



---

[SF 2201](#) – Supplemental State Aid (LSB6843SV.4)  
Staff Contact: Lora Vargason (515.725.1286) [lora.vargason@legis.iowa.gov](mailto:lora.vargason@legis.iowa.gov)  
Fiscal Note Version – Final Action

---

## **Description**

[Senate File 2201](#) relates to public school funding by establishing the State percent of growth and the categorical State percent of growth for the budget year beginning July 1, 2026 (FY 2027), modifying provisions relating to property tax replacement payments (PTRPs) and transportation equity payments, modifying provisions relating to the regular program State cost per pupil (SCPP) and funding for shared operational functions, establishing a school district funding supplement, making appropriations, and including effective date provisions.

### ***Division I — State and Categorical Percents of Growth and Property Tax Replacement Payments***

Division I has three provisions with a fiscal impact. These provisions make the following changes:

- Establish a 2.0% State percent of growth rate to be applied to the SCPP for FY 2027 for a total State supplemental aid (SSA) increase of \$160 per pupil.
- Establish a 2.0% State percent of growth rate to be applied to each of the State categorical cost per pupil amounts for FY 2027.
- Provide additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2027. The Bill freezes the additional levy portion of the FY 2027 SCPP at \$685 per pupil, regardless of the per pupil increase for FY 2027.

The Bill specifies that current law requirements to enact allowable growth within 30 days of the transmission of the Governor’s budget submission, which is required by February 12 during the regular legislative session, do not apply to the Bill.

Division I takes effect upon enactment.

### ***Division II — Transportation Equity Aid Funding***

Division II establishes an annual \$1.0 million cap per school district for payments from the transportation equity appropriation. This cap will apply beginning in FY 2027.

Division II takes effect upon enactment.

### ***Division III — School District Budget Adjustment — FY 2026-2027***

Division III modifies the FY 2027 budget adjustment guarantee provision to fully fund the budget adjustment guarantee from the General Fund in FY 2027.

Division III takes effect upon enactment.

***Division IV — Education Support Personnel Salary Supplement — FY 2026-2027***

Division IV appropriates \$7.0 million to supplement education support personnel compensation and requires school districts that receive the [Education Support Personnel Salary Supplement](#) for FY 2027 to submit specified information to the Department of Education (DE). The Bill provides the calculation and method of payment for the Supplement.

***Division V — School District Enrollment and Budgeting***

Division V changes the timing of payments to local education agencies from a current system of 10 monthly payments to a quarterly payment system. The Bill requires the DE to provide the certified enrollment to the Department of Management (DOM) within 30 days after certification and provides for discrepancy resolution. The Bill allows a local education agency to utilize an audit adjustment for one fiscal year, rather than the current practice, and provides a process for resolving enrollment disputes or inaccuracies.

The Bill modifies the methodology used to determine a school district’s annual basic enrollment from a single October enrollment count to a count based on the average of a district’s actual enrollment for the base year and the district’s adjusted enrollment for the base year. The adjusted enrollment is required to be determined annually on January 15, or the third Monday in January if January 15 falls on a Saturday or Sunday. This second enrollment count will be certified as the district’s adjusted enrollment and submitted to the DE by February 15 of each year. The DE is required to promptly forward the adjusted enrollment to the DOM. This revised basic enrollment count will be used to calculate State aid and property taxes related to State aid.

The new adjusted enrollment methodology will apply to school budget years beginning in FY 2028.

**Background**

***State Cost Per Pupil***

The school aid formula funds 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). Five SCPP funding levels would be increased by a 2.0% State percent of growth for FY 2027 upon enactment of the Bill.

**Figure 1** provides the SSA amounts (also referred to as per pupil growth amounts) and SCPP for FY 2027 based on a 2.0% growth rate. The SSA amounts will be applied to all corresponding district and AEA cost per pupil amounts.

