

School Finance Formula Funding - Brief Review

LSA Lunch And Learn

February 4, 2013

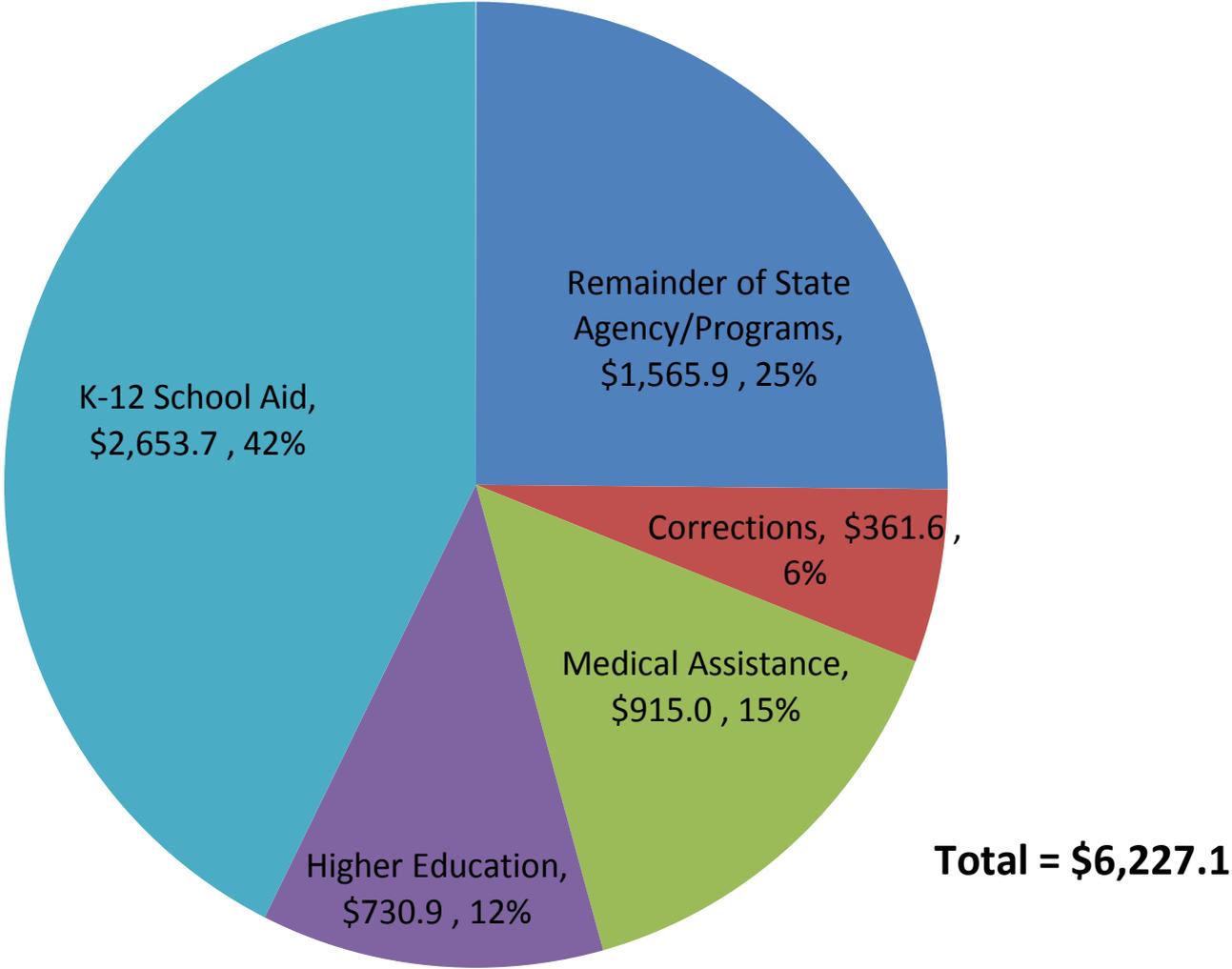
Presented by Shawn Snyder
Legislative Services Agency

School Aid Formula

- Funding sources include State aid and local effort (property tax)
- Formula Driven – Standing unlimited appropriation impacted by legislative decision (allowable growth rate) and external issues (enrollment and valuation changes)
- Includes programs requiring local discretion

