

IOWA ECONOMIC SCORECARD

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How “Backpack Funding” Is Revolutionizing K-12 Education and School Choice

Good things happen when tax dollars follow K-12 students to whatever school they enroll in.

By Nick Gillespie and Todd Krainin

Public schools aren’t doing well. Since the early 1970s, we’ve more than doubled per-pupil spending **without increasing test scores** for high school seniors. Seems like a problem that’s just too big to fix.

Yet one of the best ideas to radically improve K-12 education in America is so small, it can fit into the backpack of the tiniest first grader. It’s called “weighted student formula,” or backpack funding. Here’s how backpack funding works.



Instead of giving a set amount of dollars to a school based on the number of students in a given district, each student is given a certain amount of funding that follows them to whatever school they enroll in.

Students with special needs get extra dollars that follow them. Under the best version of backpack funding, educators have complete flexibility to use the money as they see fit: on more teachers, programs, facilities, or whatever they think will help their students succeed.

With such great educational freedom comes great responsibility, too. Schools either perform or parents will take their children — and their dollars — elsewhere. Backpack funding focuses attention and resources exactly where it should be: on the students. And it gives principals, teachers, and parents the chance to find out what works best for each student.

Well over a dozen major school districts have implemented versions of backpack funding, with excellent results. Houston, for instance, has increased its graduation rate by more than 10 percent after giving more control to students and principals.

Kids love to personalize the backpacks they bring to school. Backpack funding lets them, their parents, and their teachers do the same for their education.

Reason is a media sponsor of National School Choice Week, January 25 - 31, 2015, which focused attention on how increasing options for students and parents can improve K-12 education. Nick Gillespie is the editor in chief of Reason.com and Reason TV and the co-author of The Declaration of Independents: How Libertarian Politics Can Fix What’s Wrong With America. Todd Krainin is a photographer and documentary videographer with Reason.com. Reprinted with permission, originally published January 28, 2015, <<http://reason.com/blog/2015/01/28/how-backpack-funding-is-revolutionizing>>.

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Do Iowans Value Education or Just Spending?

By Deborah D. Thornton

"Don't tell me what you value, show me your budget, and I'll tell you what you value."
– Joe Biden, Vice President of the United States (2009 - current)¹

Iowans value education. That has long been a part of our history and our standards. But what does that mean today? Does it mean we keep throwing millions of tax dollars at systems which aren't working, just so we can say we did? So we can say we "value" education, after all, our budget says we do? Or does it mean that, no matter how difficult, we take a hard look at the results of the education our children are receiving? If those results, for the hundreds of millions of dollars we are already spending, are not acceptable, then we better do something different.

Yes, Joe – let's show you our Iowa state budget for education. The total state budget currently is almost \$7 billion, with Governor Branstad proposing to increase it by 5 percent to \$7.3 billion for Fiscal Year 2016. This is the largest state budget ever and requires dipping into the current surplus funds – what families would call savings accounts.

Of that \$7.3 billion, education funding (pre-k to college) makes up 55 percent, or just over \$4.0 billion per year. The education budget has grown by 65 percent over the last 15 years. The proposed two-year increase for FY 2016 and FY 2017 is \$320 million, a 1.25 percent increase the first year and 2.45 percent the next.



Importantly, tuition at our Regent universities is not being increased – for the third year in a row. That is a significant value to our young people and their parents.

In some previous years, more money was promised – as much as 6 percent. But it was not paid. One year (October 2009) a 10 percent across-the-board cut was made – during the Great Recession – by Governor Chet Culver (Democrat) because the money promised was not available.² The money promised by Governor Branstad the last four years has been paid. Teachers have been paid, reform programs are being implemented.

But some people still want more and claim that the Governor and the Iowa House of Representatives do not value education. They claim that we rank 34th in the nation in per pupil spending, that our children are being short-changed. The children may be getting short-changed, but not by spending too little on their education. They are being short-changed by the results we are getting for our money. Take a look at the reality of education spending in Iowa, compared to our cost of living and the education spending of our neighboring states. The tables on page three

and four outline where we stand.

Our cost of living is significantly less than that of many states, and our education funding is proportional. We actually fund education at a higher rate than some of our neighboring states, as our cost of living ranks fifth and our teacher salaries rank fourth.³ That means our regional education price parity is right on target, i.e. we are spending just as much as other states are on a cost of living basis. Our teachers are being paid just as much.

We have increased our funding by 65 percent over the last 15 years, while losing 5 percent of our students. That is even with four years (FY02, FY04, FY10 and FY11) where the state was not able to pay the schools what they had been promised. Is it better to promise and not pay? Or pay what you promise? My credit card company chooses the latter!

