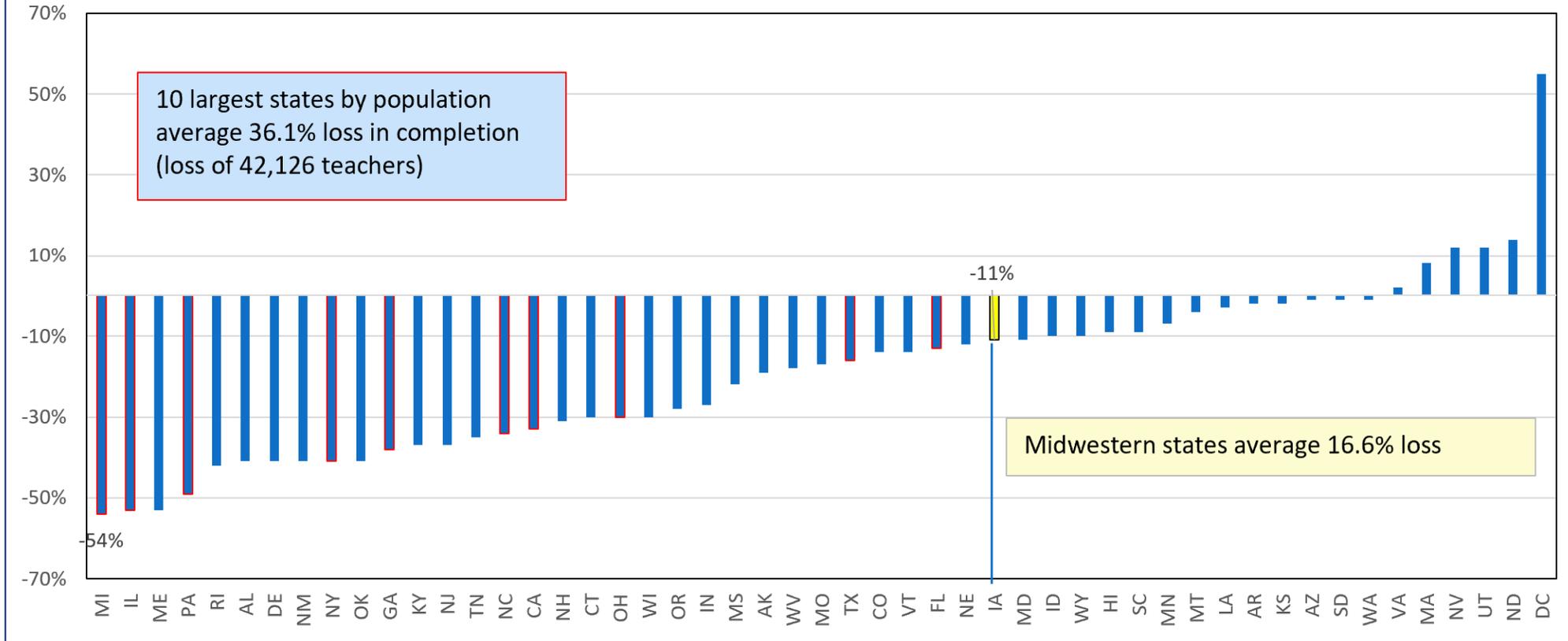
Note: State total 'Number of Teachers' includes AEA teachers.

Chart from Iowa Condition of Education Annual Report

<https://educateiowa.gov/data-reporting/education-statistics/annual-condition-education-report-pk-12>

Although minority students now make up 26.1% of the public-school K-12 enrollment, Iowa's full time teachers are only 2.8% minority.

Percent Change Teacher Prep Completion 2007-08 to 2016-17 by State



Pre-pandemic

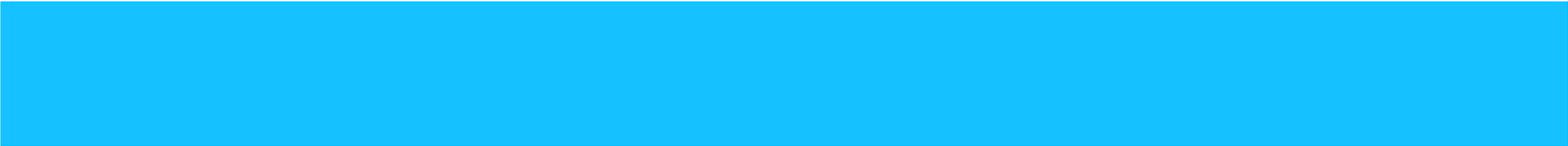
Data was Reported in **Teacher Retention and Recruitment: Shortages in Iowa/Nation, 50-state Comparison of Strategies**, [Education Commission of the States](#). ISFIS created the chart from the ECS tabular data.

Teacher Shortage

- Wage inflation and economic growth have outpaced school funding
- 80% of Iowa School budgets pay for staff
- Shortage is a result of many things, inadequate pay and negative media and political rhetoric about teachers among them. Some concerns about the pandemic or safety, too.
- Iowa school funding is based on enrollment: fewer students and/or low SSA has only two possible outcomes. Increase class size or continued lower pay compared to private sector.
- *If private schools expand, they will have to hire teachers from this limited pool.*

