Fairness and Equity in Iowa's Schools

Recommendations to Update Iowa's School Finance Formula

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December, 2014

1st – Taskforce Report on State School Foundation Program (School Finance Formula), November 2013

2nd – Recommendations to Update the School Finance Formula, December 2014

Chronology – Part 1

- **Taskforce**
  - Defined how equity(inequity) measured
  - Identified areas within formula that are inequitable, district to district
  - Issued Report – *Task Force Report on Iowa School Districts – State School Foundation Program,* *November 2013*
  - Shared Report with stakeholders

Task Force Members

Organization	Name
Area Education Agencies	David King, retired
Iowa Association of School Boards	Galen Howsare Patti Schroeder
Department of Education	Leland Tack, retired
Iowa Association of School Business Officials	Jim Scharff Jan Miller-Hook
Iowa State Education Association	Brad Hudson Jon Studer
School Administrators of Iowa	Dan Smith
Urban Education Network	Larry Sigel

Task Force Members
State Agency Participants

Department	Name
Department of Education	Jeff Berger
Department of Management	Lisa Oakley
Legislative Services Agency	Shawn Snyder

Purposes of Task Force Report

1. To identify elements of the funding formula for greater ***simplification*** and ***transparency***
2. Highlight ***areas of inequity*** that we believe needed to be considered during the review
3. To provide a ***comprehensive analysis of options*** to address current funding disparities

How is Equity *(Inequity)* Measured?

AREA	MEASURE	TARGET
Student fairness	Cost per student	Equal funding per student regardless of zip code
Student need fairness	Cost per student	Equal additional funding per student for specific student groups regardless of zip code
Taxpayer fairness	Tax resources per student	Same amount of funding per taxpayer regardless of zip code

What was *NOT* included in Taskforce report?

- No discussion of ***adequacy of funding →Why not?***
  - Outside the scope of task force, warranted a separate study
  - A political and resource issue, not a formula issue
  - Therefore, the Taskforce report does not advocate a certain level of supplemental state aid (allowable growth)

Taskforce Report Set Up

- For each segment of the formula where an equity concern exists, report addresses:
  - Background/current state:
  - What's the problem?
  - Options to address the problem: *(not an exhaustive listing of options)*

Overarching Findings of Taskforce

- ***Basic*** formula itself is relatively equitable *(2.9% variance)*
- Other programs that have since been merged into the formula have added to inequity concerns between districts
- *Equity concerns between school districts range from **2.9% to 221.9%,** for areas that are quantifiable*

EQUITY CONCERNS ADDRESSED IN TASK FORCE REPORT

Area With Equity Concern	Lowest Per Student	Highest Per Student	Percent Difference
District Cost Per Pupil	$6,121	$6,296	2.9%
Teacher Salary Supplement	$447.17	$860.72	92.5%
Professional Development Supplement	$33.69	$108.44	221.9%
Early Intervention Supplement	$37.48	$109.10	191.1%
Instructional Support Levy (ISL) → % of full funding	54.0%	93.4%	
Transportation Costs → per student enrolled	$39.55	$1,103.94	
Sparsely Populated Districts → students per square mile	0.8	490.6	

District Cost Per Student
Variation Detail

FY 2014 Count of Districts	Amount District Cost Per Pupil Varies from Lowest to Highest
168	$0
63	$1 to $35
51	$36 to $70
25	$71 to $105
21	$106 to $140
18	$141 to $175
Total = 346	

Transportation District Cost Per Student

Variation Detail

FY 2012 Count of Districts	Average Transportation Cost Per Student Enrolled
27	Less than $200
163	$200 to $399
116	$400 to $599
37	$600 to $799
8	Over $800
Total = 351	

Sparsely Populated Districts Square Miles Per Student

Variation Detail

FY 2012 Count of Districts	Students Per Square Mile
45	0.8 to 2.0
123	2.1 to 4.0
71	4.1 to 6.0
30	6.1 to 8.0
55	8.1 to 10.0
6	10.1 to 150.0
4	250.1 to 490.6
Total = 351	

STUDENT FAIRNESS OPTIONS TO ADDRESS THE PROBLEMS

Area of Equity Concern	Options to Address the Problem:
Transportation	• Create separate funding formula • Appropriate funds to SBRC for assistance • Amend PPEL to allow additional funding uses
Sparsely populated districts	• Add student per square mile factor to formula • Add minimum number of teachers funding factor to offer a basic program

OTHER RECOMMENDATIONS FOR CONSIDERATION:

Recommendation	Description
Adding controlled flexibility to the formula with the creation of **Enrichment Funding**	Provide funding to encourage and provide for innovative programs desired by a district
Create new weighting for **low socioeconomic status (LSES) students**	• Increase At-Risk weighting factor • Add factor to formula for number of children or concentration of children living in poverty

Chronology – Part 2

- **"Solutions Committee"**
  - Advocate for a set of changes to improve ***adequacy and equity*** of funding through the formula
  - Provide recommendations to the *Interim Review Committee on the School Finance Formula*

Why a Second Report Now?