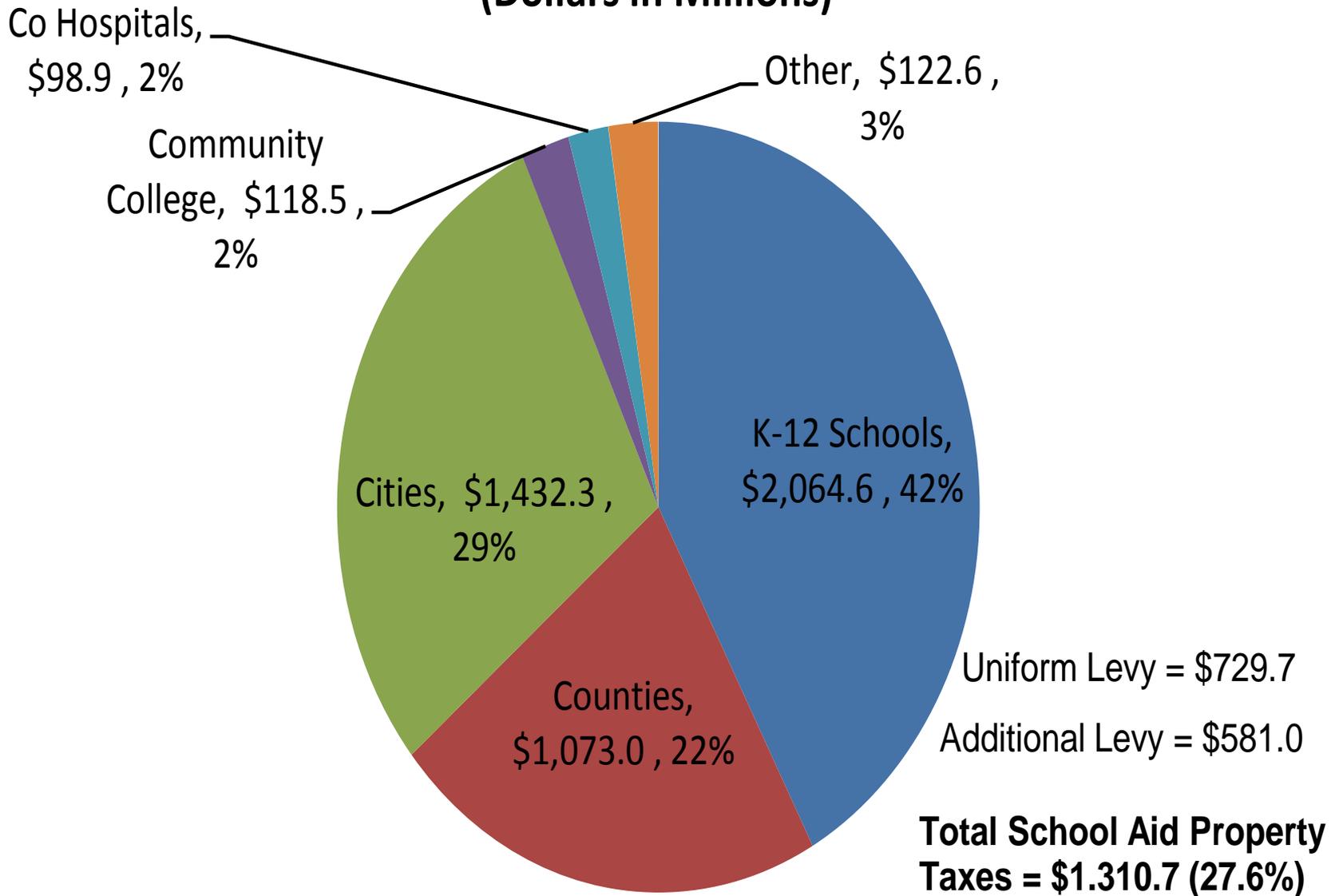
Estimated FY 2013 General Fund Appropriations by Program Area

(Dollars in Millions)



FY 2013 Property Tax Amount By Authority

(Dollars in Millions)



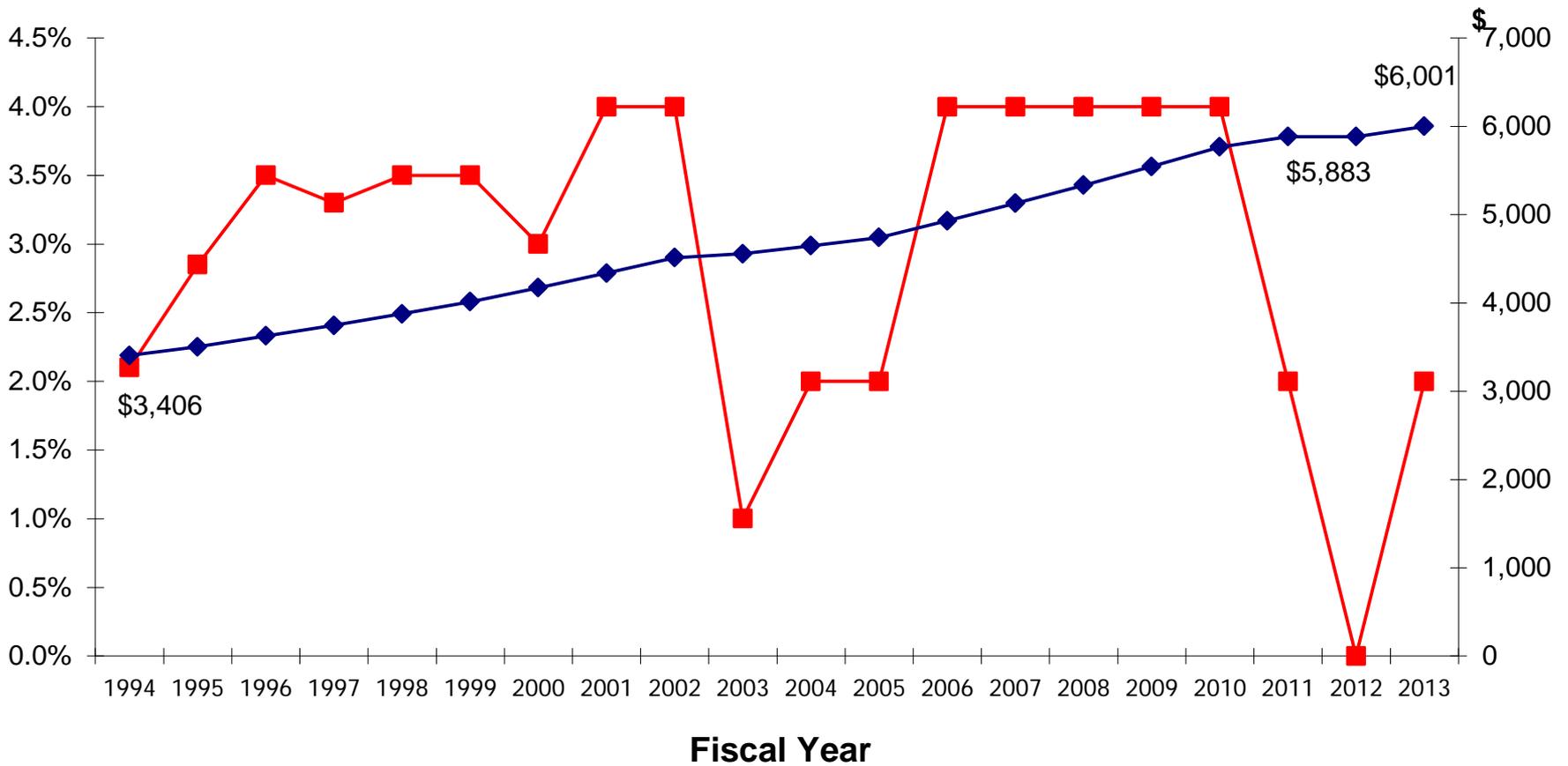
Allowable Growth Rate

- Recommended by the Governor
- Established by the General Assembly
- Impacts the Per Pupil Funding Amount

