

---

## BUDGET UNIT BRIEF – FY 2027

Fiscal Services Division

July 1, 2026



---

Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

# Community College General Aid

## Purpose and History

The community college system was established in the 1960s. The Iowa Code establishes 15 colleges encompassing the entire State. Each community college offers a comprehensive educational program. All Iowans of postsecondary school age are eligible to attend any of the community colleges. Community colleges also offer special programs for students who attend local secondary schools.

The community colleges are sometimes identified in statute as “merged area schools,” and this title sometimes appears in materials prepared by the Legislative Services Agency (LSA).

## Oversight

Each community college is overseen by a publicly elected board of trustees. The Department of Education’s Bureau of Community Colleges accredits and provides statewide oversight of the colleges. The Bureau collects data from the colleges via the Department of Education’s management information system and is responsible for producing a variety of annual statistical reports.

## Funding — State General Aid

The General Assembly annually appropriates general aid to the 15 community colleges to support their general operations. The colleges treat the funding as unrestricted general fund revenue. In 2024 Iowa Acts, [Senate File 2435](#) (FY 2025 Education Appropriations Act), an appropriation of \$235.9 million was made to the Department of Education for the College Student Aid Commission. This is an increase of \$7.0 million compared to estimated FY 2024.

## Formula for Allocating General Aid

Iowa Code section [260C.18C](#) specifies a detailed formula for calculating each college’s portion of the total annual appropriation. With the exception of FY 2011, the General Assembly usually appropriates a lump sum for general aid and provides intent language specifying the allocations. Since 2005, the allocations have been based on the formula established in statute.

The formula consists of three subformulas. The annual inflation rate determines the subformula used. For this purpose, the LSA uses the annual Consumer Price Index — All Urban Consumers established the preceding December.

All subformulas provide each college with base funding equal to the previous year’s allocation. If total funding is less than the previous year, each college’s base funding is prorated. If the total appropriation is greater than the previous year, the subformulas allocate the new moneys in a series of steps until all of the funding is allocated. The amount of new moneys may not be sufficient to fund all of the steps in a particular subformula. The steps in each subformula are as follows:

---

## More Information

Iowa Department of Education — Bureau of Community Colleges: [www.educateiowa.gov/community-colleges](http://www.educateiowa.gov/community-colleges)  
LSA Staff Contact: Michael Peters (515.281.6934) [michael.peters@legis.iowa.gov](mailto:michael.peters@legis.iowa.gov)

- A) Inflation rate of 2.0%:
1. 2.0% general increase for each college.
  2. 1.0% of the total appropriation allocated based on a three-year rolling average of full-time equivalent enrollment (FTEE).
  3. 1.0% of the total appropriation allocated using a formula that favors those colleges with the greatest growth in FTEE.
  4. All remaining funds allocated based on a three-year rolling average of FTEE.
- B) Inflation rate between 2.1% and 4.0%:
1. Steps 1, 2, and 3 in subformula (a) above.
  2. An amount up to the inflation rate, based on each college's portion of total general aid the previous year.
  3. All remaining funds allocated based on a three-year rolling average of FTEE.
- C) Inflation rate greater than 4.0%:
1. Steps 1 and 2 in subformula (a) above.
  2. An amount up to the inflation rate, based on each college's portion of total general aid the previous year.
  3. Step 3 in subformula (a) above.
  4. All remaining funds allocated based on a three-year rolling average of FTEE.

In the 2024 Iowa Acts, [Senate File 2405](#) (Community College Funding Formula) modifies a distribution formula applicable for FY 2026. Going forward, the presidents and chancellors of the Community Colleges must establish a distribution formula by approval of at least ten of the presidents and chancellors. The formula must consider the enrollment and combined support for each community college and cannot allocate funding to a community college that is below the general state aid received in any previous budget year.

#### **Funding — Other State Funds**

While general aid is the largest portion of State funding for the community colleges (approximately two-thirds in recent years), the colleges receive additional State funds from a variety of sources, including:

- Tax withholding diversions and credits related to job training programs under Iowa Code chapters [260E](#) and [260G](#).
- Workforce training appropriations through the Economic Development Authority.
- Funds received from K-12 schools for jointly enrolled students.
- Appropriations and transfers for the Corrections Education Program through the Department of Corrections.
- Annual infrastructure appropriations.

#### **Other Sources of Revenue**

The largest source of revenue for the community colleges is student tuition and fees. The colleges also have recourse to a variety of local property tax levies, as well as federal funding streams. Additional revenue is generated through sales and services.

#### **Related Statutes and Administrative Rules**

Iowa Code chapters [260C](#), [260E](#), [260F](#), and [260G](#)

Iowa Code section [260C.18C](#)

Iowa Administrative Code [281—21](#), [281—22](#), and [877—32](#)

#### **Budget Unit Number**

2820I590001

Doc ID 1595338