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## FISCAL TOPICS

Fiscal Services Division

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## Instructional Support Program

### Program Overview

The Instructional Support Program was created by 1989 Iowa Acts, chapter [135](#) (School and Area Education Agency Financing), and the implementation of the Program began in FY 1992. The Program allows districts to increase their general fund budgets by up to 10.0% of the total regular program district cost. Districts may implement the Program for a five-year duration with local board approval (subject to a reverse referendum) or for 10 years with voter approval.

When the Program was initially implemented, State aid was distributed through a formula designed to provide property tax equity and equalize the property tax burden among school districts. Since FY 1993, the State aid appropriation for the Program has been capped, and the State aid portion of the formula has not been fully funded. The result creates a variance in the amount of funds that school districts receive from the Program. Property-poor districts receive a smaller proportion of total funding than property-rich districts.

### Funding Formula

Funding for the Program is formula-based and includes:

- State aid based on an Instructional Support Program funding formula. The formula provides that State aid fund 25.0% of the Program and be distributed equitably so that districts with relatively higher property tax valuations receive less State funding in relation to districts that have relatively lower property tax valuations.
- Local taxes, including property taxes or a combination of property taxes and an income surtax. The percentage of income tax that a local school board may impose as a surtax cannot exceed 20.0%.

The funding is considered miscellaneous income and can be used for any general fund purpose, with some restrictions, by the school district.<sup>1</sup>

### State Aid: Annual Appropriation Cap and Reduction

When the Program was originally enacted, State aid for the Instructional Support Program was a standing unlimited appropriation with the amount determined by the Program funding formula. Since FY 1993, funding for the Program includes a General Fund standing appropriation of \$14.8 million under Iowa Code section [257.20](#). However, the amount appropriated has been reduced each year since FY 2005 and has been held at \$0 since FY 2012. School districts are not permitted to levy for the unfunded State aid portion or receive spending authority for the unfunded State aid portion.

The following visualization provides the funded and unfunded amounts for the Instructional Support Program since FY 1992.

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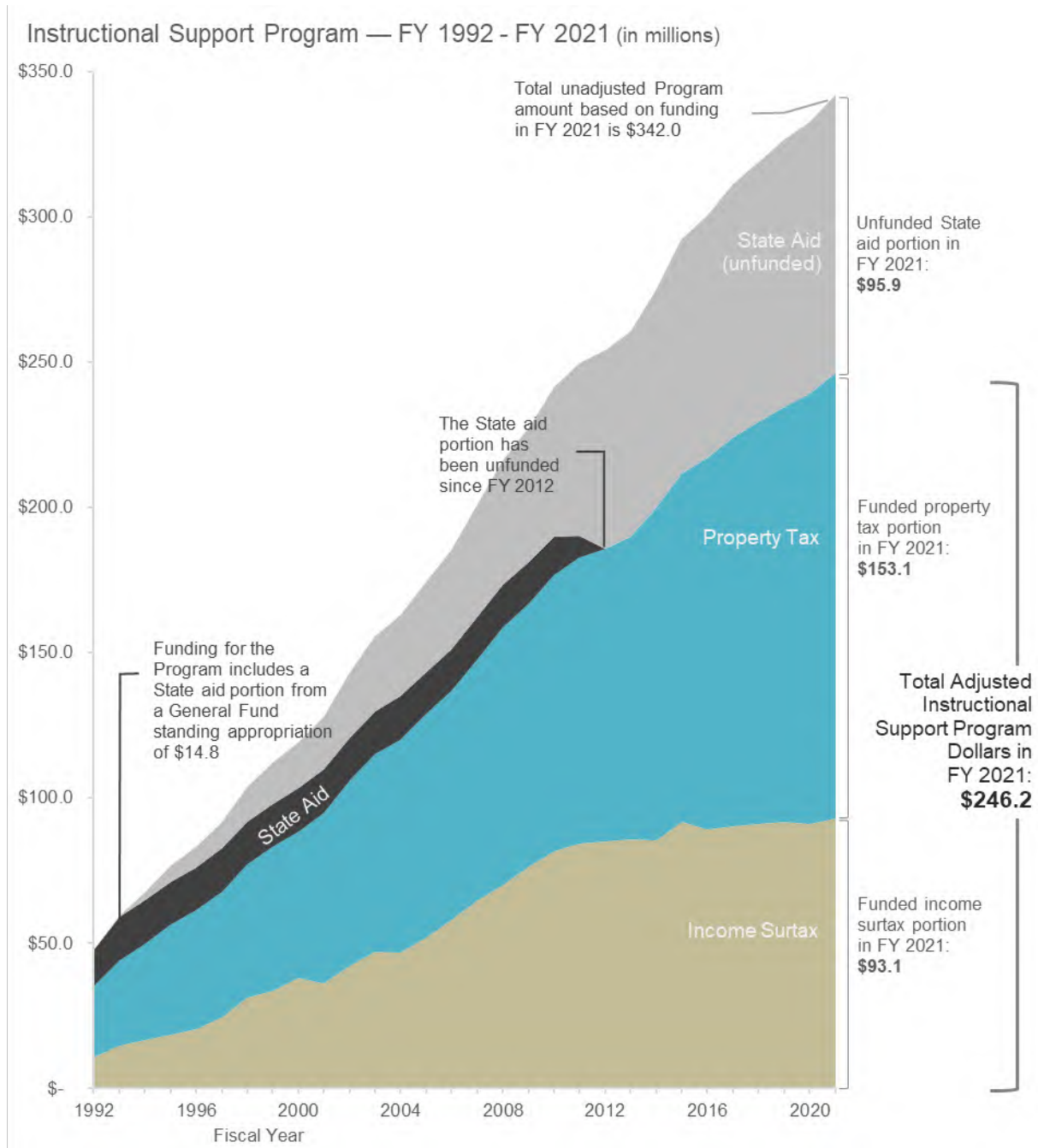
<sup>1</sup> Iowa Code section [257.19](#) states that moneys received by a district for the Instructional Support Program shall not be used as, or in a manner which has the effect of, supplanting funds authorized to be used for returning dropout or dropout prevention programs, the gifted and talented children program, or to cover any costs resulting from a special education deficit.

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### More Information

Department of Education: [www.educateiowa.gov/pk-12/school-business-and-finance/levies-and-funds/general-fund#Instructional\\_Support\\_Program](http://www.educateiowa.gov/pk-12/school-business-and-finance/levies-and-funds/general-fund#Instructional_Support_Program)

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Numbers may not total due to rounding.

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