
FISCAL TOPICS

Fiscal Services Division

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School Aid — Additional Levy Components

The Iowa school aid formula provides funding to local school districts and area education agencies (AEAs). A school district's operating budget funded through the school aid formula is called the school district's combined district cost. The combined district cost is funded through State aid, the uniform levy, and the additional levy. Below is a brief description of the school finance formula revenue sources:

- **State Aid** — In general, a standing unlimited General Fund appropriation made to fund State foundation aid to school districts each year. Since 1990, State aid has accounted for at least 60.0% of the statewide total of the combined district cost and is at approximately 67.9% in FY 2022. A variety of factors influence the State aid portion of school aid, including enrollment, taxable valuation, and changes in statute.
- **Uniform Levy** — A statewide property tax levy of \$5.40 per \$1,000 of taxable valuation paid by all property taxpayers in Iowa. The uniform levy and State aid are used to fund the first 87.5%¹ of the Regular Program and Special Education foundation base and the first 79.0% of the AEA Special Education Support Program. The growth in the amount of uniform levy generated annually is the result of growth in taxable valuations.
- **Additional Levy** — A local property tax with varying rates between each school district that provides the additional funding for each school district's combined district cost. The additional levy is not rate-restricted, and funding for the additional levy property tax rate ranges from \$0.74 to \$5.45 per \$1,000 of taxable valuation in FY 2022. Major factors that influence additional levy property tax rates include taxable valuations and the number of students within a school district, and the amount needed for discretionary programs funded by the additional levy.

In FY 2022, the additional levy totals \$633.6 million and accounts for 38.2% of the school foundation property tax total and 12.6% of the total combined district cost. In FY 2010, the additional levy funded 15.1% of the total combined district cost.

The visualizations on the next two pages show:

- The range of property tax rates for each school district by each additional component of the additional levy. The rate is expressed in dollars per \$1,000 of taxable valuation.
- A map of the total additional levy property tax by school district. The rate is expressed in dollars per \$1,000 of taxable valuation.
- The statewide dollar amounts generated by each component of the additional levy.

Following the visualizations is a brief description of each of the components of the additional levy.

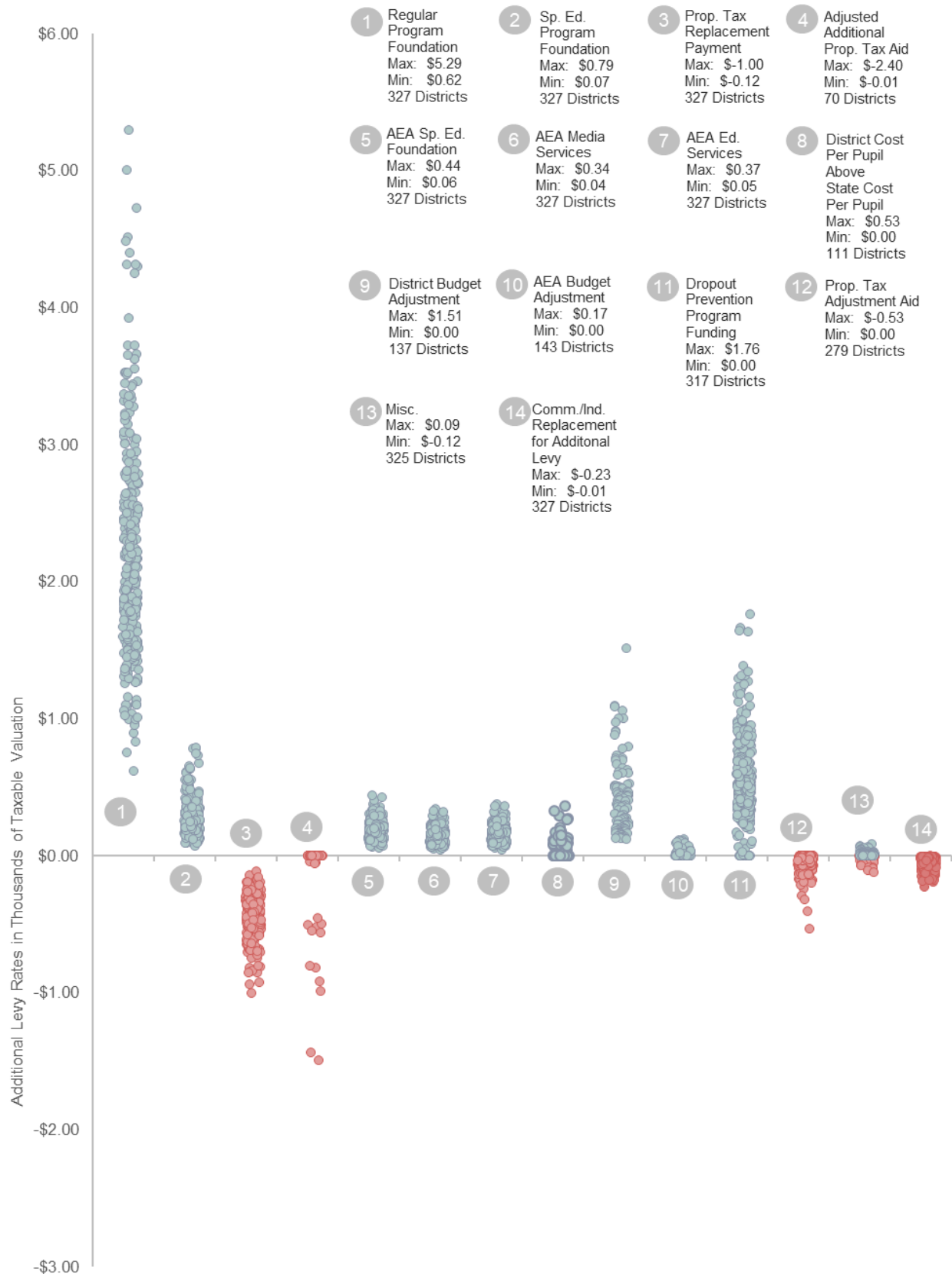
¹ 2021 Iowa Acts, ch [177](#) (Taxation and Other Provisions Act) will raise the Regular Program foundation level from 87.5% to 88.4% starting in FY 2023.

