*Superintendent’s Message: Statement of the Funding Equality Issue*

*Dr. Art Tate, Superintendent of the Davenport Community School District, announced at the Monday, March 9, 2015 Board meeting that he plans to violate Iowa  law and use more money that the State of Iowa has authorized the district to use to stave off serious budget cuts once again facing the District. The Davenport Community School District has cash reserves of $29 million available; however the district does not have authorization from the State to use even a portion of these funds to meet the needs of our students and families. The State funding formula also undervalues our nearly 16,000 students by $3,2 million per year. A number of our students are wearing t-shirts that say “I’m Worth-Less” meaning that due to the inequity in the funding formula in the State of Iowa the present day value placed on our students is $175 less than the value for students in other districts who receive the highest per student rate in the state. The complete text of Dr. Tate’s statement is below:*

While attending a recent Davenport legislative forum, I was deeply impressed by two things: First, students from our district were wearing t-shirts proclaiming “I’m Worth-Less,” and it made me realize my personal responsibility as their leader to take action to assure that their district provides them with budget support equal to other students throughout the state. Second, as I listened to members of the audience question why the legislature can ignore the law by not producing a timely two-year education budget, it caused me to consider why I should be held to a higher standard when it comes to statutes concerning budgets.

Iowa State Code 257.7 prohibits districts from spending more than they are authorized, based on the district’s’ certified budget and the increase in allowable growth/state supplemental aid provided by the state. In other words, the state restricts how much a district can spend, no matter how much you have in the bank. The state requires that districts maintain something called the Unspent Balance which comes from monies the state allowed you to spend, but instead were saved as a reserve. Here’s the important point: State law does not allow the unspent balance to go into the red, which means that you are spending more than the state authorized. That is against the law.

I am formally informing the Board and the public of my intention to violate the state law. With my plan that begins next school year, I put into play operations which will bring us into spending more than authorized by the state during school year 2016 – 2017, and that violates State Code 257.7. I am taking this action after careful consideration and understanding the possible personal consequence. I take full and sole responsibility for the violation of state law. With this action I am following the example of our state legislature, which has ignored the law this year by not providing districts with the state supplemental aid amount by February 12, 2015. Let me emphasize that we have reserve cash to fund this effort; what we lack is state authorization.

The state funding formula is complicated and hard to master. But these facts are not complicated:

* Our students and families have unmet needs resulting from a lack of funding.
* We have cash reserves on hand of $29 million.
* By using our reserves, we can sustain additional funding or programs without increasing the tax levy.
* The state formula undervalues our students by $3.2 million each year

The Davenport Community School District is comprised of nearly 16,000 students with a 67.3% free and reduced lunch population. The district’s Board of Education and I have been transparent in describing the critical challenges which face our schools and students. Our most notable challenges are achievement rates which do not meet our standards; a wide achievement gap between many subgroups, which is absolutely unacceptable; a dropout rate which, although significantly improved, still reflects that too many students are leaving our schools each year before graduation; and a suspension rate which, although it reflects national trends, is problematic. By its board priorities, the Directors acknowledge the overriding effects of poverty on education in the district.

For over four years this district has been involved in significant reform efforts to address our challenges. Our Board of Education, administrators, teachers, and staff are focused on implementing programs which provide amazing supports for our students and families. With over 18 years’ experience as a superintendent in four states and five school districts, I can say without reservation that I have never seen an organization more committed to success than Davenport. As I visit the schools, I personally witness the sacrifices made on behalf of students. Our schools are making herculean efforts which reach far beyond the mission of education.  This is a caring district.

All that being said, the fact is that we do not have adequate resources to provide appropriate response measures to meet our challenges. Instead of adding needed supports and interventions, we have been reducing our budget for over a decade.

Davenport Community School District is one of 165 districts in the state of Iowa which receives less money per student than a group of 173 higher-compensated districts. The “I’m Worth-Less” t-shirt is literally correct. Our students are valued less than many others in the state. This unfair situation has evolved from the early 1970’s when the state funding formula was enacted, and carries forward to the present day where the value placed on our students is $175 less than the value for other students in districts which receive the highest per student rate in the state. In other words, the state funding formula is explicit in valuing a Davenport student less than students in over 170 other districts, including, for example, Pleasant Valley and Bettendorf. How can this be right in any universe?

If Davenport students had the same per pupil value as the highest compensated districts in the state of Iowa, this year and next we would receive an additional $3.2 million to spend on our students. I need to repeat that: Because Davenport students have less per pupil value in the state funding formula, we receive $3.2 million less than equity would dictate. How is this fair? How is this equitable? How can we accept that our students have less funding value than students in PV or Bettendorf?

It is hard for me to even conceive how a state government could have allowed this discriminatory practice to exist for so long. In the last five years, Davenport School District would have received an additional $17,352,998 had we been getting the highest per pupil compensation. Instead, in the last five years, the district has had to reduce its budget by a total of $17,272,791, almost the exact amount that we were denied by a system which discriminates against almost half the districts in the state.

