

School Finance Formula: Aid and Levy Worksheet

Basic Review of How the School Aid
Formula Works

Aid and Levy Worksheet

- Department of Management (DOM) file
- Some data prepopulated based on DOM, Department of Education, and Department of Revenue data collections
- Remaining data provided by school district and submitted to DOM
- Many variables used in the calculations
- Twenty sections: First nine determine school aid amount for each district – including State aid/property tax mix
- Remaining sections provide other programs and funding adjustments

Aid and Levy Worksheet

- Legislative decisions that impact school aid are included in the aid and levy worksheet.
- In general:
 - ◆ Sections 1-5 are impacted by policy decisions that change current programs or add new programs
 - ◆ Sections 6-9 are impacted by policy decisions that impact the funding sources (State aid and local taxes)

Aid and Levy Worksheet – by Section

Sections 1 through 5 (Program Funding Levels):

- Section 1: Budget Enrollment
- Section 2: Cost Per Pupil Amounts
- Section 3: Weighted Enrollment
- Section 4: Program Cost Calculations
- Section 5: Combined District Cost

Sections 6 through 9 (Determine Program Funding Sources):

- Section 6: Uniform Levy
- Section 7: State Foundation Aid
- Section 8: Additional Levy
- Section 9: Final State Foundation Aid

Aid and Levy Worksheet – by Section

Sections 10 through 20:

- Section 10: Instructional Support Program
- Section 11: Educational Improvement Program
- Section 12: Currently reserved
- Section 13: Additional levy adjustment (utility replacement)
- Section 14: Currently reserved
- Section 15: Summary of general fund levies
- Section 16: State payments to Area Education Agencies (AEAs) and school districts
- Section 17: Summary of general fund budget authority
- Section 18: Summary of financing general fund budget authority
- Section 19: Voted physical plant and equipment levy (VPPEL)
- Section 20: Income surtax rates and general fund surtax dollars

