



McKenzie Snow, SBRC Chair
Kraig Paulsen, SBRC Secretary

Kim Reynolds, Governor

Memo

To: School Finance Formula Review Committee
From: Stephanie Edler, SBRC Liaison
Date: October 15, 2024
Re: Request to Review Special Education Funding

Iowa students are entitled to a free and appropriate education, including those students receiving services provided pursuant to an individualized education plan (IEP) (Iowa Code §§ 256B.2, 282.1; 20 U.S.C. §§ 1400 et seq.). For fiscal year 2022-2023 (FY23), 291 (89%) of Iowa's 327 school districts spent more to serve eligible students with a disability than was funded through local, state, and federal sources, which left the districts with a statewide negative special education balance of \$170,648,878.54.

The SBRC is required to grant a modified supplemental amount (i.e., spending authority) (MSA) to each district making a request that experienced a negative special education balance (Iowa Code § 257.31(14)"b"), which is then funded from a local tax levy.

The SBRC has the authority to increase or decrease each special education level supplementary weighting by not more than two-tenths (Iowa Code § 256B.9(4)). The SBRC considers weighting adjustments in December of odd years; weightings were last changed in FY04 (fiscal year 2003-2004). Special education weightings are multiplied by the district cost per pupil, which increases each year by the state supplemental aid amount. The per pupil funding and average cost per pupil by special education level is provided below (Table 1).

Table 1: FY23 Special Education Levels, Funding, and Average Costs

Table with 5 columns: Level, Special Education Supplementary Weighting, Special Education Student Count, Average Amount Funded Per Pupil, and Average Expenditure Per Pupil. Rows include Level 1, Level 2, and Level 3 with corresponding numerical data.

During the October 2023 SBRC work session and again during the December 2023 SBRC hearing, multiple weighting scenarios were reviewed that illustrated the impact that adjustments had on positive and negative district balances, including the number of districts that would be overfunded to the point of required reversion if the positive balance exceeded ten percent of the additional funds generated for special education (Iowa Code § 257.31(14)"a").

Ultimately, the SBRC took action to maintain the weightings and at the same time to request the School Finance Formula Review Committee to substantively review special education funding in Iowa when it next convenes.