



IASB

Iowa Association
of School Boards

Vision & Voice for Public Education



District Cost Per Pupil Equalization IASB Proposal Review

Presentation to the School Finance
Inequities Study Committee

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Team IASB

Shawn Snyder

Finance Support Director

email ssnyder@ia-sb.org

direct (515) 247-7054

1-800-795-4272

www.ia-sb.org

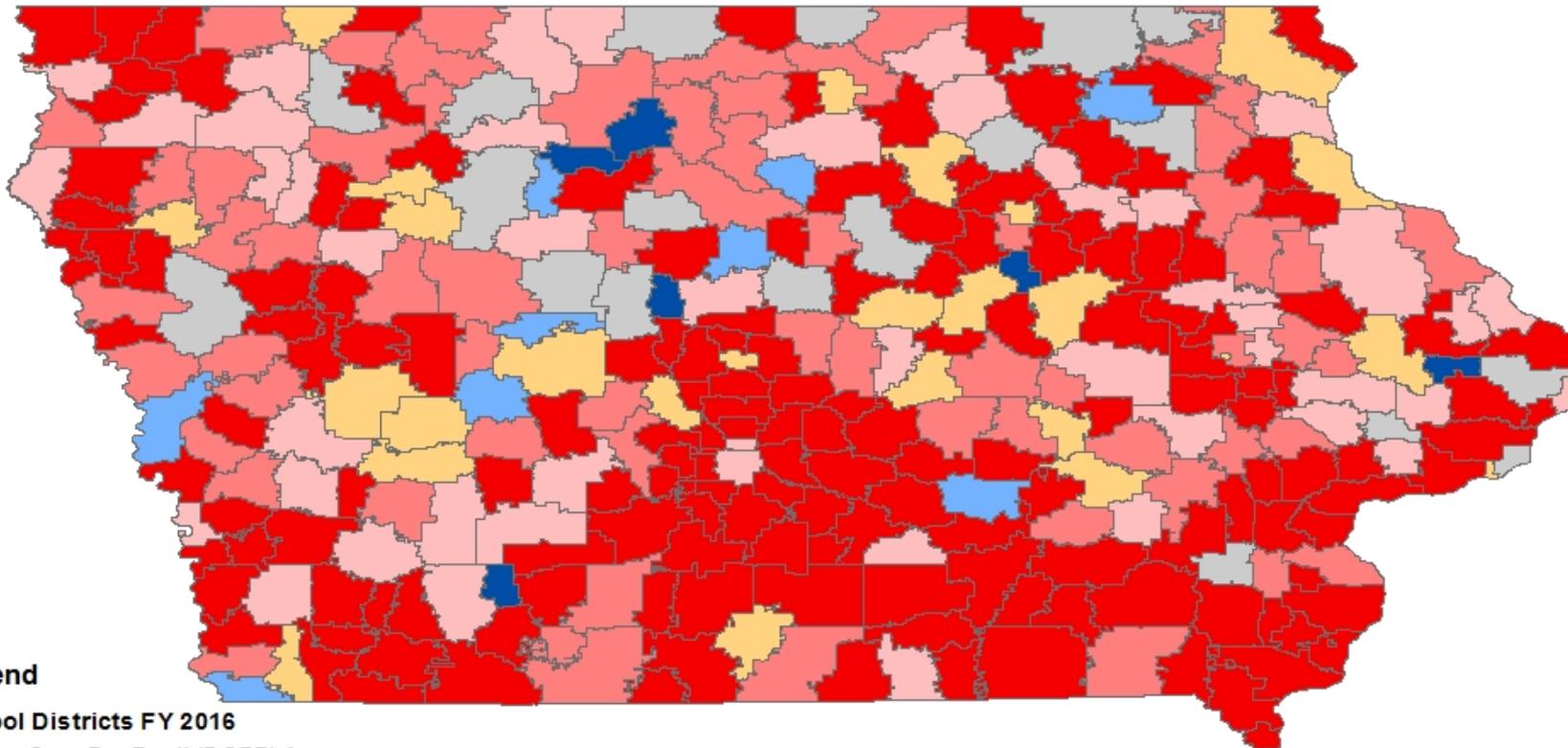
Issue

Differences in the District Cost Per Pupil (DCPP):