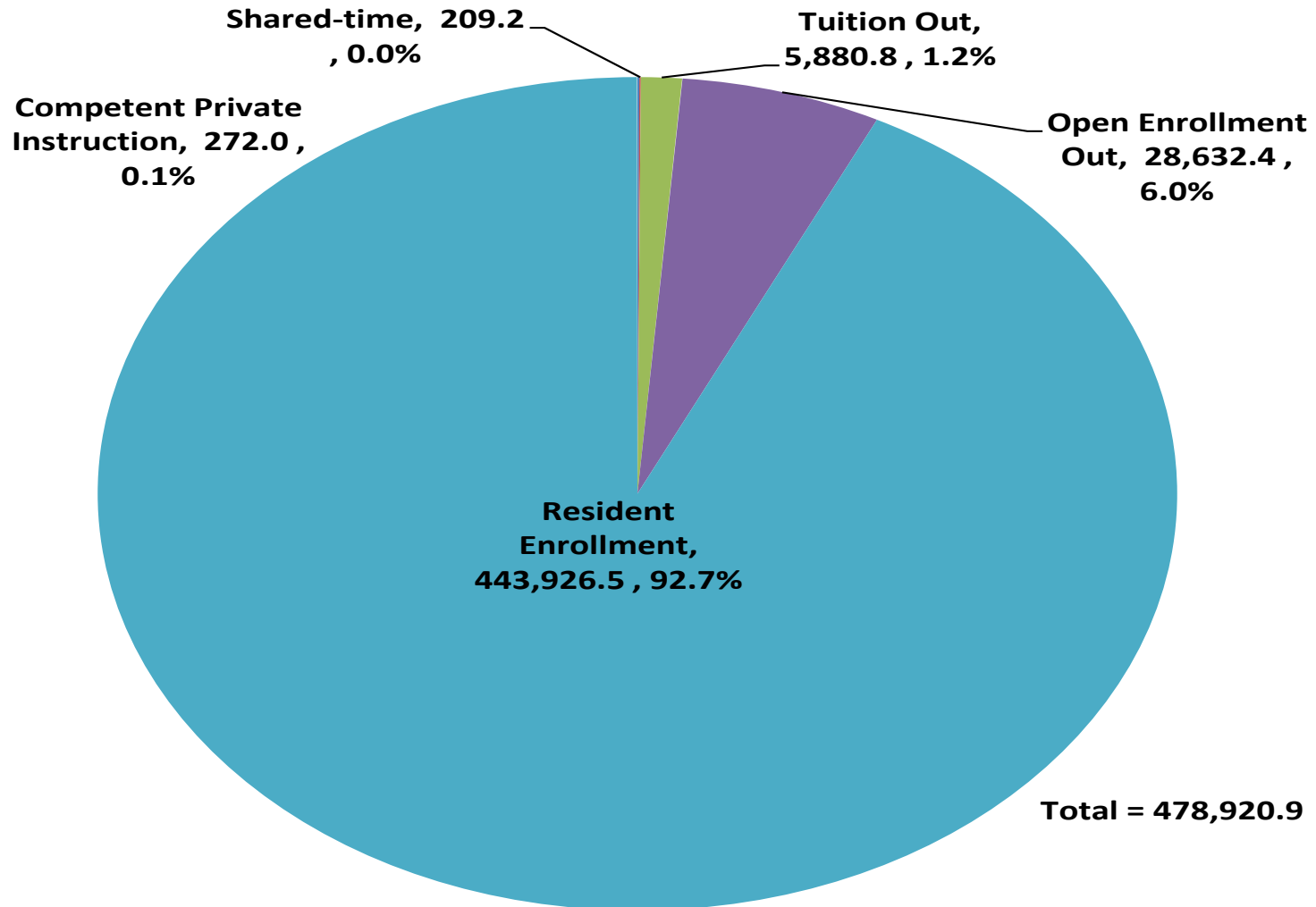
Section 1 – Budget Enrollment

Budget Enrollment – school district’s resident pupil count:

- Basic enrollment count taken each October 1
- October 2013 used to determine 2014-15 funding (FY 2015)
- Resident pupils counted as one full-time equivalent (FTE) basis
- Other nonpublic students receiving part-time district instruction also included (but proportionately)
- Includes audit adjustments required from the previous year
- Budget enrollments used to determine regular program funding, State categorical funding amounts, and school district discretionary program funding amounts
- Also used as a basis for AEA funding amounts

Section 1 – Budget Enrollment

FY 2015 Budget Enrollment



Section 2 – Cost Per Pupil Amounts

Calculate the District Cost Per Pupil Amounts:

- Increase based on the previous year's State cost per pupil and the budget year's State percent of growth
- Regular program and special education program
- Teacher salary supplement
- Professional development supplement
- Early intervention supplement
- Also, AEA per pupil amounts calculated the same way
- Note: District cost per pupil amounts do vary between districts (and AEAs)

Section 2 – Cost Per Pupil Amounts

State Percent of Growth x State Cost Per Pupil = Growth Per Pupil

For example:

The FY 2015 Regular Program Cost Per Pupil Increase

4.0% State Percent of Growth X

FY 2014 Regular Program State Cost Per Pupil (\$6,121)

= \$245 Supplemental State Aid (Growth Per Pupil)