Staff Shortage Successes

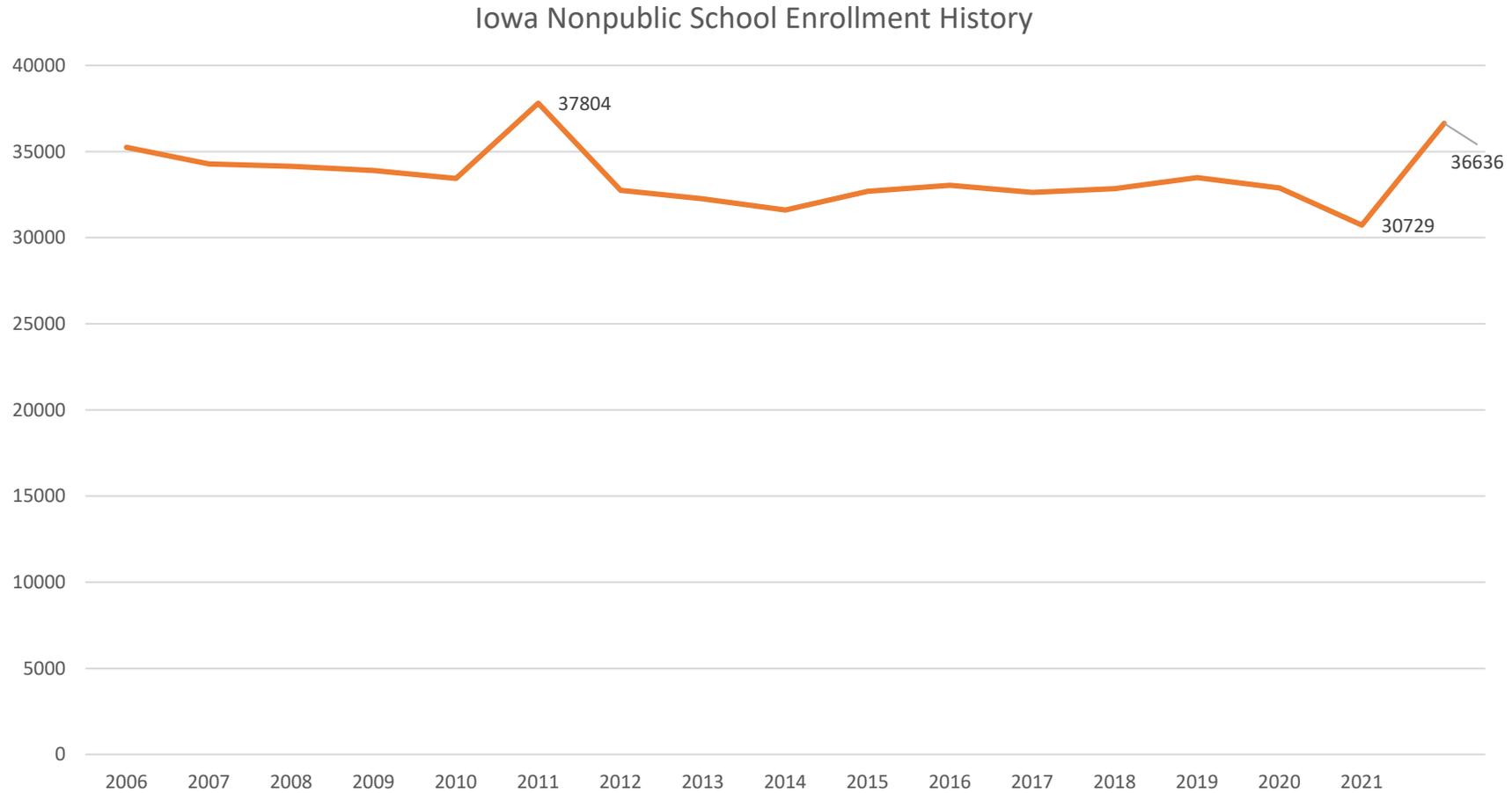
- **[HF 2081](#) PRAXIS:** eliminated the need for college graduates to pass the PRAXIS test to obtain an Iowa teaching license.
- **[HF 2165](#) Future Ready Workforce Scholarships:** allows part-time students to qualify for scholarship support in shortage areas (includes educators.)
- **[HF 2549](#) Mental Health Professional Loan Repayment Program:** establishes a fund for loan forgiveness. Requires recipients to work in Iowa for a minimum of years to qualify for loan repayment grants. \$520,000 was appropriated in the Education Appropriations bill HF 2575 to get the program started.
- **[SF 2266](#) IPERS Earnings Limits:** increases the income threshold of an under 65 IPERS benefits recipient employed by an IPERS employer from \$30,000 to \$50,000 without loss of IPERS income. Increases the conflict of interest threshold for a school board member who receives school district income from \$6,000 to \$20,000. (*Note: IPERS retirees still need to fulfill the bona fide retirement period of four months.*)
- **[SF 2383](#) Licensure Reciprocity in Governor's Workforce Omnibus Bill:** eliminates the requirement for a person with a license from another state to have one year of experience to get a reciprocal license.
- **Teacher and Paraeducator Registered Apprenticeship Program:** Governor Reynolds dedicated over \$45.6 million in awards across the state impacting 134 districts, paid for with American Rescue Plan Act funds – Coronavirus State and Local Fiscal Recovery Funds. RSAI worked with Cherokee CSD as lead school district to create opportunity for over 30 rural districts which individually lacked the minimum number of participants to qualify. Find out more on RSAI web site: <https://www.rsaia.org/tpra-pipeline-grant.html>



School Choice in Iowa

Existing Choice, Provisions of SF 2369 in 2022 Session, Examples
from Other States

Nonpublic School Enrollment



School Tuition Organization Tax Credit

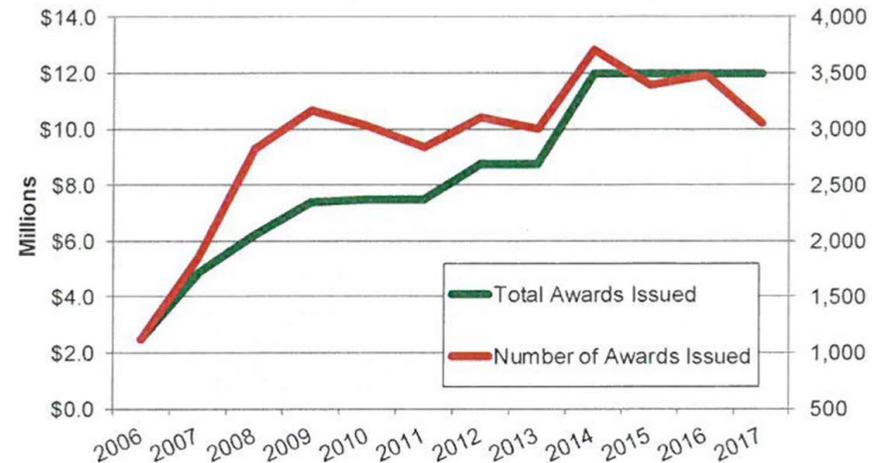
Tax Credit Description

A tax credit equal to 65 percent of a voluntary cash or non-cash contribution made to one of 12 School Tuition Organizations (STO) is available. Contributions are not deductible from Iowa taxable income. Enacted in 2006, total tax credit awards were capped at \$2.5 million; the cap was raised over the years to \$13 million effective in 2019. Credits are nonrefundable but any credit in excess of tax liability can be carried forward up to five tax years or until depleted. The STOs must use at least 90% of contributions to fund tuition grants for children in households with income up to 300 percent of the federal poverty guidelines (400 percent in 2019) to attend an accredited, nonpublic school in Iowa.

