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[SF 192](#) – Supplemental State Aid (LSB1327SV)  
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Fiscal Note Version – New

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## **Description**

[Senate File 192](#) modifies and establishes provisions related to the funding of school districts, including establishing a State supplemental aid (SSA) amount based on a State percent of growth rate and the categorical State percent of growth rate for the budget year beginning July 1, 2023 (FY 2024), and provides for other changes to the school aid formula.

The Bill has three provisions with a fiscal impact:

- Establishes a 3.00% State percent of growth rate to be applied to the State cost per pupil (SCPP) for FY 2024, for an SSA of \$222 per pupil.
- Establishes a 3.00% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2024.
- Provides additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2024. The Bill requires the additional levy portion of the FY 2024 SCPP amount to be frozen at \$685 per pupil, regardless of the per pupil increase for FY 2024.

The Bill takes effect upon enactment.

## **Background**

**State Cost Per Pupil.** The school aid formula provides funding to school districts and Area Education Agencies (AEAs) through a mix of State aid and property taxes. In general, funding is generated on a per pupil basis, with the per pupil amounts providing an overall budget limitation (or spending authority). There are five SCPP funding levels that would be increased by a 3.00% State percent of growth for FY 2024 with the enactment of this Bill.

**Table 1** provides the SSA amounts (also referred to as per pupil growth amounts) and SCPP amounts for FY 2024 based on a 3.00% growth rate. The SSA amounts will be applied to all corresponding district and AEA cost per pupil amounts.

**Table 1 — SF 192****FY 2024 State Cost Per Pupil Calculations**

	FY 2023 State Cost Per Pupil	FY 2024 State Percent of Growth	FY 2024 Supplemental State Aid	FY 2024 State Cost Per Pupil
Regular Program	\$ 7,413	3.00%	\$ 222	\$ 7,635
Special Education Program	7,413	3.00%	222	7,635
AEA Special Education Services	323.87	3.00%	9.72	333.59
AEA Media Services	60.38	3.00%	1.81	62.19
AEA Education Services	66.63	3.00%	2.00	68.63

In addition to the State percent of growth and SSA amounts for FY 2024, enrollments, weightings, and taxable valuations within each school district have an impact on total school aid funding, including the amount of State aid and local property tax required to generate the total funding.

**State Categorical Supplements.** The State categorical supplements are funded entirely through State aid and generate funds for each school district and AEA through the school aid formula on a per pupil basis. The FY 2024 SSCP funding levels for the teacher salary supplement (district and AEA), professional development supplement (district and AEA), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) supplement (district only) would be increased by a 3.00% State percent of growth for FY 2024. **Table 2** provides the per pupil growth amounts and SSCP amounts for FY 2024 based on this Bill.

**Table 2 — SF 192****FY 2024 State Categorical Cost Per Pupil Calculations**

	FY 2023 State Cost Per Pupil	FY 2024 State Percent of Growth	FY 2024 Supplemental State Aid	FY 2024 State Cost Per Pupil
Teacher Salary – Districts	\$ 635.61	3.00%	\$ 19.07	\$ 654.68
Professional Development – Districts	71.99	3.00%	2.16	74.15
Early Intervention – Districts	78.41	3.00%	2.35	80.76
Teacher Leadership and Compensation – Districts	357.80	3.00%	10.73	368.53
Teacher Salary – AEAs	33.26	3.00%	1.00	34.26
Professional Development – AEAs	3.88	3.00%	0.12	4.00

Additionally, there is a budget guarantee provision for each of the State categorical supplements, which provides each district and AEA with a minimum of the previous fiscal year’s level of funding (net of the previous year’s budget guarantee amount). This provision for the State categorical supplements is funded entirely through State aid.

**Property Tax Replacement Payment (PTRP).** 2013 Iowa Acts, chapter [121](#) (Education Reform), included the creation of the PTRP provision to replace local property tax amounts with State aid. The provision froze the additional levy portion of the SCPP at \$750; based on the State percent of growth enacted during the intervening fiscal years, this provision created \$15 per pupil in 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. Enactment of this Bill would cause the additional levy portion of the SCPP to be \$685 in FY 2024. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2024. **Table 3** provides details regarding the SCPP funding levels as provided by a 3.00% growth rate for FY 2024 in this Bill.

