**RSAI Position Paper: State Supplemental Assistance for 2017**

**Background:** The Iowa Legislature annually determines the state cost per pupil, which pays for the annual cost of doing business in Iowa schools. Iowa Code [Section 257.8](https://www.legis.iowa.gov/docs/ico/code/257.8.pdf) requires the per pupil amount be enacted by the Legislature and Governor within 30 days of the release of the Governor’s budget in the year prior to the budget year. In recent years, Iowa’s state cost per pupil has experienced record low increases. In six of the last seven years, the rate of growth in the state cost per pupil has been lower than the cost increases typically experienced by school districts. Additionally, the rate has been set too late by the legislature for school districts to rationally conduct business.

 **Current Reality:**

* The 1.25% increase in the state cost per pupil for the 2015-16 school year was signed by the Governor on July 3, two days into the fiscal year. That year, the state general fund grew by more than 6%.
* The 2016-17 increase of 2.25% was signed by the Governor on April 6, 2016 (less than 90 days prior to the start of FY 2016-17.)
* Iowa’s 2015 per pupil expenditure levels are below the national average by $1,087, ranking 27th in the nation. This shortfall is 10% below the national average despite Iowa’s strong per capita personal income growth, with Iowa ranking 6th in the nation from 2003-13.
* There has been a slight improvement in Iowa’s expenditure ranking in the last two years, due to recent investments for the teacher leadership and compensation system. Without meaningful resources to support the regular program, schools see class size increases and inadequate funds for operating costs to keep doing the business of school. TLC has further contributed to teacher shortage areas, further magnified in rural districts.
* The costs of staff continue to rise, as do the costs of curriculum, textbooks, utilities, transportation and supplies. Additional requirements demand more resources: early literacy efforts, summer school, before- and after-school programs, needy school populations, increasing STEM program, implementation of higher expectations through the Iowa Core and the goal to graduate every student college or career ready for a successful future.
* Since Iowa’s funding formula is based on enrollment, districts with fewer students then last year are doubly challenged to provide great programs and supports. Formula funding is especially critical to rural Iowa due to transportation costs, economies of scale, unique needs of students, mandates and compliance, the need for quality AEA services, and the ability to attract and retain quality staff in rural Iowa.

**State Supplemental Assistance 6%:** The survival of rural schools depends on the return of education as the state’s top priority with an investment of meaningful new resources to improve opportunities for students. The resurrection of this priority will take several years of significant investment, thus RSAI supports a minimum of 6% noncategorical funding, as long as new mandates are funded outside of the formula and not instead of it.

RSAI supports a return to the legal and historical practice of setting the state cost per pupil as required by Iowa law, which exemplifies the prioritization of education. If the General Assembly does not set SSA in according with statutory timelines, the percent of SSA immediately reverts to the percent of state revenue growth predicted by the Revenue Estimating Conference (REC) for the year of the school budget being set, based on the March REC estimate for the out year, prior to any state general fund revenue reductions imposed by the legislature.