Same process for calculating all the State cost per pupil amounts

Section 2 – FY 2015 Cost Per Pupil Amounts



Key		= Additional Levy
		= Uniform Levy
		= State Aid

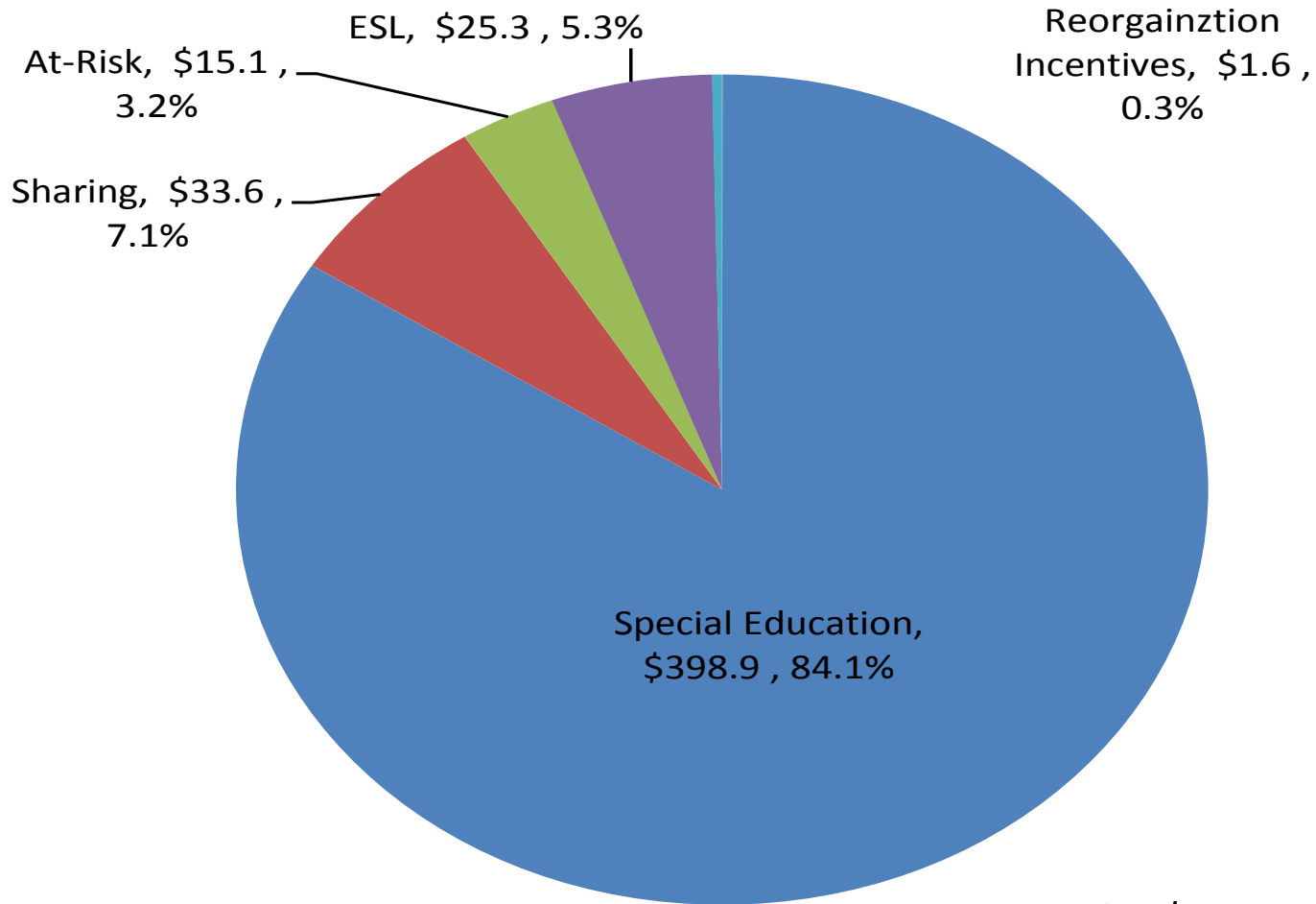
Section 3 – Weighted Enrollment

In general, weighted enrollments generate additional funding for designated purposes. These weightings include:

- Special Education – three levels of weighting with funding used for costs of instructing special education students
- Sharing – incentives for increased student opportunities, increased efficiencies, or potential school reorganizations
- At-Risk – formula-based with funding designated for at-risk pupil programs
- Limited English Proficient (LEP) – funding designated for LEP program costs (English-as-a-Second Language (ESL))
- Reorganizations – used to incent district reorganizations

Section 3 – FY 2015 Weighted Enrollment

FY 2015: Total Funding Generated from Weightings (Dollars in Millions)



Totals may not sum due to rounding.

Section 3 – FY 2015 Weighted Enrollment

Weighting Category	Estimated FY 2015 School Finance Amounts				# of Districts
	Weight	State Aid**	Property Tax	Total	
Special Ed. 1	24,278.40	\$ 136,347,494	\$ 18,817,696	\$ 155,165,190	338
Special Ed. 2	17,875.28	100,387,572	13,825,440	114,213,012	338
Special Ed. 3	20,262.30	113,793,077	15,713,123	129,506,200	333
Total Special Ed.	62,415.98	\$ 350,528,143	\$ 48,356,259	\$ 398,884,402	338
Shared Students	44.43	249,491	35,864	285,355	56
Shared Teachers	266.07	1,494,272	210,156	1,704,427	69
Community College (CC) Courses*	2,872.15	16,129,989	2,219,770	18,349,759	337
Whole Grade Sharing	324.10	1,820,146	256,102	2,076,248	5
Regional Academy	18.85	105,867	15,420	121,287	1
ICN	2.19	12,271	1,716	13,987	77
Operational Functions	1,721.00	9,665,136	1,363,732	11,028,868	161
Supplementary Shared Wght. Total	5,249.03	\$ 29,478,552	\$ 4,102,954	\$ 33,581,506	338
At-Risk	2,363.390	13,272,787	1,829,647	15,102,434	338
ESL	3,961.76	22,249,244	3,079,774	25,329,018	213
Reorganization	248.80	1,397,261	196,373	1,593,634	11
Total Supplementary Weight	11,822.98	\$ 66,397,844	\$ 9,208,747	\$ 75,606,592	338
AEA Sharing	211.71	\$ 46,788	\$ 13,210	\$ 59,998	2
Total Weighting	74,450.67	\$ 416,972,775	\$ 57,578,216	\$ 474,550,992	338

*Total of arts and sciences and career and tech community college courses.