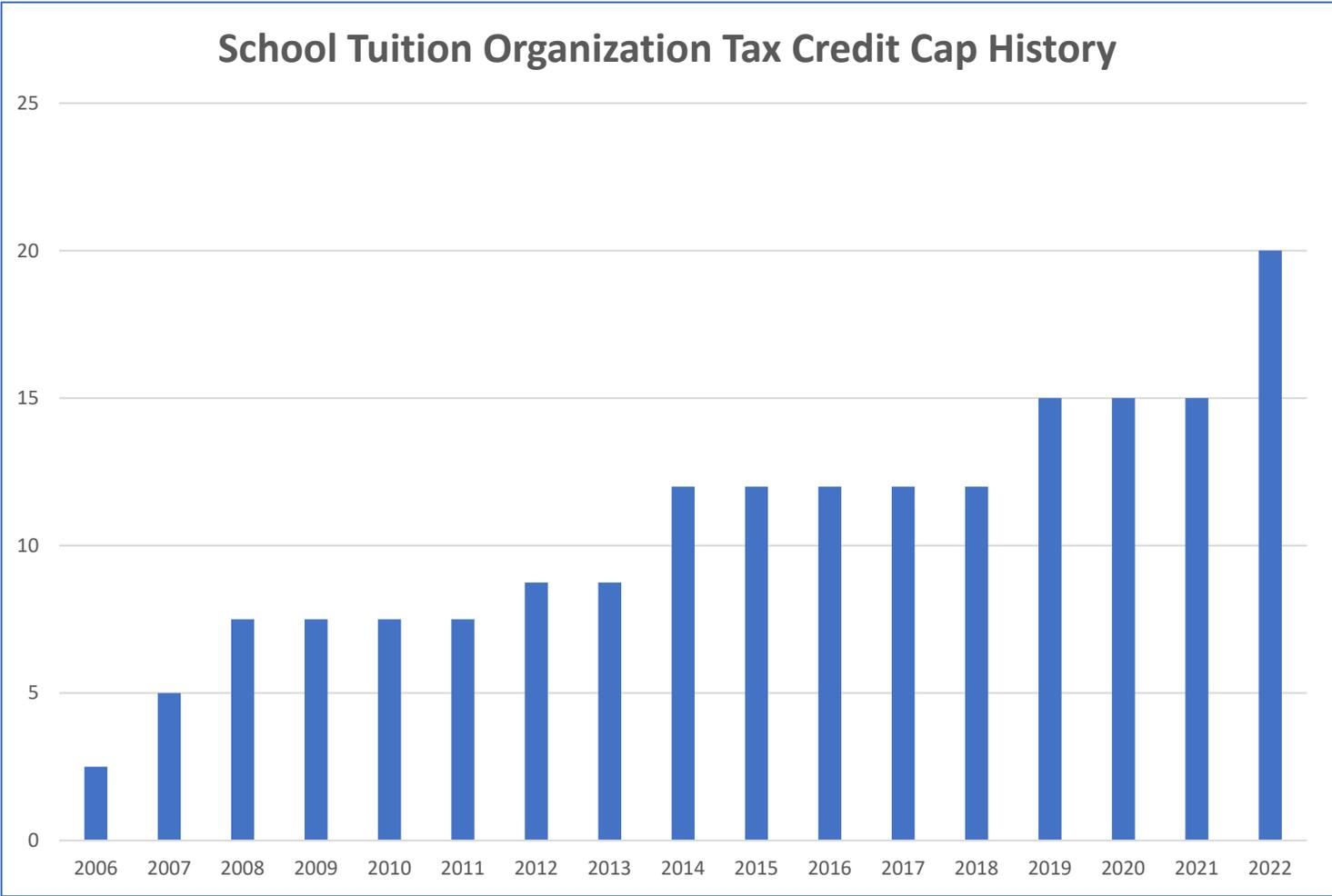
TY 2017 STO Fast Facts

- **\$18.5 Million in Total Contributions**
- **3,484 Tax Credit Awards Issued**
- **\$12.0 Million in Total Awards Issued**
- **10,771 Tuition Grants Issued**
- **\$17.0 Million in Tuition Grants Issued**

