



## IOWA

### Description of the Formula

This is a foundation program based on FTE pupil units. The state guarantees 87.5% of the state cost per pupil, which is \$6,366 per pupil from a combination of state aid and a uniform local property tax levy (2014-15). State aid is the difference between a district's total foundation cost and the amount a school district raises from the uniform property tax levy of \$5.40 per \$1000 of taxable valuation. The foundation program allows districts to levy an additional property tax for the difference between the 87.5% foundation guarantee and 100% of the district's cost per pupil. Every district's cost per pupil is between 100% and 105% of the state cost per pupil (\$6,366 in 2014-15). The rate of growth in the state per pupil cost is set as a percentage annually by the legislature. The calculated dollar growth in the state per pupil cost is added to each district's per pupil cost.

### District-Based Components

#### Density/Sparsity of Small Schools

The state does not have a factor for density/sparsity within the formula, but does have additional funding for districts that share teachers and programs. Additional pupil FTE is provided for .48 of the time that pupils attend classes in another school district, attend classes taught by a teacher jointly employed by two or more school districts, or attend classes taught by a teacher who is employed by another school district. The weighting for sharing whole grades is .1. There is also supplementary weighting of .1 provided for a school district that establishes a regional academy to which two or more other districts send high school students. The total amount of supplementary weighting provided for a regional academy cannot exceed the equivalent of 30 additional pupils and is guaranteed a minimum of 15 additional pupils. There is also supplementary weighting of .05 for providing or utilizing courses over the Iowa Communications Network (ICN); and there is supplementary weighting for resident students who attend classes in a community college-- .46 for arts and science courses and .70 for career and technical courses. There is an additional supplementary weighting for the sharing of operational functions between districts – to a maximum of 21 additional students across all sharing arrangements per district.

### **Grade Level Differences**

Does not apply.

### **Declining Enrollment or Growth**

For enrollment growth, a school district can request an on-time budget adjustment of 101% of the difference between the actual (current) and budget (prior year enrollment) amounts, multiplied by district cost per pupil. The school district board of directors must adopt a resolution and apply to the School Budget Review Committee after November 1 annually to receive the on-time budget adjustment.

When a district experiences a decline in enrollment, its budget for the next fiscal year may be increased or adjusted to a guaranteed level compared to either its prior year. The local school board must adopt a resolution to receive the budget adjustment.

### **Capital Outlay and/or Debt Service**

Debt is limited to 5% of assessed property valuation.

Capital outlay is provided by a local property tax levy/income surtax, a local bond issue, or a statewide one-cent sales and services tax for school infrastructure. No supplemental state aid is provided.

### **Transportation**

Transportation is not categorically funded but is included in the foundation program funding.

### **Charter Schools**

In Iowa, charter schools must exist within school district purview – they are buildings in an existing school district and not independent. As a result, there is no separate school aid formula consideration for charter schools.

## **Student-Based Components**

### **Special Education**

Three levels of additional pupil FTE weighting, 0.72, 1.21, or 2.74 beyond the 1.0 state per pupil funding, are available for students with IEPs. Which additional weighting applies to the student is determined by the level of services required on the IEP for special education instructional staff or supplemental aids and other services in the areas of required curriculum modification, specially designed instruction, amount of school personnel support and Least Restrictive Environment (LRE) efforts, and amount of supplementary aid or assistance necessary including assistive technology, instructional associates or specialized transportation.

### **Low Income / Comp Ed / At-Risk**

Formula supplementary weighting is provided for at-risk programs and alternative schools and is determined partially on the percentage of pupils enrolled in grades one through six eligible for free and reduced price meals in a school district and partially on the budget enrollment of the school district. In addition, spending authorization for returning dropout and dropout prevention

programs is funded on the basis of 25% or more from the combined district cost of the school district and up to 75% through modified allowable growth approved by the School Budget Review Committee. Modified allowable growth is an increase in budget authority, requested by the district, and is funded with balance on hand or a local property tax levy.

### **English Language Learner/Bilingual Education**

Students identified as limited English proficient are assigned an additional pupil FTE weighting of .22. The supplementary weighting may be assigned for up to five years. A school district may apply to the School Budget Review Committee for an adjustment to budget authority for the cost to continue providing the program beyond the five years of weighting.

### **Gifted and Talented Education**

A portion of the district cost per pupil in the foundation formula is earmarked for the gifted and talented program. \$59 per pupil is incorporated in the regular program cost for 2014-15 to fund 75% of the gifted and talented program budget. The local district must provide the remaining 25% of the budget, or just over \$19 per pupil for 2014-15.

### **Career and Technical Education**

There is no specific funding within the state aid formula for career and technical education. There is supplementary weighting assigned to courses at the community college offered for concurrent enrollment high school and community college credit. CTE courses are weighted at 0.70.

