



# School Finance in Iowa

## Overview

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Lee Tack

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# School District Finance Components

- Combined District Cost (formula)
  - Regular, Guarantee, Supplementary Weighting, Special Education, AEAs
- Instructional Support
- Management Levy
- Physical Plant & Equipment Levy
- Debt Service Levy
- Local Option Sales & Services Tax
- State/Federal Categoryals

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# Goals and Principles

- Equity in Expenditure
- Property Tax Relief
- Equalize Taxation
- Uniform State Aid Allocation Formula
- Predictable
- Simple
- Pupil Driven
- Provide for Local Discretion/Incentives
- Establish Maximum Spending Control
- One Funding Formula AEA + K-12
- Provides Adequate Funding

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 **Combined District Cost**

Regular Program Cost  
 + Budget Guarantee (Budget Adjustment)  
 + Weighted Enrollment Funding  
 + AEA Program Funding  
 + School Budget Review Committee  
Funding

**Combined District Cost**

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 **Regular Program District Cost**

- District Cost Per Pupil
- Allowable Growth
- State Cost
- Pupils

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 **Regular Program District Cost**

District Cost Per Pupil  
 X \_\_\_\_\_ Number of Pupils

**Regular Program District Cost**

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 **Regular Program Cost**

District Cost Per Pupil - FY 2005  
\$4,916 - Highest  
\$4,741 - Lowest  
\$175 - Range

Increases Each Year by a Per Pupil Amount

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 **Regular Program Cost**

- District Cost Per Pupil
- **Allowable Growth**
- **State Cost**
- Pupils

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 **Regular Program Cost**

Allowable Growth

- Rate
- Amount Per Pupil

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## Regular Program Cost

### Allowable Growth Rate

- Recommended by the Governor
- Established by the Legislature

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## Regular Program Cost

### Allowable Growth

#### Legislature Sets Percentage

2005-06	4.0%
2004-05	2.0%
2003-04	2.0%
2002-03	1.0%
2001-02	4.0%
2000-01	4.0%

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## Regular Program Cost

• FY 2005 State Cost Per Pupil  
\$4,741

- Used to determine allowable growth per pupil
- Used to determine minimum district cost

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## Regular Program Cost

Allowable Growth

Allowable Growth Rate x State Cost Per Pupil =  
Growth Per Pupil

2005-2006

4.0% x \$4,741 = \$190 Per Pupil

2004-2005

2.0% x \$4,648 = \$93 Per Pupil

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## Regular Program Cost Allowable Growth

Fiscal Year	Allowable Growth Rate	Allowable Growth Per Pupil
FY 2006	4.00%	\$190
FY 2005	2.00%	\$93
FY 2004	2.00%	\$91
FY 2003	1.00%	\$45
FY 2002	4.00%	\$174
FY 2001	4.00%	\$167
FY 2000	3.00%	\$120
FY 1999	3.50%	\$136
FY 1998	3.50%	\$131
FY 1997	3.30%	\$120
FY 1996	3.50%	\$123
FY 1995	2.85%	\$97
FY 1994	2.10%	\$70
FY 1993	4.15%	\$133
FY 1992	4.21%	\$129
FY 1991	7.18%	\$200
High	13.59%	\$219
Low	1.00%	\$45

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## Regular Program Cost Allowable Growth

FY 2005 (2% Allowable Growth):

- 202 Districts with Increase in Regular Program
- 165 Districts with Decrease in Regular Program

Estimated FY 2006 (4% Allowable Growth):

- 240 Districts with Increase in Regular Program
- 127 Districts with Decrease in Regular Program

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## Regular Program Cost

- District Cost Per Pupil
- Allowable Growth
- State Cost
- **Pupils**

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## Regular Program Cost

Pupil Driven System

- Pupil Count
- Pupils Weighted
  - Special Education
  - English Language Learners
  - Share Teachers/Pupils/Regional Academies
  - At-Risk Formula
  - Reorganization Incentives