Next year I will retain several logical reductions in the budget: 1) early retirement, 2) utility savings through an energy conservation program, 3) moving maintenance contracts from general fund to management fund, and 4) curtailment of professional development during the school day. The total of these cuts will be $1,405,000. I will be making no other reductions to programs and personnel, and most notably, I will not be increasing class size in order to reduce teacher positions. There will be the normal minor changes in teacher positions due to using our staffing guide, and I will continue to look for savings in department budgets and through possible consolidation of leadership positions. But I cannot with a clear conscience make reductions which will damage student achievement when the undervaluing of our students is institutionalized by the funding formula of the state. I want to prove to the students, parents, and employees of this district that they have equal value to any school district in the state.

In addition to taking fewer budget reductions than I had originally proposed, I intend to use up to $1 million to support new programs designed to reduce our achievement gap, to fight the effects of poverty, and to address diversion programs needed to turn around our out-of-school suspension numbers. We must enact these new systems of supports to turn around situations and inequities that are unacceptable. We cannot continue business as usual.

By not reducing the budget as previously planned, and by adding new essential programs, the plan to increase the unspent balance to $8 million over time will be negatively impacted.  This places me on a glide path to violate the state law during the 2016 – 2017 school year when we spend more than authorized, but not more than we have in cash reserves. But I have a plan to build up the reserve fund and to be fiscally responsible.   My plan is simple: To be relentless in pressuring the state to change the law so that Davenport students will receive the same per pupil dollars as the highest compensated districts in the state, and to push for immediate passage of a law which will let us spend cash reserves to increase our per pupil expenditures. When the district and our students have equal value in the state, we will be back on track for constituting an unspent balance and not overspending the authorized budget.

We can’t continue to reduce programs and expect that all our great ideas and intentions will turn the tide. As the leader of this district, I cannot turn a blind eye to our needs, knowing that there are practices and programs which can make a measurable difference in our results. We all know the impact that poverty makes on our community and upon education. I cannot sit idly by and pretend that we can make $3.5 million in reductions to our budget next year, and that things will be OK; things will not be OK. We have to be bold, we have to employ proven techniques, and we have to do whatever it takes to meet the needs of our students and community. I feel a personal obligation to provide this community with the best education system possible. We cannot do that without reasonable resources. We cannot accomplish our mission until our students are valued equally with all other students in this state.

It is important to point out that we have $29 million in cash reserves in the bank, and no additional levies are needed to accomplish my plan. We have the cash to pay for every program and position without increasing taxes. We just do not have state authorization to spend more because the formula undervalues our students.  Everyone must understand that if our students were valued the same as the highest per pupil students in the state, if there were equality of funding, if all districts were treated the same, we would have $3.2 million more to spend, and I would not have to break the law in order to support my district.

In short, I care more about our students and their needs than I do about the state law in this case.

Sincerely,

Dr. Arthur W. Tate, Superintendent

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**Statement Made by Superintendent Art Tate at**

**Board Meeting on June 22, 2015**

 On March 9th, I made a statement concerning my intention to enact budget decisions to turn around the more than 40-year state practice which provides less per pupil funding for our students than in other districts. At the time, I indicated that I was ready to face the serious consequences resulting from exceeding state-imposed allowable spending limits. The result of my stand was an outpouring of support and interest from students and parents, the Davenport community, and our governing board. There were also expressions of encouragement from around the state and nation.

At the legislature, the publicity surrounding the Davenport declaration prompted interest and resulted in a study bill being written in the Senate. That action gave us hope, and our board’s legislative advocacy committee worked diligently, investing time and effort in contacting legislators, including a visit to the capitol to meet with the governor and legislative leaders from both parties. Everyone needs to know that representatives of the board, along with a lobbyist from the Urban Education Network, were relentless in trying to garner support for legislation which would have permitted districts such as ours to bring per pupil spending to the same levels as the highest districts in the state, using only cash reserves.

At one point during the legislative process it was determined that the funding equality bill would not continue in the Senate. Subsequently, a similar bill was crafted in the House. With the legislative session over for this year, we all know that neither the House nor Senate had the will to take action to provide a short or long-term solution to the funding situation. Apparently, our legislature is in a two-year biennium session, and every bill which was introduced this year passes on to the next year of the session. So in theory, legislation to temporarily address the long-standing inequality will again be considered in 2016.

I cannot find the appropriate words to express my disappointment, dismay and alarm at the inability and unwillingness of the Iowa legislature to approve a statute addressing the long-standing practice of discrimination in education funding equality.

Here is the bottom line: There will be no legislative relief to allow this district to legally spend the additional $175 per student next school year. This is the amount required so that Davenport students would be worth the same as other students in the state. The legislators have spoken; students in Davenport, and hundreds of other districts, are worth-less than students in the top funded districts in the state according to per pupil spending.

