

# FISCAL TOPICS

Fiscal Services Division

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## 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 student. The Program was created in 2018 Iowa Acts, chapter [1007](#) (School Finance — State School Foundation Program Modifications — Transportation Equity Program). The Program also created the Transportation Equity Fund (TEF). The Fund is under the control of the Department of Management (DOM).

### Transportation Equity Program

The 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. Public school transportation data from the Department of Education is used to establish a transportation cost per pupil for each district. 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. The following visualization shows how payment calculations were determined for a sample district in FY 2020.

Statewide Calculations	
Average Cost Per Pupil	\$ 329.97
Adjusted Average Cost Per Pupil*	\$ 381.07

District A Calculations	
Certified Enrollment	300.3
Net Operating Costs	\$ 282,317.99
Transportation Cost Per Pupil	\$ 940.12
Differential Cost Per Pupil	\$ 559.05

\* The adjusted average cost per pupil is calculated by the DOM using money available in the TEF for a fiscal year.

Totals may not add due to rounding.

District A  
Transportation  
Cost Per Pupil:  
\$940.12

↓

Adjusted Statewide  
Average  
Transportation  
Cost Per Pupil:  
\$381.07

District A transportation cost per pupil is brought down to the adjusted statewide average:  
Certified Enrollment x Differential  
  
**= \$167,883 in aid from the TEF.**

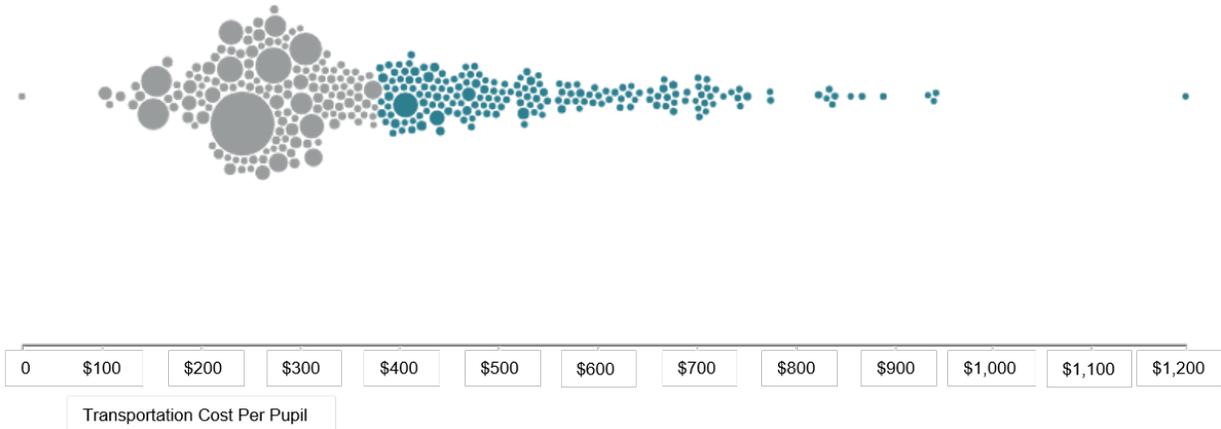
Any district with a transportation cost per pupil below the adjusted statewide average will not receive aid from the TEF for FY 2020.

### More Information

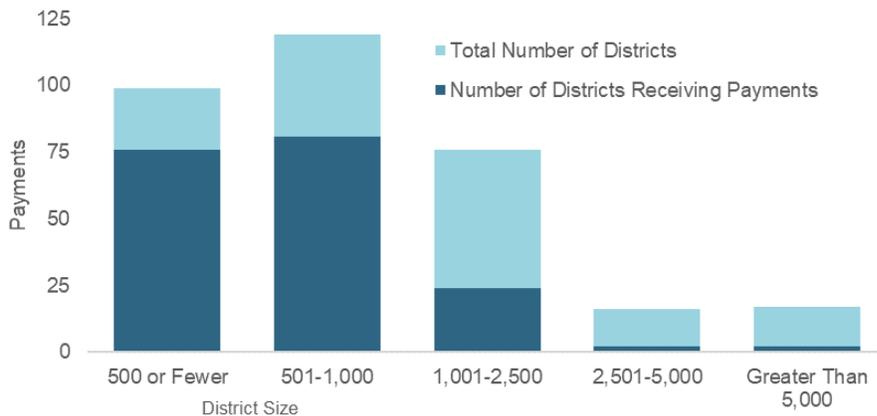
[www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/state-payment-information/state-payment](http://www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/state-payment-information/state-payment)

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The next visualization shows the range of the transportation cost per pupil by school district. Each district is represented by a circle. Enrollment for each district is represented by the size of the circle. Districts in gray do not receive aid from the TEF, while districts in blue will receive funding from the TEF in FY 2020.



In FY 2020, 84.6% of TEF payments will go to school districts with enrollment of 1,000 or fewer.