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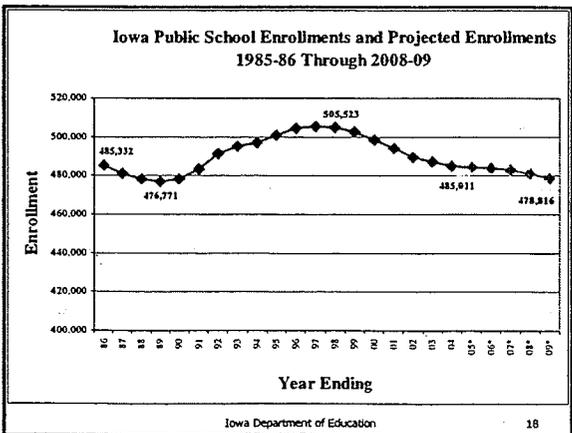
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**FY 2005 Budget Enrollment**

Districts that Increased Enrollment over FY 2004: 145

Districts that Decreased Enrollment over FY 2004: 222

- 10% or More Increase: 5 Districts
- Between 5% and 10%: 4 Districts
- Between 0% and 5%: 136 Districts
- Between -5% and 0%: 176 Districts
- Between -10% and -5%: 42 Districts
- More than a 10% Decrease: 4 Districts

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**Budget Guarantee**  
(Also Called Budget Adjustment)

Phase out beginning in FY 2005:  
101% of previous year's regular program cost w/o budget adjustment

OR

For districts that qualify, 90% of the amount that would get them to their FY 2004 Total Regular Program Cost

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**Budget Guarantee**  
(Also Called Budget Adjustment)

If districts do not receive the 90% budget adjustment in FY 2005, they do not qualify for any of the "scale-down" or phase out budget adjustment in future years. The phase out budget adjustment will end in FY 2014

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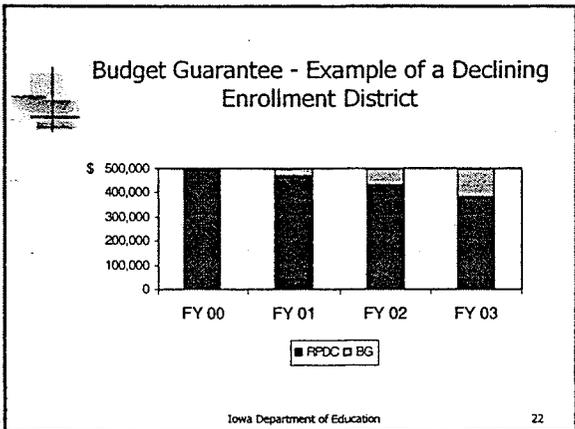
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### 101% Budget Adjustment

FY05 Example:

$$\text{Adjustment} = (101\% \times \text{FY04 RPDC}) - (\text{FY05 RPDC})$$

This adjustment is based on previous year's RPDC without any adjustment

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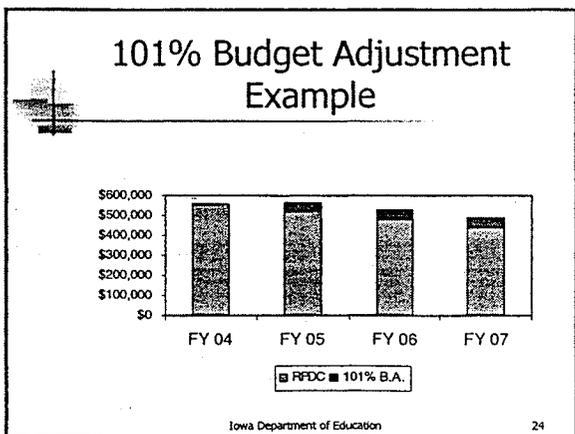
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## Scale Down Budget Adjustment

FY05 Example:  
 Adjustment = 90% X (FY04 TRPDC - FY05 RPDC)

FY06 Example:  
 Adjustment = 80% X (FY04 TRPDC - FY06 RPDC)

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## Scale Down Budget Adjustment

<b>FY04:</b>	<b>FY05:</b>
RPDC=\$450,000	RPDC=\$450,000
B.G.=\$50,000	100% B.G.=\$50,000
TRPDC=\$500,000	90% S.D.=\$45,000
	TRPDC=\$495,000

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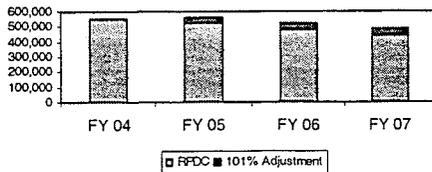
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## Scale Down Budget Adjustment Example