Tax Credit Award Statistics by Program Year



<https://www.legis.iowa.gov/docs/publications/SD/1023535.pdf>

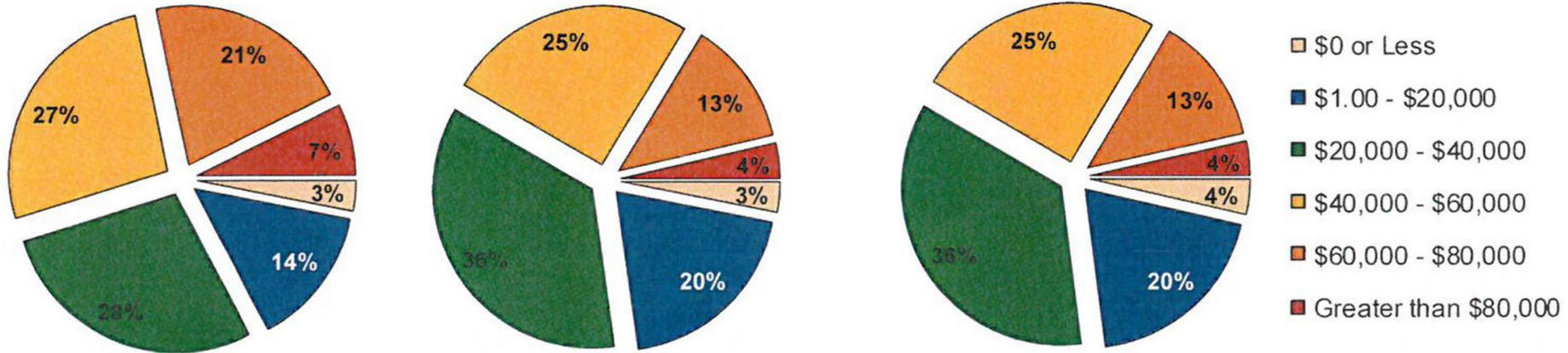


Distribution of Tuition Grants and Financial Aid Need by Family Income

Share of Tuition Grants

Share of Financial Aid Need

Share of Tuition Grant Amount



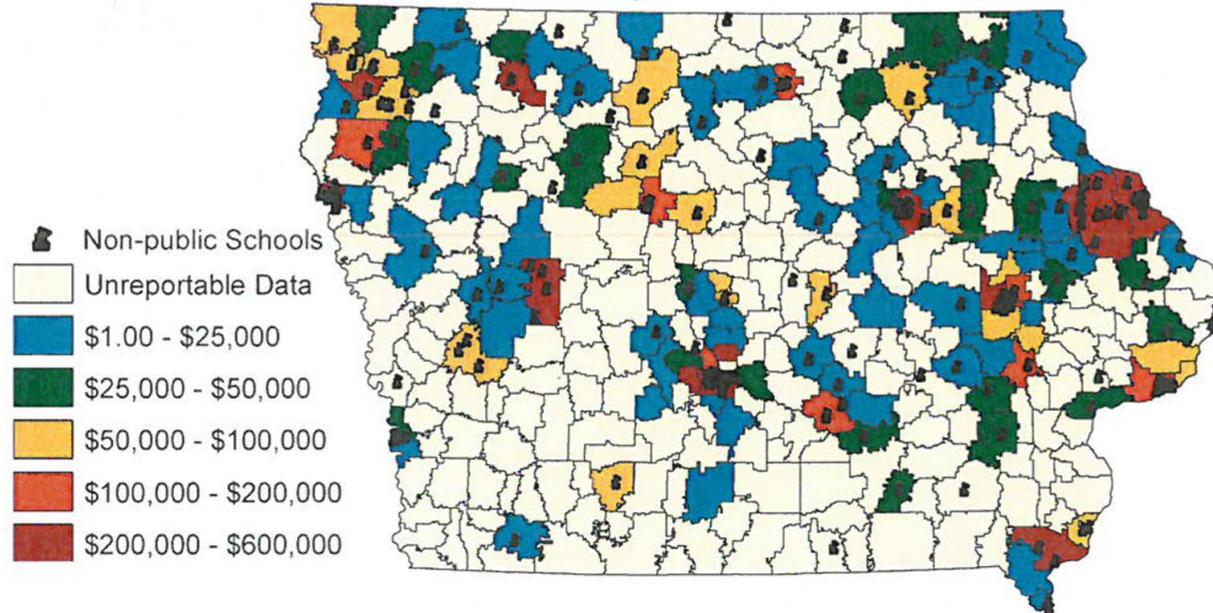
Source: Iowa Department of Revenue analysis of subset of Tuition Grant Data for School Year 2016-2017

Median Family
Income of Tuition Grant
Recipients, TY 2016

\$44,000



STO Tax Credit Awards by School District, TY 2017

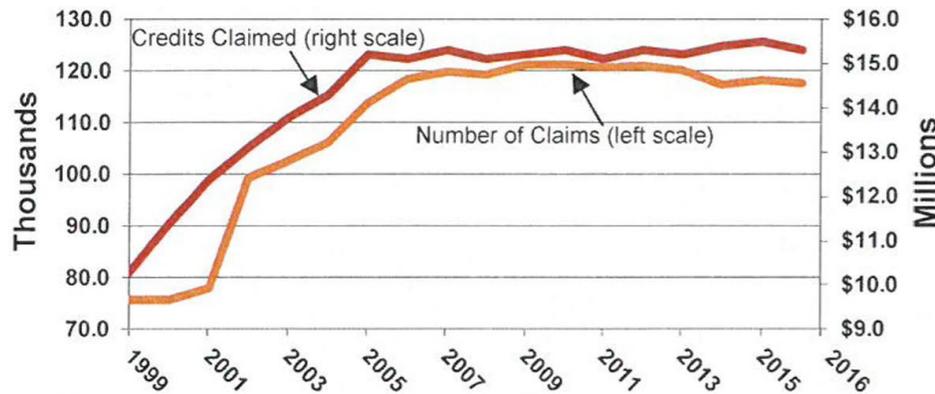


Tuition and Textbook Tax Credit

Tax Credit Description

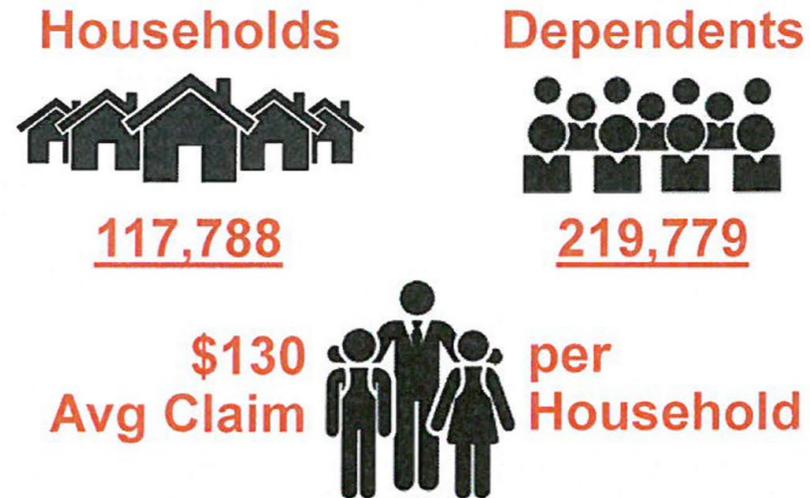
Taxpayers who have one or more dependents attending Kindergarten through 12th grade in an accredited Iowa school may take a tax credit equal to 25% of the first \$1,000 in qualified expenses for each dependent. Credits are nonrefundable and any credit in excess of tax liability cannot be carried forward. Qualified expenses include tuition, textbooks, fees, and equipment; however, homeschooling expenses do not qualify.

Annual Claimants and the Amount of Credits by Tax Year



\$15.3 million in TTC credits were claimed in TY 2016.
Last legislative modification to credit was in TY 1998.

Tuition and Textbook Tax Credit Household Claims, Tax Year 2016



<https://www.legis.iowa.gov/docs/publications/SD/1023536.pdf>

Tuition and Textbook Tax Credit Increase in 2021 HF 847

- Doubled the credit to 25% of the first \$2,000. This is likely most beneficial to families with tuition paid to private school. Public School fees are limited.
- Added home school to the eligibility.

