



**SF 138** – Whole Grade Sharing and Reorganization Incentives (LSB1526SV)  
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 Fiscal Note Version – New

**Description**

[Senate File 138](#) extends the whole grade sharing supplementary weighting and reorganization incentives for an additional five years.

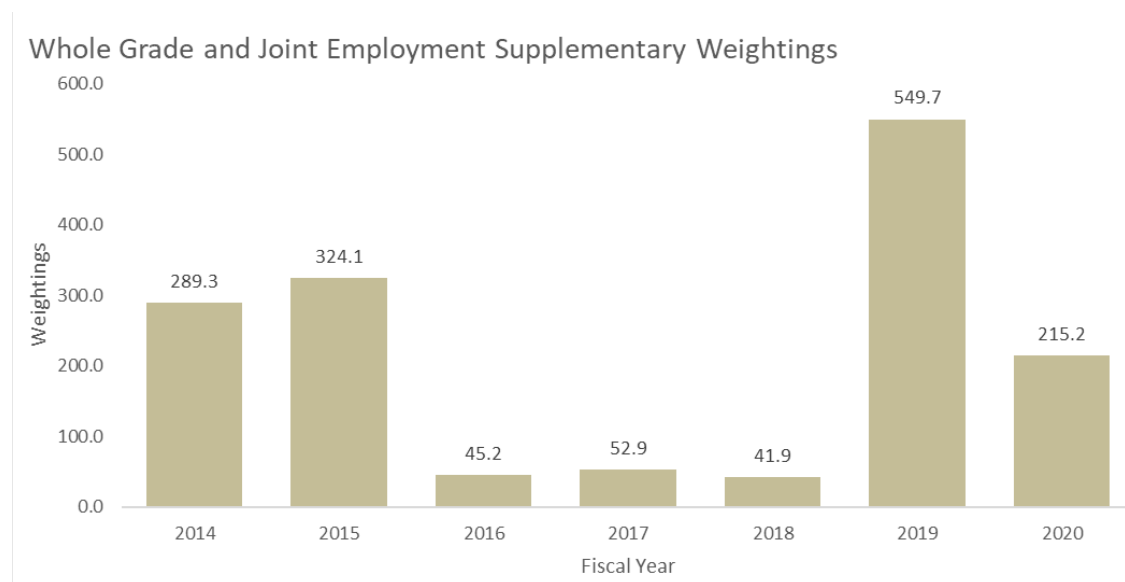
**Background**

This Bill is the third extension of the provisions currently in statute. Previous periods in which supplementary weightings were provided include:

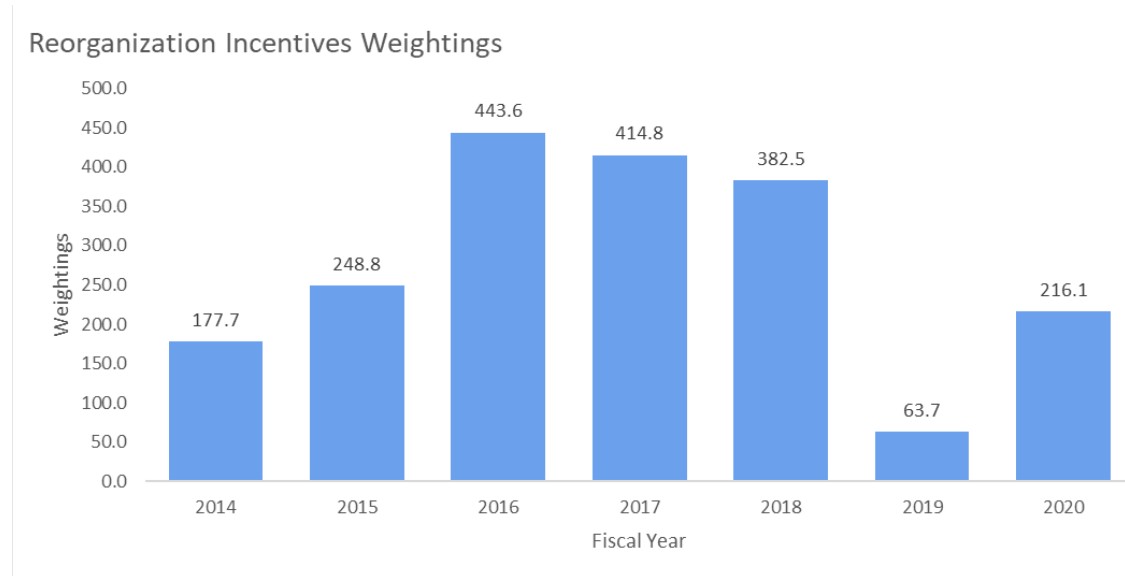
- FY 2003 - FY 2008
- FY 2009 - FY 2015
- FY 2016 - FY 2020