I propose that we pick up our backpacks and get to work, implementing real education reform, real school choice, and provide our parents and children with the options they need to ensure a great education – because, yes, Joe, that is our value and that is where we put our money. Let’s prove it by getting results, not just writing checks and pretending we value it.

(Endnotes)

¹ “Joe Biden Quotes,” Goodreads.com, <http://www.goodreads.com/author/quotes/614246.Joe_Biden> accessed on January 29, 2015.

² Rod Boshart, “Culver Orders 10 Percent Across-the-Board Cut,” *Quad City Times*, October 8, 2009 <http://qctimes.com/news/local/culver-orders-percent-across-the-board-cut/article_3a3f6258-b446-11de-99dd-001cc4c03286.html> accessed on January 29, 2015.

³ Steve Goldstein, “Here Are The Most And Least Expensive States To Live In The U.S.,” Market Watch, *The Wall Street Journal*, April 24, 2014, <<http://blogs.marketwatch.com/capitolreport/2014/04/24/maybe-members-of-congress-do-need-a-raise-regional-price-data-suggest/>>.

**2012 Regional Price Parity by State
Selected States by High to Low**

National Ranking	State	Cost of Living	How Much More/Less It Costs To Live in X State Versus Iowa
1	Hawaii	117.2	31%
16	Illinois	100.6	12%
24	Minnesota	97.5	9%
32	Wisconsin	92.9	4%
40	Nebraska	90.1	1%
43	Iowa	89.5	
47	South Dakota	88.2	-1%
48	Missouri	88.1	-2%

Table 211.60. Estimated Average Annual Salary of Teachers in Public Elementary and Secondary Schools, by State: Selected Years, 1999-2000 Through 2012-2013

State	Constant 2012-13 dollars\1\						
	1999-2000	2009-10	2011-12	2012-13	Percent Change in Salary 1999-2000 to 2012-2013	Iowa Salary Rank Compared to Neighboring States	Iowa Cost of Living Rank Compared to Neighboring States
United States	\$57,133	\$58,925	\$56,340	\$56,383	-1.3		
Illinois	63,527	66,264	58,595	59,113	-6.9	1	1
Minnesota	54,393	55,967	55,874	56,268	3.4	2	2
Wisconsin	56,239	54,721	54,687	55,171	-1.9	3	3
Nebraska	45,421	49,345	48,955	48,931	7.7	5	4
Iowa	48,757	52,973	51,076	51,528	5.7	4	5
South Dakota	39,728	41,456	39,450	39,580	-0.4	7	6
Missouri	48,727	48,373	47,178	47,517	-2.5	6	7

\1\Constant dollars based on the Consumer Price Index (CPI), prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to a school-year basis.

SOURCE: National Education Association, *Estimates of School Statistics, 1969-70 through 2012-13*. Table 211.60, Estimated average salary of teachers in public elementary and secondary schools, by state. Selected years, 1969-70.

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Education Funding for Iowa Students

Government K-12 Schools - FY 2000 To FY 2014

Fiscal Year	Amount Per Student*	Number of Students	Percent Increase in Spending	Percent Decrease in Students
FY2000	\$5,122	502,534	N/A	N/A
FY2001	\$5,305	494,392	3.6%	1.62%
FY2002 - A	\$5,476	489,773	3.2%	0.93%
FY2003	\$5,722	489,523	4.5%	0.05%
FY2004 - B	\$5,846	487,021	2.2%	0.51%
FY2005	\$5,994	485,011	2.5%	0.41%
FY2006	\$6,235	483,335	4.0%	0.35%
FY2007	\$6,497	483,105	4.2%	0.05%
FY2008	\$6,760	482,584	4.0%	0.11%
FY2009	\$6,976	480,609	3.2%	0.41%
FY2010 - C	\$7,419	477,019	6.4%	0.75%
FY2011 - D	\$7,958	474,227	7.3%	0.59%
FY2012	\$8,073	473,493	1.4%	0.15%
FY2013	\$8,100	473,504	0.3%	0.00%
FY2014	\$8,429	474,245	4.1%	-0.16%
Total Increase/Decrease Over 15 Years				
	\$3,307	-28,289	64.6%	-5.6%

* Includes property taxes, but only those generated by the school aid formula

Does not include amounts for non-public K-12 schools, the School for the Deaf, the Braille & Sight Saving School, Statewide Vision Services, Community Colleges, State Universities, or Private Colleges.

A Doesn't reflect the across-the-board reduction of \$77.5 million

B Doesn't reflect the 2.5% across-the-board reduction

C Doesn't reflect the 10% across-the-board reduction

D Doesn't reflect the \$156.1 million shortfall not paid to the schools, but promised.

Source: Education Funding for Iowa Students, Historical Funding Per Pupil, Legislative Services Agency, April 17, 2014, <https://www.legis.iowa.gov/docs/lsaReports/k12Education/historical_per_Pupil.pdf>.