Allowable Growth - History

**Allowable Growth Rate and State Cost Per Pupil Amounts
FY 1994 to FY 2013**

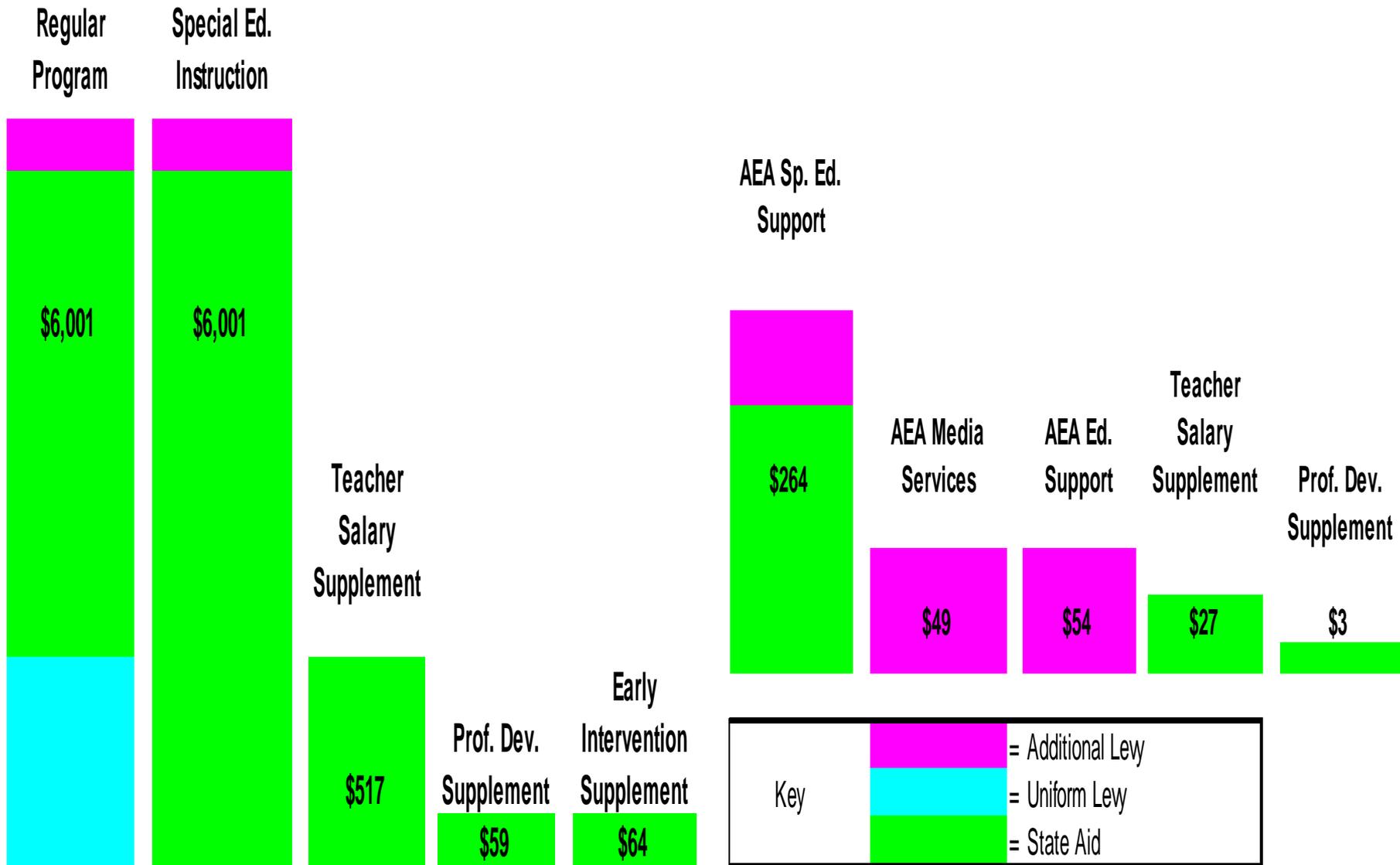
—■— Allowable Growth Rate —◆— SCPP



Allowable Growth Amount – How it Works

- FY 2013 allowable growth rate = 2.0%
- FY 2012 State Cost Per Pupil (SCPP) = \$5,883
- $\$5,883 \times 2.0\% = \118
- FY 2013 SCPP = $\$5,883 + \$118 = \$6,001$
- Also, the \$118 is added to each District Cost Per Pupil
- Same method applied to all cost per pupil amounts

FY 2013 State Cost Per Pupil Amounts



District Cost Per Pupil – FY 2013

\$6,176 – Highest (7 Districts)

\$6,001 – Lowest (170 Districts)

\$175 – Range (2.9% difference)

- District cost per pupil increases each year by a per pupil amount (per pupil allowable growth)
- Minimum district cost per pupil = State cost per pupil
- Variance in the State categorical supplement cost per pupil amounts have larger percentage differences