- There is a \$175 difference in the maximum and minimum DCPP
- 164 districts at the minimum level (\$6,446)
- 172 districts above the minimum level (up to \$6,621)



Iowa Association of School Boards FY 2016 District Cost Per Pupil Amounts



Legend

School Districts FY 2016

District Cost Per Pupil (DCPP) Amounts

| | |
|--|---|
| ■ | DCPP = SCPP = \$6,446 (164 Districts - 48.8%) |
| ■ | \$6,446 - \$6,481 (64 Districts - 19.0%) |
| ■ | \$6,481 - \$6,516 (48 Districts - 14.3%) |
| ■ | \$6,516 - \$6,551 (26 Districts - 7.7%) |
| ■ | \$6,551 - \$6,586 (19 Districts - 5.7%) |
| ■ | \$6,586 - \$6,620 (9 Districts - 2.7%) |
| ■ | \$6,621 (6 Districts - 1.8%) |

FY 2016 State Cost Per Pupil = \$6,446
 Minimum DCPP = \$6,446
 Maximum DCPP = \$6,621
 Range = \$175

Sources:
 Iowa Department of Management, School Aid file
 IASB analysis and calculations

Note: Limitations on Estimates

Cost estimates provided in these options are based on a variety of assumptions, policy variables that may change, and the most currently available data. Variations in any of these factors will have an impact on estimates.





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Proposal –
Equalize the
Regular Program
District Cost Per
Pupil

Proposal

Increases the floor (SCPP) up to \$20 per year until all DCPP amounts are equal

- **Nine year phase-in**
 - Add \$20 from FY 2017 through FY 2024
 - Add \$15 in FY 2025
- **How are District's Impacted**
 - All districts get per pupil growth resulting from SSA
 - Districts that are less than \$20 above the SCPP will have their DCPP increased to the new SCPP level
 - up to an additional \$20 increase
 - Districts above the SCPP will have the benefit of property tax relief due to the added increase in the foundation level per pupil