Currently, school districts that participate in whole grade sharing and joint employment which jointly adopt a resolution to study reorganization are eligible to receive supplementary weighting of up to 0.1 per student for three years. Additionally, if the school districts reorganize, they may be eligible to receive the supplementary weighting for a total of six years. In addition to supplementary weighting, school districts that reorganize may be eligible for a uniform levy rate reduction for three years. The provisions in [SF 138](#) extend these reorganization provisions authorized on or before July 1, 2019, to July 1, 2024.

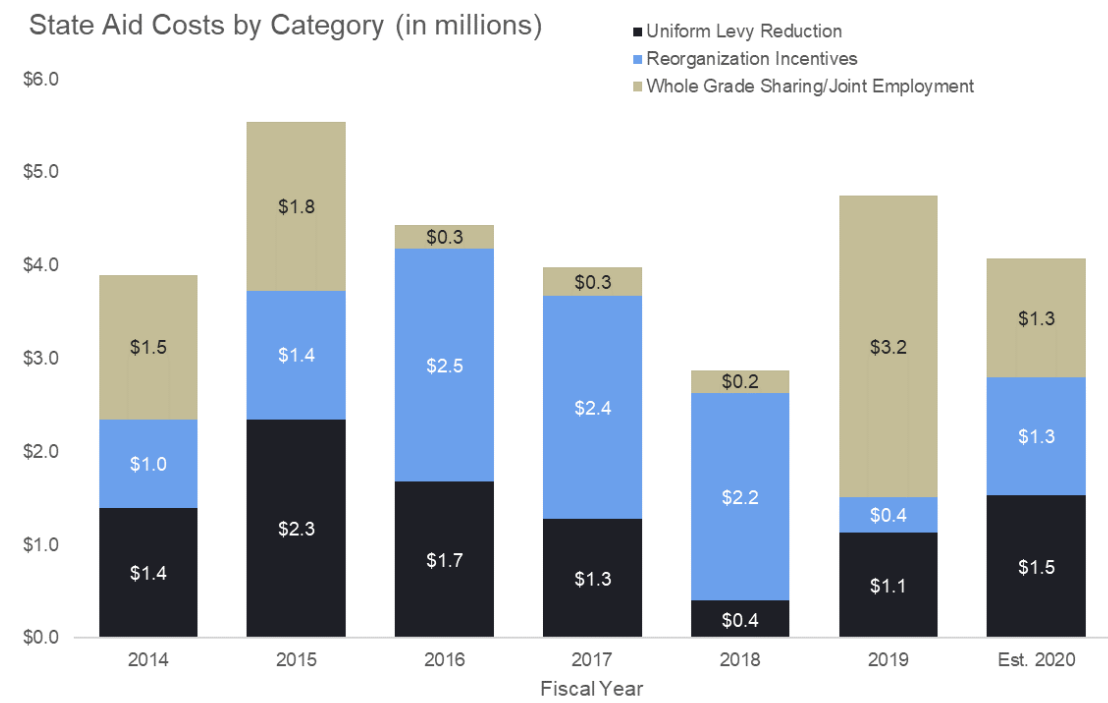
The amounts of weightings for whole grade sharing and joint employment have varied throughout the last seven years, as shown in the following chart. These weightings are calculated from the number of eligible resident pupils times a weighting of 0.1.



