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## FISCAL TOPICS

Fiscal Services Division

August 28, 2020



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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

## 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.

District A  
Transportation  
Cost Per Pupil:  
\$940.12

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.**

Adjusted Statewide  
Average  
Transportation  
Cost Per Pupil:  
\$381.07

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

Totals may not add due to rounding.

If the available funds in the TEF exceed buydown of all districts to the statewide average, then school districts with transportation costs per pupil below the statewide average will receive transportation base funding payments on a per capita basis. Transportation base funding amounts are established in Iowa Code section [257.16C](#)(4). In FY 2021, appropriation funding exceeded the amount necessary in buying 204 school districts down to the statewide average of \$346.75 per pupil. An additional 123 school

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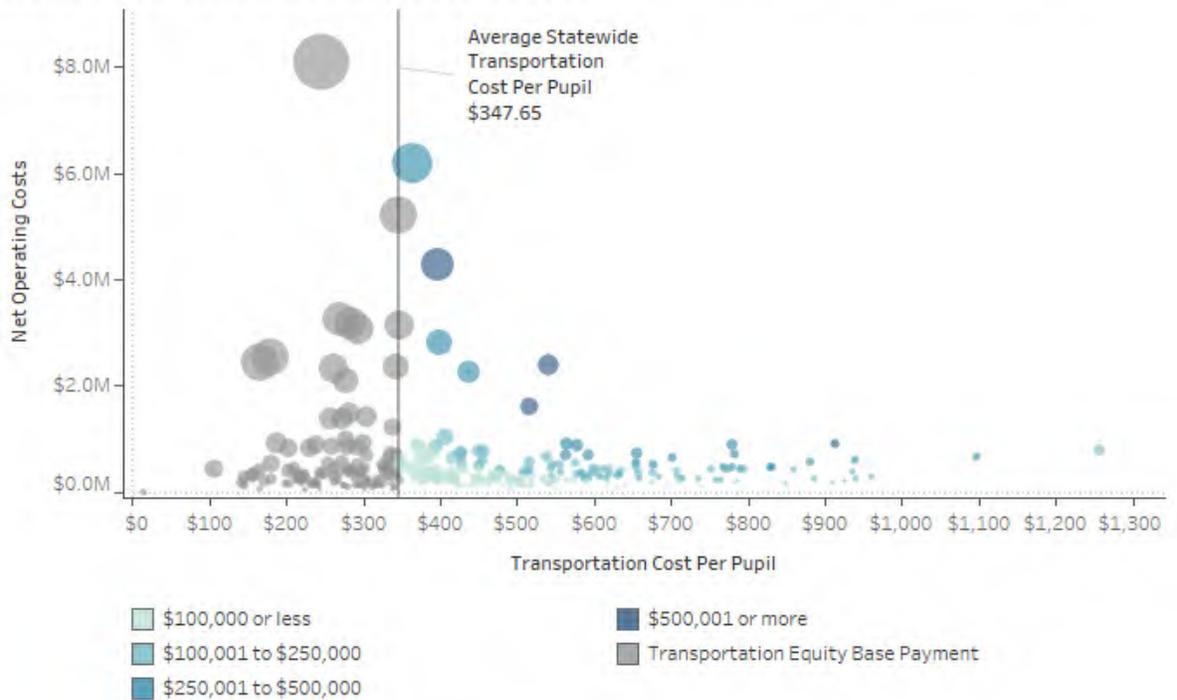
### More Information

[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)

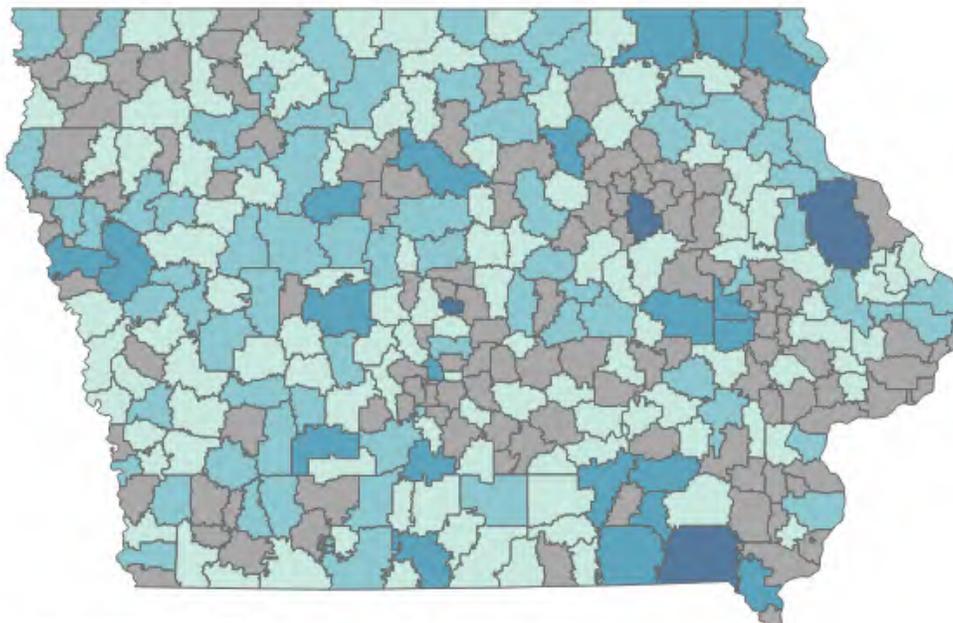
LSA Staff Contact: Michael Guanci (515.725.1286) [michael.guanci@legis.iowa.gov](mailto:michael.guanci@legis.iowa.gov)

districts received approximately \$0.90 per pupil in transportation equity base payments. The following visualizations shows per pupil transportation costs by district, and a map of transportation equity payments by school district.

Net Operating Transportation Costs and Per Pupil Transportation Costs by School District — FY 2021  
*Enrollment for each district is represented by the size of the circle.*



Transportation Equity Payments by School District — FY 2021



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### **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](#).

### **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> In FY 2020, the standing appropriation was \$19.0 million. The standing appropriation grows at the same rate as the State supplemental aid (SSA) rate for State categorical programs. In FY 2021, the standing appropriation was increased to \$26.3 million and increased by an additional \$437,000 due to a 2.30% SSA rate for FY 2021. The SSA rate will default to 0.00% for FY 2022 unless the General Assembly approves and the Governor signs an SSA rate into law for FY 2022.

Doc ID 1150782

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