Section 4 – Program Cost Calculations

In general, this Section calculates the cost of each of the programs funded through the school aid formula, including:

- Regular program
- Special education program
- Programs and amounts for supplementary weightings.
- State categorical supplements for school districts and AEAs
- Funding for AEA programs (special education support, media services, educational support services)
- Budget guarantee provisions are included in Section 4

Program costs are generally the program district cost per pupil multiplied by the enrollment or weighting amount

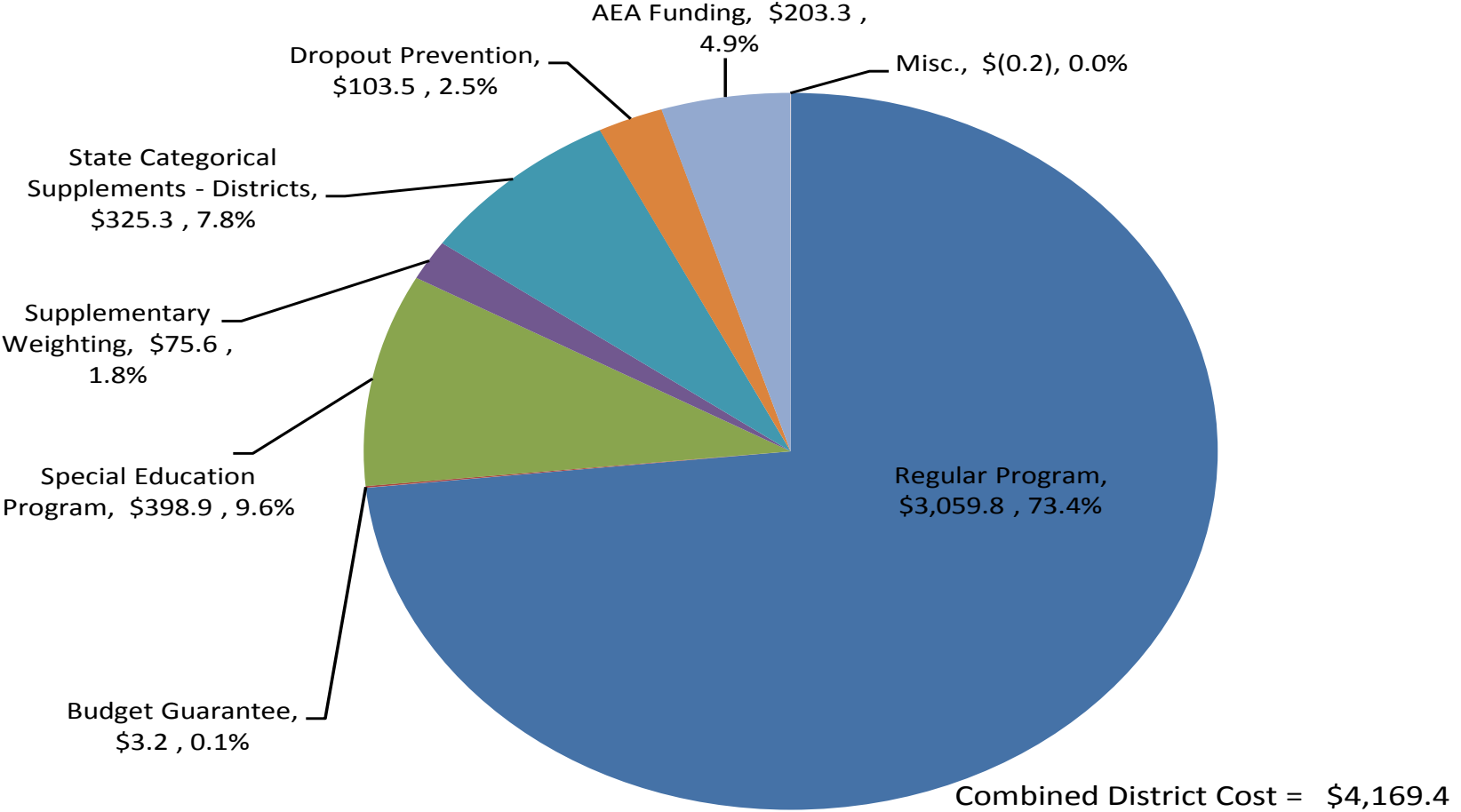
Section 5 – Combined District Cost

This Section provides the calculation of the combined district cost. Of note:

- Reflects the spending authority generated through the school aid formula
- Summation of program amounts from Section 4
- Also adds modified supplemental amount for dropout prevention and returning dropout programs
- Provides an adjustment for the State aid reduction made to AEAs each year

Combined District Cost – Program Funding

FY 2015 - Combined District Cost (Funding Amount by Program - in Millions)



Review: Sections 1 through 5

Policy changes impacting Sections 1 through 5 will change the amount of program funding and the combined district cost.