Example - 101% Budget Adjustment




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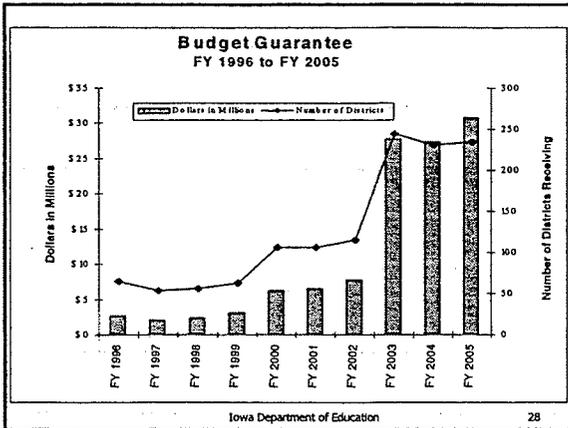
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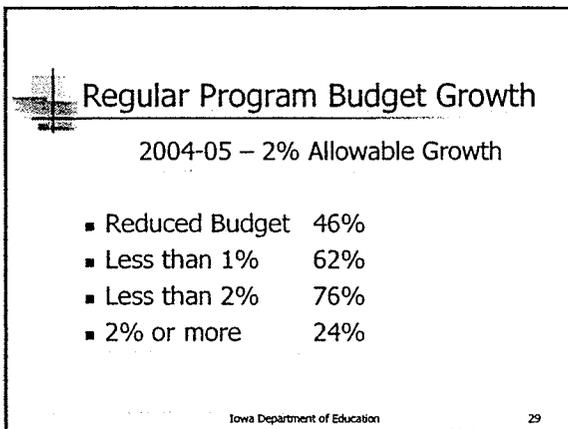
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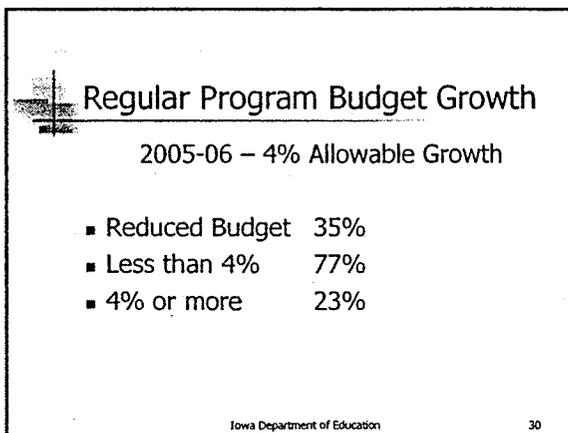
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## Combined District Cost

Combined District Cost  
 Regular Program Cost  
 + Budget Guarantee (Budget Adjustment)  
 + **Weighted Enrollment Funding**  
 + AEA Program Funding  
 + School Budget Review Committee Funding  
 Combined District Cost

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## Weighted Enrollment Funding

Pupil Driven System

- Weights "add" pupils
- Weights x District Cost Per Pupil adds funding

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## Weighted Enrollment Funding

Pupil Driven System

Pupils Weighted

- Special Education
- English Language Learners
- Share Teachers/Pupils/Regional Academies
- At-Risk Formula
- Reorganization Incentives

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## Weighted Enrollment Funding

Pupil Driven System

- Weights
  - Provide funding to cover additional cost
    - Special Education
    - English language Learners
    - Shared Teachers/Students/Regional Academies
    - At-Risk Students
  - Provide Incentives
    - Shared Teachers/Students/Regional Academies
    - Whole Grade Sharing/Reorganization

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## AEA Program Funding

Combined District Cost

- AEA Funding
  - Pupil Driven
  - Flows Through Local District
- Special Education Support Services
- Media Services
- Educational Services

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## School Budget Review Committee Funding

Combined District Cost  
School Budget Review Committee

Unique and Unusual Circumstances  
"Manage" Formula

- Special Education Weights
- Cash Reserve
- Negative Unspent Balances

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## Revenue - Foundation Formula

- Required Local Levy - Uniform Levy
- State Aid
- Foundation Level
- Additional Levy

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## State Aid

- Increase Funding for Districts
- "Fair" Method to Distribute State Aid
- Provide Property Tax Relief
- Equalize Effort

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## State Aid

State Aid Calculation:

[[State Cost Per Pupil X Foundation Level] X Weighted Enrollment] - Uniform Levy Amount