Recent Policy Shifts Expanding Choice

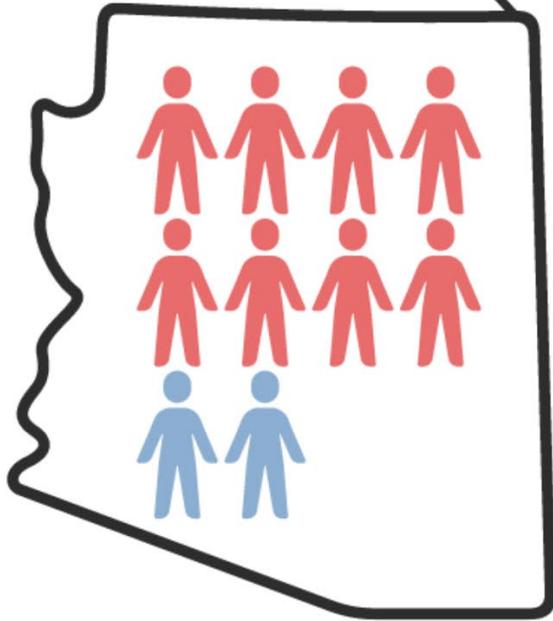
- Created charter schools which can be chartered by the State Board of Education despite local school board opposition (or created by local school boards)
- Open enrollment expansion without an enrollment deadline
- Elimination of voluntary diversity plans regulating open enrollment out of five districts with concentrated minority and low income students

Who benefits from school vouchers?

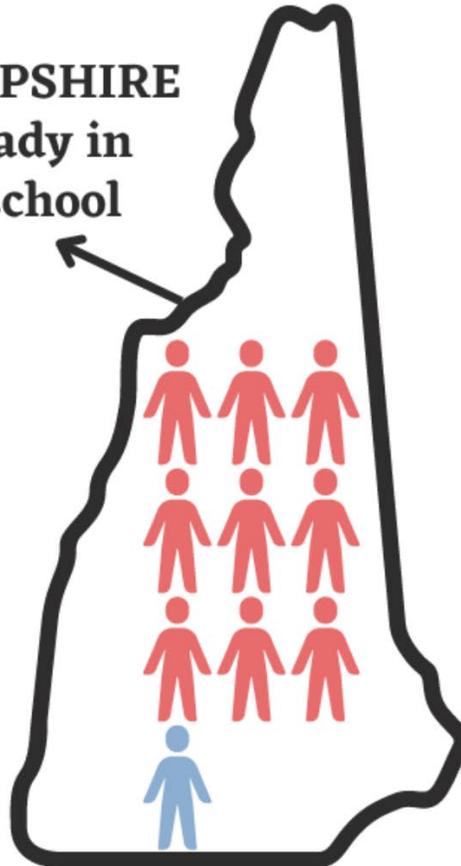


The majority of voucher users in these states have never attended a public school. Vouchers subsidize tuition for students who already attend pricey private schools.