- Section 1: Budget Enrollment
- Section 2: Cost Per Pupil Amounts
- Section 3: Weighted Enrollment
- Section 4: Program Cost Calculations
- Section 5: Combined District Cost

Section 6 – Uniform Levy Dollars

This Section provides the base calculation of the uniform levy amount. Of note:

- All property taxpayers are assessed the \$5.40/\$1,000 of taxable valuation (referred to as the uniform levy)
- The uniform levy amount generated within each school district provides the initial base of the school foundation level (examined more in Section 7)
- Adjustments are made for reorganization incentives, utility replacement, and beginning in FY 2015, commercial and industrial replacement

Section 7 – State Foundation Aid

Section 7 determines the unadjusted State foundation aid amount for Section 4 programs that receive State aid. Of note:

- The foundation level provides the base funding levels for the per pupil costs and consists of the uniform levy and State aid
- The foundation level for the regular program and special education program is 87.5%
- The foundation level for the AEA special education support program is 79.0%
- State categorical supplements are funded entirely with State aid
- State preschool aid is funded with State aid, but is not included in the combined district cost. The program funding amount is calculated in this Section

FY 2015 School Aid Foundation Levels

Regular Program

\$6,366

Additional Levy

\$796

State Aid

\$5,570

Uniform Levy

**87.5%
Foundation
Level**

Special Education

Instruction

\$6,366

Additional Levy

\$796

State Aid

\$5,570

AEA Special

Education Support

\$280

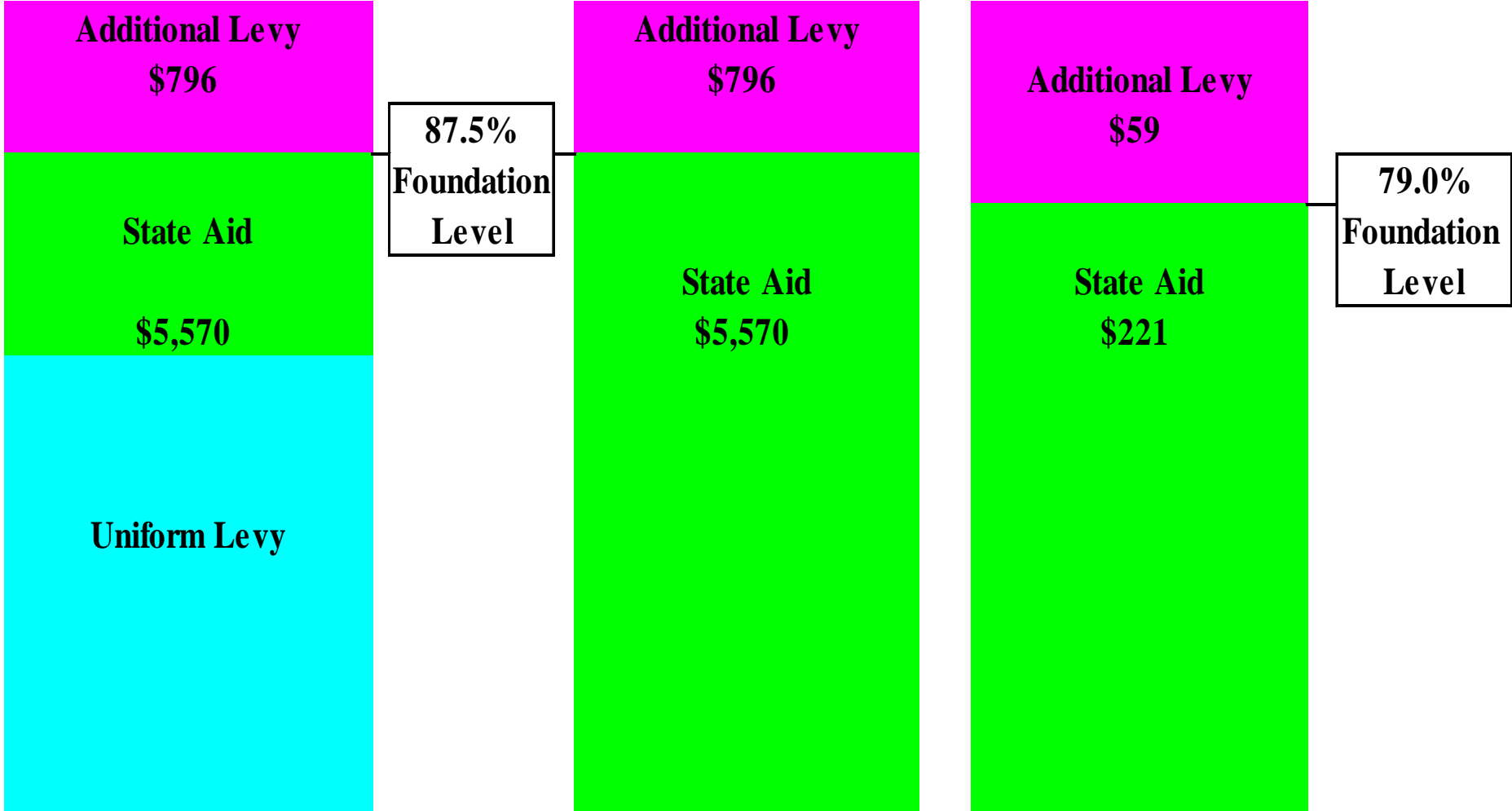
Additional Levy

\$59

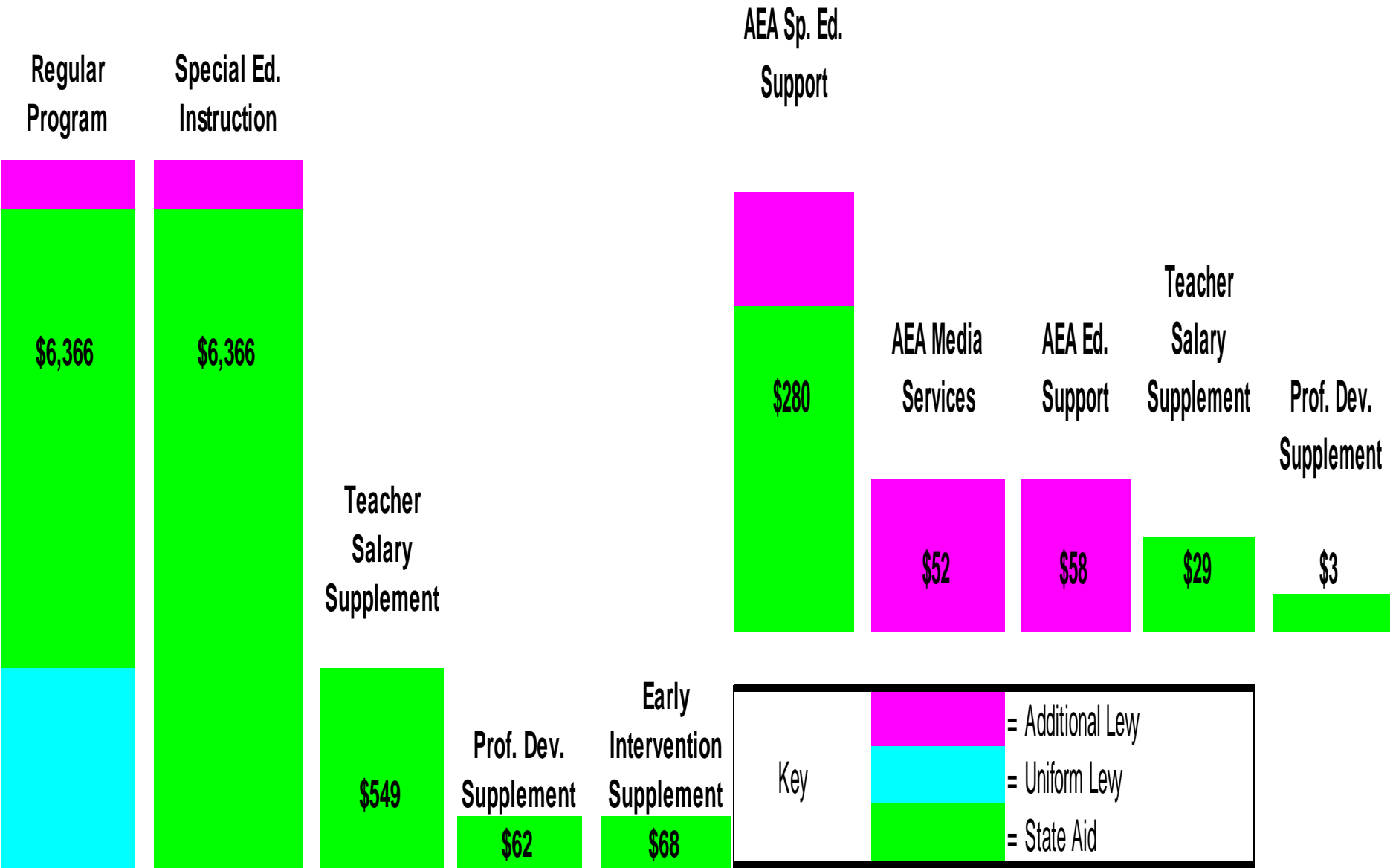
State Aid

\$221

**79.0%
Foundation
Level**



Section 7 – Per Pupil Funding Levels



Section 8 – Additional Dollar Levy

Section 8 provides the calculation of the school district's additional levy. Although not directly identified, programs included in the additional dollar levy include:

- The regular program and regular program budget adjustment
- Supplementary weightings
- Special education instruction program
- Modified supplemental amount for dropout prevention and returning dropout programs
- AEA programs