[[\\$4,741 X 87.5%] X Enrollment] - \\$5.40 Uniform Levy Amount

[\\$4,148 X Enrollment] - Required Local Effort

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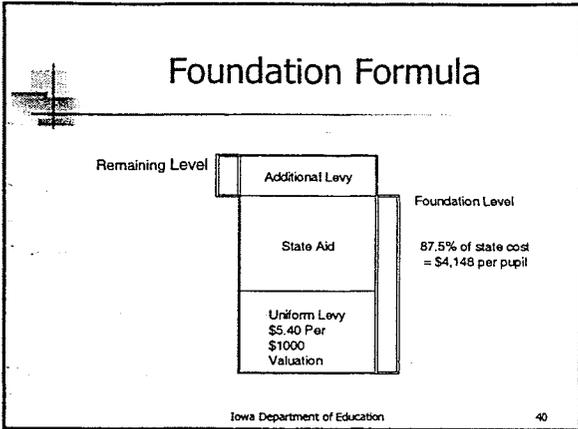
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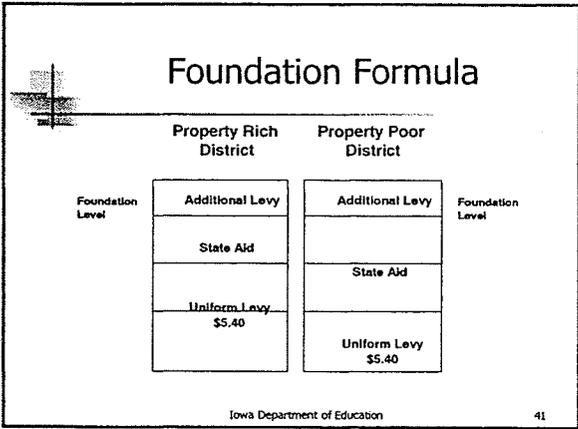
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## Foundation Level

Regular Program Foundation Level and  
Regular Special Education Foundation Level  
87.5%

AEA Foundation Level  
79.0%

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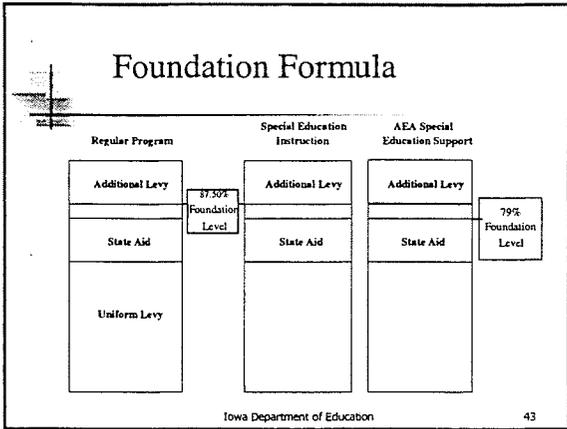
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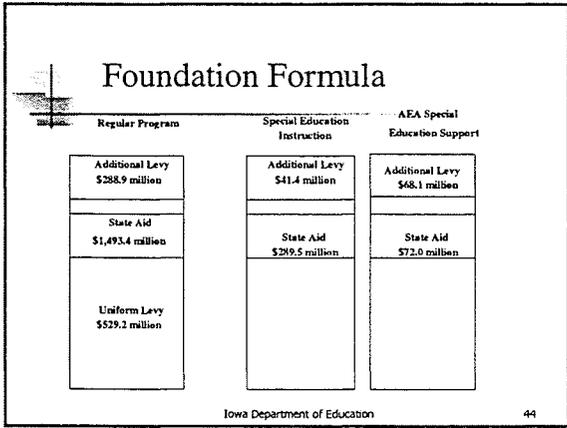
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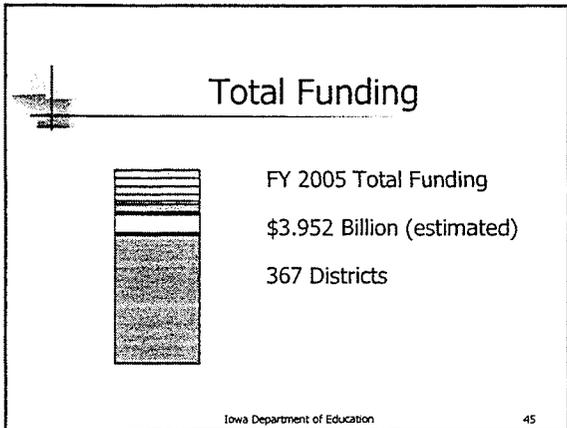
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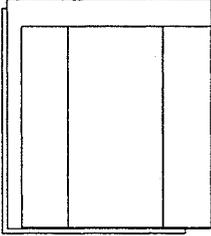
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### Regular Program District Cost