FY 2013 School Aid Amounts

- Total generated: \$3.9 billion (Combined District Cost)
- State aid portion = 66.5%
- Property tax portion = 33.5%
- Regular Program = \$2.85 billion (72.9%)
- Weightings = \$456.1 million (11.7%)
- Area Education Agency (AEA) portion = \$185.2 million (4.7%)

FY 2013 School Aid Formula Funding by Program Area (Dollars in Millions)

Program Area	State	State Aid % of Total	Local Taxes	Local Taxes % of Total	Total	Program Percentage of Total
Regular Program	\$ 1,756.6	44.9%	\$ 1,095.9	28.0%	\$ 2,852.5	72.9%
Budget Guarantee	0.0	0.0%	16.2	0.4%	16.2	0.4%
Teacher Salary Supplement (LEA)	246.1	6.3%	0.0	0.0%	246.1	6.3%
Professional Development Supplement (LEA)	27.9	0.7%	0.0	0.0%	27.9	0.7%
Early Intervention Supplement (LEA)	30.3	0.8%	0.0	0.0%	30.3	0.8%
Supplementary Weighting	57.2	1.5%	8.5	0.2%	65.6	1.7%
Special Education Weighting	340.1	8.7%	50.2	1.3%	390.3	10.0%
Dropout Prevention Program	0.0	0.0%	96.7	2.5%	96.7	2.5%
<i>AEA Sharing Supplementary Weighting</i>	<i>0.1</i>	<i>0.0%</i>	<i>0.0</i>	<i>0.0%</i>	<i>0.2</i>	<i>0.0%</i>
<i>AEA Media Services</i>	<i>0.0</i>	<i>0.0%</i>	<i>24.9</i>	<i>0.6%</i>	<i>24.9</i>	<i>0.6%</i>
<i>AEA Education Services</i>	<i>0.0</i>	<i>0.0%</i>	<i>27.5</i>	<i>0.7%</i>	<i>27.5</i>	<i>0.7%</i>
<i>AEA Special Education Support Services</i>	<i>112.0</i>	<i>2.9%</i>	<i>30.1</i>	<i>0.8%</i>	<i>142.1</i>	<i>3.6%</i>
<i>AEA Spec. Ed. Support Services Adjustment</i>	<i>0.0</i>	<i>0.0%</i>	<i>2.4</i>	<i>0.1%</i>	<i>2.4</i>	<i>0.1%</i>
<i>AEA Pro-rata State Aid Reduction</i>	<i>-27.5</i>	<i>-0.7%</i>	<i>0.0</i>	<i>0.0%</i>	<i>-27.5</i>	<i>-0.7%</i>
<i>AEA Teacher Salary Supplement</i>	<i>13.9</i>	<i>0.4%</i>	<i>0.0</i>	<i>0.0%</i>	<i>13.9</i>	<i>0.4%</i>
<i>AEA Professional Development Supplement</i>	<i>1.6</i>	<i>0.0%</i>	<i>0.0</i>	<i>0.0%</i>	<i>1.6</i>	<i>0.0%</i>
Adjusted Additional Property Tax Levy State Aid	31.4	0.8%	-31.4	-0.8%	0.0	0.0%
Other Property Tax Adjustments	11.2	0.3%	-11.2	-0.3%	0.0	0.0%
Other Misc. Adjustments	-0.2	0.0%	0.9	0.0%	0.7	0.0%
School Aid Formula Totals	<u>\$ 2,600.7</u>	66.5%	<u>\$ 1,310.8</u>	33.5%	<u>\$ 3,911.5</u>	100.0%
Other Programs Impacted by Allowable Growth Rate						
Instructional Support	\$ 0.0		\$ 189.9		\$ 189.9	
Preschool State Aid	60.4		0.0		60.4	

Weighted Enrollment Funding

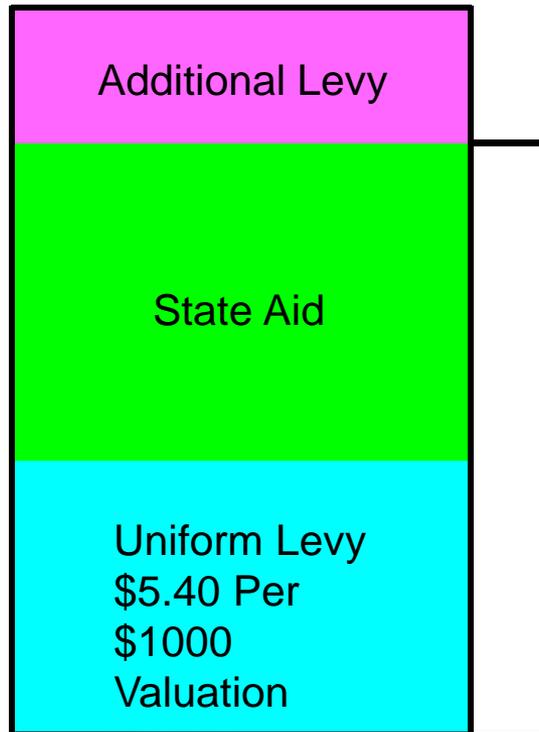
Weighting Category	Estimated FY 2013 School Finance Amounts				# of Districts
	Weight	State Aid	Property Tax	Total	
Special Ed. 1	25,776.72	\$ 135,353,557	\$ 19,969,449	\$ 155,323,006	348
Special Ed. 2	18,136.41	95,234,289	14,049,068	109,283,357	348
Special Ed. 3	20,851.40	109,490,701	16,175,357	125,666,058	345
Total Special Ed.	64,764.53	340,078,547	50,193,874	390,272,421	348
Shared Students	25.07	131,632	19,779	151,411	47
Shared Teachers	313.20	1,644,603	248,093	1,892,696	79
Community College (CC) Courses*	2,433.24	12,776,917	1,882,658	14,659,575	345
<i>CC Arts and Sciences</i>	<i>1,508.70</i>	<i>7,922,184</i>	<i>1,166,319</i>	<i>9,088,503</i>	<i>339</i>
<i>CC Career and Tech</i>	<i>924.54</i>	<i>4,854,733</i>	<i>716,338</i>	<i>5,571,072</i>	<i>333</i>
Whole Grade Sharing	188.50	989,814	147,952	1,137,765	10
Regional Academy	10.92	57,325	8,930	66,255	1
ICN	3.03	15,900	2,374	18,274	77
Operational Functions	2,259.06	11,862,324	1,772,170	13,634,494	167
Supplementary Shared Wght. Total	5,233.01	27,478,515	4,081,955	31,560,470	350
At-Risk	2,304.040	12,098,514	1,784,584	13,883,098	348
ESL	3,197.04	16,787,657	2,484,650	19,272,307	199
Reorganization	154.40	810,754	122,983	933,738	9
Total Supplementary Weight	10,888.49	57,175,440	8,474,172	65,649,612	348
AEA Sharing	674.79	\$ 140,356	\$ 44,408	\$ 184,764	1
Total Weighting	76,327.81	\$ 397,394,343	\$ 58,712,455	\$ 456,106,798	348