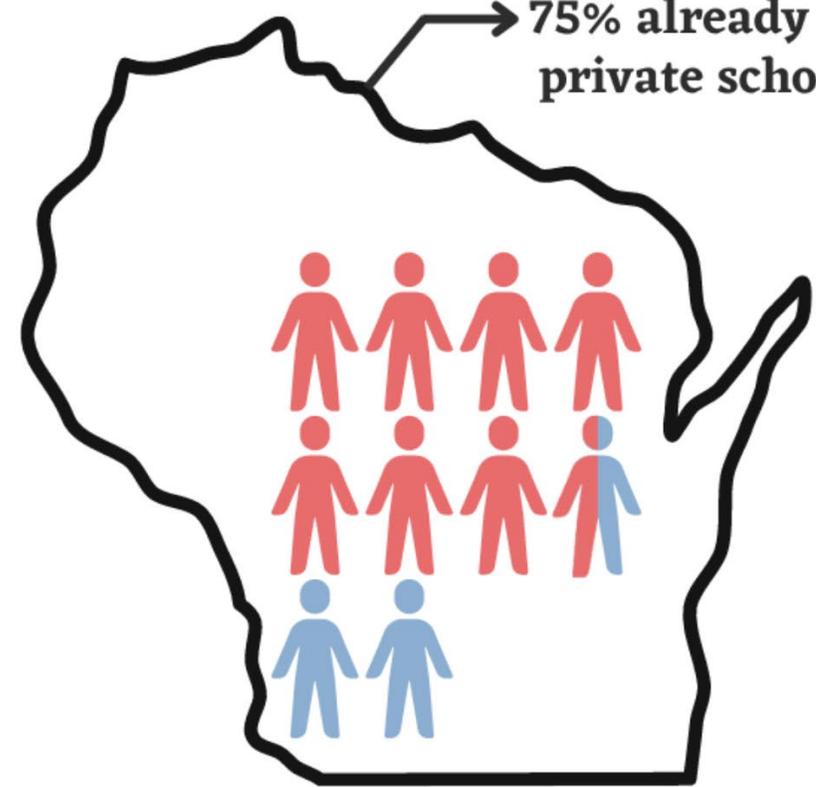
ARIZONA
80% already in private school



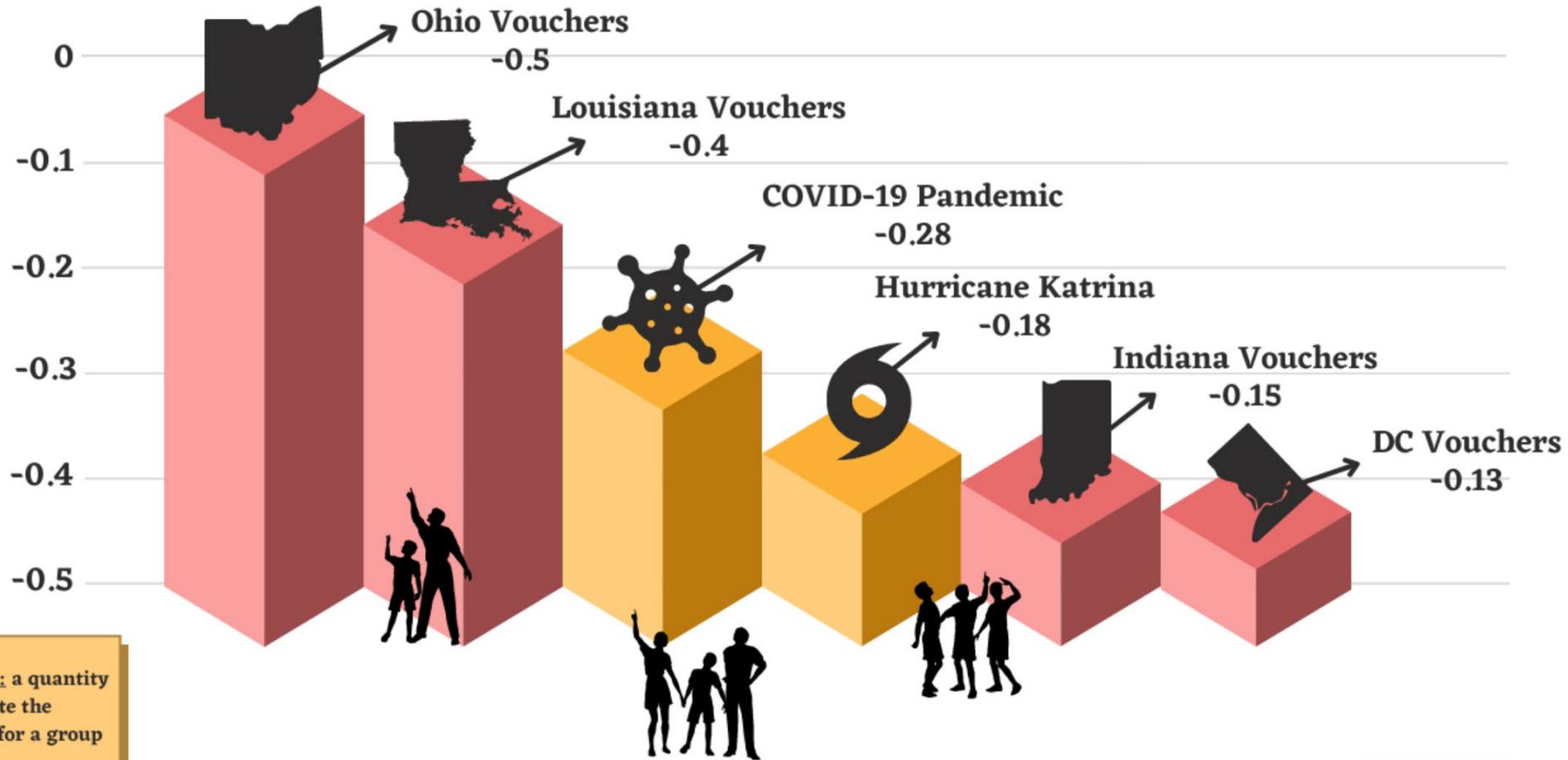
NEW HAMPSHIRE
89% already in private school



WISCONSIN
75% already in private school



Voucher Impacts on Student Outcomes As Harmful as Natural Disasters (Measured in Standard Deviation)



Standard Deviation: a quantity calculated to indicate the extent of deviation for a group as a whole.

Does Iowa Already Support Private Schools with Significant Tax Dollars ?

Program	Public \$ in Millions	Year Verified or Estimated	Notes
School Tuition Organization Tax Credit	\$20.0	2021	In 2021 Session, increased the cap to \$20 million, phasing in through 2025. Also increased the tax credit from 65% to 75% of donation.
Private School Textbooks	\$0.9	2020	increase of \$200,000 in FY 2021 HF 868
Private School Transportation (State)	\$9.0	2021	
Private School Transportation (Local)	\$2.1	2018	
AEA Support	\$4.0	2018	
HSAP	\$11.1	2019	
Tuition and Textbook Tax Credit	\$19.0	2023	FN HF 847 in 2021 (increase of \$11 million)
Private School students in Public HS	\$1.6	2019	
State funds for SVVP in private schools	\$8.8	2022	10% of SVPP state funding
529 plans (tax free savings) private tuition	\$5.2	2020	
Nonpublic Assessment Costs	\$0.3	2020	
Nonpublic Concurrent Enrollment	\$1.0	2020	Direct appropriation starting in 2020
Total	\$83 million		
Does not include public school provision of teachers, paras and services for special education or shared professional development opportunities provided to private schools. Also does not include curriculum or DE support provided to private schools.			

What will the cost be if vouchers are added?

- Prior proposals assumed 10,000 maximum participants, at a per pupil allocation of \$5,500 (\$55 million).
<https://www.legis.iowa.gov/docs/publications/NOBA/1289271.pdf>
- SF 2369 from the 2022 Session allowed up to 5,000 slots each for students with disabilities (IEP) or “low-income” which was defined as 400% of the federal poverty level, or \$111,000 annual income for a family of four. If slots were not filled in one group, the other could receive more.
- Students were required to either have been in public school for the prior two semesters or were incoming kindergarten students.
- The nonpartisan fiscal staff estimate does not account for the significant number of incoming kindergarten students who would have attended private school anyway, so this is a maximum cost to the state.

Should rural communities be concerned about ESA expansion?