Regular Program  
\$2,311.4 Million  
58.5%  
367 Districts

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### Budget Guarantee (Budget Adjustment)

- Maintains Previous Year's Funding
- Currently Funded Through Property Tax
- Phase-Out has Begun

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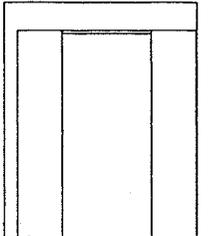
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### Budget Guarantee (Budget Adjustment)



Budget Guarantee  
\$30.8 Million  
0.8 %  
245 Districts

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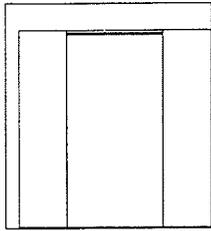
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## Supplementary Weights



Supplementary Weights

\$29.6 Million

0.7 %

367 Districts

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## Supplementary Weights

- Shared Teachers/Students/Regional Academies  
295 Districts
- At-Risk Students  
367 Districts
- English Language Learners  
181 Districts
- Reorganization  
1 District

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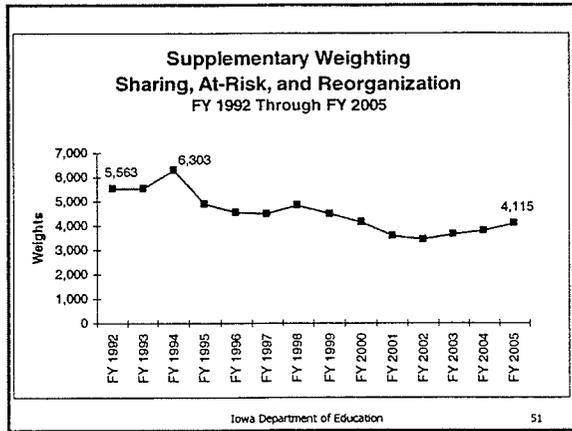
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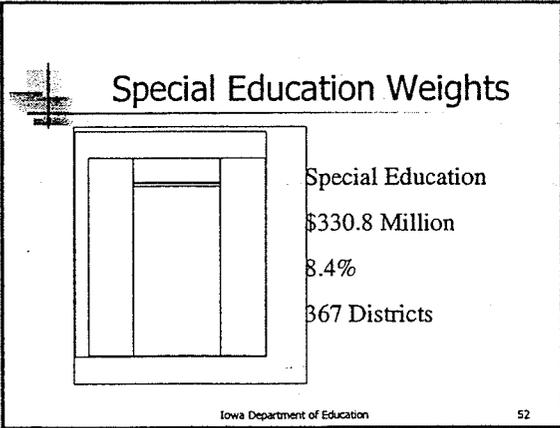
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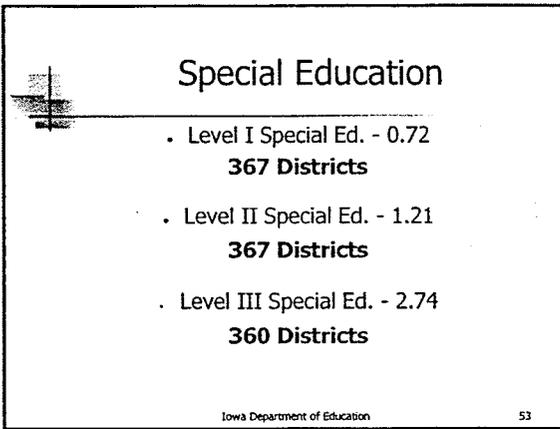
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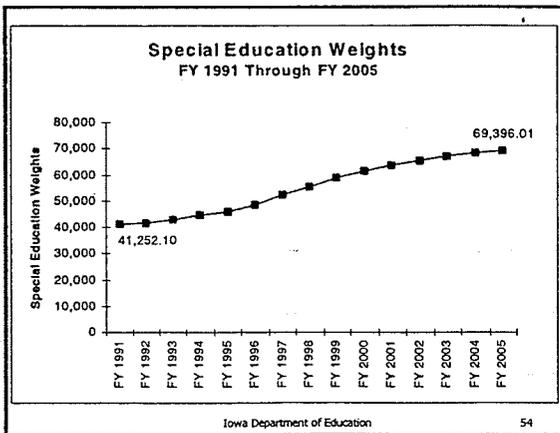
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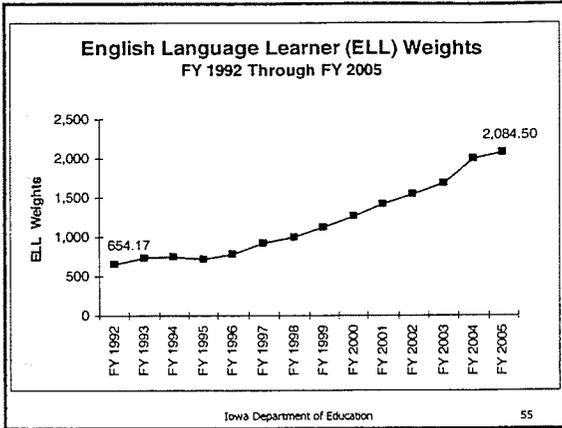
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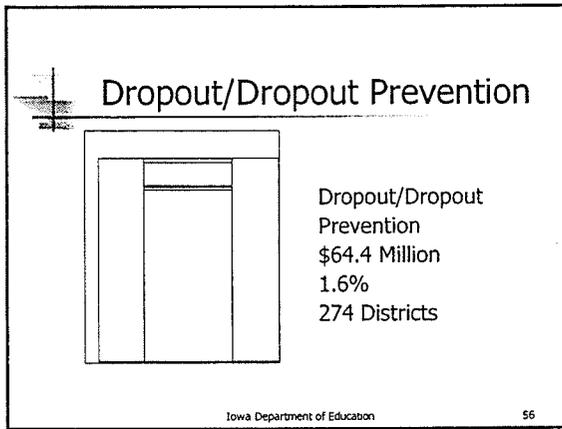
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- ### Dropout/Dropout Prevention
- Optional Program
  - Budget and Program Require Department Approval
- 274 Districts**
- Iowa Department of Education 57

