
Iowa Fiscal Partnership

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Coping with the Crunch: Iowa Schools Weakened Analysis: Iowa Fiscal Crisis Hurts Education Support at All Levels

IOWA CITY, Iowa (Nov. 22, 2004) – Iowa’s budget crunch has hurt education at all levels, according to a new report.

“State cuts are forcing Iowa schools to do more with less. In some cases they are offering less at a higher cost to students,” said Elaine Ditsler, research associate for the Iowa Policy Project and co-author of the report.

The report notes double-digit percentage declines in state funding for the three state universities from 2001 to 2004, with higher costs forcing more reliance on temporary or part-time staff, higher student/faculty ratios and spiraling tuition – a 62 percent increase in four years.

It also notes similar challenges for community colleges, where tuitions rose by a third in three years at the same time faculty pay has not kept pace with neighboring states, and enrollments have grown markedly.

For K-12 schools, the report demonstrates a breakdown in the funding formula to keep pace with costs and an actual reduction in per-pupil spending in recent years. K-12 schools have been squeezed from all directions: across-the-board cuts in the middle of the school year in 2002 and 2004, slow growth in allowable spending, and sluggish growth in property values.

Ditsler and Jeremy Varner, an IPP intern, produced the report for the Iowa Fiscal Partnership, a joint budget-analysis effort of the IPP and the Child & Family Policy Center in Des Moines.

“Policy makers need to choose whether to fully fund the needs of a modern, equitable education system or to risk the quality of Iowa’s schools,” Varner said.

Among their findings:

- Iowa’s three public universities have struggled to adjust to fewer state dollars and the unpredictability of state cuts coming in the middle of budget years.
- At the same time fringe-benefit costs have risen sharply, the state has underfunded salaries. Universities have responded with more use of temporary and part-time staff.

- Unprecedented university tuition increases are the result of the loss of state revenue. From FY2001 to FY2005, resident undergraduate tuition rose from \$2,906 to \$4,702, or 62 percent – not including fees, which have risen more rapidly.
- The rise in university tuition has come with a decline in enrollment, raising questions about college affordability that are not being mitigated by state support of financial aid to students. Grant programs have been reduced and work study has been eliminated.
- Iowa community colleges have raised tuition to compensate for a decline in state revenue and an increase in enrollment. Tuition and fees at Iowa community colleges exceeded state aid for the first time in FY2002, and the gap has widened since then.
- Between the 2001 and 2004 budget years, state community college funding per pupil sank 30 percent, from \$1,909 to \$1,342, adjusted for inflation. Enrollments in that period rose 19 percent. Average tuition rose from \$1,937 in FY2001 to \$2,571 in FY2004, and rose again to \$2,754 this budget year.
- Regular program spending on K-12 education has decreased 4.8 percent and per pupil spending has decreased 2.1 percent since 2001.
- For each of the last three years, the Legislature has set the amount of growth in allowable per pupil spending well below the rate of inflation.
- Two years of across-the-board cuts have caused schools to lose state funding in the middle of the school year, causing disruptions to school plans, cuts in spending and shifts in responsibilities to local property taxpayers.
- The phaseout of the “budget guarantee,” which has helped schools keep pace with costs despite declines in enrollment, meant cuts in regular program funding for 170 school districts in this school year. The continued phaseout of the guarantee will force schools to cope with even smaller budgets.

The full report is available at the Iowa Fiscal Partnership website, www.iowafiscal.org <<http://www.iowafiscal.org>>.

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