



2017-2018 LEGISLATIVE ACTION PRIORITIES SIOUX CITY COMMUNITY SCHOOL DISTRICT BOARD OF DIRECTORS

1. *Extension of the Penny Sales Tax*

Background: When the State Penny for School Infrastructure was created in 2008, the legislation put in place a Dec. 31, 2029 sunset. That was a legitimate 20-year timeframe that matched the typical bonding period for property-tax backed construction projects. The state penny has helped schools address the age-old problem of equity and adequacy for school facilities. Use of the local option tax from 1998-2008 and the state penny sales tax for school infrastructure since has:

- Allowed for repair or replacement of century-plus-old, obsolete schools with energy efficient facilities designed for student learning
- Funded technology expansions in districts (such as 1:1 initiatives)
- Elevated student learning (such as science labs to support STEM)
- Resulted in fewer days lost due to extreme temps and returned saved energy dollars to the program
- Equalized infrastructure funding per student
- Reduced property taxes

Current Reality: Nine years later, schools are feeling the pinch of a shortened bonding period. With only 12 years of bonding capacity, a shortened bonding stream has left more than \$800 million dollars of statewide borrowing capacity on the table, compared to a full 20-year period. With low interest rates and unmet needs, this is the wrong time to turn to property taxes rather than sales taxes to continue facilities repair and construction. Our fallback will always be property taxes. Inequity in valuations means that some districts will utilize PPEL/Debt Service property taxes bearing no relationship to enrollment or need. Iowa will get right back into the infrastructure mess we were in with inadequate facilities and unequal student resources. A history of the number of bond issues approved by voters annually proves the point: fewer bond issues were passed every year since the start of the state penny, legislated in 2008. That track record will continue if the penny can be bonded against for the full 20 years. Absent that action, as the time frame shortens, the number of bond issues backed by property taxes will escalate, as FY 2015 and FY 2016 activity demonstrates.

Action Needed: The Sioux City Community School District supports extending the state penny by eliminating the sunset, allowing districts and taxpayers to enable long-term planning and access a full 20 years of sales tax capacity for bonding purposes to avoid a resurgence of property tax bond issues. State penny expenditures must remain restricted as exists in current law (construction, repair, technology, equipment, buses, etc.) and as approved by voters in 99 counties, including property tax relief.

2. **Student Equity: State and District Cost Per Pupil**

History: When the Iowa school foundation formula was created, school districts had previously funded schools almost entirely with local property taxes. The level of support varied due to many factors, including community support for the priority of education and local property tax capacity. The formula defined a State Cost Per Pupil (SCPP) and brought all districts spending less than that amount up to the cost, paid for with a combination of local property tax and state foundation aid. Only those districts previously spending more than the newly defined SCPP were allowed to continue to spend more, paid for with local property tax. Although the formula was created in the mid-1970s, the difference between the SCPP and a higher District Cost Per Pupil (DCPP) has remained.

Current Reality: In FY 2017, the State Cost per Pupil (SCPP) was \$6,591. Of the 333 school districts in Iowa, 165 districts (48.8%) are limited to this amount as their District Cost per Pupil (DCPP). The other 178 districts (51.2%) have a DCPP ranging from \$6,592 to \$6,766, or \$1 to \$175 more PER STUDENT. This extra amount is funded with property taxes. Under current law, this \$175 difference will continue to exist into the future, accessible to some districts but not others.

Action Needed: Short of a state appropriation of an estimated \$82 million to cover this gap, the amount required for the state to assume the entire amount of DCPP already paid with property taxes in those districts that have authority plus the supplement for those districts that don't have it, there are other possible solutions that would promote equity without lowering the per pupil amount available for any school district. The Sioux City Community School District supports:

- Give all local districts spending authority for the difference and allow school boards to decide locally whether to fund it.
- Setting the state cost per pupil at the highest amount but lower the foundation percentage threshold from 87.5% to an amount that balances the impact on the state and on property taxes. Since many districts have sufficient cash, it's likely there will be little cash reserve levy impact for several years in many districts.
- Allowing local district authority to use cash reserve to fund the difference under certain circumstances. SSB 1254 is one approach, which includes a parameter that the cash reserve levy in the base year may not be exceeded in a future year if providing funds for this purpose. Phase in the state contribution over time through the formula. For example, if the increase in the state cost per pupil is 3.75%, which would be \$240 per student, appropriate an additional portion of funds, such as an amount sufficient to generate \$40 per pupil for those districts at the lower SCPP. Over a period of several years, the gap would be closed.
- A combination of two of the above would also be possible – **simply put, we need authority in the meantime, and we could close the funding gap over the long haul.**

3. **Adequate Funding through State Supplemental Assistance**

Background: The Iowa Legislature annually determines the state cost per pupil. This action, formerly known as allowable growth, now known as state supplemental assistance, pays for the annual cost of doing business in Iowa schools. In recent years, during and since the great recession, Iowa's state cost per pupil has experienced record low increases, falling far short of the cost increase of delivering a sound education. 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.