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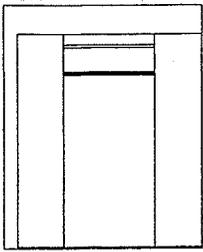
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## Instructional Support



Instructional Support  
 \$143.4 Million  
 3.6%  
 325 Districts

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## Instructional Support

- Up to 10% of the Regular Program
- Board Approved for Five Years
- Voter Approved for Ten Years
- State Aid - 325 Districts
- Property Tax - 325 Districts
- Income Surtax - 269 Districts

Iowa Department of Education 59

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## Instructional Support

- State Aid Initially Funded 25% of Program
- State Aid Funding Frozen at \$14.8 Million Until FY04. Across the Board Cut Reduced the Amount to \$14.4 Million.
- FY 2005 Unfunded State Aid Portion is \$31.3 Million

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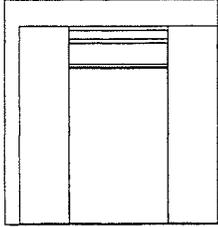
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## Management Levy



Management Levy  
 \$86.7 Million  
 2.2%  
 362 Districts

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## Management Levy

- Optional Levy
- 362 Districts
- Liability Insurance Premium Costs
- Tort Judgements
- Self Insurance
- Loss of Property
- Early Retirement
- Continuation of Health or Medical Insurance

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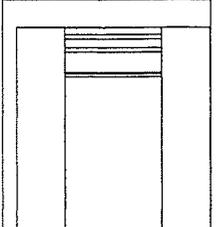
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## Physical Plant & Equipment Levy



Physical Plant and  
 Equipment Levy  
 \$103.8 Million  
 2.6%  
 337 Districts

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### Physical Plant and Equipment Levy

- Board Approved - Levy Rate of \$0.33  
337 Districts
- Voter Approved - Levy Rate of \$1.34  
257 Districts
- Property Tax - \$96.4 Million
- Income Surtax - \$7.4 Million