Supplementary weighting for reorganization has also varied in the last seven years. These weightings are calculated from the year prior to a district's reorganization and carried forward for three years.

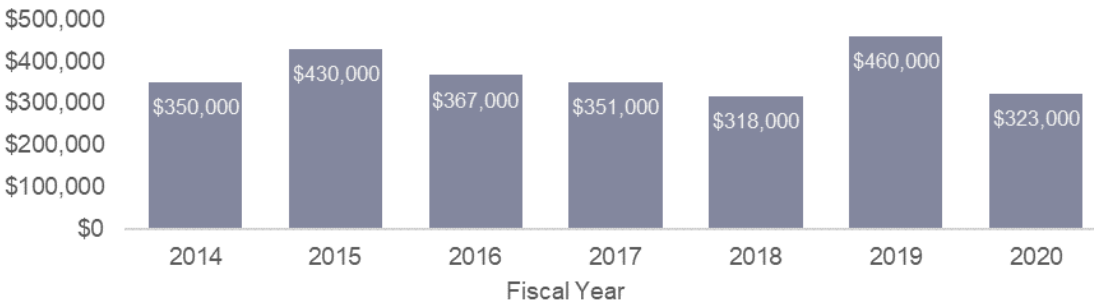


The supplementary weightings and reorganization incentives are funded through a mix of State aid and property taxes, which are calculated through the school finance formula. State aid costs associated with each of these supplementary weightings have varied due to the size and number of districts that are eligible to receive supplementary weighting.



The property tax portions associated with each of these supplementary weightings have varied due to the size and number of districts that are eligible to receive supplementary weighting.

Property Tax Portions for Reorganization Incentives and Whole Grade Sharing/Joint Employment



Uniform levy reductions are paid by State aid through the school finance formula. The State aid cost for the uniform levy incentives depends on the enrollment of a district and taxable valuation of a district.

Since FY 2014, the minimum total State aid generated from whole grade sharing, joint employment, and reorganization incentives including uniform levy reductions was \$2.9 million in FY 2018 and the maximum total State aid generated was \$5.6 million in FY 2015.

### **Assumptions**

- Under the provisions of this Bill and using the Department of Education's (DE) historical analysis, there may be on average approximately 2,000 students per year upon which supplemental weightings would be generated between FY 2021 and FY 2023.
- The districts eligible to receive the weightings for FY 2021 will make progress to reorganizing and will receive the weighting for the second and third years.
- The amount of State aid for reorganizations is unknown and will be predicated on the number of districts that approve reorganization prior to July 1, 2024.
- Estimates are based on a State and district cost per pupil of \$6,736 for each fiscal year. Any State percent of growth above 0.00% for FY 2020 through FY 2024 will increase the overall impact. The State aid portion is appropriated from the General Fund and is based on the 87.50% foundation level and \$92 per pupil for property tax replacement payments.

### **Fiscal Impact**

The estimated fiscal impact of all provisions in this Bill is currently unknown and will be based on the number of districts eligible to receive supplementary weighting for whole grade sharing and joint employment, as well as the number of districts that start or continue to make progress toward reorganization.

However, based on the assumptions and DE analysis, whole grade sharing and joint enrollment weightings alone may generate approximately \$1.2 million per year in State aid and \$150,000 per year in property taxes from FY 2021 to FY 2023. These figures do not include reorganization incentives or State aid for uniform levy incentives.

**Sources**

Department of Education  
Department of Management  
LSA Calculations

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/s/ Holly M. Lyons

January 30, 2019

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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.  
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