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

FY 2013 Revenue - Foundation Formula

- State Aid = \$2.661 billion
 - ◆ State General Fund portion = \$2.654 billion
 - ◆ PTER = \$7.1 million
- School Aid Property Tax = \$1.311 billion
 - ◆ Uniform Levy = \$729.7 million
 - ◆ Additional Levy = \$581.1 million

Foundation Formula

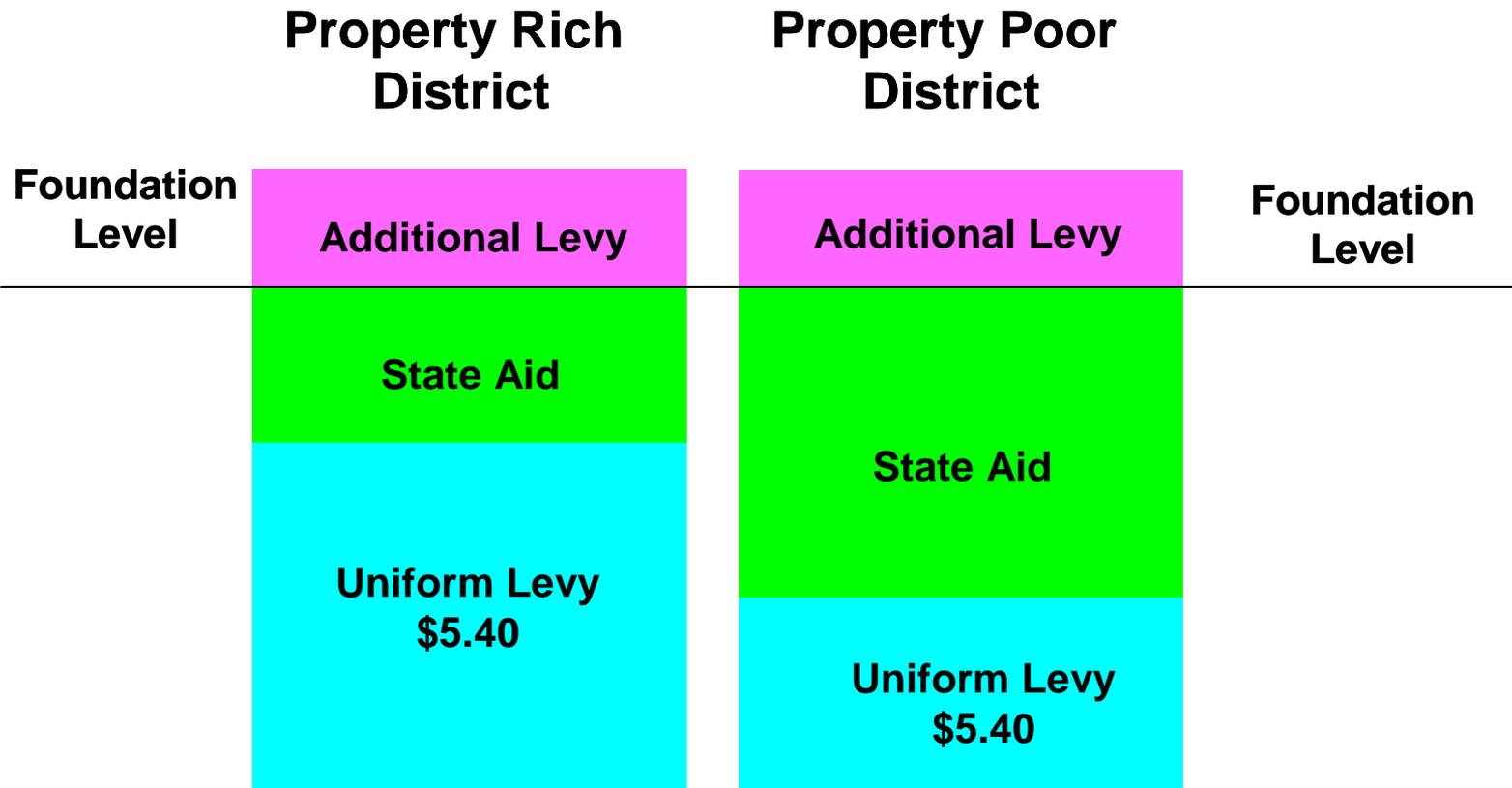


Foundation Level

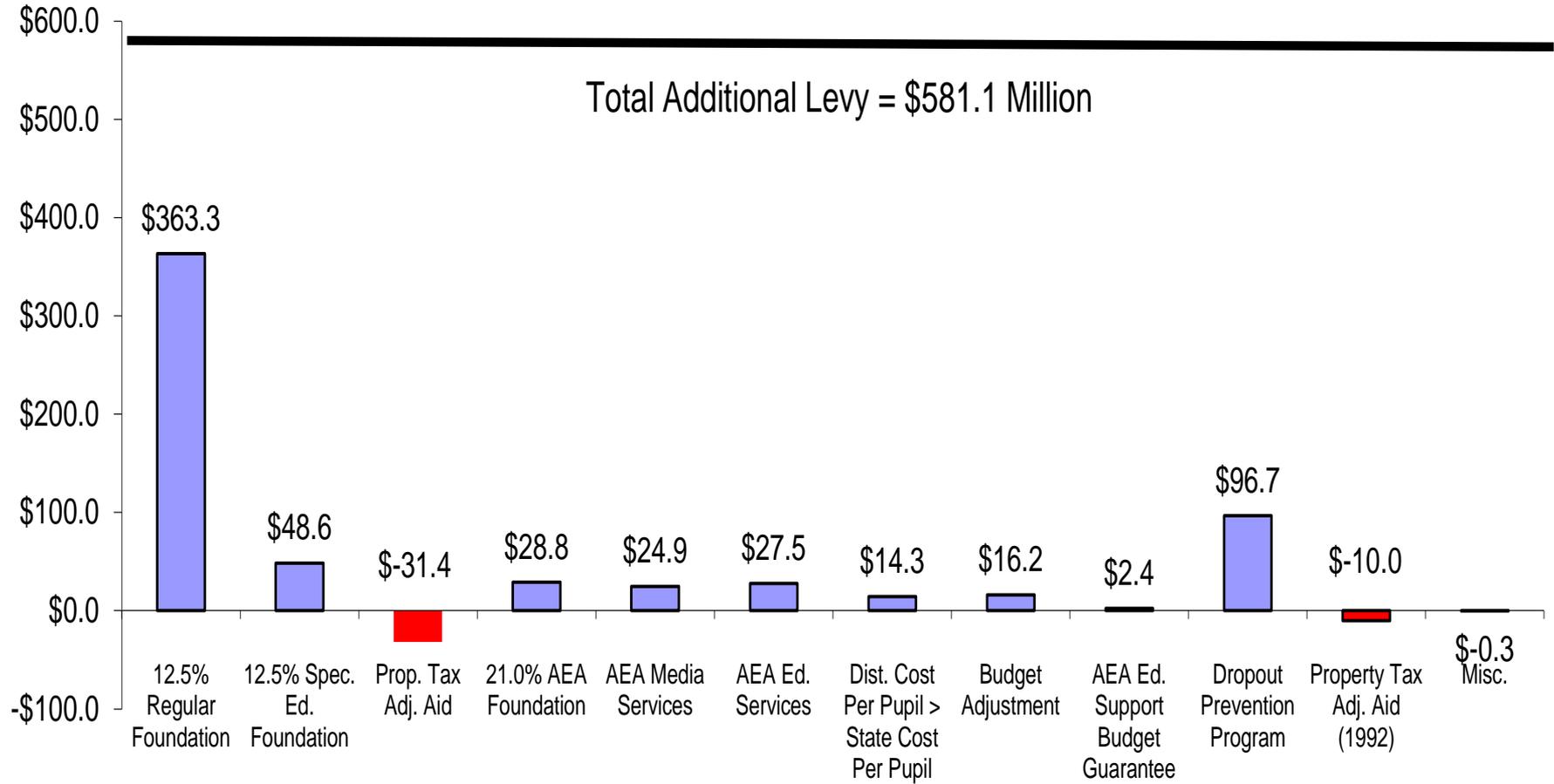
FY 2013:

87.5% of State Cost (\$6,001)
= \$5,251 Per Pupil

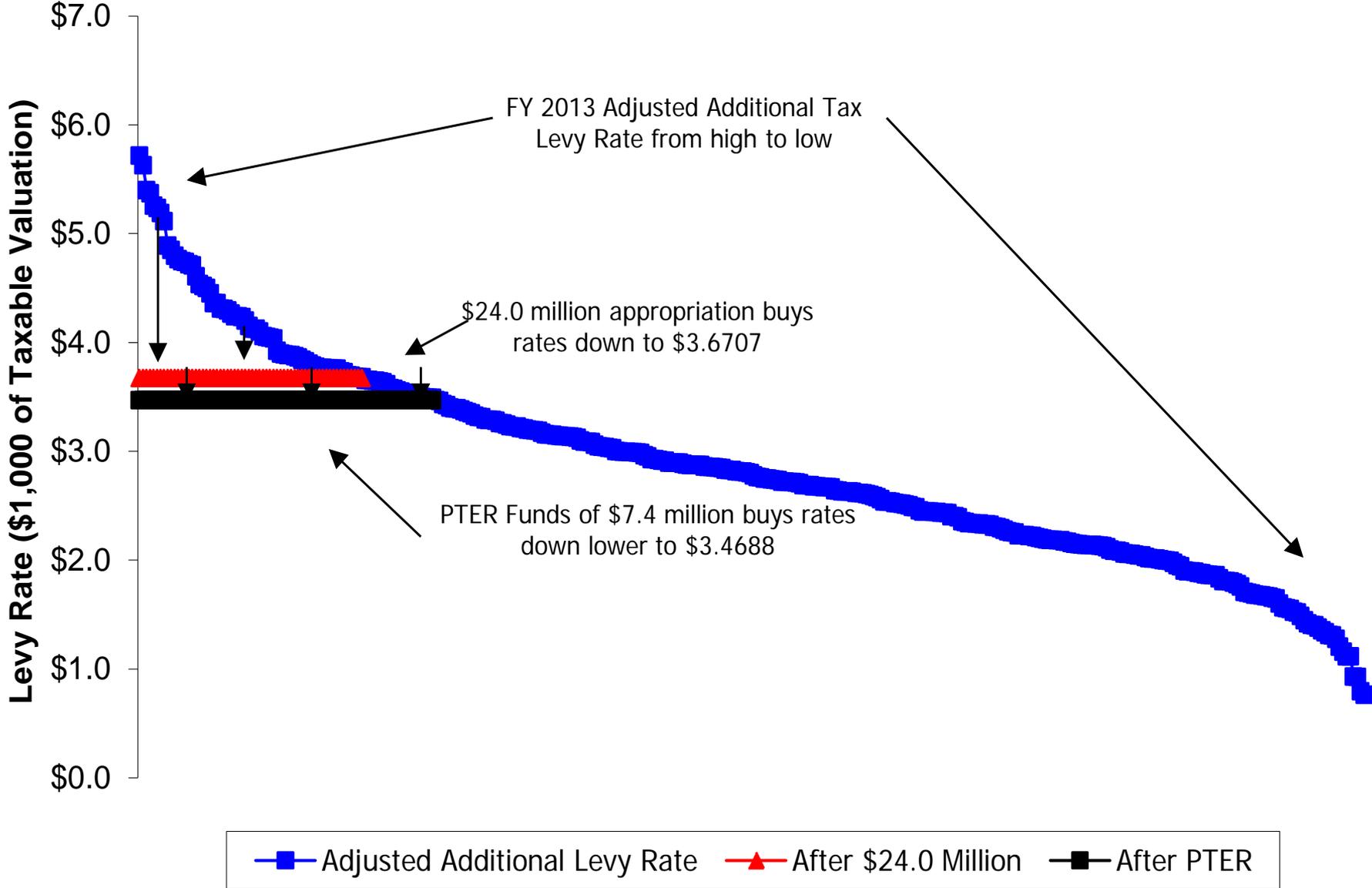
Foundation Formula



School Aid Formula FY 2013 Additional Levy Components Dollars in Millions



FY 2013 PTER/Property Tax. Adj. Aid



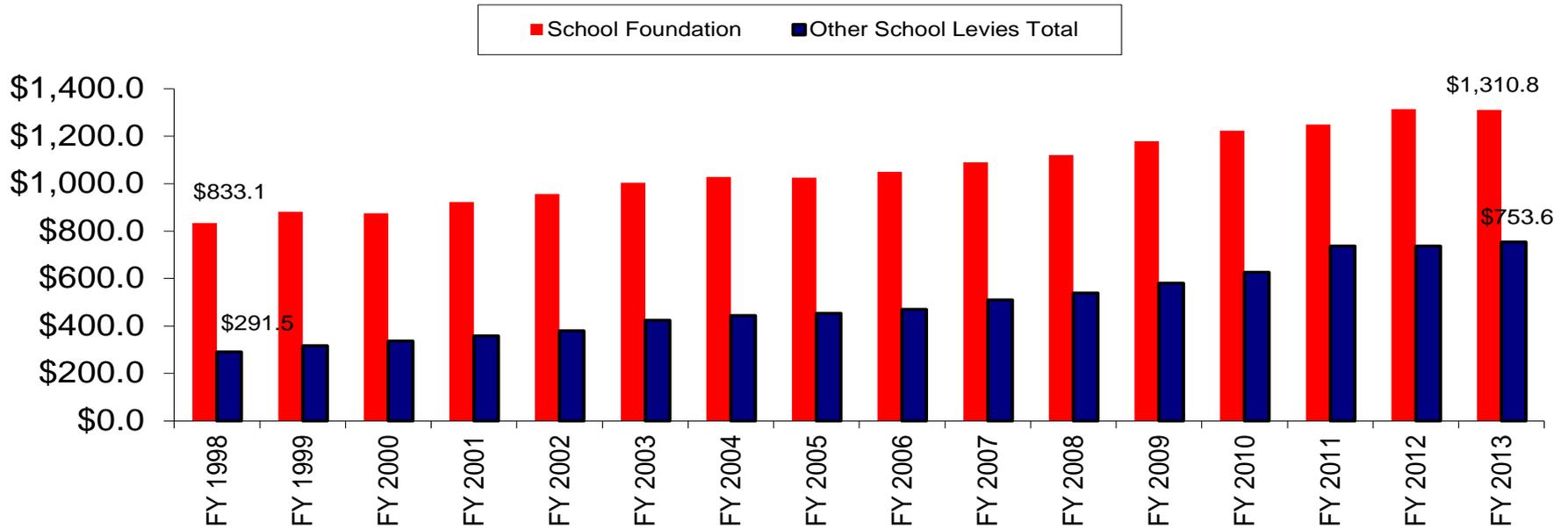
School District Discretionary Levies - FY 2013

Code Section	School District- Discretionary Levies	Approval	Number of Districts with Levy	Amount Levied (in Millions)	Income Surtax Amount (in Millions)
298.10	Cash Reserve Levy	Board Approved	291	\$ 231.5	N.A.
257.19	Instructional Support	Board Approved for Up to 5 Years Voter Approved for Up to 10 Years (requires majority approval)	336	\$ 104.2	\$ 85.7
298.2	Regular Physical Plant and Equipment Levy (PPEL)	Board Approved	327	\$ 45.6	N.A.
298.2	Voter Approved PPEL	Voter Approved (Up to 10 Years - requires majority approval)	238	\$ 97.9	\$ 9.8
300.2	Public Education and Recreation Levy (PERL)	Voter Approved (in place until Board rescinds or reverse referendum)	17	\$ 2.2	N.A.
298.4	Management Levy	Board Approved	337	\$ 139.9	N.A.
298.18	Debt Levy	Voter Approved (requires 60.0% approval)	187	\$ 131.6	N.A.
257.29	Educational Improvement Levy	Voter Approved (in place until Board rescinds or reverse referendum) However, no new districts can have this.	5	\$ 0.6	\$ 0.2

Number of Districts = 348

School District Property Taxes

School Levies - FY 1998 to Est. FY 2013
(Dollars in Millions)



FY 1998 to FY 2013: Annual average School Foundation Levy increase of 3.1% while other school levies averaged 6.5%.