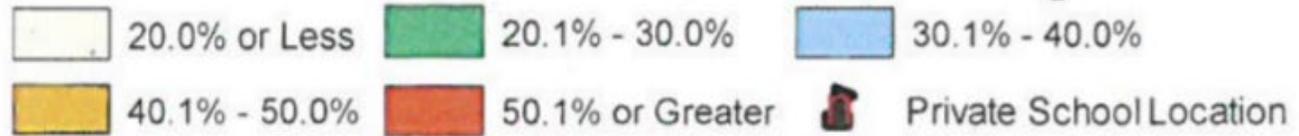
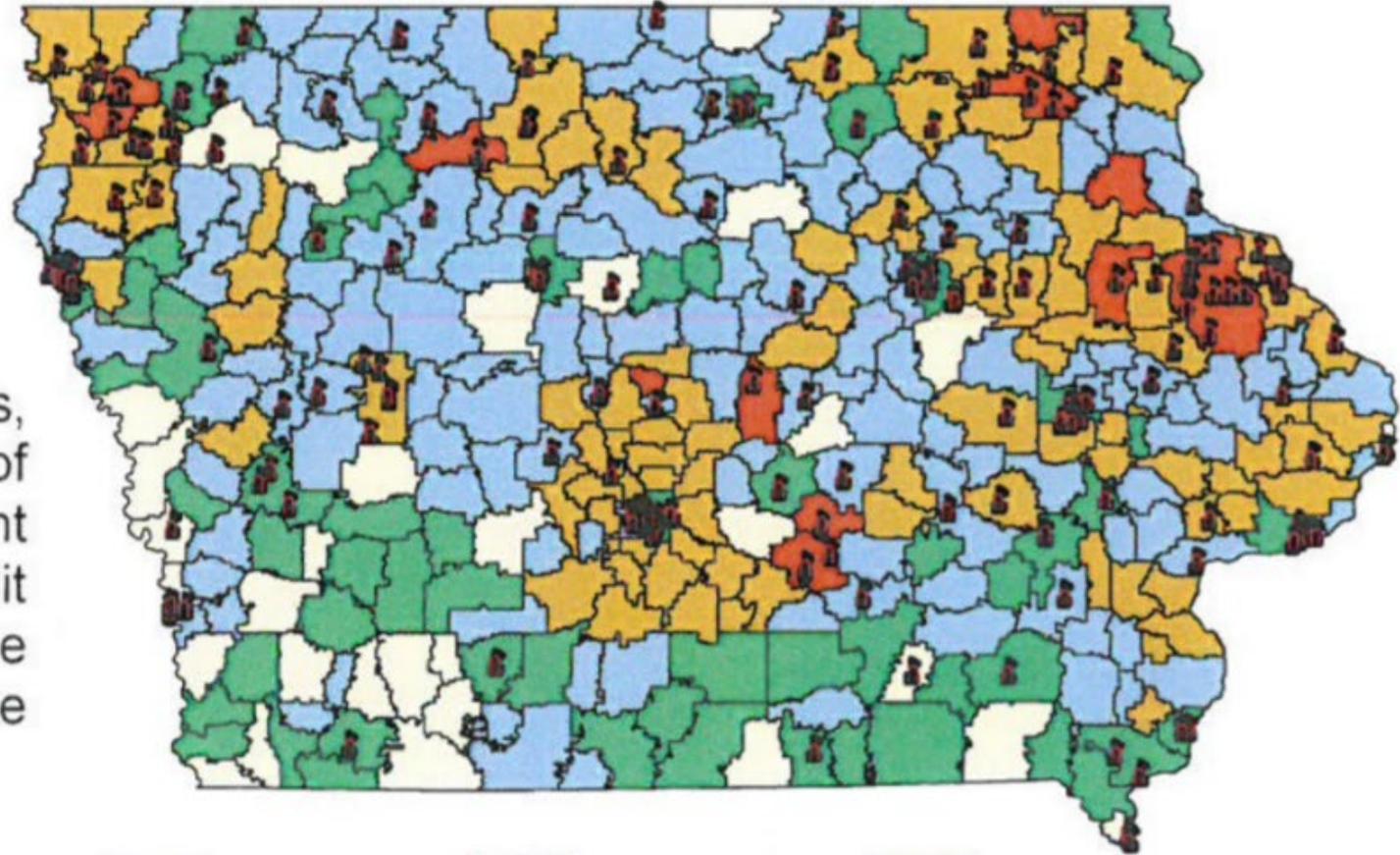
Few Rural Private Schools: the survival of rural schools and variety of educational options for students depend on adequate state funding. There are few private schools available for rural parents to exercise choice, as this map from Iowa's Department of Revenue [presentation](#) to the Tax Expenditure Committee measuring participation in tax credits, Jan. 2019, shows. According to the National Rural Education Association, education savings accounts reduce resources to rural schools and save money for parents in urban centers. Meanwhile, student poverty and minority concentration are exacerbated when families with means are encouraged to leave the public school for a private school program.

Tax Credit Utilization

33.8%

The highest utilization rates, defined as the share of households with dependent children making a tax credit claim, appear to coincide with the location of private schools.

Utilization Rates by School District



Should rural communities be concerned about ESA expansion?

School choice programs typically start small but quickly expand eligibility criteria (increased income eligibility, support for home school, or even eventual public support of private tuition for any student at any private school that will take them).

Many rural school districts do not have a private school in their community today. In the future, private online academies, the pressure for the state to support homeschooling, and the profit motive to expand private schools without the corresponding costs of oversight and compliance, will create lower economies of scale and the inability for small rural schools to survive increased rigorous state accreditation compliance.

Rural Choice Impact in Arizona

- "When that happens, especially in rural areas, if enough kids leave the system, they leave behind all kinds of stranded costs," said Burriss. Schools will still have to pay staff and keep the lights on, but will receive substantially less support to do so. "Then you have a vicious cycle, where the quality of education in public schools starts to suffer, which means more people leave, and the more people leave, the more the quality of education deteriorates."
- That problem is compounded, adds Lewis, by the fact that private and charter schools are allowed to "cherry-pick" high-achieving students without special needs, while leaving higher-needs students in public schools as those schools are systematically drained of the resources to teach them well. That pattern, she continued, already means that one of Arizona's top charter schools regularly starts each of its classes with hundreds of students, but only a few dozen remain by graduation, since the school has pushed most lower-performing students out. And if such charters convert into private schools, as they're allowed to do, ESA expansion will mean they get more money and even looser regulation.
- Source: [School's out forever](#): Arizona moves "to kill public education" with new universal voucher law. Families who bail on public school will get \$7,000 per kid in GOP's new scheme: "Every red state" urged to follow BY [KATHRYN JOYCE](#), Investigative Reporter, JULY 1, 2022

Should rural communities be concerned about ESA expansion?

- Iowa has a teacher shortage.
- If private schools expand, there will be increased demand for teachers in those private schools.
- Private schools tend to pay less than large urban public schools, so are most likely to attract teachers from rural districts, already struggling to fill positions.
- If rural schools lose even just a few students, tight budgets will demand reduced programs and staff for the majority of students who remain.
- It's not surprising that the Rural School Advocates of Iowa, representing over 170 rural school districts, opposed every proposal to expand ESAs in Iowa in 2022.

What about urban communities?