**Figure 1 — FY 2027 State Cost Per Pupil Calculations**

	FY 2026 State Cost Per Pupil	FY 2027 State Percent of Growth	FY 2027 Supplemental State Aid	FY 2027 State Cost Per Pupil
Regular Program	\$ 7,988	2.00%	\$ 160	\$ 8,148
Special Education Program	7,988	2.00%	160	8,148
AEA Special Education Services	333.59	2.00%	6.67	340.26
AEA Media Services	62.19	2.00%	1.24	63.43
AEA Education Services	68.63	2.00%	1.37	70.00

In addition to the State percent of growth and SSA amounts for FY 2027, 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 Bill increases the FY 2027 SSCP funding levels for the teacher salary supplement (district and AEA), professional development supplement (district only), early intervention supplement (district only), and Teacher Leadership and Compensation (TLC) supplement (district only) by a 2.0% State percent of growth. The State categorical supplements that provide each district and AEA with a minimum of the previous fiscal year’s level of funding are funded entirely through State aid. **Figure 2** provides the per pupil growth and SSCP for categorical supplements for FY 2027 based on the Bill.

**Figure 2 — FY 2027 State Categorical Cost Per Pupil Calculations**

	FY 2026 State Cost Per Pupil	FY 2027 State Percent of Growth	FY 2027 Supplemental State Aid	FY 2027 State Cost Per Pupil
Teacher Salary – Districts	\$ 684.47	2.00%	\$ 13.69	\$ 698.16
Professional Development – Districts	77.52	2.00%	1.55	79.07
Early Intervention – Districts	84.44	2.00%	1.69	86.13
Teacher Leadership and Compensation – Districts	385.29	2.00%	7.71	393.00
Teacher Salary – AEAs	35.82	2.00%	0.72	36.54
Professional Development – AEAs	4.18			

**Property Tax Replacement Payment (PTRP)**

2013 Iowa Acts, chapter [121](#) (Education Reform Act), created the PTRP provision to replace local property taxes collected by school districts with State aid. The PTRP provision froze the additional levy portion of the SCPP at \$750. Based on the State percent of growth enacted during the intervening fiscal years, the PTRP provision created \$15 per pupil in property tax relief in FY 2014, which grew to \$175 per pupil in FY 2023. The continual growth in PTRP is because the per pupil property tax relief of previous fiscal years is required to be carried forward into future fiscal years. The Bill would freeze the additional levy portion of the SCPP at \$685 for FY 2027. The per pupil property tax relief amount will be based on the State percent of growth enacted for FY 2027. **Figure 3** provides details regarding the SCPP funding levels as provided by a 2.0% growth rate for FY 2027 in the Bill.

**Figure 3 — FY 2027 Property Tax Replacement Payment Calculations**

	FY 2026 State Cost Per Pupil	Increase Due to Supplemental State Aid Rate	FY 2027 State Cost Per Pupil
Regular Program	\$ 7,988	\$ 160	\$ 8,148
Unadjusted Additional Levy	927	18	945
PTRP Portion	242	18	260
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 per pupil transportation costs above the statewide average will receive transportation base funding payments on a per capita basis. The Bill provides for a growth of 2.0%, the same as the categorical State percent of growth.

**Assumptions**

- The FY 2027 SCPP is \$8,148, with \$7,203 funded from the State General Fund, \$260 funded from PTRPs funded from the State General Fund, and \$685 funded from local property tax. The amount by which the district cost per pupil (DCPP) exceeds the SCPP is funded from local property tax.
- Estimates are based on October 2025 certified enrollments and supplementary weightings for estimated FY 2026, which were approved by the School Budget Review Committee (SBRC) in December 2025.
- The estimated increase in the uniform levy collected 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 2027 taxable valuation amount.
- Total State aid includes funding from the State General Fund and other funds appropriated to or deposited into 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 2027 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.
- This **Fiscal Note** is based upon current law. Any additional legislation that may change State aid and school aid-related property tax is not accounted for in this **Fiscal Note**.
- The General Fund appropriation to the Transportation Equity Fund will increase by approximately \$700,000. The appropriation may grow at the same rate as the State categorical cost per pupil rate in subsequent years. The cap on transportation equity payments to school districts will not affect the overall appropriation but will affect individual allocations to school districts.
- Students that graduate early or that are not enrolled by the January count date would not be included in the second count, therefore potentially reducing the average enrollment for a school district.