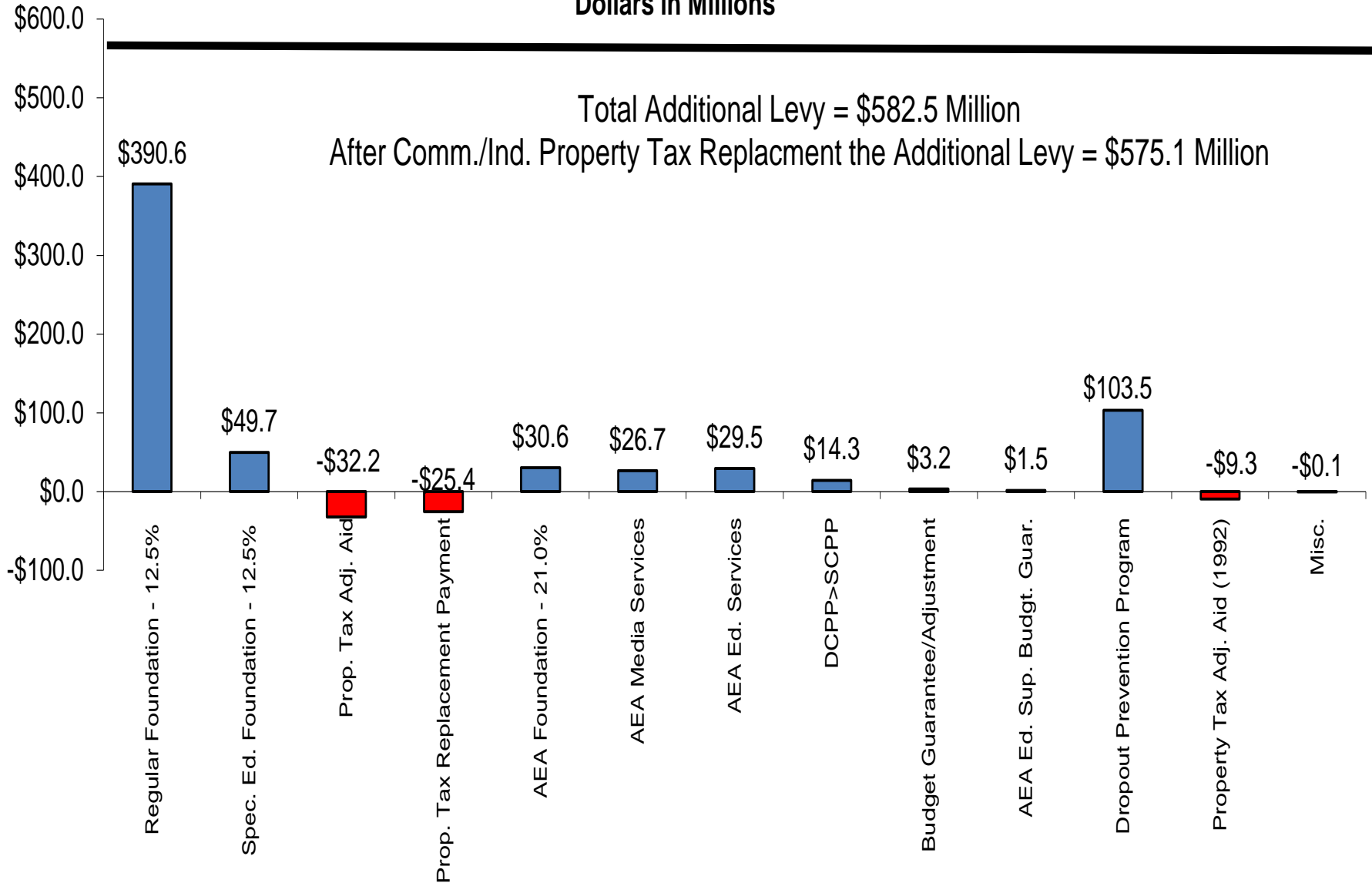
Section 8 – Additional Dollar Levy

Additionally, Section 8 provides adjustments that provide for property tax relief through the additional dollar levy. There are three property tax relief provisions and they include:

- Property Tax Adjustment Aid (1992 provision) – implemented with revised school aid formula. Has a gradual phase-out with an undetermined completion date
- Property Tax Adjustment Aid: Adjusted Additional Levy - implemented in FY 2007, provides targeted tax relief for districts with the highest adjusted additional levy rate
- Property Tax Replacement Payment – initially implemented in FY 2014, provides State aid in place of property tax due to the increase in the cost per pupil in FY 2014 and FY 2015

School Aid Formula FY 2015 Additional Levy Components

Dollars in Millions



Total may not sum due to rounding.