### **Preschool Education**

#### **Statewide Voluntary Four-Year-Old Preschool**

Funding is provided at a .5 FTE level for four-year-olds voluntarily enrolled in the district's program.

### **Other**

- **Reorganization Incentive**

Whole grade sharing supplementary weighting carry forward for three years following reorganization or dissolution is provided as an incentive for districts that reorganize or dissolve during an incentive period that ends on July 1, 2019.

- **Operational Function Sharing**

School districts and AEAs receive a supplementary weighting for sharing administration and central services. The weighting is a standard number of pupils per shared position with a maximum of 21 FTE. The incentive is for a five-year period and sunsets at the end of FY 19.

- **Taxpayer Incentives for Reorganization or Dissolution**

The uniform levy is reduced in the first year from \$5.40 to \$4.40 per \$1,000 of taxable value. It is increased in the succeeding years to \$4.90, \$5.15, and back to \$5.40. There is a maximum of 600 enrollment to receive the full benefit of this incentive.

- **Iowa Early Intervention Program**

A per pupil funding is provided to districts to reduce class size and provide early intervention programs to kindergarten to third grade classes.

- **Teacher Salary and Professional Development**

A per pupil funding is also provided to the districts and AEAs to help improve salaries for teachers and to provide quality professional development programs to teachers.

- **Teacher Leadership and Compensation**

In 2012, Iowa passed landmark reform in the area of teacher leadership and compensation, committing to \$150 million additional dollars or \$308 per student to assist districts with implementation of a new Teacher Leader System designed to enhance classroom instruction.

## **Revenue and Expenditure Information**

### **State Mandates Restricting Revenue or Expenditure Increases**

Increase in the district cost per pupil is limited by a state growth factor set annually by the legislature for the subsequent budget year. The finance formula has a limit on total expenditures in a fiscal year, called budget authority. Unused budget authority may be carried forward.

### **Property Assessment Ratios Used/Legal Standards For Property Assessment**

The property tax due and payable in a fiscal year is determined by taking the property's assessed value determined as of January 1 of the year preceding the year in which the fiscal year begins (18 months) prior adjusted by statutory exemptions and the applicable rollback, and multiplied by the total levy rate. The tax levy rates are expressed in dollars and cents per \$1,000 of assessed valuation.

Real property is placed in one of six classes: agricultural, residential (including agricultural dwellings), commercial, industrial, agricultural buildings, and railroads. The latter is a statewide assessment and divided between the levy authorities like Utility tax replacement excise taxes. Taxable real property is assessed at 100 percent of market value, except for agricultural property. The assessment for agricultural property, excluding agricultural dwellings, is based on productivity, or net earning capacity, capitalized at a set rate. The assessment procedures in valuing property for property tax purposes of entities involved in the generation, delivery, and transmission of electricity and natural gas in the state were replaced by excise taxes on generation, delivery, and transmission effective for the assessment year beginning January 1, 1999.

The assessed value of property may be a percentage of the assessed value as a result of statewide limitations, or rollback provisions, on annual growth in assessed values. The rollback percentage is multiplied by the assessed value to obtain the taxable value of the property. Increases in the assessment of residential and agricultural property are tied to each other. The annual increase in

each class of property is limited to the smaller of the two increases in either class of property. The state is required to fully reimburse local governments for all newly enacted property tax credits granted to taxpayers on or after January 1, 1997, and for certain credits that existed prior to that time. If the full reimbursement is not made, the amount of the credits underfunded is passed onto the taxpayers as per Iowa Code Section 25B.7.

### **Measure of Local Ability To Support Schools**

Property valuation per pupil.

### **School District Budget and Tax Rate Procedures/Sources of Local Revenue**

All school districts are fiscally independent. Voter approval is not required for budget certification, but local taxpayers can protest local tax levies to a state appeal board. Special levies or bond issues are voted by the local taxpayers. The School Budget Review Committee reviews budgets and reduces each cash reserve levy that it determines is excessive.

### **State Support for Nonpublic Schools**

A state appropriation is distributed to public school districts in which accredited nonpublic schools are located to provide textbook services to the students enrolled in that nonpublic school. The nonpublic school makes its request for textbook services when it certifies its enrollments to the state. Students in accredited nonpublic schools may enroll part-time for coursework in the public school district in which the nonpublic school is located. The public school district may include the part-time FTE of these students in its public enrollment count within the foundation formula. Transportation aid is provided to public school districts that provide transportation, or transportation reimbursement to parents, for nonpublic students. The amount of aid is determined by statute based on the district's average transportation cost per pupil in the prior year or based on a reimbursement formula.