More Information

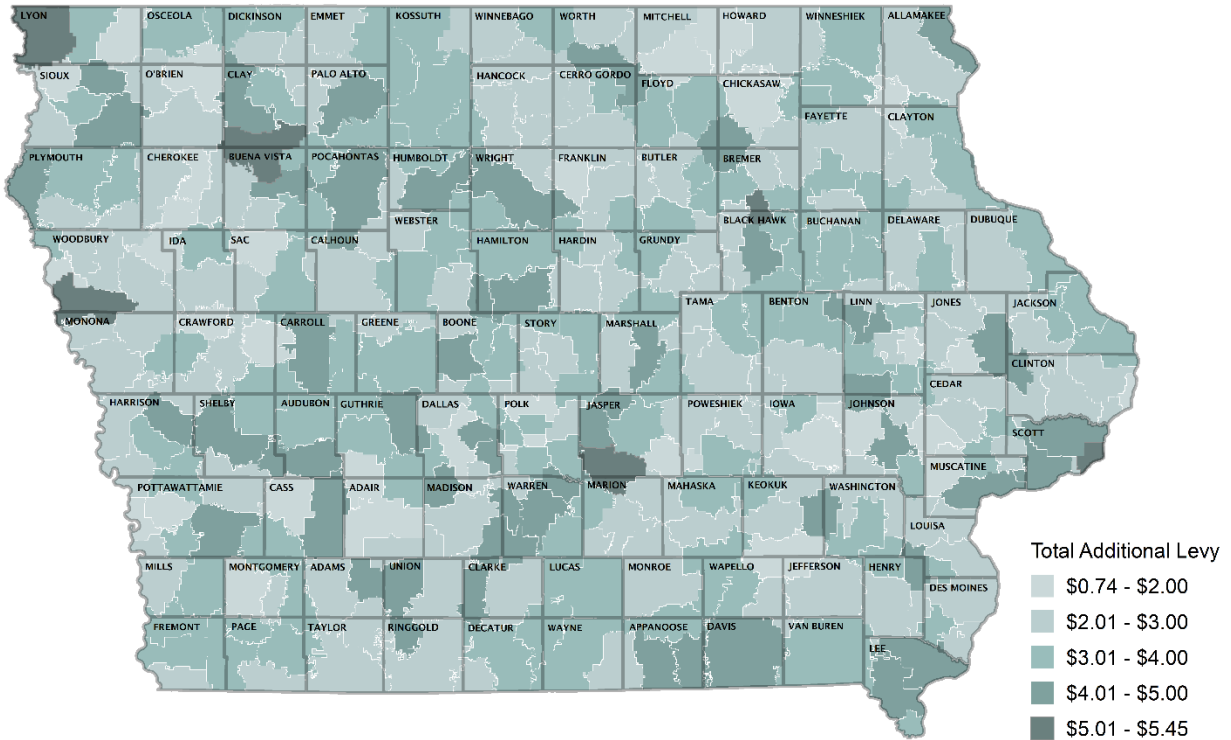
Department of Management — School Resource Page: www.dom.iowa.gov/schools
LSA Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov

Range of Property Tax by Additional Levy Components — FY 2022

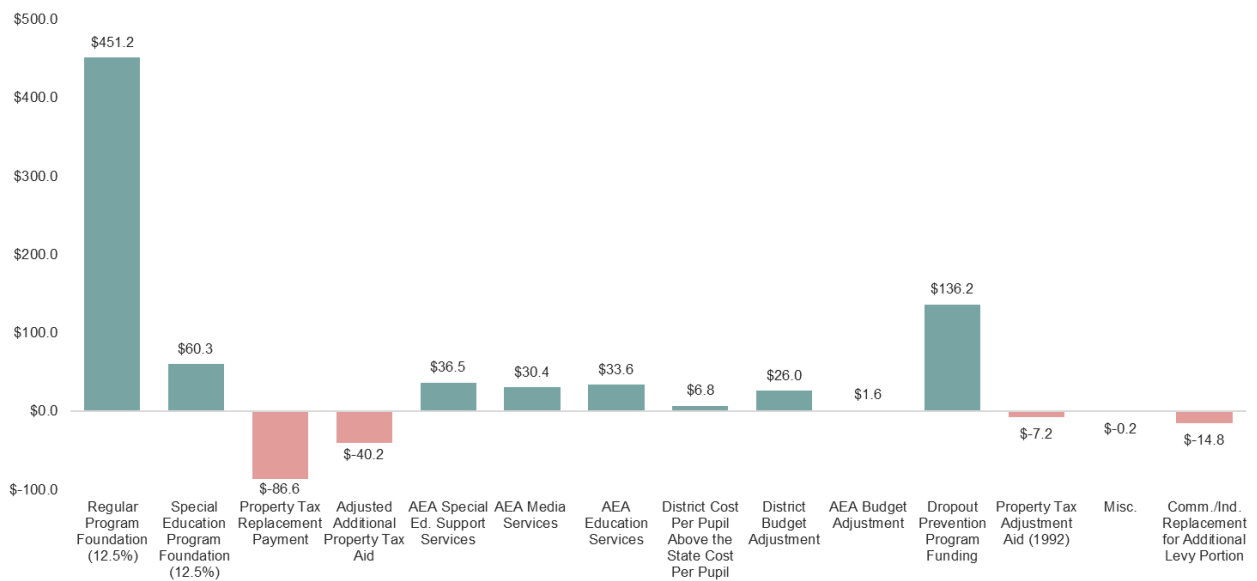
Each circle represents a school district



Additional Levy Property Tax by School District — FY 2022



Additional Levy Components — FY 2022 (in millions)