- Since most private schools are in urban communities, urban public schools are likely to experience the greatest drain of students and resources (dependent on how eligibility for the policies is determined.)
- Communities with diversity (both SES and racial diversity) in voucher states see increased segregation and concentration of poverty as most of the voucher recipients come from wealthier communities.
- Even urban centers, such as [Milwaukee](#), [Detroit](#), and

ESA Examples in Other States

- Private schools participating in the FL scholarship program must comply with a long list of requirements, among them:
 - ensure all staff submit to background checks,
 - return any funds for which services were not provided,
 - administer state assessments/norm referenced tests for all students attending via the scholarship annually,
 - annually submit to an independent audit if the private school receives \$250K in scholarship support from the STO.
- Find more information on the FL DOE website here:
<https://www.fldoe.org/schools/school-choice/private-schools/requirements-for-participating-in-state-scholarship-programs.shtml>
- There were no accountability requirements in SF 2369.

10 10. a. This section shall not be construed to authorize
11 the state or any political subdivision of the state to exercise
12 authority over any nonpublic school or construed to require a
13 nonpublic school to modify its academic standards for admission
14 or educational program in order to receive payment from a
15 parent or guardian using funds from a pupil's account in the
16 student first scholarship fund.

17 b. This section shall not be construed to expand the
18 authority of the state or any political subdivision of the
19 state to impose regulations upon any nonpublic school that are
20 not necessary to implement this section.

21 c. A nonpublic school that accepts payment from a parent
22 or guardian using funds from a pupil's account in the student
23 first scholarship fund is not an agent of this state or of a
24 political subdivision of this state.

25 d. Rules adopted by the department of education to implement
26 this section that impose an undue burden on a nonpublic school
27 are invalid.

28 e. A nonpublic school that accepts payment from a parent
29 or guardian using funds from a pupil's account in the student
30 first scholarship fund shall be given the maximum freedom
31 possible to provide for the educational needs of the school's
32 students, consistent with state and federal law.

*Privates do not
have to accept
everyone or
provide special
education
services

*Privates are not
accountable to
the state (no
testing, data re
achievement, or
expenditures)

*Privates are
given maximum
freedom

ESA Examples in Other States

- The Mississippi legislature did a review of their voucher program in 2020.
 - Many vouchers weren't spent and had to be returned. 36% of surveyed parents said that no private school would take their child.
 - Parents finding a school to accept their child had to sign a contract waiving special education rights if they enrolled in the private school.
 - The Mississippi program started with just special education and for only \$5 million.
 - Less than 10% of what Gov. Reynolds suggested as the starting point for Iowa (and parents returned over \$2 million.)
 - Here's a link to the PEER Committee's Legislative Report: <https://www.peer.ms.gov/Reports/reports/rpt649.pdf>

ESA Examples in Other States

- Start small and expand
 - Milwaukee public schools, expanded to statewide
 - Florida started with just low income and special education – eliminated criteria completely and open to all.
 - Arizona – started with low income and special education, gradually increase income limits
 - Ohio started with a “pilot program,” growing from \$42 million a year in 2008 to \$350 million in the 20-21 school year.
- Iowa’s SF 2389 – 400% FPL (\$111,000 per family of four), Students in public schools for 2 semesters, incoming kindergarteners (typically about 3,100 students annually)

ESA Examples in Other States

- States that initiate and expand private school vouchers or education savings accounts typically do not appropriate funding for public schools that keeps pace with the nation.
- Private schools pop up and market to students eligible for the ESAs or vouchers.
- Iowa public school leaders are particularly concerned about inadequate funding given the last decade and the historic tax cuts of 2022.

Fiscal Impact of ESAs in 2022 Session

- SF 2369 diverts money from public schools. The fiscal note for SF 2369 states the following:
- “This Bill will have no net impact to the State General Fund for FY 2024. The changes include the following:
 - A decrease of \$79.1 million to the State General Fund standing unlimited appropriation for State Foundation School Aid due to the 10,000 students no longer being counted in the public school enrollment.
 - Fiscal year 2024 State Foundation Aid is based on October 2022 certified enrollment and would reflect the reduced number of students now attending nonpublic schools.
 - Maintains the estimated FY 2023 State General Fund appropriation of \$55.2 million for the Student First Scholarships.
 - An increase of \$23.9 million for a new standing unlimited State General Fund appropriation for the Student First Operational Sharing Fund.”
- Special Education Funding Impact (both AEA and School District issue)
- Other funds are also impacted: loss of SAVE per pupil, categoricals, federal funds delivered per pupil, DoP, ISL. Concept of local money staying with the district is specific to other funds, such as PPEL, Bond Issues, Management Fund, Cash Reserve, etc. None of these relate to instruction or provide teachers and staff.
- Private school expansion will pull teachers from public schools already struggling with teacher shortages. Impacts in rural areas could result in loss of accreditation or further consolidation.

Preschool and Iowa's Workforce

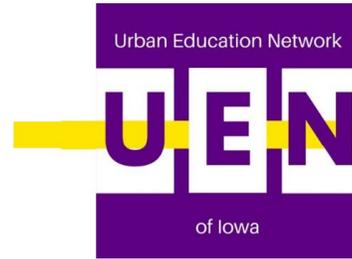
Workforce and Childcare:

Full-day preschool with a 1.0 weighting for lower-income and non-English-speaking 4-year-olds is a win-win-win;

1. a win for students with improved academic success down the road,
2. a win for the business community when parents can fully engage in employment and freed up childcare slots can serve waiting lists so other parents can work, and
3. a win for taxpayers as students with quality preschool are 50% less likely to experience the costs of long-term special education typically borne by property taxpayers.

Quality preschool is an excellent example of the old adage that an ounce of prevention is worth a pound of cure.

Iowa's SWVPP enrollment is still well short of pre-pandemic levels.



Learn More

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<https://www.uen-ia.org/blogs-list>



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ISFIS, Inc.
Iowa School Finance Information Services

Larry Sigel, ISFIS – Partner

Cell: 515-490-9951

larry@iowaschoolfinance.com

Margaret Buckton , ISFIS – Partner

UEN Executive Director

RSAI Professional Advocate

Cell: 515-201-3755

margaret@iowaschoolfinance.com

We are here to help!

Jen Albers

Office: 515-251-5970 Ext. 4

jen@iowaschoolfinance.com