

School District Reorganization Incentives

School district reorganization incentives are set to expire at the end of FY 2020. The current provisions, originally enacted in 2001 and effective for school reorganizations between FY 2002 and FY 2007 (2001 Iowa Acts chapter [126](#)), were reauthorized for school reorganizations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](#)). They 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/\$1,000 of assessed valuations. The rate reductions are phased out over a three-year period and for districts with enrollments of less 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. Additionally, if a school district has an enrollment that exceeds 600 students and has merged with a district with an enrollment less than 600, that district will receive a reduction in the uniform levy amount equal to the amount generated from the rate reduction for the other district. 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 exceeds 600 will have their 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 between FY 2008 and FY 2019 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.

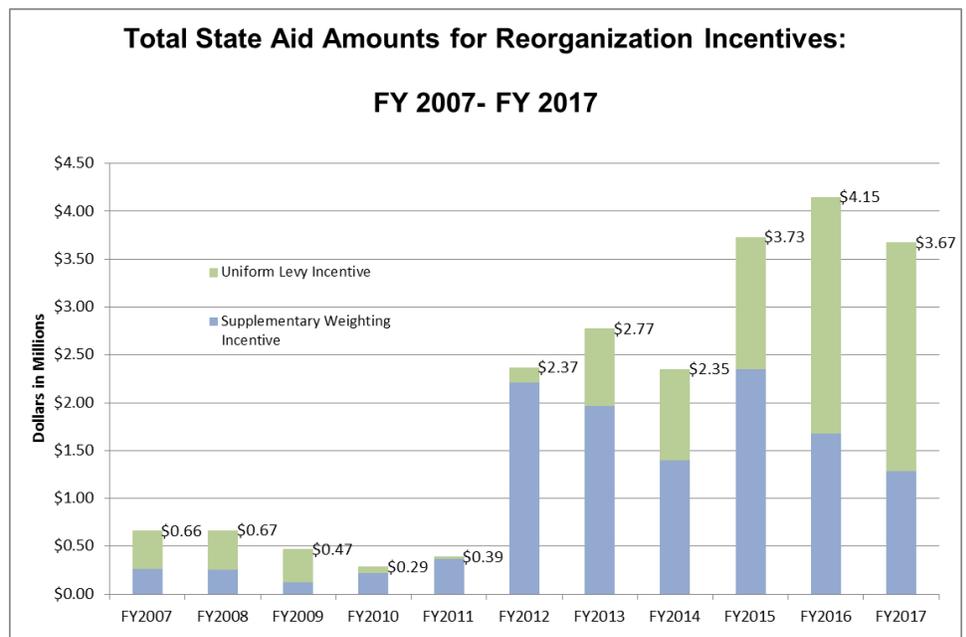
Although the incentives will expire, districts that meet the specified requirements and reorganize beginning in FY 2019 will receive uniform levy incentives through FY 2022 and potentially could receive reorganization supplementary weighting incentives through FY 2022.

School Reorganizations/Dissolutions Since 2007

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 six between FY 2002 and FY 2007 (reduction of 1.6%). However, since the reauthorization of the incentives, reorganizations have increased and the number of districts in FY 2017 has dropped to 333. Enrollment declines have also contributed to the reduction in the number of school districts.

State Cost of School Reorganization Incentives

The following chart provides the state aid amounts for uniform levy incentives (in green) and the reorganization supplementary weighting incentives (in blue). The state aid cost from FY 2007 through FY 2017 totaled \$21.5 million, with the uniform levy incentive accounting for \$9.4 million and the supplementary weighting incentive accounting for \$12.1 million. The last six fiscal years have seen an increase in participation in the program, resulting in higher cost to the state.



More Information

LSA School Aid Data: <https://www.legis.iowa.gov/publications/fiscal/k12>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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