Section 9 – Final State Foundation Aid

Section 9 provides the calculation of the State aid portion of the school aid formula. The calculation includes:

- Unadjusted State foundation aid from Section 7
- The property tax relief provisions from Section 8
- The State aid reduction to AEAs from Section 5
- Preschool formula funding from Section 7
- Eligible property assessment appeals impacting uniform levy funding

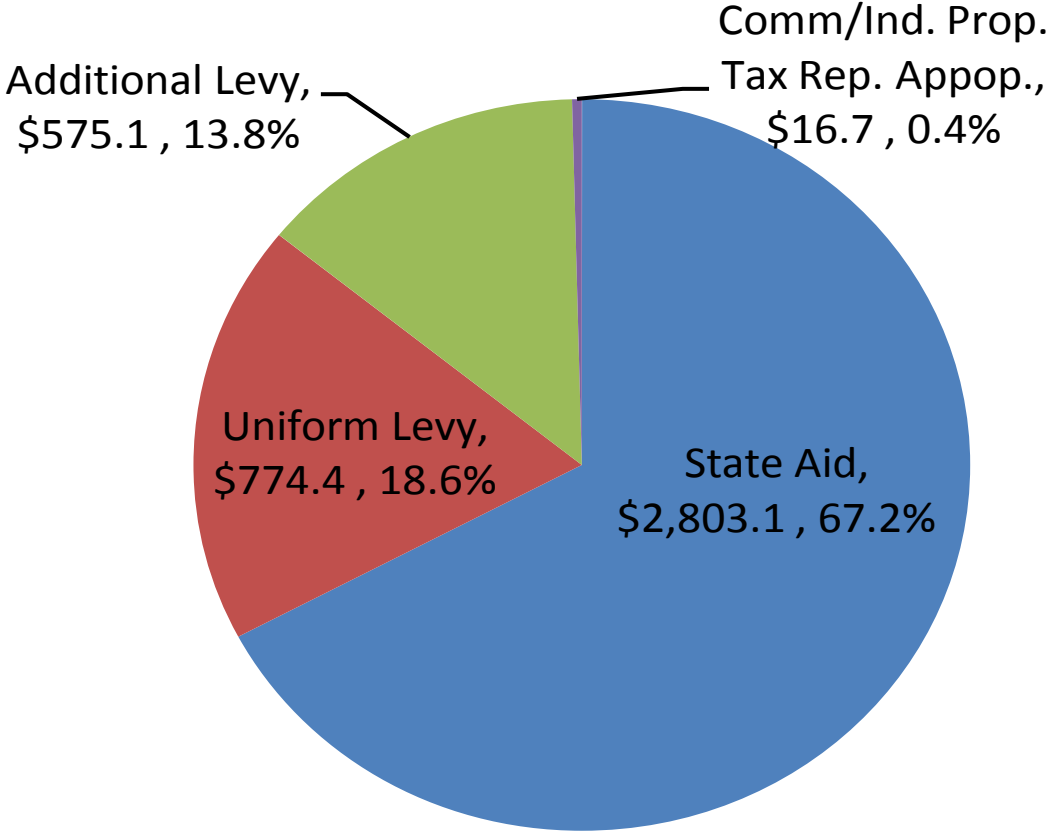
Review: Sections 6 through 9

Policy decisions impacting sections 6 through 9 will impact the revenue sources used to fund the school aid formula programs noted in Section 5.

- Section 6: Uniform Levy
- Section 7: State Foundation Aid
- Section 8: Additional Levy
- Section 9: Final State Foundation Aid

Combined District Cost – Revenue Sources

FY 2015 - Combined District Cost (Revenue Sources - in Millions)



Total may not sum due to rounding.

Combined District Cost = \$4,169.4

Aid and Levy Worksheet: Sections 10-19

Generally, these sections are outside the school aid formula, but provide some additional program information. Recap:

- Section 10: Instructional Support Program
- Section 11: Educational Improvement Program
- Section 12: Currently reserved
- Section 13: Additional levy adjustment (utility replacement)
- Section 14: Currently reserved
- Section 15: Summary of general fund levies
- Section 16: State payments to AEAs and school districts
- Section 17: Summary of general fund budget authority
- Section 18: Summary of financing general fund budget authority
- Section 19: Voted physical plant and equipment levy (VPPEL)
- Section 20: Income surtax rates and general fund surtax dollars

School Aid Formula – General Overview

- Supplemental State aid (growth in the per pupil funding) recommended annually by Governor and established by the Legislature (generally 1.5 years in advance).
- Standing unlimited appropriation based on a variety of variables and policy decisions.
 - ◆ Enrollments and property valuations are the major variables
 - ◆ Supplemental State aid is the major policy decision
 - ◆ DOM aid and levy worksheet determines the amount of State aid and appropriation level.
- Foundation level changes don't impact school budgets, but change the State aid property tax mix in determining the budget amounts.
- Other funding outside the formula (other local discretionary programs, federal programs, etc.).

School Aid Formula – Additional Information

Useful school aid formula information can be found at:

- [LSA Fiscal Services Division Detailed School Aid Presentation](#)
- [LSA Legal Services Division Legal Guide to Education Finance](#)
- [Department of Management – School District Information](#)
- [Additional LSA School Aid Data](#)

Questions?

Shawn Snyder

shawn.snyder@legis.iowa.gov

515-281-7799

LSA K-12 Data and Information:

<https://www.legis.iowa.gov/publications/fiscal/k12>