### Fiscal Impact

**Figure 4** provides the estimated fiscal impact of Senate File 2201, including the following provisions:

- A \$7.5 million reduction<sup>1</sup> in State aid to the AEAs (current statute).
- A \$146.0 million in PTRP funding, an increase of \$8.7 million (6.31%) compared to estimated FY 2026.
- \$760.1 million for the State categorical supplements for school districts and AEAs, an increase of \$22.0 million (2.98%) compared to estimated FY 2026. This includes the following:
  - \$472.7 million for the teacher salary supplement at the district and AEA levels.
  - \$40.6 million for the professional development supplement at the district level.
  - \$44.2 million for the early intervention supplement.
  - \$202.6 million for the TLC supplement.
- \$92.6 million for preschool formula funding, an increase of \$1.3 million compared to estimated FY 2026. The preschool formula funding is included in the State aid total but is not included in the combined district cost total.
- The total property tax funds generated through the school aid formula are estimated to be \$1,248.7 million, an increase of \$50.8 million (4.24%) compared to estimated FY 2026. An additional \$42.2 million in budget adjustment guarantee funding for 199 qualifying districts would be provided by the General Fund in place of property taxes. This is an increase of \$17.9 million compared to the estimated FY 2026 budget adjustment guarantee. In previous fiscal years, the budget adjustment guarantee was fully funded by property taxes. For FY 2026, the budget adjustment guarantee was available for 157 school districts and totaled \$24.3 million. The budget adjustment guarantee is calculated at the school district level so that eligible school districts receive 101.00% of their previous year's regular budgeted funding. Since FY 2000, the budget adjustment guarantee has been funded entirely through property taxes.
- The total State aid from the General Fund is estimated to be \$3,981.7 million, a total increase of \$98.9 million (2.55%), with \$42.2 million in funding for the budget adjustment guarantee. **Figure 4** also includes the FY 2027 General Fund appropriation of \$33.3 million to the Transportation Equity Fund, which is not included in the total State aid estimate. Although there will be no change to the total General Fund appropriation, the proposed \$1.0 million cap will impact the transportation equity allocation to individual school districts.

---

<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. For FY 2027, HF 2800 (Standing Appropriations Bill) reduced funding to AEAs for a total of \$32.5 million.

- In FY 2027, the DE will deduct a calculated amount from State aid disbursed to school districts for students enrolled in charter schools during FY 2026 who were included in the fall 2025 certified enrollment count of their resident district.
- Division IV appropriates \$7.0 million to the DE to supplement education support personnel compensation.
- Any increase or decrease in enrollment generated from the adjusted enrollment may increase or decrease appropriations from the General Fund for total State aid. There may also be additional administrative costs to the DE, the DOM, and school districts to complete the second enrollment count. Impacts related to the change in payments from monthly to quarterly cannot be determined.

Any legislative action affecting FY 2027 school aid provisions may have an impact on school aid amounts. Additionally, any variations in the assumptions noted may result in changes in the FY 2027 estimates provided in **Figure 4**.

**Figure 4 — SF 2201**

Legislative Services Agency: FY 2027 School Aid Estimates (Statewide Dollars in Millions)

2.00%	Set a State Percent of Growth	State Supplemental Aid (SSA)	\$	160
\$	0	Additional Dollars	\$	0
Yes	Select if the PTRP is renewed ("No" is current law)	Total Change	\$	160
\$	0	FY 2027 State Cost Per Pupil (SCPP)	\$	8,148
\$	0	Total AEA Reduction	\$	7,500,000

