



IASBO Iowa School Funding
Law Study Committee
Report and Recommendations
January, 2004

INTRODUCTION & BACKGROUND

In response to the State of Iowa Legislature's scheduled review of public school funding in the State of Iowa during the upcoming 2004 legislative session, the Iowa Association of School Business Officials (IASBO) board of directors directed that a study committee be formed made up from the membership in order to review school funding in Iowa with the goal of identifying the following:

- a) Elements of the current funding formula that all districts would want to preserve.
- b) Changes to elements of the current funding formula from which all districts would benefit.
- c) Those current laws and proposed laws that have positive influences on some districts and negative financial impacts on other districts.
- d) Those current laws or situations that negatively impact school districts.

A committee was appointed and comprised of the following individuals:

Chair - Mike Hamilton, Southeast Polk Community Schools
Kate Baldwin-Norwalk Community Schools
Galen Howsare-West Des Moines Community Schools
Dave King-Heartland Area Education Agency 11
Jim Langstraat-Waterloo Community School District
Kirk Naber-Ankeny Community School District
Dr. James Scharff-Executive Director IASBO
Larry Sigel-Iowa Association of School Boards

The committee met during the fall of 2003 with the final report being submitted on January 15, 2004 at the IASBO regional meetings.



I.A.S.B.O. Study Committee Foundation Formula Imperatives

A. Items of the foundation formula that should be continued:

1. Spending Authority including miscellaneous income and unspent balance.
2. The ability to levy cash reserve to fund unfunded spending authority.
3. Special education deficits and the ability to levy
4. Mix of funding sources (property tax and state aid)-strengthens reliability of funding.
5. Pupil-driven formula (headcount)-September student count creates predictability.
6. Set allowable growth within 30 days of the Governor's State of the State address.
7. Retain SBRC ability to respond to unique district needs:
 - At Risk
 - Increased enrollments
 - ELL
 - Deficits
 - Other unique circumstances.
8. Targeted funding through weightings:
 - Special Ed
 - ELL
 - Home school/Dual Enrolled
 - Shared teachers/classes
 - Talented & Gifted \$'s/pupil
9. AEA Issues:
 - Preserve funding mechanism
 - Preserve board election process

B. Changes that would benefit all districts:

1. Expand to five years ELL weighting and annual review of weighting.
2. Roll ISL into formula.
3. Level I integration percentage (percent of regular-ed) based on 1995 data needs periodic revision.
4. Create a standard to maintain a minimum 5% solvency ratio for all LEA's and AEA's.
5. Allow income surtax as an option for districts to fund the foundation formula.

C. Current laws and proposed laws that have positive influences on some districts and negative financial impacts on other districts:

1. The budget guarantee.
2. Consider recomputing the uniform levy.
 - Currently the combined statewide average the \$5.40/\$1,000 and the last 12.5% of the foundation formula in property taxes to achieve a 100% funding of the controlled budget is approximately \$10.00/\$1,000.
 - The new uniform levy rate could be phased in over an eight year period.
 - The new uniform levy would reduce or dissipate a major obstacle to school district consolidation, the averaging of tax rates.

D. Current laws or economic situations that hurt or harm school districts:

1. Double digit increases in health insurance rates versus single digit increases in allowable growth have negatively impacted staffing costs and the ability to maintain / improve instructional programs.
2. The loss of Phase III, which has been used for staff development and curriculum writing will inhibit progress toward accomplishment of the NCLB challenges.
3. The loss of State Technology funds has effectively stopped the purchase of computer equipment from the General Fund for many districts and forced the use of the PPEL to purchase equipment. This jeopardizes the use of PPEL funds for repairs and upgrading of facilities.
4. Cuts in state aid during the school year force districts to cut staff, supplies or utilize reserves which must be restored by cash reserve levies in the subsequent school year.
5. Tax breaks given to special interest groups and income tax reductions have artificially reduced income to state government.

For additional explanation or clarification please contact Mike Hamilton, Business Manager at S.E. Polk CSD, at 515-967-4294 or IASBO Executive Director James Scharff at 515-294-9468