



RSAI 2026 Legislative Priority Position Paper: Adequate School Funding

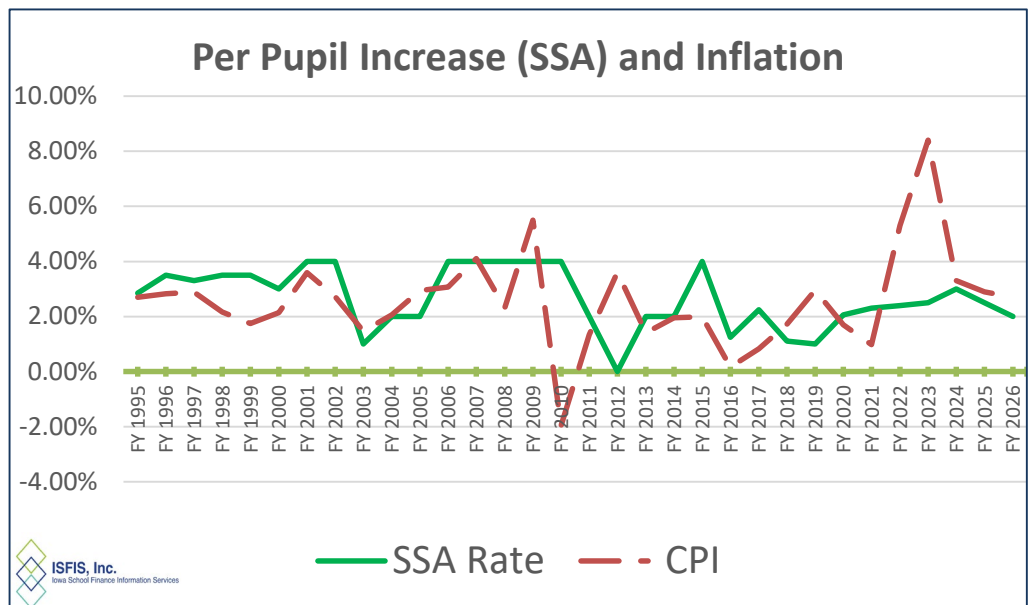
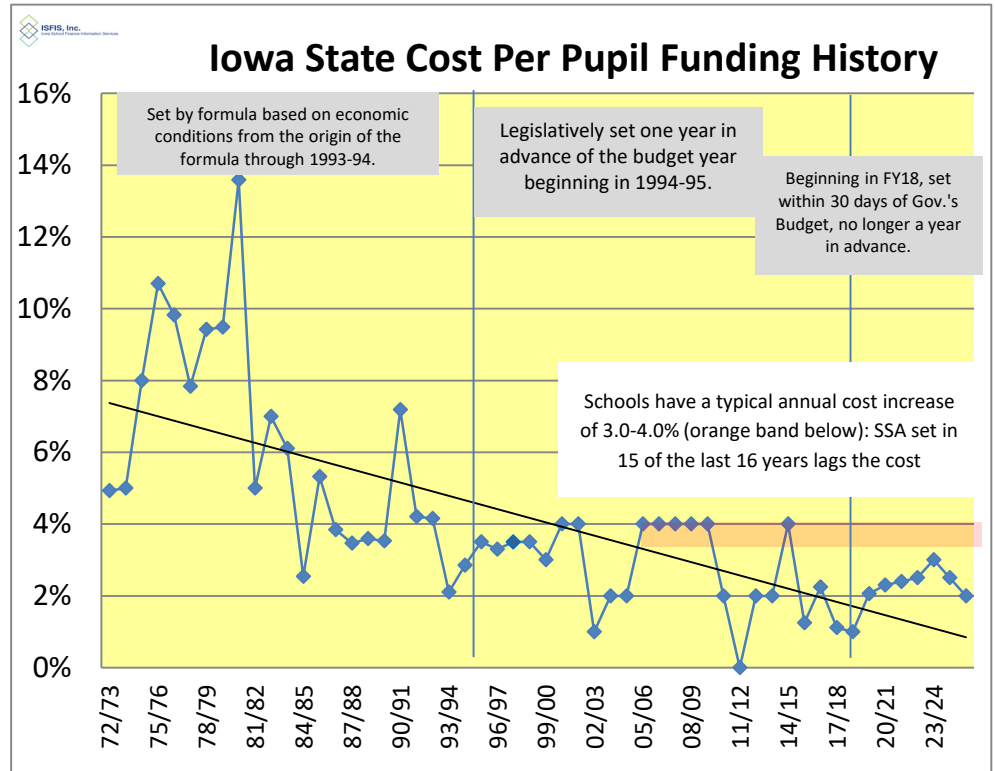
History: This chart shows the percentage increase in Iowa's state cost per pupil, called State Supplemental Assistance (SSA), since 1972. Although never below zero, in 15 of the last 16 years, the increase has been lower than the cost increases schools experience (typically between 3-4% if enrollment is constant).

Inflation: The following chart compares the consumer price index, known as CPI, a benchmark for inflation, to SSA increases since 1995. In the

last five years, SSA has been lower than CPI. School districts have lost purchasing power each year since FY 2021. Collective bargaining law also references inflation, as Iowa Code 20 limits arbitrators' bargaining agreements to CPI or 3%, whichever is lower. School districts are in an economic pinch, striving to pay competitive wages to staff, faced with lower purchasing power, and if experiencing enrollment decline, actually facing additional budget cuts.