**Table 3 — SF 192**

**FY 2024 Property Tax Replacement Payment Calculation**

	FY 2023	Increase Due to Supplemental State Aid Rate	FY 2024
Regular Program	\$ 7,413	\$ 222	\$ 7,635
Unadjusted Additional Levy	860	26	886
PTRP Portion	175	26	201
Fixed Additional Levy Portion	685	0	685

**Transportation Equity Program.** Iowa Code section [257.16C](#) establishes the Transportation Equity Program. The Program was created to provide additional funding to school districts for public school transportation costs that exceed a statewide adjusted average cost per pupil. Unless otherwise provided, the appropriation increases at the categorical state percent of growth. Transportation equity payments may buy down transportation costs to the statewide average cost per pupil for providing transportation to public schools. If funding permits, school districts with transportation costs per pupil below the statewide average will receive transportation base funding payments on a per capita basis.

## **Assumptions**

- Estimates are based on October 2022 certified enrollments and supplementary weightings for FY 2023, which were approved by the School Budget Review Committee (SBRC) in December 2022.
- A statewide taxable valuation growth rate of 5.45% for FY 2024 was previously agreed upon by the Legislative Services Agency (LSA) and the Department of Management. Based on this assumed rate, the statewide total for the uniform levy is estimated to account for an increase of \$58.3 million (5.45%) toward the school foundation property tax change in FY 2024. The estimated increase in the uniform levy amount is not affected by the establishment of the 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 2024 taxable valuation amount.
- Total State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund, which is used to provide additional property tax relief through the school aid formula.
- Establishing an FY 2024 State percent of growth will also affect the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the Program is provided by State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.00% budget adjustment will approve the use of that provision.
- Other legislation may have an impact on the amount of State aid and property tax generated through the school aid formula.
- The General Fund appropriation to the Transportation Equity Fund will increase by approximately \$0.9 million. Starting in FY 2024, the appropriation may grow at the same rate as the categorical SCPP rate in subsequent years.

## **Fiscal Impact**

**Table 4** provides the estimated fiscal impact of this Bill. These provisions include:

- A \$7.5 million reduction<sup>1</sup> in State aid to the AEAs (current statute).
- \$114.8 million in PTRP funding, an increase of \$15.3 million (15.43%) compared to FY 2023.
- \$592.7 million for the State categorical supplements for school districts and AEAs, an increase of \$18.0 million (3.13%) compared to FY 2023. This includes:
  - \$336.1 million for the teacher salary supplement at the district and AEA levels.
  - \$38.1 million for the professional development supplement at the district and AEA levels.
  - \$39.1 million for the early intervention supplement.
  - \$179.4 million for the TLC supplement.
- \$90.2 million for preschool formula funding, an increase of \$1.9 million (2.21%) compared to FY 2023. The preschool formula funding is included in the State aid amount but is not included in the combined district cost total.
- \$5.4 million in budget adjustment funding for 71 qualifying districts, a decrease of \$3.4 million (38.73%) compared to FY 2023. The budget guarantee adjustment is calculated at the school district level so that school districts receive 101.00% of their previous year's funding. The budget guarantee adjustment is funded entirely through property taxes.
- The total property tax funds generated through the school aid formula are estimated to be \$1,716.9 million, an increase of \$48.4 million (2.90%) compared to FY 2023.
- The total State aid from the General Fund (reflecting the total school aid funding level for school districts and AEAs generated through the school aid formula) is estimated to be \$3,692.5 million, an increase of \$123.9 million (3.47%) compared to FY 2023. Any legislative action affecting FY 2024 school aid provisions will have an impact on school aid amounts. Additionally, any variations in the assumptions noted may result in changes in the FY 2024 estimates provided in **Table 4**.

The total General Fund appropriation in **Table 4** provides the additional fiscal impact of SF 192. This also includes the FY 2024 General Fund appropriation of \$30.3 million to the Transportation Equity Fund, which is not included in the total State aid estimate.

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<sup>1</sup> Since FY 2018, the General Assembly has further reduced funding to AEAs by an additional amount per year. Historically, the additional reductions have been included in the annual Standing Appropriations Act.

