
FISCAL TOPICS

Fiscal Services Division

December 14, 2022



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

School Aid — School District Reorganization Incentives

The 2019 Iowa Acts, chapter [101](#) (School Districts — Whole Grade Sharing, Reorganization, or Dissolution Incentives), extended school district reorganization incentives until the end of FY 2024. The current provisions, originally enacted in 2001 and effective for school reorganizations between FY 2002 and

FY 2007 (2001 Iowa Acts, chapter [126](#)), were reauthorized for school reorganizations between FY 2008 and FY 2014 during the 2007 Legislative Session (2007 Iowa Acts, chapter [130](#)). The provisions were reauthorized for FY 2015 through FY 2020 during the 2014 Legislative Session (Iowa Code section [257.11A](#)). Incentives include:

- **Uniform levy rate reductions are replaced with State aid.** The uniform levy rate is \$5.40 per \$1,000 of assessed valuations. The rate reductions are phased out over a three-year period. For districts with enrollments of fewer than 600 students, the uniform levy rate will be reduced \$1.00 in year one, \$0.50 in year two, and \$0.25 in year three. If a school district that has an enrollment exceeding 600 students merges with a district that has an enrollment of fewer than 600 students, then the larger district will instead receive a reduction in the uniform levy amount equal to the reduction in the uniform levy amount that the smaller district receives. For example, if the rate reduction in year one generated a reduction in the uniform levy totaling \$500,000, the district with an enrollment that exceeded 600 would have its portion of the uniform levy reduced by \$500,000.
- **Reorganization supplementary weighting.** School districts that have a whole-grade sharing agreement, meet specific requirements, and reorganize by FY 2024 may receive supplementary weighting equal to the whole-grade supplementary weighting amount received in the year prior to the reorganization for resident students. Districts can receive reorganization incentive supplementary weighting for up to three years. However, the combination of whole-grade sharing supplementary weighting and reorganization incentive supplementary weighting cannot exceed six years.

School Reorganizations/Dissolutions Since 2002

Prior to the enactment of reorganization incentives, there were 371 school districts in FY 2002. The response to the initial reorganization incentives was limited, with the number of districts decreasing by nine between FY 2002 and FY 2008 (reduction of 2.4%). However, since the reauthorization of the incentives, reorganizations have increased and the number of districts in FY 2023 has dropped to 327. This decrease represents an 11.6% reduction in the number of school districts since FY 2002. Enrollment declines have also contributed to the reduction in the number of school districts. **Charts 1 and 2** show a timeline of the number of districts since FY 1995 and when reorganization incentives were enacted and reauthorized each time.

More Information

Department of Education: www.educateiowa.gov/pk-12/school-business-and-finance/financial-management/reorganization-dissolution-and-sharing

LSA Staff Contact: Ron Robinson (515.281.6256) ron.robinson@legis.iowa.gov

Chart 1

Number of School Districts in Iowa — FY 1995 - FY 2023

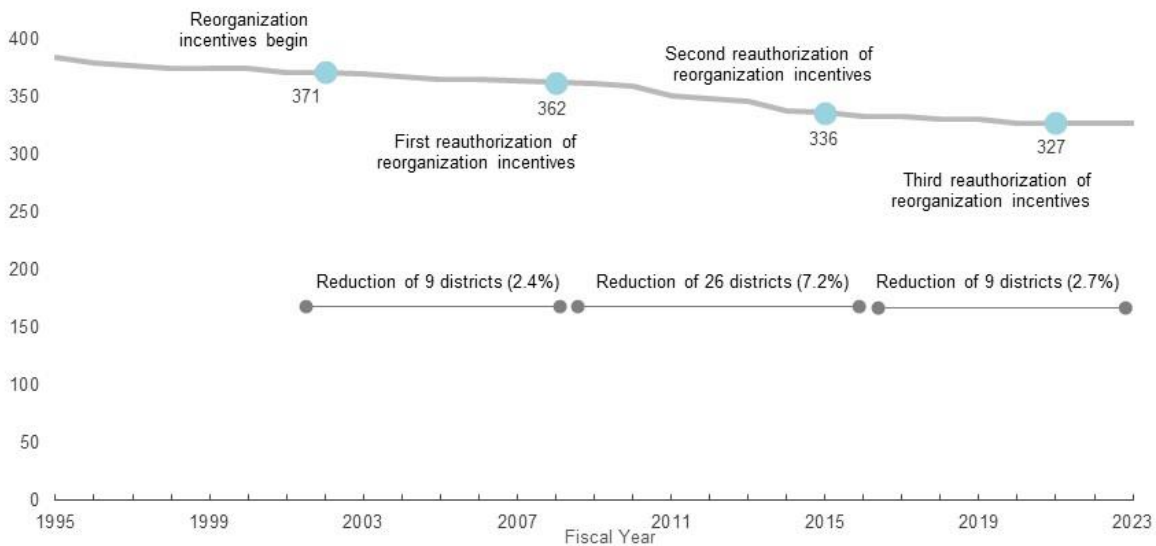
**State Aid**

Chart 2 shows the amount of State aid provided in uniform levy reductions and the amount of State aid provided for reorganization incentives for FY 2005 through FY 2023. Since FY 2004, State aid cost for uniform levy reduction has totaled \$17.3 million, and the estimated State aid cost for reorganization incentives has totaled \$19.7 million during the same time frame.

Chart 2

State Aid Costs by Category (in millions)

