
FISCAL TOPICS

Fiscal Services Division

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Des Moines, Iowa 50319

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School Aid — Additional Levy Components — FY 2023

The Iowa school aid formula provides funding to local school districts and area education agencies (AEAs). A school district's operating budget funded through the school aid formula is called the school district's combined district cost. The combined district cost is funded through State aid, the uniform levy, and the additional levy. Below is a brief description of the school finance formula revenue sources:

- **State Aid** — In general, a standing unlimited General Fund appropriation made to fund State foundation aid to school districts each year. Since 1990, State aid has accounted for at least 60.0% of the statewide total of the combined district cost and is at approximately 65.4% in FY 2023. A variety of factors influence the State aid portion of school aid, including enrollment, taxable valuation, and changes in statute.
- **Uniform Levy** — A statewide property tax levy of \$5.40 per \$1,000 of taxable valuation paid by all property taxpayers in Iowa. The uniform levy and State aid are used to fund the first 88.4%¹ of the Regular Program and Special Education foundation base and the first 79.0% of the AEA Special Education Support Program. The change in the amount of uniform levy generated annually is the result of changes in taxable valuations.
- **Additional Levy** — A local property tax with varying rates between each school district that provides the additional funding for each school district's combined district cost. The additional levy is not rate-restricted, and funding for the additional levy property tax rate ranges from \$0.79 to \$5.61 per \$1,000 of taxable valuation in FY 2023. Major factors that influence additional levy property tax rates include taxable valuations and the number of students within a school district, and the amount needed for discretionary programs funded by the additional levy.

In FY 2023, the additional levy totals \$598.9 million and accounts for 35.9% of the school foundation property tax total and 11.6% of the total combined district cost. In FY 2010, the additional levy funded 15.1% of the total combined district cost.

The visualizations on the next two pages show:

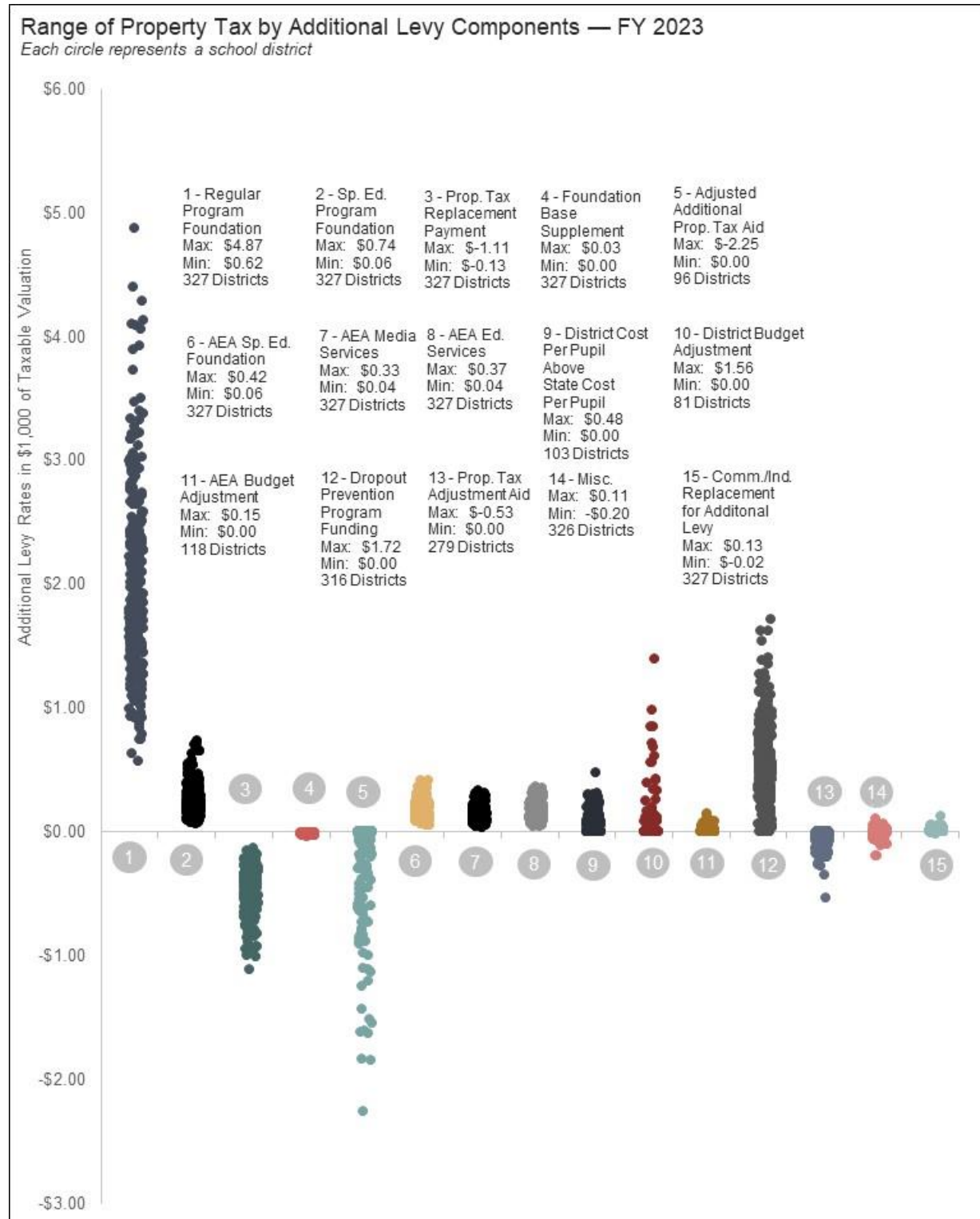
- The range of property tax rates for each school district by each additional component of the additional levy. The rate is expressed in dollars per \$1,000 of taxable valuation.
- A map of the total additional levy property tax by school district. The rate is expressed in dollars per \$1,000 of taxable valuation.
- The statewide dollar amounts generated by each component of the additional levy.