**Table 4 — SF 192**

<b>Legislative Services Agency: FY 2024 School Aid Estimates (Statewide Dollars in Millions)</b>					
State Percent of Growth		<b>3.00%</b>	Statutory AEA Reduction	\$	7,500,000
State Supplemental Aid	\$	222	Additional AEA Reduction		0
State Cost Per Pupil	\$	7,635	Total AEA Reduction	\$	7,500,000
<b>Program Funding:</b>		<b>FY 2023</b>	<b>Est. FY 2024</b>	<b>Est. Change</b>	<b>% Change</b>
Regular Program District Cost	\$	3,605.1	\$ 3,719.3	\$ 114.3	3.17%
Regular Program Budget Adjustment		8.9	5.4	-3.4	-38.73%
Supplementary Weighting (District)		111.1	120.6	9.4	8.47%
Special Education Instruction (District)		501.0	525.0	24.0	4.80%
Teacher Salary Supplement (District)		308.3	317.9	9.6	3.12%
Professional Development Supplement (District)		34.9	36.0	1.1	3.10%
Early Intervention Supplement (District)		37.9	39.1	1.2	3.08%
Teacher Leadership Supplement (District)		174.0	179.4	5.5	3.14%
AEA Special Ed Support District Cost		179.2	185.3	6.0	3.37%
AEA Special Ed Support Adjustment		1.0	0.6	-0.4	-39.29%
AEA Media Services		31.4	32.3	1.0	3.17%
AEA Ed Services		34.6	35.7	1.1	3.16%
AEA Sharing		0.2	0.0	-0.2	-100.00%
AEA Teacher Salary Supplement		17.6	18.2	0.6	3.43%
AEA Professional Development Supplement		2.1	2.1	0.1	3.51%
AEA Statewide State Aid Reduction		-24.6	-7.5	17.1	-69.46%
Dropout and Dropout Prevention		139.9	139.9	0.0	0.00%
Combined District Cost	\$	5,161.8	\$ 5,349.5	\$ 187.7	3.64%
Statewide Voluntary Preschool Program	\$	88.3	\$ 90.2	\$ 1.9	2.21%
<b>State Aid:</b>		<b>FY 2023</b>	<b>Est. FY 2024</b>	<b>Est. Change</b>	<b>% Change</b>
Regular Program	\$	2,118.7	\$ 2,155.4	\$ 36.7	1.73%
Supplementary Weighting		98.1	106.4	8.3	8.46%
Special Education Weighting		442.2	463.4	21.2	4.80%
Property Tax Adjustment Aid (1992)		6.9	6.5	-0.4	-5.45%
Property Tax Replacement Payment (PTRP)		99.4	114.8	15.3	15.43%
Adjusted Additional Property Tax - General Fund		24.0	24.0	0.0	0.00%
Statewide Voluntary Preschool Program		88.3	90.2	1.9	2.21%
State Aid from General Fund	\$	3,568.6	\$ 3,692.5	\$ 123.9	3.47%
*Excess from SAVE Fund		23.4	24.7	1.2	5.28%
Foundation Base Supplement (FBS)		2.8	5.7	2.9	100.99%
Total State Aid (Includes Non-General Fund)	\$	3,592.0	\$ 3,722.9	\$ 130.8	3.64%
<b>Local Property Tax:</b>		<b>FY 2023</b>	<b>Est. FY 2024</b>	<b>Est. Change</b>	<b>% Change</b>
Uniform Levy Amount	\$	1,069.5	\$ 1,127.8	\$ 58.3	5.45%
Additional Levy		598.9	589.1	-9.9	-1.65%
Total Levy to Fund Combined District Cost	\$	1,668.4	\$ 1,716.9	\$ 48.4	2.90%
Comm/Ind - Uniform Levy Adjustments		-6.1	0.0	6.1	-100.00%
Comm/Ind - Additional Levy Adjustments		-4.4	0.0	4.4	-100.00%
<b>Miscellaneous Information:</b>		<b>FY 2023</b>	<b>Est. FY 2024</b>	<b>Est. Change</b>	<b>% Change</b>
Budget Enrollment		485,630	486,476	845	0.17%
State Cost Per Pupil	\$	7,413	\$ 7,635	\$ 222	2.99%
Number of Districts with Budget Adjustment		81	71	-10	-12.35%
Percentage of Districts with Budget Adjustment		24.77%	21.85%		
Statewide Categoricals Total	\$	574.7	\$ 592.7	\$ 18.0	3.13%
Property Tax Relief Payment Per Pupil		175	201	26	14.86%
Foundation Base Supplement Per Pupil		5	10	5	100.00%
Statewide AEA Funding		241.5	266.7	25.3	10.47%
Transportation Equity Fund		29.5	30.3	0.9	3.00%

Notes:

Totals may not sum due to data duplication and exclusion. For example, other funds are provided by State Aid but not included in the State Aid section because they are represented in the Program Funding section listed above. The Transportation Equity Program is not included in State Aid totals. The provision for minimum State aid requires that the State provide at least \$300 per student.

AEA = Area Education Agency

\*Secure an Advanced Vision for Education (SAVE) Fund.

Sources: Department of Management (School Aid File), LSA analysis and calculations.

**Sources**

Department of Education, Certified Enrollment and Enrollment Projections File  
Department of Management, School Aid File  
Department of Revenue  
LSA analysis and calculations

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/s/ Jennifer Acton

February 2, 2023

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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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