- Other states already involved in School Finance reform efforts:
  - Kansas
  - Massachusetts
  - North Dakota
  - Oregon
  - Pennsylvania
  - Tennessee
  - Texas
- Iowa is only 1 of 5 districts never taken to court.

“Solutions Committee” Members

Organization	Name
Area Education Agencies	Kurt Subra, Heartland AEA
Iowa Association of School Business Officials	Jan Miller-Hook, Johnston Schools Lora Appenzeller-Miller, Waukee Schools
Iowa Association of School Boards	Galen Howsare Patti Schroeder
Iowa State Education Association	Brad Hudson Melissa Peterson
School Administrators of Iowa	Tim Hood, Keokuk Schools
Urban Education Network	Steve Graham, Cedar Rapids Schools
Retired, Department of Education	Leland Tack

Solution Committee Beliefs

- Adequate & equitable resources allocated to K-12 education regardless of zip code
- Education funding must be our state's #1 priority
- Funding is a mix of property taxes & state money
- Should include locally-voted, enhanced funding

Committee Beliefs (cont)

- New categoricals incorporated into the formula within 3 years
- Easy to understand
- All school districts should gain needed resources
- No school district should lose any resources

Solution Committee Adequacy of School Funding

- 1. Long term financial commitment to bring Iowa's K-12 funding up to & ***surpassing*** the national average.

Solution Committee Adequacy of School Funding

Area Education Agencies:

- Restore $15 million annual cut to AEAs
- Restore $7.5 million permanent cut to AEAs

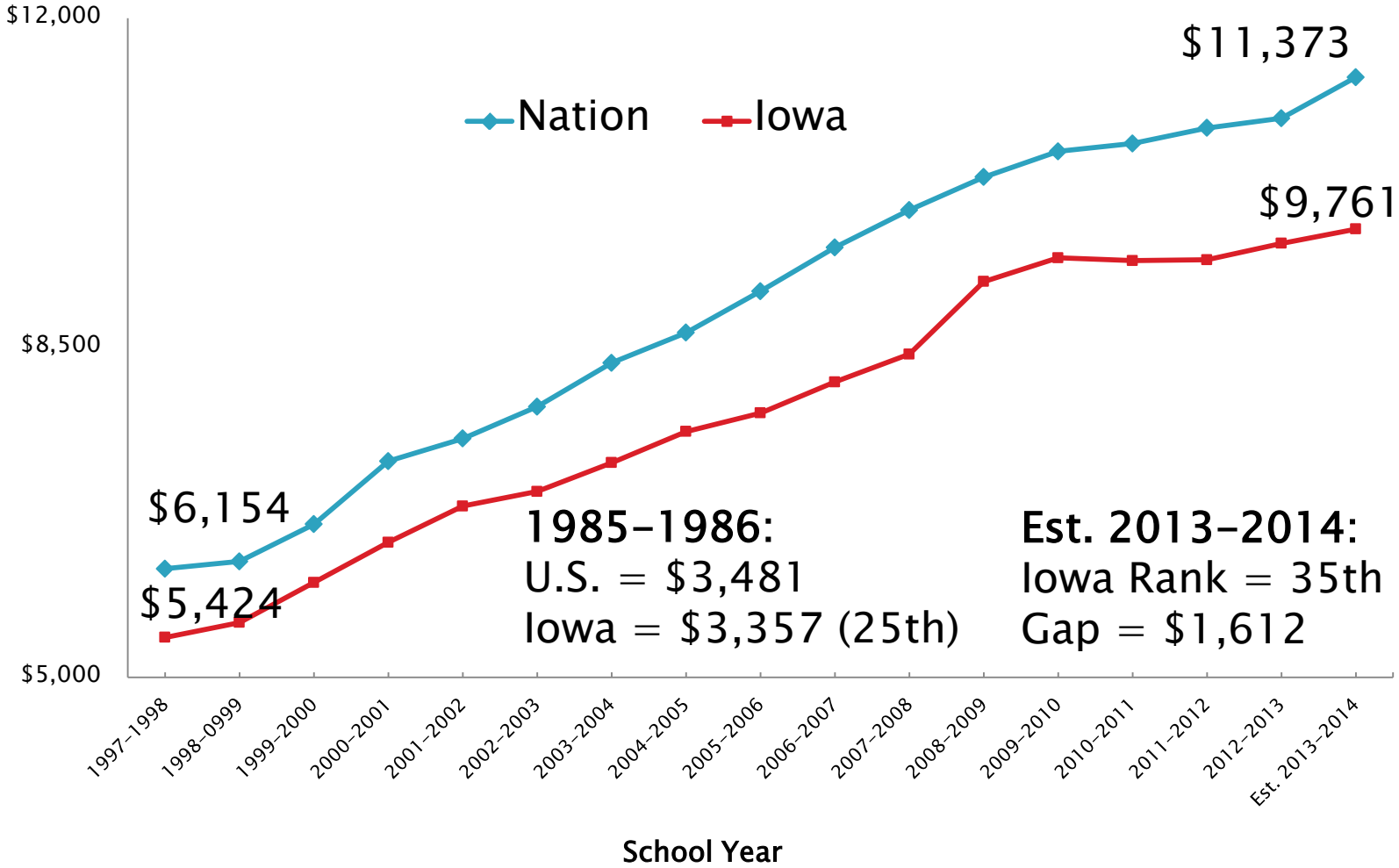
Solution Committee Adequacy of School Funding