Following the visualizations is a brief description of each of the components of the additional levy.

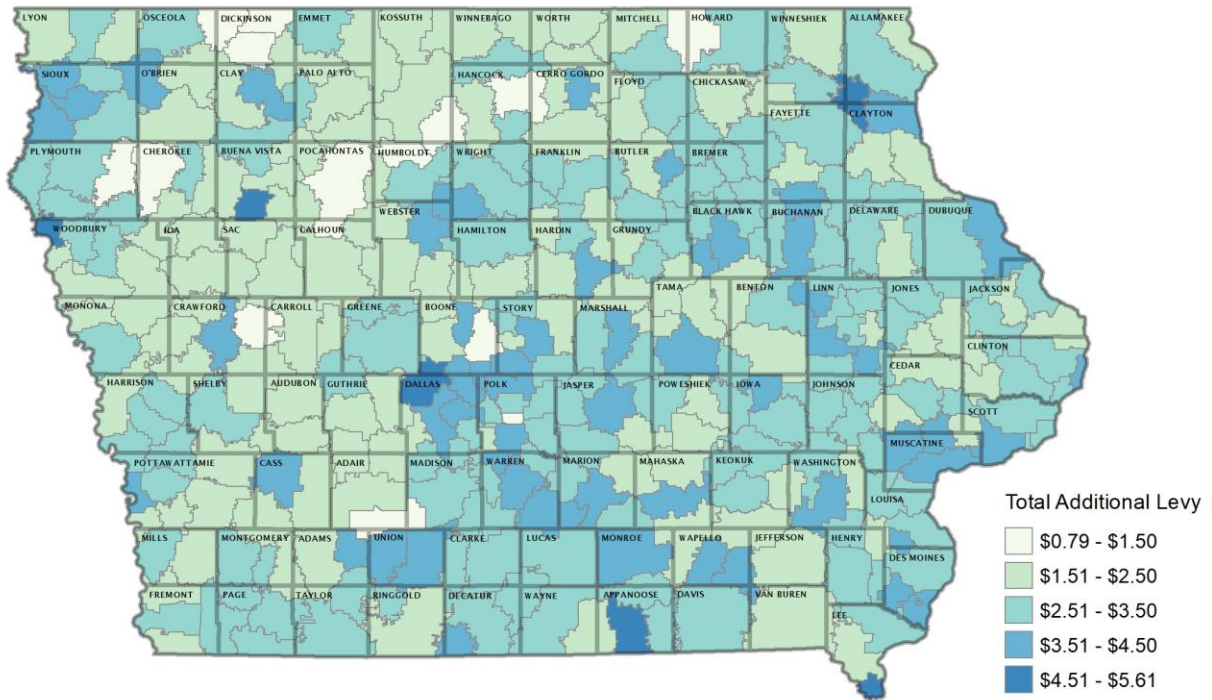
¹ 2021 Iowa Acts, ch [177](#) (Taxation and Other Provisions Act) raised the Regular Program foundation level from 87.5% to 88.4% starting in FY 2023.