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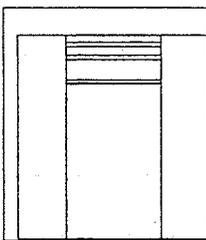
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### Public Education and Recreational Levy



Public Education and Recreational Levy (PERL)  
\$1.6 Million  
<0.1%  
18 Districts

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### Public Education and Recreational Levy

- Voter Approved
- Levy Up to \$0.135
- Remains in Place Until Rescinded by the Voters
- 18 Districts

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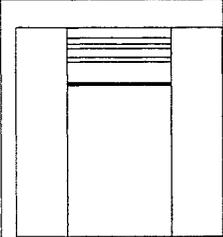
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## Area Education Agency Programs



Area Education Agency Programs  
\$140.2 Million  
3.6%  
367 Districts

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## Area Education Agency Programs

- Special Education  
\$97.5 Million  
State Aid and Property Tax  
\$19.3 Million Reduction
- Educational Services  
\$22.4 Million  
Property Tax
- Media Services  
\$20.8 Million  
Property Tax

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## AEA State Aid Reduction

**AEA Reductions in State Aid:**

- \$7.5 Million Reduction in FY02 (Continued in FY03 and FY04 and Made Permanent in FY05)
- One-time \$10.0 Reduction at the Beginning of FY04
- \$10.0 Million Reduction made in FY04 and Continued in FY05
- \$1.8 Million Across-the-Board Reduction in FY04, continued in FY05

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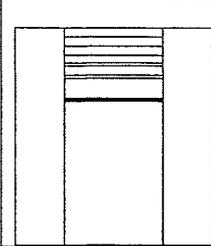
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## State Categorical



Other State Funding  
 \$130.0 Million  
 3.3%  
 367 Districts

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## State Categorical

- Educational Excellence (Phase I, II)  
\$55.5 million - Allocations Based on Teacher FTE's for Phase I and Enrollments for Phase II
- Teacher Quality/Teacher Compensation  
\$45.3 million - Allocations Based on Teacher/Pupil Formula
- Class Size Reduction/School Improvement  
\$29.3 million - Allocations Based on Free and Reduced Price Lunch Eligibility/Pupil Formula

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## Total Funding



FY 2005 Total Funding  
 \$3.952 Billion (estimated)  
 367 Districts

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 **Federal Categorical - Examples**

- Title I - \$61 Million
- IDEA - \$96 Million
- Food and Nutrition - \$82 Million

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 **Bonds/Debt Services**

- \$96.5 Million
- 217 Districts
- Property Taxes

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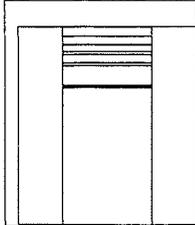
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 **Local Option Sales & Services Tax**



Local Option Sales and Services Tax
\$243.8 Million
5.0 %
282 Districts

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## Local Option Sales & Services Tax

- Number of counties: 90
- Use for school infrastructure:
  - Construction
  - Retire bonds
  - PPEL
  - PERL
  - Lowering Property Taxes

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## SBRC Modified Allowable Growth

- Requires SBRC Approval
- Funded Through Property Tax
- Unique or Unusual Circumstances

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## Cash Reserve

- \$57.2 million
- 237 districts
- Property taxes

Iowa Department of Education

78

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 **Controlled Funding**

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Formula: Combined District Cost, Regular, Weighted, AEA's

Rate – Use: PPEL, PERL, Debt, LOSST, Instructional Support

Use: Management, SBRC

Categorical Aid – State, Federal: Ed. Excellence, Teacher Quality, Class Size Reduction, Federal Programs

Iowa Department of Education 79

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 **School Finance in Iowa**

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Iowa Department of Education 80

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 **Trends**

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Iowa Department of Education 81