Current Reality: Iowa total expenditures per pupil continue to lag the rest of the nation. Although Iowa improved its ranking for the 2014-15 school year to 27th, Iowa per pupil expenditures for PK-12 schools per student in fall enrollment are still \$1,087 below the national average. This shortfall is a full 10.0% below the US average, despite the fact that Iowa's per capita personal income has grown to the national average, with Iowa ranking 6th in the nation in per capita personal income growth from 2003-13. The slight improvement in Iowa's per pupil expenditure ranking may be illusive, however, as the biggest investment in 2014-15 was dedicated to the teacher leadership and compensation system as part of education reform, without meaningful resources to cover the costs of the regular program. The costs of staff salaries and benefits 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.

Action Needed: In order to fulfill the goal of regaining Iowa's number one in the nation education status and delivering world-class schools, the Sioux City Community School District supports the provision of adequate funding, which we know, spent wisely, will prepare our students for success. The Sioux City District supports a goal to get Iowa's investment in education to the national average, currently \$1,087 per pupil above Iowa's current level of expenditure. *These resources are best delivered to schools through the school foundation formula, which preserves the most local flexibility in use of funding to benefit students. Funding for teacher leadership and other reform efforts will not deliver intended results if Iowa continues to short cut regular education investment for students.*

The Sioux City Community School District Board of Education encourages the legislature to consider creative ways to provide flexibility in resources for school districts that may not require additional funding; examples of this nature could include reopening the concept of the Iowa Energy Bank, where school districts could borrow money to engage in energy efficient projects, repaying the loan through savings garnered from the higher levels of energy efficiency.

4. Aligned Assessments of Student Progress

Background: The 2013 education reform effort addressed Iowa's state tests of reading, math, and science, requiring the use of the Iowa Assessment until July 1, 2016, at which time the state Board of Education could again determine the state test. HF 215 also required Iowa's Department of Education to convene a task force to review and make recommendations for statewide assessments on student progress. The task force was required to recommend a state assessment aligned to the Iowa Standards and at a minimum, valid, reliable, tested and piloted in Iowa. The task force considered costs to schools and to the state to provide and administer tests and needed technical support. The task force, including members of every educational role group, did its job; with a very rigorous and scientific process. In a nearly unanimous vote of the task force members, 20:1, members recommended moving to the Smarter Balanced Assessment consortium suite of assessments, including summative tests used for accountability and formative assessments and instructional tools to help students throughout the school year.

The state of Iowa currently does not offer a statewide assessment for students that is aligned to the Iowa Standards and the Iowa Core. Furthermore, the legislature recently took action to strike the

support to undo previous decisions made by the Department of Education and the Statewide Assessment Task Force to fund the use of the Smarter Balanced suite of assessments allowing districts to move forward with an aligned assessment to measure progress along the way, including student standard attainment and growth.

Current Reality: On September 17, 2015, the State Board of Education initiated rules to implement SBAC, intending first use of the statewide assessment in spring of 2017. We still await a new assessment. The legislature delayed the requirement for schools to use SBAC until spring of 2018. The legislature also agreed have the State BOE rules reviewed again in December 2016, but the Governor vetoed that requirement as the education associations requested. The DE issued an RFP and has begun to prepare schools for the use of the Smarter Balanced Assessment, only to have that removed one more time. At this time, we anxiously await information about how we can measure students in a curricular manner that is “written, taught, and tested”. Simply put, we need an assessment that aligns to the curriculum and standards that have been written for our students, and that we use to instruct our students each day. Currently, our assessment is not aligned to what we are teaching, making it a non-viable assessment tool.