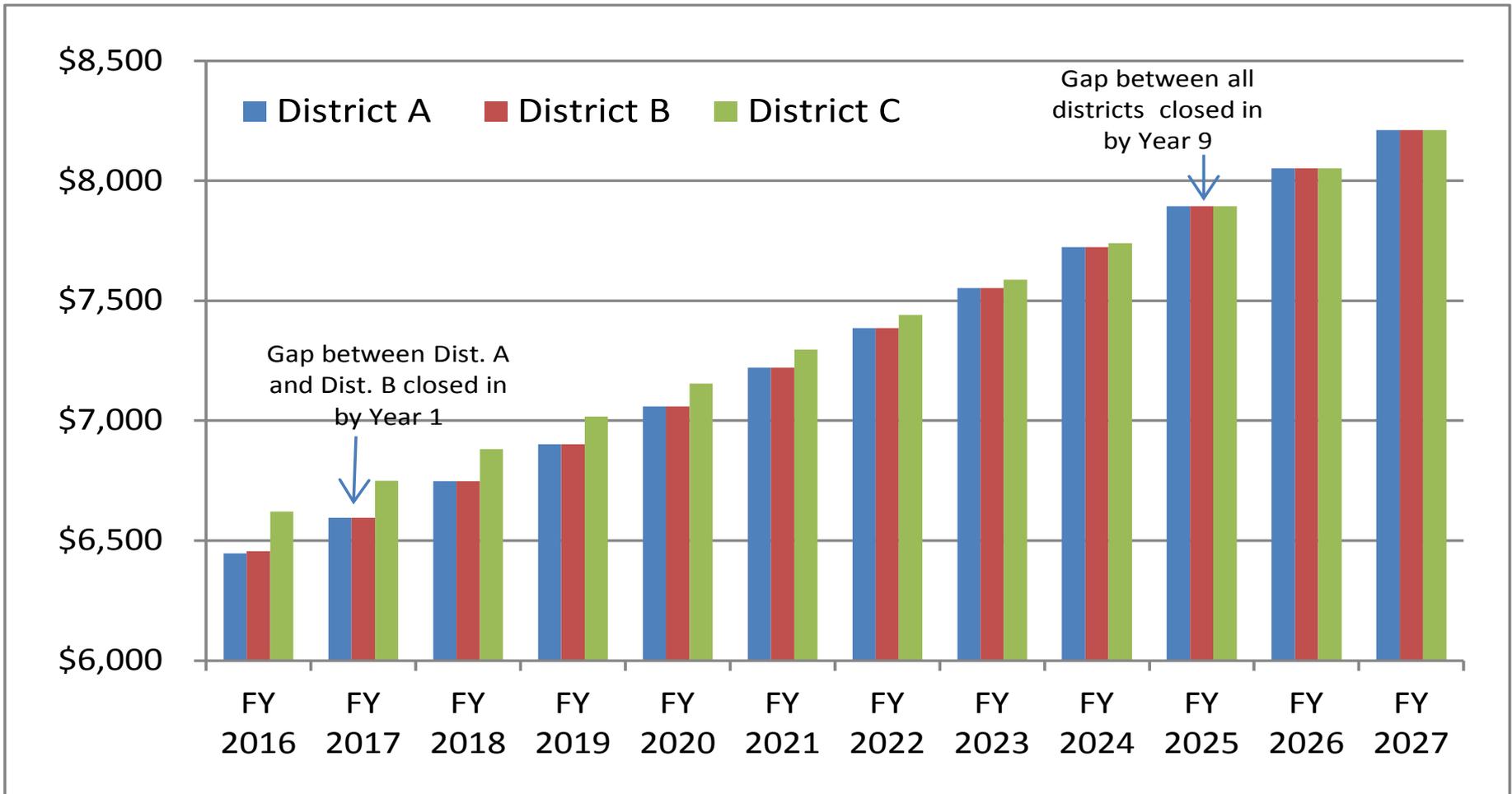
Proposal – how it works

| Current Law Scenario: | |
|------------------------------|-----------------|
| FY 2017 SSA Rate | 2.0% |
| FY 2016 SCPP | \$ 6,446 |
| FY 2017 Per Pupil Growth | \$ 129 |
| FY 2017 SCPP | \$ 6,575 |
| Proposal - FY 2017 | \$ 20 |
| New FY 2017 SCPP | \$ 6,595 |

| | FY 2016 Cost Per Pupil | FY 2017 Growth Per Pupil | FY 2017 Cost Per Pupil | Is the FY 2017 DCPP Less than the New FY 2017 SCPP? | Amount Needed for DCPP = SCPP | Proposed FY 2017 DCPP |
|------------|---------------------------------------|---|---------------------------------------|--|--|--------------------------------------|
| District A | \$ 6,446 | \$ 129 | \$ 6,575 | Yes | \$ 20 | \$ 6,595 |
| District B | \$ 6,456 | \$ 129 | \$ 6,585 | Yes | \$ 10 | \$ 6,595 |
| District C | \$ 6,621 | \$ 129 | \$ 6,750 | No | \$ - | \$ 6,750 |