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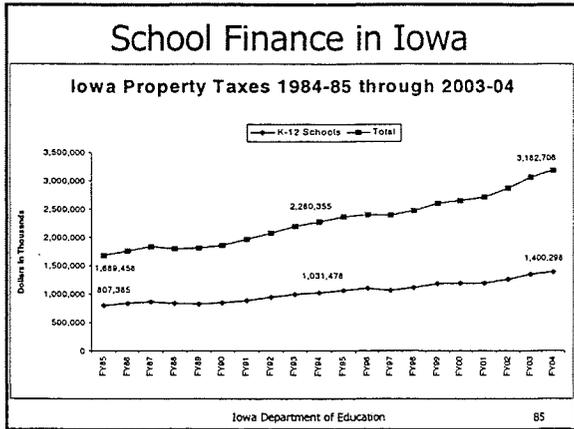
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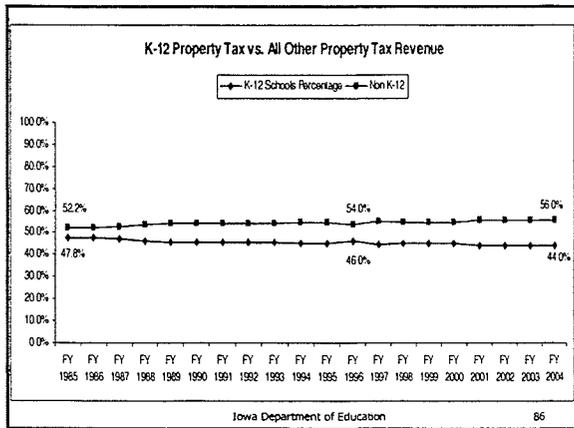
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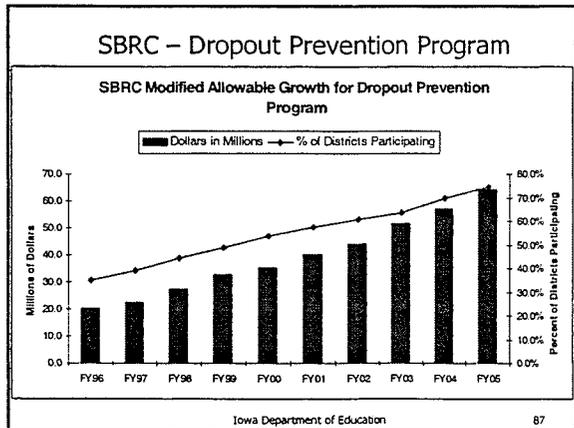
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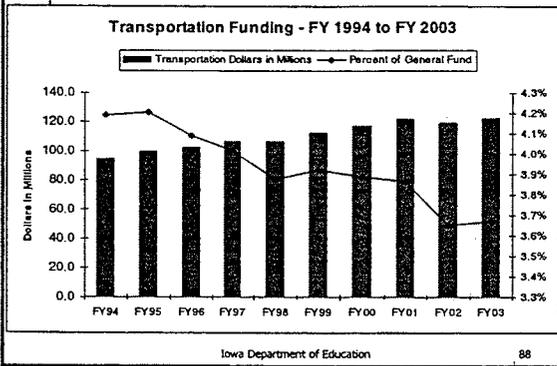
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### School Finance - Transportation




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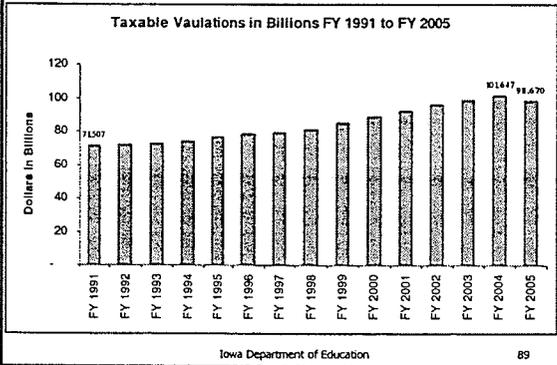
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### Valuations - Trend




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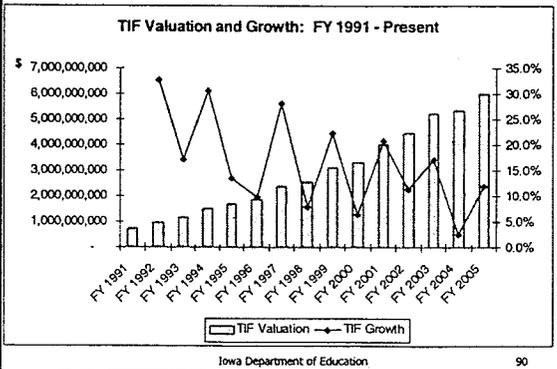
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### Valuations - TIF




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