Program Funding:	FY 2026	Est. FY 2027	Est. Change	% Change
Regular Program District Cost	\$ 3,844.0	\$ 3,861.0	\$ 17.1	0.44%
Regular Program Budget Adjustment Guarantee	24.3	42.2	17.9	73.65%
Supplementary Weighting (District)	142.1	151.2	9.0	6.37%
Special Education Instruction (District)	552.7	567.4	14.7	2.65%
Teacher Salary Supplement (District)	440.7	453.6	12.9	2.93%
Professional Development Supplement (District)	39.4	40.6	1.3	3.17%
Early Intervention Supplement (District)	42.8	44.2	1.4	3.17%
Teacher Leadership Supplement (District)	196.3	202.6	6.3	3.20%
AEA Special Ed Support District Cost	191.8	193.2	1.4	0.71%
AEA Special Ed Support Adjustment	1.2	1.8	0.6	50.00%
AEA Media Services	33.8	34.2	0.3	1.04%
AEA Ed Services	37.4	37.7	0.4	1.04%
AEA Sharing	0.2	0.2	0.0	1.98%
AEA Teacher Salary Supplement	18.9	19.1	0.2	0.92%
AEA Professional Development Supplement	0.0	0.0	0.0	
AEA Statewide State Aid Reduction	-32.5	-7.5	25.0	-76.92%
Dropout and Dropout Prevention	153.9	153.9	0.0	0.00%
Combined District Cost	\$ 5,686.5	\$ 5,795.4	\$ 108.9	1.91%
Statewide Voluntary Preschool Program	\$ 91.3	\$ 92.6	\$ 1.3	1.37%

State Aid:	FY 2026	Est. FY 2027	Est. Change	% Change
Regular Program	\$ 2,177.2	\$ 2,141.5	\$ -35.7	-1.64%
Supplementary Weighting	125.5	133.5	8.0	6.38%
Special Education Weighting	488.0	501.0	13.0	2.66%
Property Tax Adjustment Aid (1992)	6.2	5.9	-0.3	-5.02%
Property Tax Replacement Payment (PTRP)	137.3	146.0	8.7	6.31%
Adjusted Additional Property Tax - General Fund	24.0	24.0	0.0	0.00%
Statewide Voluntary Preschool Program	91.3	92.6	1.3	1.37%
Minimum State Aid	1.2	2.1	0.8	68.42%
School District Budget Adjustment Guarantee	0.0	42.2	42.2	
State Aid from General Fund	\$ 3,862.8	\$ 3,961.7	\$ 98.9	2.55%
Transfer from Economic Emergency Fund	\$ 21.9	\$ 0.0	\$ -21.9	-100.00%
Charter School Adjustment	5.7	12.3	6.6	114.17%
*Adjusted Additional Property Tax - SAVE Fund	31.8	35.3	3.5	11.07%
Foundation Base Supplement (FBS)	10.2	14.0	3.8	37.39%

Local Property Tax:	FY 2026	Est. FY 2027	Est. Change	% Change
Uniform Levy Amount	\$ 1,197.9	\$ 1,248.7	\$ 50.8	4.24%
Additional Levy	601.0	616.6	15.7	2.61%
Total Levy to Fund Combined District Cost	\$ 1,798.8	\$ 1,865.3	\$ 66.5	3.70%
Comm/Ind - Uniform Levy Adjustments	18.7	19.2	0.5	2.59%
Comm/Ind - Additional Levy Adjustments	10.1	0.0	-10.1	

Miscellaneous Information:	FY 2026	Est. FY 2027	Est. Change	% Change
Budget Enrollment	480,665	473,329	-7,336	-1.53%
Number of Districts with Budget Adjustment Guarantee	157	199	42	26.75%
Percentage of Districts with Budget Adjustment Guarantee	48.31%	61.23%		
Statewide Category Totals	\$ 738.1	\$ 760.1	\$ 22.0	2.98%
Property Tax Relief Payment Per Pupil	242	260	18	7.44%
Foundation Base Supplement Per Pupil	18	25	7	38.89%
Statewide AEA Funding	250.7	278.6	27.9	11.12%
Transportation Equity Program	32.7	33.3	0.7	2.00%

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.

Area Education Agency (AEA)

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

The provision for Minimum State Aid requires that the State provide at least \$300 per student.

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  
Iowa Association of School Boards  
Rural School Advocates of Iowa  
School Administrators of Iowa  
Urban Education Network  
LSA analysis and calculations

/s/ Jennifer Acton

---

May 22, 2026

Doc ID 1605430

---

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.

---