SAVE Fund

SAVE (Secure an Advanced Vision for Education)

- State sales/use tax for school infrastructure
- Distribution formula based on School Infrastructure Local Option (SILO) sales tax distribution
- By 2014, per pupil funding will be equal
- Revenue purpose statement
- FY 2013 is estimated at \$400 million
- Excess flows to PTER Fund

FY 2014 State School Aid Estimates (Dollars in Millions)

School Aid Funding	0.0%	0.0%	2.0%	2.0%	4.0%	4.0%
	Allowable Growth Rate Totals	Allowable Growth Rate - Change from Est. FY 2013	Allowable Growth Rate Totals	Allowable Growth Rate - Change from Est. FY 2013	Allowable Growth Rate Totals	Allowable Growth Rate - Change from Est. FY 2013
Regular School Aid	\$ 2,277.2	\$ -3.7	\$ 2,337.1	\$ 56.2	\$ 2,397.1	\$ 116.2
Teacher Salary Supplement	262.3	2.3	266.3	6.3	271.1	11.1
Prof. Development Supplement	29.8	0.3	30.2	0.7	30.8	1.3
Early Intervention Supplement	30.6	0.3	31.1	0.8	31.6	1.3
Preschool Formula	64.2	3.7	65.4	5.0	66.7	6.3
Est. Total School Aid Amount	\$ 2,664.0	\$ 2.9	\$ 2,730.1	\$ 69.0	\$ 2,797.3	\$ 136.2
Est. School Aid Property Tax	\$ 1,360.7	\$ 49.9	\$ 1,349.1	\$ 38.3	\$ 1,353.2	\$ 42.4
Est. Combined District Cost	\$ 3,960.5	\$ 49.8	\$ 4,013.7	\$ 103.0	\$ 4,083.8	\$ 173.0

Legislative Services Agency: Estimated FY 2014 School Aid Property Tax Change Amounts

(Dollars in Millions)

	FY 2014 Allowable Growth Rate				
	0.0%	1.0%	2.0%	4.0%	6.0%
Additional Levy Components:					
Miscellaneous Adjustments:	\$ -0.6	\$ -0.6	\$ -0.6	\$ -0.6	\$ -0.6
Dropout Prevention:	0.0	1.0	1.9	3.9	5.8
Budget Guarantee (Budget Adjustment) Change:	17.5	3.9	-5.0	-12.2	-14.5
AEA Budget Guarantee:	1.0	0.3	-0.2	-0.9	-1.3
AEA Enrollment Change Impact:	0.3	0.3	0.3	0.3	0.3
District Enrollment Change Impact:	1.0	1.0	1.0	1.0	1.0
AEA Allowable Growth Rate Impact:	0.0	0.9	1.7	3.5	4.7
School District Allowable Growth Rate Impact:	0.0	4.4	8.3	16.5	24.8
Additional Levy Components Total:	\$ 19.1	\$ 11.1	\$ 7.5	\$ 11.6	\$ 20.1
Uniform Levy Change:	\$ 30.8	\$ 30.8	\$ 30.8	\$ 30.8	\$ 30.8
Total School Aid Property Tax:	\$ 49.9	\$ 41.9	\$ 38.3	\$ 42.4	\$ 50.9

Legislative Services Agency: Estimated FY 2014 State School Aid Changes by Factor and Allowable Growth Rate
(Dollars in Millions)

Factors	FY 2014 Allowable Growth Rate				
	0.0%	1.0%	2.0%	4.0%	6.0%
Change in Taxable Valuation - Uniform Levy Increase	\$ -30.8	\$ -30.8	\$ -30.8	\$ -30.8	\$ -30.8
Allowable Growth Rate (Reg. Schl. Aid Per Pupil Cost)	0.0	28.6	57.8	115.6	173.4
Enrollment Change	14.4	14.4	14.4	14.4	14.4
Special Education Weighting Change	-7.4	-7.4	-7.4	-7.4	-7.4
Supplementary Weighting Change	-0.0	-0.0	-0.0	-0.0	-0.0
State Categorical Change	2.9	5.1	7.8	13.7	19.9
Preschool Formula Change	3.7	4.4	5.0	6.3	7.6
AEA State Aid Reduction	20.0	20.0	20.0	20.0	20.0
AEA Spec. Ed. Support Change	0.3	1.4	2.4	4.6	7.3
Miscellaneous Change	-0.2	-0.2	-0.2	-0.2	-0.2
Total Change - State Aid	\$ 2.9	\$ 35.4	\$ 69.0	\$ 136.2	\$ 204.2
Excess from PTER Fund	1.3	1.3	1.3	1.3	1.3
Total State Aid Change - General Fund Impact	\$ 1.6	\$ 34.1	\$ 67.7	\$ 134.9	\$ 203.0

Questions?

Shawn Snyder

shawn.snyder@legis.iowa.gov

515-281-7799

LSA K-12 Website:

http://staffweb.legis.state.ia.us/lfb/docs/k-12_ed/k-12_ed.htm