



SF 2079 – Supplemental State Aid (LSB 5830SV)

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Fiscal Note Version – New

Description

Senate File 2079 requires a 6.0% State percent of growth rate to be applied to each of the regular school aid State cost per pupil amounts for FY 2016.

Background

The school aid formula provides funding through a mix of State aid and property tax to school districts and area education agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2016 State cost per pupil funding levels that will be increased by a 6.0% State percent of growth for FY 2016. The following table provides the supplemental State aid amounts (also referred to as per pupil growth amounts) and State cost per pupil amounts for FY 2016 based on a 6.0% growth rate. The supplemental State aid amounts will be applied to all corresponding district and AEA cost per pupil amounts.

Regular School Aid Per Pupil Components	FY 2015 State Cost Per Pupil Amount	FY 2016 State Percent of Growth	Supplemental State Aid	FY 2016 State Cost Per Pupil
Regular Program	\$ 6,366.00	6.0%	\$ 382.00	\$ 6,748.00
Special Education Program	6,366.00	6.0%	382.00	6,748.00
AEA Special Education Support	279.53	6.0%	17.00	296.53
AEA Media Services	52.11	6.0%	3.00	55.11
AEA Educational Services	57.51	6.0%	3.00	60.51

In addition to the State percent of growth and supplemental State aid for FY 2016, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid funding, including the amount of State aid and local property tax required to generate the total funding amount.

Assumptions

Assumptions include:

- Enrollments include the October 2013 certified enrollments and Department of Education enrollment projections for FY 2016.
- The FY 2015 supplementary weightings are based on the preliminary data from fall 2013. The FY 2016 estimates assume a 1.0% increase in special education weightings, a 1.0% increase in at-risk weightings, a 7.0% increase in English-as-second-language (ESL) weightings, and a decrease of 10.0% for sharing weightings.
- Statewide taxable valuation growth of 3.0% for FY 2015 and 3.54% for FY 2016. Based on these assumptions, the statewide total for the uniform levy is estimated to account for \$39.1

million of the school foundation property tax change in FY 2016 (including the uniform levy portion of the commercial/industrial rollback replacement payment). The estimated increase in the uniform levy amount is not impacted by the establishment of State percent of growth rate.

- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2016 taxable valuation amount. Additionally, if enacted, [SF 2078](#) (FY 2016 Property Tax Replacement Payments Bill) will require that the entire increase in the regular program and special education program per pupil amounts to be funded with State aid. Without this provision, 1/8th of the per pupil increase will be funded with local property taxes.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula. The fiscal impact in the table below includes the provisions in [SF 2077](#) (State Categorical Supplemental State Aid Bill) and [SF 2078](#). These provisions are included in the State General Fund appropriation for school aid.
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2016 State percent of growth will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$3.3 million, based on the FY 2016 State percent of growth and budget enrollment projections.
- Beginning in FY 2015, the additional \$15.0 million State aid reduction to AEAs implemented in FY 2014 will be restored.

Fiscal Impact

The following table provides the estimated fiscal impact of [SF 2079](#), and includes the provisions of [SF 2077](#) and [SF 2078](#):

- A total General Fund expenditure for State school aid in FY 2016 of \$3,109.7 million, an increase of \$222.5 million (7.7%) compared to the current estimate for FY 2015. This includes:
 - An increase of \$193.7 million for regular school aid (including \$26.3 million with the impact of [SF 2078](#)).
 - Preschool aid will increase \$7.9 million (11.3%), compared to estimated FY 2015.
 - An increase of \$20.9 million (6.1%) for the State categorical supplements (based on [SF 2077](#)).
- The combined district cost (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula), is estimated to increase \$266.6 million (6.3%) compared to estimated FY 2015.

Any legislative action impacting FY 2015 school aid provisions will have an impact on FY 2016 school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2016 estimates provided in the following table.

