



Notes for School Finance Formula Review Committee meeting provided by Burlington CSD

- Regardless of action or inaction, there will be winners and losers among communities, school districts, families, and children. Now would be an appropriate time to thank you for your willingness to serve the citizenry of Iowa by making a good faith effort to improve open enrollment laws, policies, and practices.
- Many of the issues I mention in this document are bigger than open enrollment. With that acknowledgment, it is important to clearly communicate open enrollment exacerbates many historically persistent social woes while there is an undeniable governmental obligation to work tirelessly to mitigate these very same historically persistent social woes.
- The current open enrollment practices are akin to Jim Crow laws in that intended and unintended outcomes result in re-segregation.
  - The illusion of parental choice is truly no choice at all due to challenges and barriers.
    - Pooling families lacking transportation or at best unreliable transportation. Letting another district's buses into a district will result in more winners and losers, including taxpayers.
    - Pooling of families lacking a flexible schedule and additional parental time and resource obligations.
    - Pooling of low parental educational attainment and an internalized lack of importance of education for children.
    - Pooling of children with disabilities (physical, emotional, behavioral, mental/educational).
    - Pooling of children living in poverty.
    - Pooling of social woes.
    - Pooling by ethnicity, to some degree by both sides of the issue.
    - Deteriorating tax base through draining property valuations, creating geographical locations resulting in higher needs for social services, while lacking social services. An example is high numbers of a population on disability, and thus a lower tax base resulting in geographical pockets of insufficient tax production (local, state, and federal coffers).
- ★ Schools gaining students are not accepting challenges and obligations that result in additional stress on the school funding formula as populations become skewed through the resulting re-segregation. Thus the school funding formula becomes skewed (special education, ELL and at-risk funds are examples).

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- ★ Often open enrollment out is a perception issue in that parents base this information on misinformation and emotion rather than rational thought and probability.
  - I would be remiss if I didn't speak to the intentional misrepresentation.
  - Burlington High School offers more than any school within a 100-mile radius. Students take a plethora of our high-level classes in mass at Burlington High School, yet graduate from their home schools.
  
- Separation of church and state is both an American philosophical and jurisprudence concept for defining political separation of religious organizations and the tax dollar. Open enrollment must not lead to income tax credits that are nothing more than a variation of the "wolf in sheep's clothing" parable.
  - Although, the Department of Management may reduce public education funding needs by allowing Iowa's families to retain \$3,000 in tax credits per student enrolled in private education, while not sending the \$6,880 (+/-) to public schools. Simple math results in a 50% savings per child who attends a private school due to the \$3,000 tax credit.
  
- Taxation without representation is fundamentally un-American. Dust off your history books and reread the story of the Boston Tea Party which occurred 246 years ago almost to this date. The portion of the school funding generated by local taxation which varies by district should not follow the student to the gaining school district, as the taxpayer has no opportunity to run for the gaining school's board, be allowed to vote in the gaining school's board elections, or even speak at their board meetings.
  - Please think long and hard on this quandary as any answer is only partially correct. The percentage of correctness will vary widely from community to community, family to family, and child to child.
  
- Living within the school funding formula: Open Enrollment
  - Rightsizing.
  - 101% Budget Guarantee.
  - Cash Reserve Cap.
  - SBRC tightens trend monitoring and intervention.
    - Find tax dollars through directed consolidation? Yet this is also a quandary.
  - Schools can't save money (absent a cash reserve), but they most certainly can manage how they spend money through managing local operations.
  
- This past year, Burlington CSD's open enrollment out number went up one student. In the past, BCSD has had over 200 students leave in one year. As this trend shifts back to the losing schools becoming the gaining schools, what will the State of Iowa do with the schools that find themselves bonded beyond capacity? Who will be responsible for the defaulted loans when neighboring schools no longer will consolidate, as they will not accept the other districts' debt? Are the open enrolled in students an asset bubble similar to the 2008 Florida housing market crash's asset bubble? Sounds improbable, but is it? Families can rescind their open enrollment at any time, and the money is gone, leaving the school with an empty building in the hands of a tax base incapable of paying the debt. This makes bond rating without open enrollment control measures somewhat dangerously interesting. Consider the demographic changes that sweep across the

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Dakotas. The same thing is occurring in rural ag-dominated Iowa counties. Again, are today's children open enrolled into smaller districts asset bubbles? By the way, the fastest-growing football class in Iowa is 8-man. Also, think of the one-cent sale tax buildings. I believe 80% of Iowa's schools are losing enrollment. Moreover, the largest employer in these small towns is generally the school system, possibly a school system that will no longer exist. Yes, winning in open enrollment is a matter of life or closure for some school districts, though eventual closure may be inevitable, leaving empty schools spewed across portions of Iowa taking up land that could be producing corn, not tax debt.

- Schools are not banks.
  - Cash reserve
  - BCSD cannot be another school's bank (open enrollment dollars become increasingly significant when gaining schools find themselves in need of cash).
  
- Alternative:
  - Morning Sun School is a PK-6 school district with a 28E Agreement with Winfield- Mount Union Schools, Wapello Schools, and Mediapolis Schools. Upon completion of 6th grade, families have the option of sending their child(ren) to one of the three schools, while Morning Sun retains 11% of each child's state funding. Thus, Morning Sun Schools operates on 111% of the funding formula and the other three schools educate their students at less than 100% of the funding formula. Winfield-Mount Union, Wapello, and Mediapolis are allowed to drive their buses into Morning Sun School District to transport students, a form of "Life Support" for all four of the districts.
  
- Superintendent Cost: Pay, Benefits, and Annuities.
  - Superintendent cost divided by the number of students served.



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