Action Needed: The Sioux City Community School District supports a state assessment that is aligned to the content standards, and fully funded by the state. An aligned assessment system satisfies two needs; data for accountability, and data for instructional improvement. The current patchwork approach costs more and has less functionality than one state can provide. A statewide assessment that is aligned to the state standards will provide districts the opportunity to save money currently spent on other assessments if a complete statewide assessment system is implemented. Alignment to the standards is critical and needs to be documented by an independent third party. So many items in Iowa Code depend on student performance on state test scores. Without an aligned assessment, the state should eliminate the statewide report card, the need to document proficiency before taking a concurrent enrollment (Community College) course, the dropout prevention criteria, or specific goals required in a district’s comprehensive school improvement plan. Federal law requires a statewide assessment aligned to our content standards, and the Sioux City Community School District’s Board of Directors believes it is time for the state to take action to yield that outcome to serve our students.

5. *Educational Savings Accounts*

Background: The legislature in the state of Iowa, after the elections of 2016, have shown increased focus on school choice, the same versions of school choice promoted at the federal level, that can only yield reductions in education funding to public schools, so that families use taxpayer money to fund private religious and for-profit education options. The research on the impact of school choice is mixed throughout our country, with no clear evidence that school choice yields higher outcomes for students. Our public schools are well designed to provide a range of choices for parents and students. Iowa has historically celebrated one of the strongest educational systems in the nation, and our public schools are the backbone of the strength in education programming. Commonly, school choice laws vary, with most lacking adequate public accountability and oversight. While it is apparent that the legislature will consider and discuss educational savings accounts; another term for vouchers, to find ways to allow tax dollars to be used for private religious and for-profit education, the Sioux City Community School District’s Board of Directors believes that any change to school choice law must be opposed.

Current Reality: In the state of Iowa, we have student school tuition organizations (STO's), which provide a vehicle for taxpayers to receive tax credits for donations that then generates grant funding for private school tuition. Also, there are direct tuition tax credits to parents, which provide direct relief to taxes paid to parents who choose to place their students in a private school at their own cost. In Iowa, as STO's are currently capped at \$12M. Iowa's tuition and textbook credit is available to both public and nonpublic school parents for 25% of the first thousand dollars of expenses. An educational savings account is the same as a voucher where funding is allocated to an account that may be used for tutoring, curriculum and other approved services in addition to tuition. Bills were introduced in the 2017 legislature to authorize ESA's in Iowa. While none of the bills gained traction, due at least in part to the estimated cost of \$240M and the states low revenue situation. Legislators continue to indicate their intent to consider this again in the legislative session of 2018.

Action Needed: The Sioux City Community School District's Board of Directors believes that Iowa law provides sufficient choice through public schools, public charter schools, open enrollment, homeschool assistant, put post-secondary enrollment options, and nonpublic school alternatives. Additional tax credits towards nonpublic tuition for investments in options without oversight are not necessary to provide choice to the families in Iowa. All schools that receive any public funds, including property taxes, state aid or federal monies, should be subject to the exact same governance and educational standards as the public school districts currently attain. The state should provide full funding to public schools to meet the evolving needs of public school students before even considering additional financial supports for non-public schools.

6. Iowa Public Employee Retirement System (IPERS)

Background: IPERS is a defined benefit pension plan where both the public employee and the public employer contribute. The Iowa Legislature in a bipartisan bill established IPERS on July 4, 1953 to replace the Old Age Survivors Insurance System (IOASI). Iowa Code 97B was written to govern IPERS and its trust fund establishing IPERS as an independent agency of the Executive Branch of state government. For over a half century IPERS has helped public employees plan for retirement and then maintain financial independence after retirement.

Current Reality: During the last session of the Iowa Legislature, the majority party in Iowa discussed the creation of a task force to study IPERS funding. That task force was never formed. Instead, the Legislature will consider the recommendations from an out of state think tank that will make recommendations to the next Legislative session.

The strong belief among public employee groups is that there is a move within the Iowa Legislature to change IPERS from a defined benefit to a defined contribution plan. In essence this would change a dependable benefit retirement system into a 401(k) plan where retirement is determined by the market instead of by a formula based on contributions from the employee and the employer. A move to a hybrid retirement system where younger public employees are provided a defined contribution system (401k) while veteran employees have defined benefit, will in the long term destroy the system and harm public employees. Iowa will be facing a growing educator shortage, and this proposed retirement change will greatly compound this problem.

Action Needed: The Sioux City Community School District's Board of Directors supports maintaining IPERS as a defined benefit program governed by the Benefits Advisory Committee (BAC), and any changes needed to be made should be done based on the recommendations of BAC and independent actuaries.