State School Aid Funding: FY 2013 Through Est. FY 2016

Estimates as of January 29, 2014 and Based on Senate Proposals (SF 2077, SF 2078, and SF 2079)
(Dollars in Millions)

	FY 2013 - 2% State Percent of Growth	Change from FY 2012	FY 2014 - 2% State Percent of Growth	Change from Est. FY 2013	FY 2015 - 4% State Percent of Growth	Change from Est. FY 2014	FY 2016- 6% State Percent of Growth	Change from Est. FY 2015
Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,323.7	\$ 42.8	\$ 2,458.3	\$ 134.6	\$ 2,625.6	\$ 167.4
Property Tax Replacement Payment	NA	NA	8.3	8.3	25.6	17.3	51.9	26.3
Total Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,332.0	\$ 51.1	\$ 2,483.8	\$ 151.9	\$ 2,677.5	\$ 193.7
Teacher Salary Supplement	260.0	3.2	266.3	6.3	277.8	11.6	294.8	17.0
Professional Development Supplement	29.5	0.4	30.2	0.7	31.5	1.3	33.5	1.9
Early Intervention Supplement	30.3	0.4	31.1	0.8	32.4	1.4	34.4	2.0
Total State Categorical Supplement*	\$ 319.8	\$ 3.9	\$ 327.5	\$ 7.7	\$ 341.8	\$ 14.3	\$ 362.7	\$ 20.9
Total School Aid w/o Preschool	\$ 2,600.7	\$ 27.8	\$ 2,659.5	\$ 58.8	\$ 2,825.6	\$ 166.1	\$ 3,040.3	\$ 214.6
Preschool Aid	\$ 60.4	\$ 2.0	\$ 66.1	\$ 5.7	\$ 69.8	\$ 3.7	\$ 77.7	\$ 7.9
Total State Aid Amount for School Programs	\$ 2,661.1	\$ 29.9	\$ 2,725.6	\$ 64.5	\$ 2,895.4	\$ 169.8	\$ 3,117.9	\$ 222.5
PTER Funding	\$ -7.4	\$ -0.7	\$ -8.7	\$ -1.3	\$ -8.2	\$ 0.4	\$ -8.2	\$ 0.0
Total State General Fund Amount for School Aid	\$ 2,653.7	\$ 29.2	\$ 2,716.9	\$ 63.2	\$ 2,887.2	\$ 170.2	\$ 3,109.7	\$ 222.5
Uniform Levy Amount	\$ 729.7	\$ 26.1	\$ 759.4	\$ 29.6	\$ 782.3	\$ 22.9	\$ 811.3	\$ 29.0
Uniform Levy Portion of C/I Rollback Replacement Payment	NA	NA	NA	NA	9.4	9.4	19.5	10.1
Total Unadjusted Additional Levy Amount	612.4	-29.2	619.5	7.1	633.5	13.9	665.1	31.6
Property Tax Replacement Payment	NA	NA	-8.3	-8.3	-25.6	-17.3	-51.9	-26.3
Property Tax Adjustment Aid (from GF)	-24.0	0.0	-24.0	0.0	-24.0	0.0	-24.0	0.0
Property Tax Adjustment Aid (from PTER)	-7.4	-0.7	-8.7	-1.3	-8.2	0.4	-8.2	0.0
Additional Levy Portion of C/I Rollback Replacement Payment	NA	NA	NA	NA	7.3	7.3	14.9	7.6
Foundation Property Tax with C/I Rep. Payment	\$ 1,310.8	\$ -3.7	\$ 1,338.0	\$ 27.2	\$ 1,374.6	\$ 36.6	\$ 1,426.6	\$ 52.0
Found. Prop. Tax C/I Rollback Replacement Payment Portion	NA	NA	NA	NA	-16.7	-16.7	-34.4	-17.7
Total Adjusted Foundation Property Tax	\$ 1,310.8	\$ -3.7	\$ 1,338.0	\$ 27.2	\$ 1,357.9	\$ 19.9	\$ 1,392.2	\$ 34.3
Combined District Cost	\$ 3,910.7	\$ 23.4	\$ 3,997.2	\$ 86.5	\$ 4,200.2	\$ 203.0	\$ 4,466.9	\$ 266.6
Est. Budget Guarantee Amount:			\$ 11.2		\$ 3.3		\$ 3.3	
Number of Districts with Budget Guarantee:			133		69		49	
***One-Time State Aid Funding for FY 2014	N.A.		\$ 57.1		\$ 0.0		\$ 0.0	

*NOTE: The Teacher Leadership Supplement will be included in School Aid Funding for FY 2016, but the amount is currently unknown.
C/I = Commercial/Industrial
Totals may not sum due to rounding.

School aid estimates by district are available on the [LSA website](#).

Sources

- Iowa Department of Education, Certified Enrollment and Enrollment Projections file
- Iowa Department of Management, School Aid file
- Iowa Department of Revenue
- LSA analysis and calculations

/s/ Holly M. Lyons

February 4, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.