Current reality:

Adequate SSA is an issue of survival for Iowa's rural schools. Annual formula increases have not kept pace with private-sector salaries and benefits or the costs of operating schools and



meeting student needs. Schools are labor-intensive, averaging 80% of General Fund expenditures for staff. Since SSA has lagged income growth in the economy, the Legislature in 2024 resorted to setting new teacher pay minimums and increasing Teacher Salary Supplement (TSS). TSS and other categorical funds also grow by the SSA rate. Had SSA kept pace with the economy over the last decade, teacher pay would have kept pace as well. In essence, low per pupil increases have a staff salary echo. TSS will not deliver teacher competitive wages if SSA lags inflation.

SSA also impacts the weightings, or multipliers, assigned to students with special education needs, English-language learner plans, college credit courses, preschool, and other programs. Growing special education deficits over the last five years are another sign of low SSA, as the services in a students' Individual Education Plans (IEP) are required to be provided. Since special education services depend on expensive equipment, labor-intensive services and costly transportation, expenses exceed formula funding. The deficit is paid from the school district's cash reserve, which is replenished by property taxes.

AEA special education and school improvement resources are also dependent on adequate increases in the per pupil amount. When school costs increase more than funding, program and staff reductions follow. Declining enrollment requires even further reduction. Growing enrollment demands additional staff, textbooks and support. Low SSA compromises both situations.

National School Expenditure Comparisons: from 2023 US Census data, May 2025

- [US Census Data](#) reporting on FY 2023 expenditures shows that Iowa spent \$13,792 per student, compared to the US Average of \$16,526. Iowa's per student expenditures fell short by \$2,734, ranking Iowa 9th out of 12 midwestern states and 34th in the nation. Contrast this recent trend with Iowa's early history when in the 70s, 80s, and 90s, Iowa schools spent more per pupil than the national average on education. [US Census data](#)
- Why does relative spending matter? Other states that spend more either pay staff more (about 80% of the school budget) or provide more staff and programs to meet student needs. Iowa's average teacher pay was \$7,035 behind the national average (sources: Iowa Condition of Education [Report](#) and the [National Education Association Rankings and Estimates](#)). Iowa ranked 38th in beginning teacher pay in 2021 ([Learning Policy Institute](#)). HF 2612 set new teacher pay minimums starting in the Fall of 2024, investing \$73 million in teacher pay. This increase applied to 38,190 Iowa teachers will bump Iowa teacher pay an average of \$1,911, still well below the \$7,035 gap compared to the national average.

Education is a Significant Share of the State's General Fund: Iowa's State contribution to school funding has historically hovered around 42% of the State General Fund budget. Legislators sometimes refer to a larger percentage, but that figure includes postsecondary education (community colleges, universities, tuition grants), as well as other expenses. 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. It is also unknown whether this benchmark will be revised with the addition of hundreds of millions for Education Savings Accounts.

The National Association of School Business Officials Annual [State Expenditure Report](#), however, tells a different story. Iowa spent 18.6% of all funds available to Iowa on Elementary and Secondary Education in FY 2022, but in the most recent [Report](#) for FY 2024, Iowa spent 16.0% of all funds available to Iowa on Elementary and Secondary Education. This ranks Iowa 33rd in the nation in percent of all revenues spent on public schools.

Available Resources: To implement significant income tax cuts, the State General Fund is shrinking, but there is some hope. With declining enrollment statewide, the State's cost of SSA is more affordable. The [Dec. 11 Revenue Estimating Conference](#) set an expected State General Fund growth rate of 4.2% in total net receipts for FY 2027, which signals the end of declining revenues (4.2% would be a good target for the SSA percentage increase). The State has other resources to help through the transition, as detailed in the 2025 end-of-session [General Fund Balance Sheet](#) (e.g., the Taxpayer Trust Fund is estimated to end FY 2026 with \$3.6 billion).

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.

Unfunded Mandates and Other Policies: Other State decisions impact expenditures. Restructuring of AEAs in HF 2612 in the 2024 Session is already hitting the bottom line for school districts whose allocation of media and education services funding looks inadequate to provide support received in prior years. This is especially evident in smaller school districts. Necessary expenditures for safety and cyber security, mandated electronic library catalogs or new mandates (e.g., literacy and math screening and individual plans, mandated staff training, IPERS employer increases, and administration of the Civics Test) also redirect funds that paid for teachers and instruction.

Impact on Students: Class sizes are going up. Programs are being eliminated. Districts are offering fewer extracurricular and fine arts opportunities for students, especially in middle school. Nurses, librarians and counselors are shared among buildings. Districts are struggling to retain education support staff and even teachers. Declining enrollment combined with low SSA means reduced staff, fewer programs, stretched services and ultimately, fewer opportunities and choices for students.

RSAI Supports Adequate School Resources:

Adequate School Resources for Public Schools: The increase in SSA provides resources for Iowa schools to deliver an educational experience for students that meets the expectations of Iowa parents, communities, employers and policymakers. Iowa's school foundation formula must maintain balanced state and local resources, be predictable, at least minimally exceed inflation, allow schools to compete for labor, and assure adequate time for budget planning and staffing. The Legislature shall follow the statutory requirement to set SSA within 30 days of the release of the Governor's budget. What schools can deliver is dependent on the level of funding provided, which begins with the 2026-27 school year and requires a consistent and sustainable commitment.