
BUDGET UNIT BRIEF – FY 2027

Fiscal Services Division

July 1, 2026



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Transportation School Equity

Purpose and History

Starting in FY 2019, the Transportation Equity Fund (TEF) was created to provide additional funding to school districts for public school transportation costs that exceed the statewide adjusted average cost per student.

Reimbursements to School Districts

The Department of Management (DOM) is mandated in Iowa Code section [257.16C](#) to determine an adjusted statewide average cost per student for providing transportation to public schools after deducting the costs for nonpublic school transportation. The DOM is further required to establish a statewide adjusted transportation cost per student based upon amounts available in the TEF for providing aid to school districts with the highest transportation cost per pupil differential.

If the available funds exceed payments of transportation equity aid, then school districts shall receive transportation base funding payments. Transportation base funding amounts are established in Iowa Code section [257.16C](#)(4).

The aid received under this program by school districts is considered miscellaneous income and is deposited into a school district's general fund. The aid amount is not included in State aid calculations for the district's cost per pupil.

Funding — State General Fund

This program is funded by a standing appropriation from the General Fund. Starting in FY 2021, the appropriation may grow by the categorical State percent of growth.

Related Statutes and Administrative Rules

Iowa Code section [257.16C](#)

Budget Unit Number

5320DB50001

Doc ID 1595531

More Information

Department of Education: www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/state-payment-information

LSA Staff Contact: Lora Vargason (515.725.1286) lora.vargason@legis.iowa.gov