



HF 2194 – Supplemental State Aid (LSB 6095S5059)

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Fiscal Note Version – As amended by S-5059

Description

Senate amendment **S-5059** to **HF 2194** 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.
- 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, funding for the additional \$15.0 million State aid reduction to AEAs implemented in FY 2014 will be restored.

Fiscal Impact

HF 2194 as amended by S-5059, will include the following fiscal impacts:

- An increase in the FY 2016 State General Fund expenditure for State school aid of \$175.4 million. This includes \$167.5 million for regular school aid and \$7.9 million for preschool aid.
- An estimated net increase in FY 2016 of \$59.9 million in school aid property taxes. This amount includes an increase of \$39.1 million for the uniform levy, \$39.2 million for all components of the additional levy, and a reduction of \$18.4 million due to school aid property tax portion of the commercial/industrial rollback replacement payment.

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.

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

March 18, 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.