	NATIONAL AVERAGE SPENDING PER PUPIL	IOWA SPENDING PER PUPIL	IOWA'S RANK IN THE NATION
2009	$10,313	$9,203	37
2010	$10,586	$9,455	35
2011	$10,669	$9,425	35
2012	$10,834	$9,435	35
2013	$10,938	$9,609	34
2014 est.	$11,373	$9,761	35

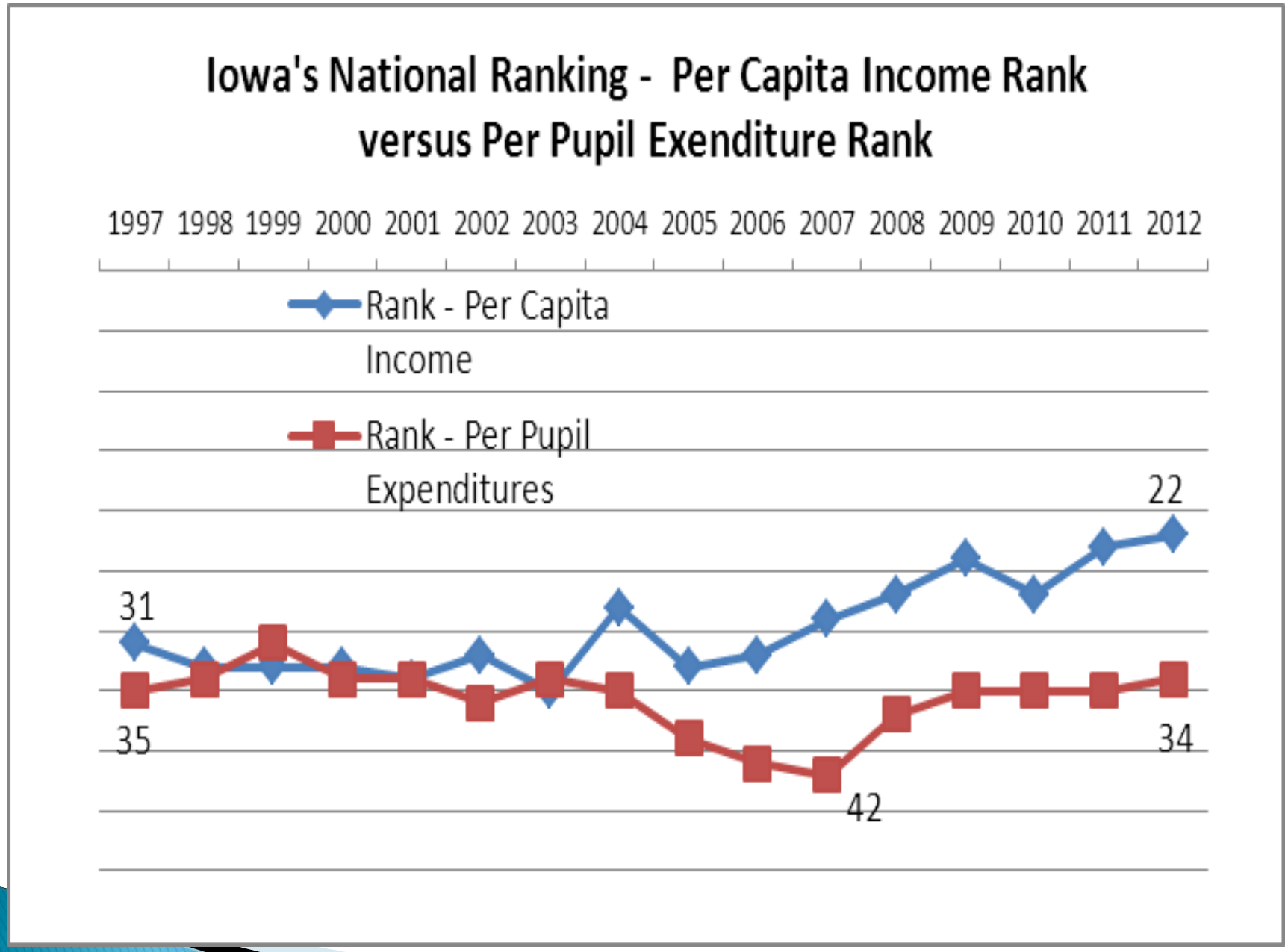
Source: NEA Rankings and Estimates

- From FY 2008 – 2014 Iowa's spending per student has decreased 11.7%, in real dollars, adjusted for inflation. *(Source: Center on Budget and Policy Priorities, May 20, 2014)*

Per Pupil Expenditures: Iowa Versus the Nation



Sources: Iowa Condition of Education Reports, and NEA Rankings and Estimates


Iowa's National Ranking - Per Capita Income Rank versus Per Pupil Exenditure Rank
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012
Rank - Per Capita Income
Rank - Per Pupil Expenditures
31
35
22
34
42

Transportation Costs

- 2. Remove transportation costs from formula & finance separately
  - Recognize unique student density and distance factors
  - Fund with mixture of state aid & property taxes
  - AEA costs to deliver services to students should be studied & inequities among AEAs resolved

Transportation Costs

FY 2013	Net Operating Cost of Transportation Per Pupil (TCP)
Median	$ 378
Maximum	$ 1,164
Minimum	$ 31
Range	$ 1,133

Transportation District Cost Per Student

Variation Detail

FY 2012 Count of Districts	Average Transportation Cost Per Student Enrolled
27	Less than $200
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Transportation Costs

FY 2013	DCPP Including Transportation Costs	DCPP Without Transportation Costs
Median	$6,004	$5,657
Maximum	$6,176	$6,010
Minimum	$6,001	$4,837
Range	$ 175	$1,173
% of Difference	**2.9%**	**24.3%**

New School Finance Formula

- 3. Create new school finance formula

1. Remove transportation costs, fund separately
2. Combine funding streams
3. Provide sufficient funding to minimize difference between District Cost Per Pupil (DCPP) among districts
4. Consider changes to uniform levy rate & foundation level &impact on the mix of state aid & property taxes

New School Finance Formula

- AEAs – Provide sufficient funding to reduce the disparity in per student funding across Area Education Agencies