Components of the Additional Levy — FY 2022

- **Regular Program Foundation** — The Regular Program foundation level consists of the school district budget enrollment and weightings, not including special education weighting, multiplied by the FY 2022 State cost per pupil (SCPP) of \$7,227. Of that amount, the Uniform Levy and State aid fund 87.5% (\$6,324) while the Regular Program foundation (12.5% portion of the additional levy) funds the remaining portion (\$903) on a per pupil basis. The total statewide amount for the Regular Program foundation (12.5% portion of the additional levy) is \$451.2 million.
- **Special Education Program Foundation** — The Special Education Program foundation level consists of the special education weightings multiplied by the FY 2022 SCPP of \$7,227. Of that amount, the Uniform Levy and State aid fund 87.5% (\$6,324) while the special education program foundation portion of the additional levy funds the remaining 12.5% (\$903) on a per pupil basis. The total statewide amount for the Special Education Program foundation (12.5%) of the additional levy is \$60.3 million.
- **Property Tax Replacement Payment (PTRP)** — Implemented in FY 2014, the PTRP reduces the 12.5% additional levy per pupil to the FY 2013 budget year level (\$750). In FY 2022, the additional levy per pupil is \$903. This results in a PTRP State aid payment of \$153 per pupil. The PTRP reduces the additional levy for all school districts by \$86.6 million in FY 2022.
- **Adjusted Additional Property Tax Levy Aid** — In FY 2022, \$40.2 million is appropriated to reduce property tax burdens in districts that have the highest adjusted additional property tax rates. The adjusted additional property tax rate combines the 12.5% portion of the Regular Program foundation and Special Education Program foundation additional levies. Property tax adjustment aid reduces the additional levy rate for the qualifying school districts. The property tax relief is funded by a standing appropriation of \$24.0 million from the General Fund, along with funds deposited into the [Property Tax Equity and Relief \(PTER\) Fund](#) from sales tax revenue. In FY 2022, 70 districts will receive funds from the PTER Fund to reduce additional levy rates.
- **AEA Special Education Support Services** — State aid covers 79.0% of the AEA foundation level, while property taxes cover the remainder of the AEA Special Education Support Services. Each district's cost per pupil may vary depending on the AEA's cost per pupil for Special Education Support Services. In FY 2022, the total amount of property taxes generated from this component is \$36.5 million.
- **AEA Media and Education Services** — Both the AEA Media Services and AEA Education Services are funded entirely through property taxes and are components of the additional levy. In FY 2022, AEA Media Services totals \$30.4 million, and AEA Education Services totals \$33.6 million.
- **District Cost Per Pupil Above the State Cost Per Pupil** — In FY 2022, there are 111 school districts that have a district cost per pupil that is greater than the State cost per pupil. Additionally, there are 139 districts that have an AEA education support cost per pupil above the AEA State education support cost per pupil. The difference is funded through local property tax and is another component of the additional levy. The total amount of property tax generated from this component in FY 2022 is \$6.8 million.
- **District Budget Adjustment** — The District Budget Adjustment adds additional spending authority to a school district's budget to ensure that a district's regular program district cost is not less than 101.0% of the prior year's regular program district cost without a budget adjustment. In FY 2022, 130 school districts qualify for the District Budget Adjustment, generating a total of \$26.0 million in property tax.
- **AEA Budget Adjustment** — The AEA portion of any budget adjustments made at the district level budget adjustment. The total amount of property tax generated from this component in FY 2022 is \$1.6 million.
- **Dropout Prevention Program** — School districts may request a modified supplemental amount (MSA) from the School Board Review Committee (SBRC) to fund programs for returning dropouts and dropout prevention. Approved MSAs for this Program are funded with local property taxes and are included in the additional levy. Of the 327 school districts, 317 (96.9%) are levying \$136.2 million in FY 2022.

- **Property Tax Adjustment Aid (1992)** — Beginning in FY 1992, property tax adjustment aid was created through the school aid formula to help ease property tax burdens with the implementation of a revised school aid formula. This aid has a gradual phaseout with an undetermined completion date and is reduced annually based on an eligible school district's growth in taxable valuation. In FY 2022, the property tax adjustment aid reduced the additional levy by a total of \$7.2 million in 279 (85.3%) school districts.
- **Miscellaneous** — The last components of the additional levy include the property tax portion of enrollment audit adjustments, special education positive balance adjustments, and adjustments to the additional levy for utility replacement tax. Generally, these adjustments are relatively minor and are based on adjustments made to previous years' data. In FY 2022, the total amount of these adjustments was approximately \$-219,000.
- **Commercial and Industrial Replacement for Additional Levy Portion** — Starting in FY 2015, a yearly appropriation was provided to reimburse local governments for lost property taxes due to the approximate 90.0% rollback on commercial and industrial property valuation. Adjustments are made on the School Budget Aid and Levy worksheet so that funding is not received twice. The 2021 Iowa Acts, chapter [177](#) (Taxation and Other Provisions Act) will eliminate backfill reimbursement payments for school districts beginning in FY 2023. To offset revenue of the elimination of the backfill payments, the Regular Program foundation aid level will increase from 87.5% to 88.4% in FY 2023.

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