I wish to thank,

* Our Davenport students who led and inspired us through the campaign.
* This governing board which stood strongly behind the principle of equality in funding.
* The district parents and employees who rallied energetically behind the effort.
* The Davenport community, including political leaders and organizations, which went on record to support the value of all students.
* Our legislative delegation which provided various degrees of leadership and support to raise awareness of the situation.
* The state legislative leaders who listened to our presentations, took our calls, read our emails, and admitted that changes need to be made.

I want to personally apologize to the activist students, parents, and community members for not taking my stand in prior school years or earlier in this year, to give us more time to work through the complicated, laborious, confusing legislative process.

I have some questions for every Iowa legislator:

1. Did you know that the inequality of student per pupil spending has been a part of the state spending formula for over 40 years?
2. If you are a legislator who knew about the decades-old inequality of student funding, why have you never done anything about it? And lastly,
3. If you are a legislative leader who did not support bringing one of the study bills on student equality of spending to the Senate and House floor, what is your reasoning?

I am curious about political priorities. A gas tax increase was passed in record time with almost no controversy and little discussion. The rationale was that the problem of highway infrastructure and maintenance had been ignored for too long, and it was time to act. I wonder why the unacceptable disparity in per pupil funding that has gone on for over 40 years, disadvantaging students throughout the state, was not viewed with equal enthusiasm as fixing bridges and roads. Of course, road upgrades are about safety and commerce, but equal funding for each and every student in the state goes to the heart of equal opportunity; withholding funds from needy students is a matter of health, safety and security in districts such as Davenport.

It has been suggested that the main reason why the legislative fix to promote funding equality did not find its way to the light of day to be voted on was because it threatened property taxes. Apparently, although the proposed bill would not have permitted districts to increase property tax levies, some legislators held the opinion that since reserve cash accounts originally came from property taxes, spending reserve funds would be like spending property tax resources.

I understand about being fiscally responsible. As a superintendent, I enacted conservative fiscal practices for over 18 years, reducing district operating budgets by over $30 million. I respect the protection of property taxes; this year, I recommended to the school board that we reduce the property tax levy. I take seriously my responsibility to propose budgets and plans which respect our tax base. I humbly suggest that equality in the way we value every student trumps the unwavering adherence to rejecting every measure which has any relationship – no matter how remote – to property taxes. In my view, reversing discrimination that has taken place over scores of years, therefore depriving students of an equal chance to succeed, should be more important than uncompromising partisan politics.

In my opinion, one of the most important planks of every political platform has to be equality of educational opportunity. I am not an elected official, but I cannot understand how an Iowa Senator or Representative can turn their back on the temporary solution for a funding process which has institutionalized gross discrimination against thousands of Iowa students. I maintain - and have told everyone who would listen – that the legislative temporary fix would have been fair, logical, and cause no harm.

I am publicly repeating my declaration that our students in Davenport are as worthy of financial support as any student in the state. Our students need to know that their superintendent values them and is declaring to every other district, to the governor, and to every legislator, that our students are worthy of equal state funding. I intend to spend up to $175 per pupil more than the state funding formula allows. One hundred seventy-five dollars is the difference in what Davenport is allowed to spend according to the state funding formula, and what other districts with the highest per pupil spending are allowed to spend per student. Next year our students will not be worth-less. As long as I am permitted to be the superintendent of this district, and until the state addresses the funding disparity, I will continue to spend more than the state allocation which is governed by statute. I will no longer accept the state-imposed and state-condoned inequality of student funding for Davenport Community School District.

I wish I had faith in a legislative system which recognizes and corrects blatant injustices. Unfortunately what I observed by this year’s actions shocked me, and I have almost completely lost hope in the government’s ability to erase the funding inequality. I am told to be patient, but my students – our students – cannot wait.

Accordingly, in addition to my action to exceed the state spending authority, I think it is prudent to begin to investigate possible legal action against the state. Since the 1970’s, Davenport Community School District has been short-changed through the discriminatory funding formula to the tune of an accumulated $142 million. That is $142 million which could have been spent introducing additional quality programs and services for students. Imagine the good that those additional resources could have accomplished. Ponder the damage which the lack of funds may have allowed. We are a district with a 63% free and reduced lunch enrollment. Our need cannot wait for legislative processes and endless study groups. Our needs are now.

I am looking for legal advice. Who has standing to sue the state? What are the steps? What are the costs? How to fund? I wonder about the power of scores of districts in a lawsuit to recover the total funds lost from a flawed funding formula which has been in place for over 40 years.

I also want to challenge some of our motivated students and talented teachers to study the Iowa Constitution and determine whether it does or does not support equality in educational opportunity. If the state Constitution does not now guarantee equality of funding, an opportunity exists for the Davenport Community School District to lead the way yet again to seek such a constitutional amendment.

In conclusion, as a school system and community, we should be proactive in attacking the problem of inequality of funding; from what I have seen this year, we cannot rely solely on the political process. We must continue to act boldly and with conviction.

And my final comments are meant for our students: Your education is worth everything to me, and I will use my time and energy to get the State of Iowa to recognize the importance of equal funding for all students.