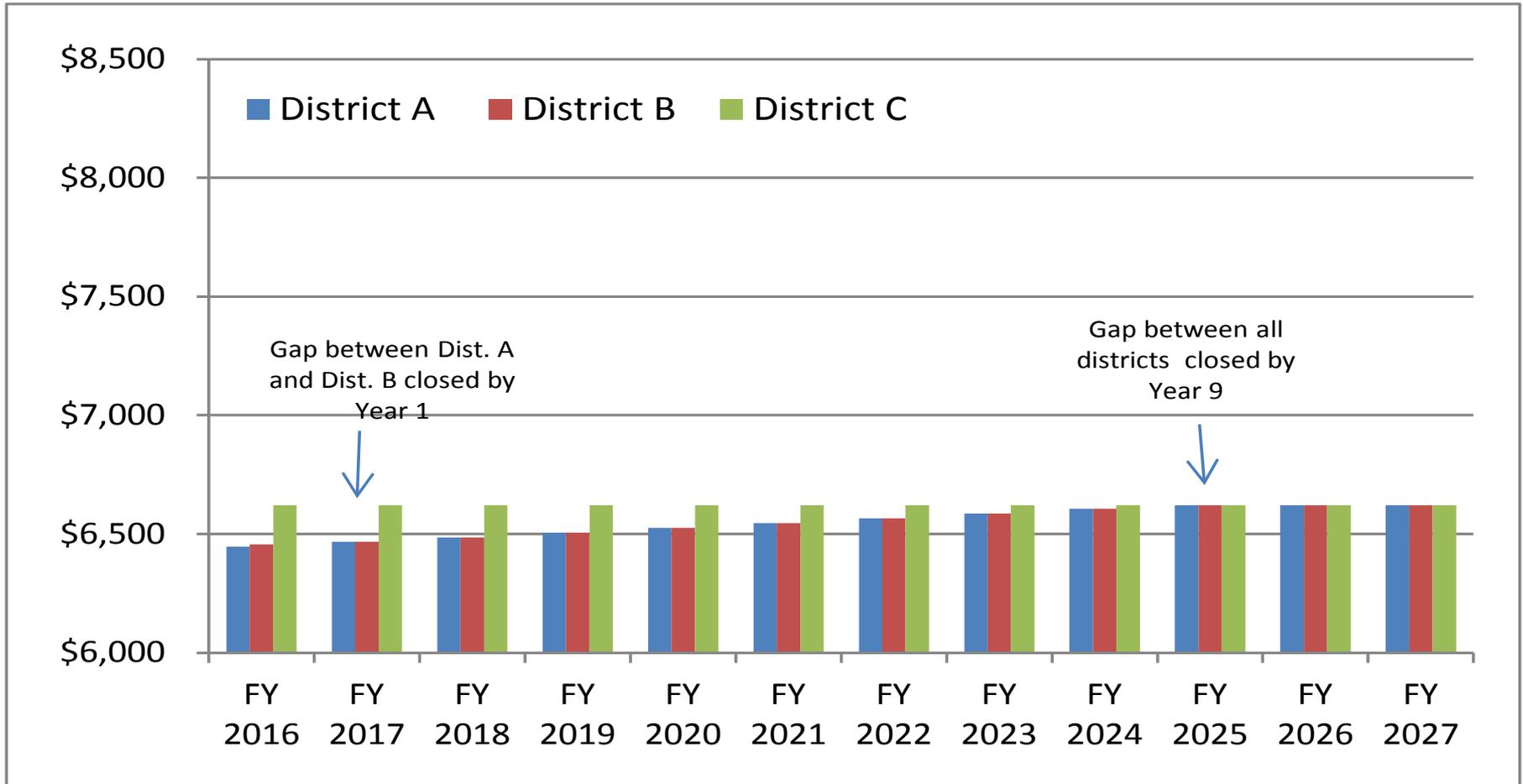
- This process continues over 9-years
- By 2025 all districts DCPP = SCPP

Proposal – Nine Year Phase-in (Example at 2.0% SSA Each year)



- This process continues over 9-years
- By 2025 all districts DCPP = SCPP

Proposal – Nine Year Phase-in (Example at 0.0% SSA Each year)