If the available funds exceed payments of transportation equity aid, then all school districts will receive transportation base funding payments. Transportation base funding amounts are established in Iowa Code section [257.16C\(4\)](#). For FY 2020, the available funds in the TEF would need to be more than \$26.9 million for transportation base funding payments to occur.

### Appropriations to the Transportation Equity Fund

In FY 2019, \$11.2 million was appropriated from the General Fund to the TEF. Beginning in FY 2020, a standing appropriation from the General Fund to the TEF was established<sup>1</sup>. For FY 2020, the standing appropriation is \$19.0 million. The standing appropriation may grow at the same rate as the State supplemental aid (SSA) rate for State categorical programs. The following table shows the estimated appropriation for the TEF in FY 2021 based on different SSA rates. The SSA rate will default to 0.00% for

<sup>1</sup> 2019 Iowa Acts, chapter [2](#) (School Finance — Regular State Cost Per Pupil — School Transportation Funding)

FY 2021 unless the General Assembly approves, and the Governor signs, an SSA rate into law for FY 2021.

Transportation Equity Fund Appropriations and Estimated Appropriations for FY 2021 Based on Different SSA Rates (In Millions)

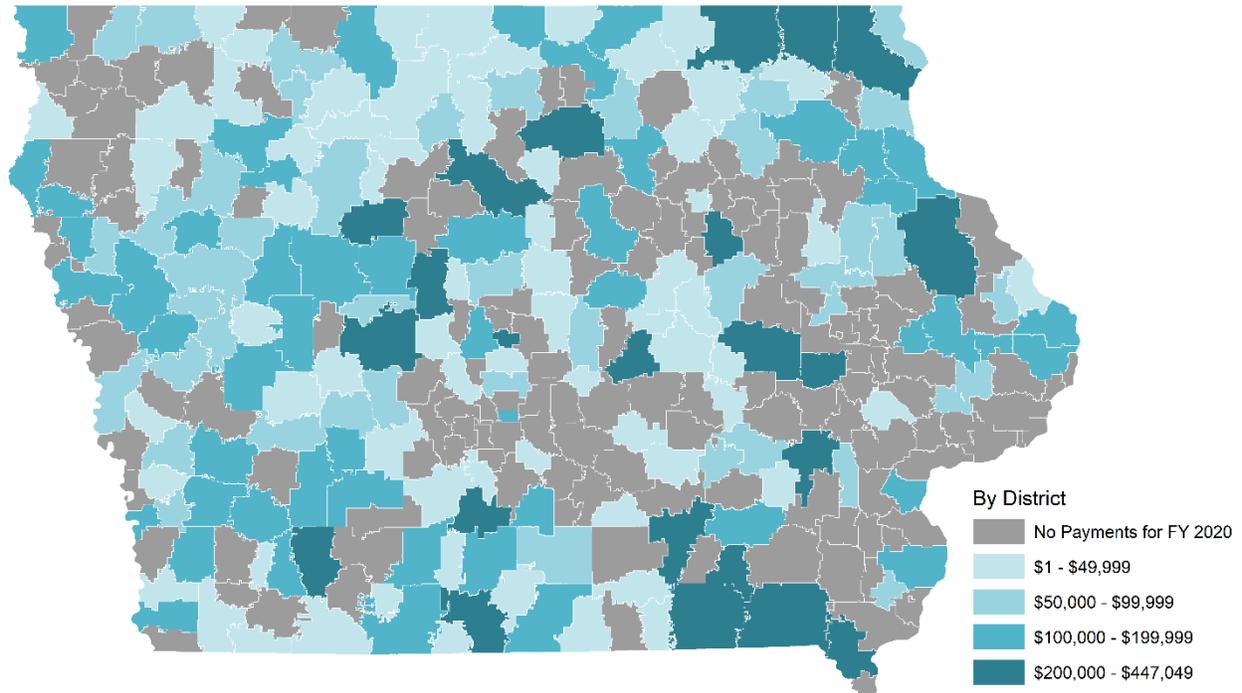
Actual		Estimated SSA Rates				
FY 2019	FY 2020	0.00% FY 2021	1.00%	2.00%	3.00%	4.00%
\$ 11.2	\$ 19.0	\$ 19.0	\$ 19.2	\$ 19.4	\$ 19.6	\$ 19.8

**School District Aid from the Transportation Equity Fund**

Payments to school districts receiving aid from the TEF are paid in the same manner and time as State aid foundation payments per Iowa Code section [257.16](#). 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 foundation aid calculations for the district’s cost per pupil. Payments from the TEF do not impact budget adjustments under Iowa Code section [257.14](#) or transportation assistance under Iowa Code section [257.31](#).

In FY 2019, 138 school districts out of 330 (41.8%) received funding from the TEF. In FY 2020, 185 districts out of 327<sup>2</sup> (56.6%) will receive aid from the TEF. The following map shows aid amounts by school district for FY 2020.

Transportation Fund Equity Payments — FY 2020



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<sup>2</sup> Three school district reorganizations reduced the total number of school districts from 330 to 327 for the 2019-2020 school year.