Summary: This 2019-20 profile of Iowa's public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), Iowa scores 58 out of 100, which ranks 15th out of the 48 states with possible ratings.

**FISCAL EFFORT**

Fiscal effort is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

- **IA** is a medium effort state.
- In FY 2020, IA spent 3.82% of its economic capacity (GSP) on its K-12 public schools.
- This was 0.21 percentage points higher than the unweighted national average of 3.61%.
- IA's effort level ranks #17 in the nation (out of 50).

**STATEWIDE ADEQUACY**

Statewide adequacy compares actual per-pupil (PP) spending in each state to district-level cost models estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student's district. The graphs include regional and national averages.

- Overall adequacy in IA is relatively moderate.
- By the modest standard of U.S. average scores, 25.9 percent of IA students attend inadequately funded districts, which ranks #20 in the nation (out of 49).
- The typical IA student's district spends 16.0 percent above adequate levels, which ranks #21 in the nation.

**EQUAL OPPORTUNITY**

Equal opportunity is the comparison of adequacy between each state's higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in percentage points) between the lowest- and highest-poverty groups is a state's "opportunity gap."

- Educational opportunity in IA is severely unequal.
- Spending in IA's highest-poverty districts is 16.1 percent ($2,309 PP) below the estimated adequate level, compared with 80.8 percent ($4,662 PP) above adequate in the state's most affluent districts.
- This opportunity gap of -96.8 percentage points is ranked #35 in the nation (out of 48).

- **IA**'s opportunity gap contributes to a student outcome gap: the state's highest-poverty districts (pink dot) score 0.68 s.d. below its lowest-poverty districts (blue dot).
The data in this state profile are from the School Finance Indicators Database (SFID), a collection of public K-12 school finance and resource allocation indicators published annually by researchers from the Albert Shanker Institute, University of Miami School of Education and Human Development, and Rutgers University Graduate School of Education. The primary product of the SFID is the State Indicators Database (SID), a state-level dataset containing roughly 125 variables. This profile focuses on three types of measures included in the SID: fiscal effort, statewide adequacy, and equal opportunity. The full SID dataset, along with accessible documentation of and data sources for all the measures presented in this profile, as well other SFID datasets, tools, and reports, are freely available to download at schoolfinancedata.org. The following are some general notes about the profiles, followed by descriptions and notes pertaining to the three types of measures they present:

- **Fiscal effort** indicates how much of a state's total economic capacity goes toward K-12 schools. It is calculated in the SFID by dividing direct state and local K-12 expenditures by either Gross State Product (GSP) or aggregate state personal income. Both of these are measures of a state's economic capacity. In this sense, effort measures how much each state contributes as a percentage of how much it might contribute. The former denominator (GSP) is used in these profiles, but the two are highly correlated, and the income-based effort indicator is available in the SID. Bear in mind that high-capacity states with larger economies, such as New York and California, can put forth lower effort than lower capacity states, such as Mississippi and Alabama, but this effort is still huge relative to what the states might have spent given their economic capacity.

- **The data in this state profile are from the General School System Finances.**

- **The regio... highlight in the table (rather than, say, 2006-09) because the direct impact of the recession on K-12 funding in the typical state persisted for a few years after the "official recession" ended, and because federal stimulus funds ran out after 2011. 2012 is therefore an apt starting point for assessing states' reinvestment (or lack thereof). Trends, however, vary by state.

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- **We therefore use effort primarily as a proxy for fiscal effort, as quarterly GP estimates are not available before that.**

- **In order to provide a sense of states’ capacity, we characterize each state's GSP per capita as small, medium, or large by sorting states into three roughly equal groups using terciles.** Note that even seemingly small changes or differences in effort levels represent large revenue amounts, as the denominators are entire state economies. Note also that 2006 is the first year in which we can calculate GP-based fiscal effort, as quarterly GP estimates are not available before that.

- **In the third bullet of the right panel, below the table, we present a “thought experiment” of sorts, in which we calculate how much additional total state and local spending each state would have to spend to bring its funding levels to the national average for 2006 and for 2009 (the start and end of the recession, respectively).** Note that these calculations are necessarily imperfect, as they are based on the relationship between outcomes and cost factors such as regional wage variation, district size, and student characteristics. Note that this model and the data it uses are necessarily imperfect, and estimates should be viewed with appropriate caution. For more information about the NCMC, see the SID user's guide. Some of the estimates presented in this section of the profile can be calculated using SID variables, whereas others (e.g., the district-by-district estimates in the right panel) require use of the SFID's Cost Database (CDB); many but not all SID adequacy measures (all of which have variable name beginning with necm...) are aggregations of DCD estimates. The full DCD dataset (going back to 2009) is also publicly available at the SFID website (2020 estimates will be released in early 2023).

- **Equal educational opportunity is achieved in a given state when none of that state’s districts are substantially further above or below adequate spending levels than are other districts. In the SFID, we measure equal opportunity (EO) with the same NECM estimates used for statewide adequacy (see above), but in this case by comparing adequacy gaps (percentage difference between actual and estimated adequate spending) between the highest- and lowest-poverty districts in each state. That is, each state's “opportunity gap” is the difference (in percentage points) between these two groups (district poverty groups are defined in terms of quintiles—e.g., the 20 percent highest-poverty districts compared with the 20 percent lowest-poverty districts in each state) Note that EO is conceptually independent of statewide adequacy—e.g., a hypothetical state in which all districts are below adequate funding levels might still exhibit EO, so long as high- and low-poverty districts are inadequately funded by roughly the same proportions, whereas highly unequal opportunity might exist in a state in which funding is universally adequate, if high-poverty districts are more adequately funded than low-poverty districts.**

- **EO estimates are not available for Vermont and Hawaii (adequacy estimates not available), and cannot be calculated for D.C. (single government-run district state).**

- **In the first bullet of the left panel, we characterize statewide adequacy as follows: high (fewer than 20 percent of students in below adequate districts and statewide (typical student’s) gap of +50 percent or greater); moderate (greater than 20 percent below adequate and statewide gap under +50 percent OR fewer than 20 percent below adequate and statewide gap above +50 percent); high (greater than 50 percent in below adequate districts).**

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- **The regional cost models in the graph are U.S. Census divisions (9 groups), IA’s division is West North Central. Axis ranges for the bottom graph may vary by state.**

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