More Information

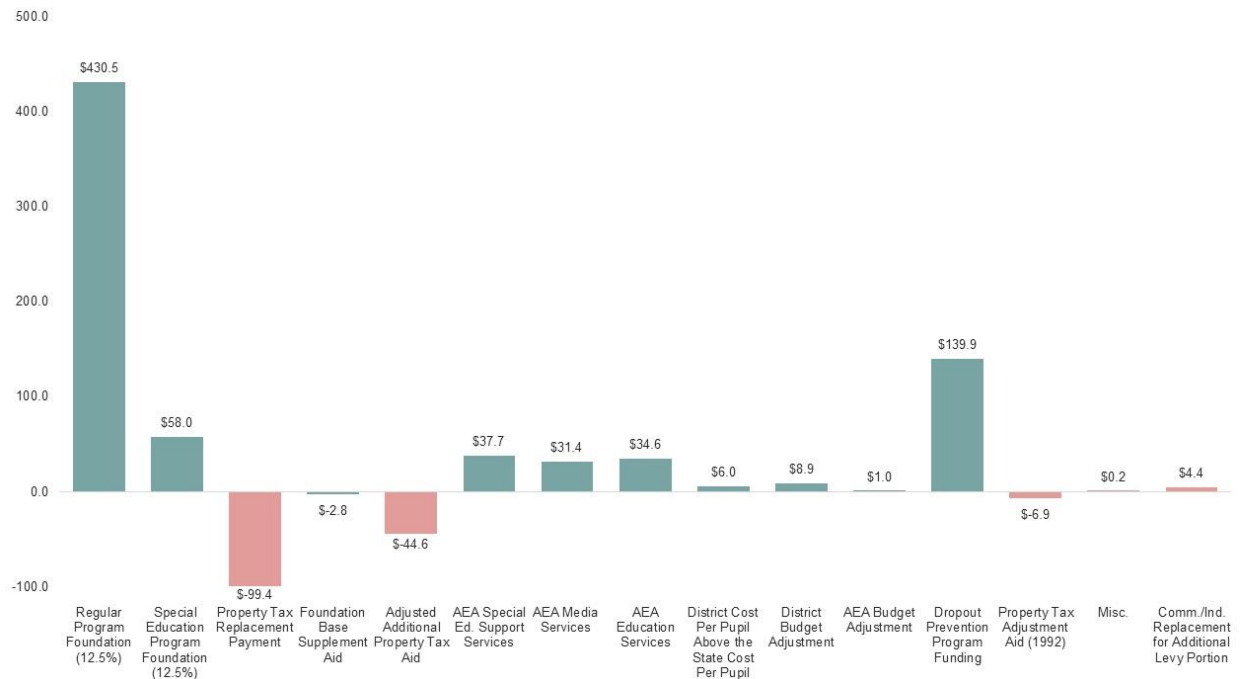
Department of Management — School Resource Page: www.dom.iowa.gov/schools
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Additional Levy Property Tax by School District — FY 2023



Additional Levy Components — FY 2023 (in millions)