- Proposal works no matter the SSA Percent
- By 2025 all districts DCPP = SCPP

Proposal: Current Law vs. Proposal

| | Current Law Scenario | | | | | Proposal | | | | Foundation Level Change - Property Tax Relief | | |
|----------------|----------------------|--------------------|-----------------------------|---------------------------------------|--------------------------------|----------------------|----------------------|---------------------------------------|--------------------------------|---|--------------------------|---------------------------|
| | SSA Rate | Per Pupil Increase | State Cost Per Pupil (SCPP) | Number of Districts where SCPP = DCPP | Number of Districts Above SCPP | Additional Increase* | State Cost Per Pupil | Number of Districts where SCPP = DCPP | Number of Districts Above SCPP | Current Law Scenario - Per Pupil Level | Proposal Per Pupil Level | Pupil Property Tax Relief |
| FY 2016 | 1.25% | \$ 80 | \$ 6,446 | 164 | 172 | N.A. | \$6,446 | 164 | 172 | \$ 5,640 | \$5,640 | \$ - |
| FY 2017 | 2.0% | \$ 129 | \$ 6,575 | 164 | 172 | \$ 20 | \$6,595 | 203 | 133 | \$ 5,753 | \$5,771 | \$ 18 |
| FY 2018 | 2.0% | \$ 132 | \$ 6,707 | 164 | 172 | \$ 20 | \$6,747 | 235 | 101 | \$ 5,869 | \$5,904 | \$ 35 |
| FY 2019 | 2.0% | \$ 134 | \$ 6,841 | 164 | 172 | \$ 20 | \$6,902 | 263 | 73 | \$ 5,986 | \$6,039 | \$ 53 |
| FY 2020 | 2.0% | \$ 137 | \$ 6,978 | 164 | 172 | \$ 20 | \$7,060 | 284 | 52 | \$ 6,106 | \$6,178 | \$ 72 |
| FY 2021 | 2.0% | \$ 140 | \$ 7,118 | 164 | 172 | \$ 20 | \$7,221 | 299 | 37 | \$ 6,228 | \$6,318 | \$ 90 |
| FY 2022 | 2.0% | \$ 142 | \$ 7,260 | 164 | 172 | \$ 20 | \$7,385 | 311 | 25 | \$ 6,353 | \$6,462 | \$ 109 |
| FY 2023 | 2.0% | \$ 145 | \$ 7,405 | 164 | 172 | \$ 20 | \$7,553 | 321 | 15 | \$ 6,479 | \$6,609 | \$ 130 |
| FY 2024 | 2.0% | \$ 148 | \$ 7,553 | 164 | 172 | \$ 20 | \$7,724 | 323 | 13 | \$ 6,609 | \$6,759 | \$ 150 |
| FY 2025 | 2.0% | \$ 151 | \$ 7,704 | 164 | 172 | \$ 15 | \$7,893 | 336 | 0 | \$ 6,741 | \$6,906 | \$ 165 |

Proposal – Estimated State Cost

| | Factors | | Proposal Versus Current Law | | | Annual Change in Proposal | | |
|---------|----------|----------------------|-----------------------------|------------------------|---------------------------|---------------------------|------------------------|---------------------------|
| | SSA Rate | Additional Increase* | Total Funding Change | Total State Aid Change | Total Property Tax Change | Total Funding Change | Total State Aid Change | Total Property Tax Change |
| FY 2017 | 2.0% | \$ 20 | \$ 6,799,306 | \$ 11,099,461 | \$ (4,300,155) | \$ 6,799,306 | \$ 11,099,461 | \$ (4,300,155) |
| FY 2018 | 2.0% | \$ 20 | \$ 14,647,313 | \$ 19,424,114 | \$ (4,776,801) | \$ 7,848,007 | \$ 8,324,653 | \$ (476,646) |
| FY 2019 | 2.0% | \$ 20 | \$ 23,760,155 | \$ 29,413,658 | \$ (5,653,503) | \$ 9,112,842 | \$ 9,989,544 | \$ (876,702) |
| FY 2020 | 2.0% | \$ 20 | \$ 33,989,498 | \$ 39,958,248 | \$ (5,968,750) | \$ 10,229,343 | \$ 10,544,590 | \$ (315,247) |
| FY 2021 | 2.0% | \$ 20 | \$ 45,022,475 | \$ 49,947,735 | \$ (4,925,260) | \$ 11,032,977 | \$ 9,989,487 | \$ 1,043,490 |
| FY 2022 | 2.0% | \$ 20 | \$ 56,827,009 | \$ 60,492,200 | \$ (3,665,191) | \$ 11,804,534 | \$ 10,544,465 | \$ 1,260,069 |
| FY 2023 | 2.0% | \$ 20 | \$ 69,393,795 | \$ 72,146,707 | \$ (2,752,912) | \$ 12,566,786 | \$ 11,654,507 | \$ 912,279 |
| FY 2024 | 2.0% | \$ 20 | \$ 82,071,015 | \$ 83,246,192 | \$ (1,175,177) | \$ 12,677,220 | \$ 11,099,485 | \$ 1,577,735 |
| FY 2025 | 2.0% | \$ 15 | \$ 92,014,229 | \$ 91,570,827 | \$ 443,402 | \$ 9,943,214 | \$ 8,324,635 | \$ 1,618,579 |

Proposal – Pros and Cons

- Pro: All districts get something every year – either an additional per pupil increase or added property tax relief
- Pro: Equalizes the district cost per pupil across the state
- Con/Pro: Cost – although the additional cost is spread over nine years.
- Con: Takes nine years to achieve objective