New School Finance Formula

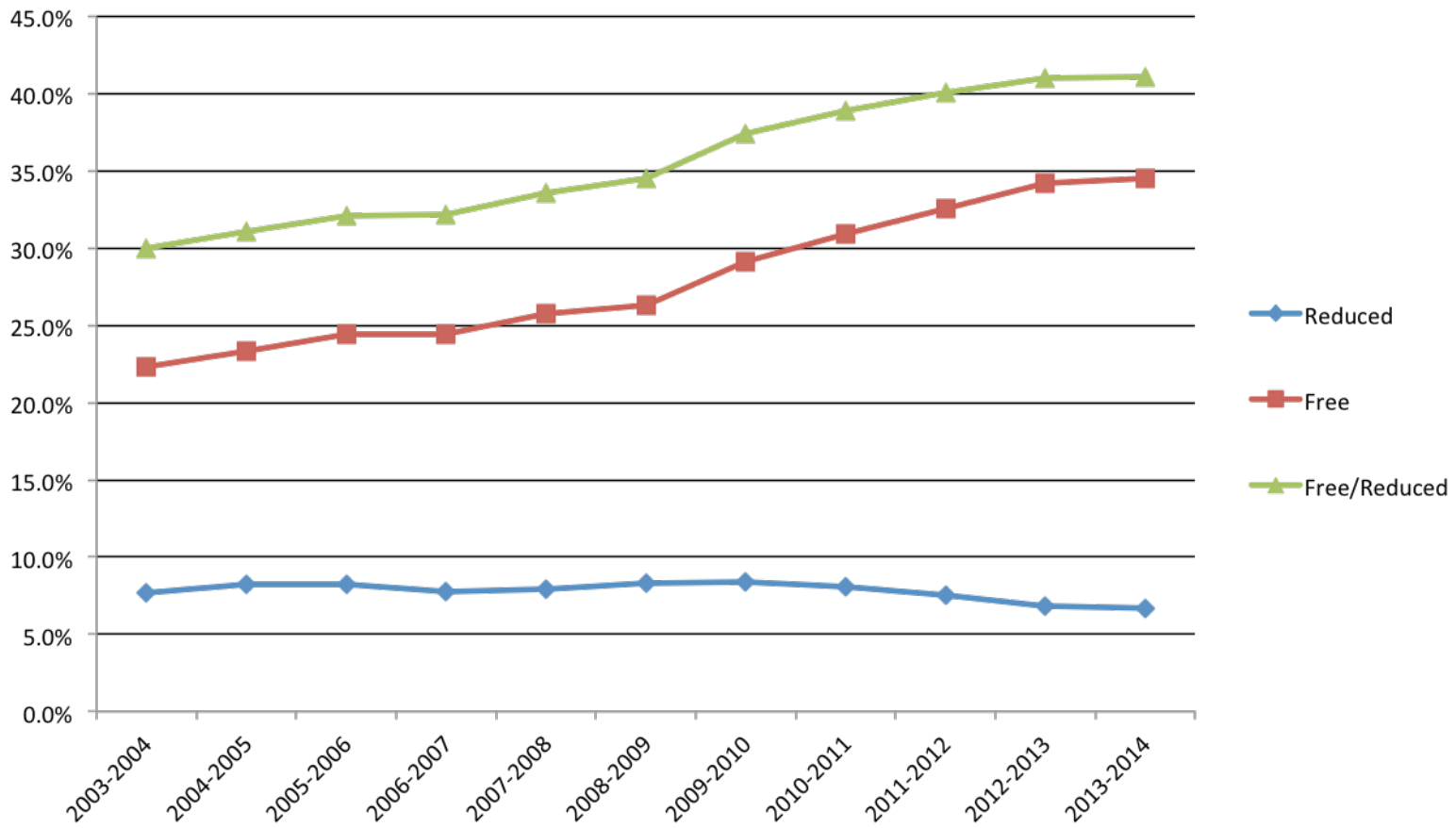
- Create a new school finance formula
  - Simplify, simplify, simplify
  - Maintain local flexibility
  - Maintain district accountability for categoricals that are merged into the formula

Combine Funding Streams to Create New Formula	FY 2013 Funding (State and Local)
Current District Cost Per Pupil	$2,852,500,203
Teacher Salary Supplement	$245,235,223
Professional Development	$27,793,513
Early Intervention	$30,219,886
Instructional Support Levy	$189,896,936
Dropout Prevention Levy	$96,692,370
At Risk	$13,883,102
English Language Learners	$30,063,862
Community Colleges, ICN, Regional Academies	$14,744,100

Low Socio-Economic Status Students (LSES)

- 4. Provide substantial, dedicated, & long term additional resources for LSES students.
  - Local discretion as to services to be provided, ex:
    - Before/after school programming
    - Remediation services
    - Longer school days
    - Additional school days
    - Public health clinics
    - Associated transportation needs

Low Socio-Economic Status Students (LSES)



Source: Iowa Department of Education – Condition of Education, 2014

Low Socio-Economic Status Students (LSES)

Percent of Iowa Students Proficient			
FY 2014	**Fourth Grade**	**Eight Grade**	**Eleventh Grade**
Reading			
-LSES	63.1	60.6	63.9
-All	84.5	83.6	86.2
Math			
-LSES	67.6	59.9	70.9
-All	87.9	85.0	89.5

Source: Iowa Department of Education, 2014 State Report Card for No Child Left Behind

Other Recommendations

- Necessarily small school districts
- Enrichment funding
- School Finance Policy Center

Questions?

Thank you!