Components of the Additional Levy — FY 2023

- **Regular Program Foundation** — The Regular Program foundation level consists of the school district budget enrollment and weightings, not including special education weighting, multiplied by the FY 2023 State cost per pupil (SCPP) of \$7,413. Of that amount, the Uniform Levy and State aid fund 88.4% (\$6,553) while the Regular Program foundation (11.6% portion of the additional levy) funds the remaining portion (\$860) on a per pupil basis. The total statewide amount for the Regular Program foundation (11.6% portion of the additional levy) is \$430.5 million.
- **Special Education Program Foundation** — The Special Education Program foundation level consists of the special education weightings multiplied by the FY 2023 SCPP of \$7,413. Of that amount, the Uniform Levy and State aid fund 88.4% (\$6,553) while the special education program foundation portion of the additional levy funds the remaining 11.6% (\$860) on a per pupil basis. The total statewide amount for the Special Education Program foundation (11.6% of the additional levy) is \$58.0 million.
- **Property Tax Replacement Payment (PTRP)** — The enactment of 2013 Iowa Acts, chapter [121](#) (Education Reform Act), created the PTRP provision to replace local property tax amounts with State aid, to be implemented in FY 2014. The provision froze the fixed additional levy portion of the SCPP at \$750. The State percent of growth enacted during the intervening fiscal years adds to this amount. This provision created \$15 per pupil in additional property tax relief in FY 2014 and up to \$175 per pupil in FY 2023. The continual growth is a result of the requirement that the per pupil property tax relief of previous fiscal years carry forward into future fiscal years. The 2022 enactment of [HF 2316](#) (Supplemental State Aid Act) resulted in the fixed additional levy portion of the SCPP being set at \$685 in FY 2023, due to the Foundation Level increasing to 88.40% from 87.50%. The FY 2023 combination of the fixed portion (\$685) and the State aid PTRP portion (\$175) results in a \$860 per pupil SCPP additional levy amount for FY 2023. The future per pupil property tax relief amount will be based on the State percent of growth enacted each year. The PTRP reduces the additional levy for all school districts by a total of \$99.4 million in FY 2023.
- **Foundation Base Supplement (FBS)** — [House File 546](#) (Secure an Advanced Vision for Education, Extension Act) adjusted the amount of funds being directed into the Property Tax Equity and Relief (PTER) Fund. In FY 2020, the amount directed to the [PTER Fund](#) was 3.1% of the total funds collected for the Secure an Advanced Vision for Education (SAVE) Fund. Starting in FY 2021, for fiscal years in which the growth of SAVE is more than 2.0% over the previous fiscal year, the amount directed into the PTER Fund increases by 1.0% until it reaches a cap of 30.0% of the funds collected for the SAVE Fund. The PTER Fund share is 6.1% for FY 2023. Beginning in FY 2021, one-half of the increase in funds each year flows into a newly created Foundation Base Supplement Fund (FBSF) within the PTER Fund, which functions to increase the State cost per pupil foundation level. The FBS reduces the additional levy for all school districts by a total of \$2.8 million in FY 2023.
- **Adjusted Additional Property Tax Levy Aid** — In FY 2023, \$44.6 million is appropriated to reduce property tax burdens in districts that have the highest adjusted additional property tax rates. The adjusted additional property tax rate combines the 11.6% portion of the Regular Program foundation and Special Education Program foundation additional levies. Property tax adjustment aid reduces the additional levy rate for the qualifying school districts. The property tax relief is funded by a standing appropriation of \$24.0 million from the General Fund, along with funds deposited into the PTER Fund from sales tax revenue. In FY 2023, 96 districts will receive funds from the PTER Fund to reduce additional levy rates.
- **AEA Special Education Support Services** — State aid covers 79.0% of the AEA foundation level, while property taxes cover the remainder of the AEA Special Education Support Services. Each district's cost per pupil may vary depending on the AEA's cost per pupil for Special Education Support Services. In FY 2023, the total amount of property taxes generated from this component is \$37.7 million.
- **AEA Media and Education Services** — Both the AEA Media Services and AEA Education Services are funded entirely through property taxes and are components of the additional levy. In FY 2023, AEA Media Services totals \$31.4 million, and AEA Education Services totals \$34.6 million.
- **District Cost Per Pupil Above the State Cost Per Pupil** — In FY 2023, there are 103 school

districts that have a district cost per pupil that is greater than the State cost per pupil. Additionally, there are 118 districts that have an AEA education support cost per pupil above the AEA State education support cost per pupil. The difference is funded through local property tax and is another component of the additional levy. The total amount of property tax generated from this component in FY 2023 is \$6.0 million.

- **District Budget Adjustment** — The District Budget Adjustment adds additional spending authority to a school district's budget to ensure that a district's regular program district cost is not less than 101.0% of the prior year's regular program district cost without a budget adjustment. In FY 2023, 81 school districts qualify for the District Budget Adjustment, generating a total of \$8.9 million in property tax.
- **AEA Budget Adjustment** — This adjustment includes the AEA portion of any budget adjustments made at the district level budget adjustment. The total amount of property tax generated from this component in FY 2023 is \$962,000.
- **Dropout Prevention Program** — School districts may request a modified supplemental amount (MSA) from the School Board Review Committee (SBRC) to fund programs for returning dropouts and dropout prevention. Approved MSAs for this Program are funded with local property taxes and are included in the additional levy. Of the 327 school districts, 316 (96.6%) are levying \$139.9 million in FY 2023.
- **Property Tax Adjustment Aid (1992)** — Beginning in FY 1992, property tax adjustment aid was created through the school aid formula to help ease property tax burdens with the implementation of a revised school aid formula. This aid has a gradual phaseout with an undetermined completion date and is reduced annually based on an eligible school district's growth in taxable valuation. In FY 2023, the property tax adjustment aid reduced the additional levy by a total of \$6.9 million in 279 (85.3%) school districts.
- **Miscellaneous** — The last components of the additional levy include the property tax portion of enrollment audit adjustments, special education positive balance adjustments, and adjustments to the additional levy for utility replacement tax. Generally, these adjustments are relatively minor and are based on adjustments made to previous years' data. In FY 2023, the total amount of these adjustments was approximately \$179,000.
- **Commercial and Industrial Replacement for Additional Levy Portion** — Starting in FY 2015, a yearly appropriation was provided to reimburse local governments for lost property taxes due to the approximate 90.0% rollback on commercial and industrial property valuation. Adjustments are made on the School Budget Aid and Levy worksheet so that funding is not received twice. The 2021 Iowa Acts, chapter [177](#) (Taxation and Other Provisions Act) eliminated backfill reimbursement payments for school districts beginning in FY 2023. To offset revenue of the elimination of the backfill payments, the Regular Program foundation aid level increased from 87.5% to 88.4% in FY 2023.