Proposal – Final

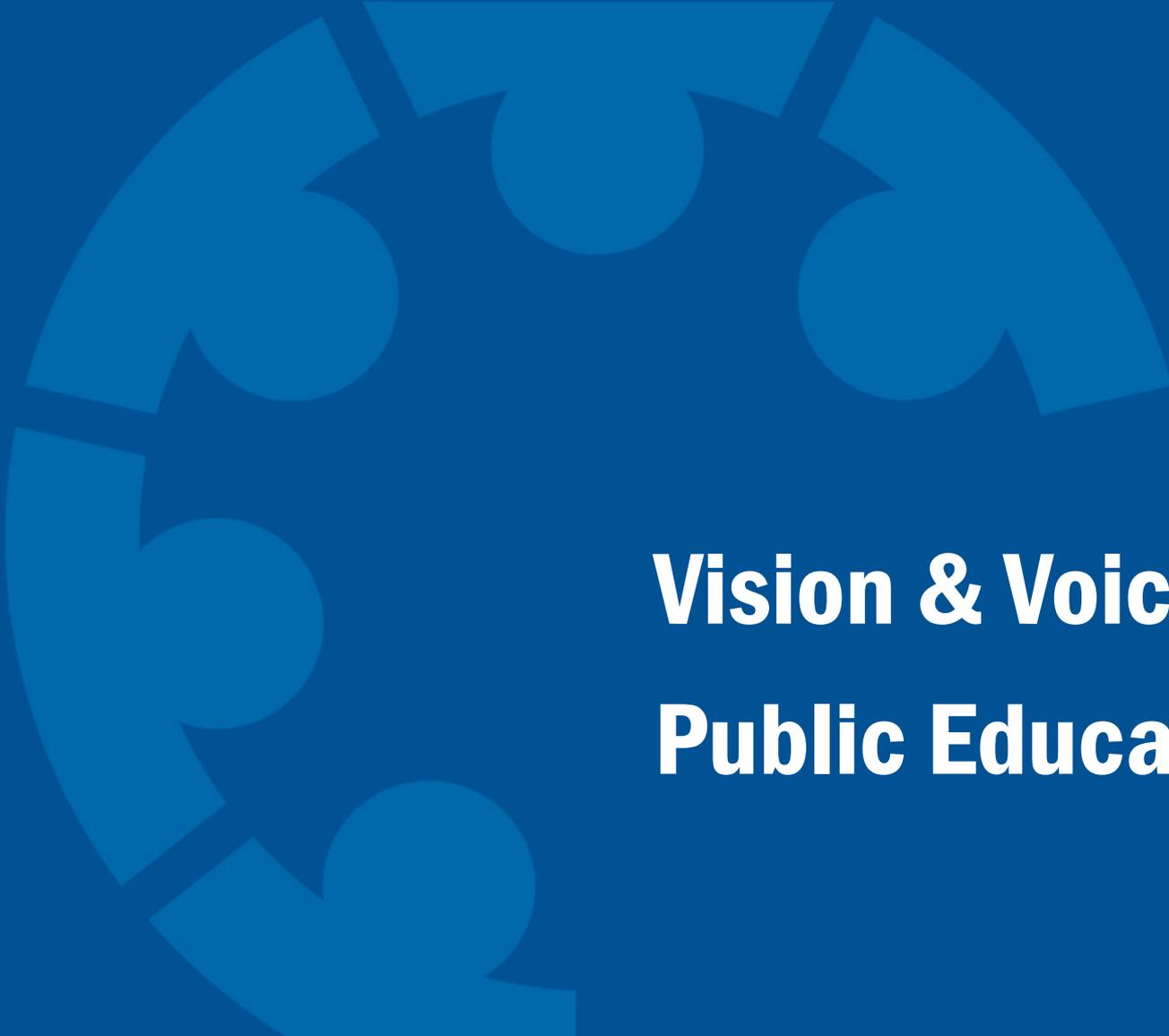
Thoughts

- Phase-in period could be adjusted (shorter or longer)
- If done in one-year, cost would be about \$97 million in state aid, but would include a property tax reduction of \$12.0 million
- Future year costs will be impacted by an extension of the SSA Property Tax Replacement Payment (PTRP) provision that is in place through FY 2017



Questions, comments, thoughts
on proposals?





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