

Iowa

Funding Basics

Formula Type

Iowa has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Iowa's funding policy are English-language learners, certain low-income students, students with disabilities, students identified as gifted, and students enrolled in career and technical education (CTE) programs.

Iowa expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and a defined percentage of the formula amount. Districts in Iowa are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners, certain low-income students, students with disabilities, students in career and technical education programs, students concurrently enrolled in high school and community college, and students receiving instruction from or in a district other than that in which they reside through a sharing arrangement is generated through the application of multipliers to the base amount. Services for students identified as gifted are funded through part of the base amount.

Base Amount

Iowa has a fixed base funding amount per student. For FY2022, the per-student base amount was $7,227.

This means that an average student with no special needs or disadvantages would generally be funded at that level. This amount is called the state cost per pupil (SCPP). A district cost per pupil is usually equal to the SCPP. However, for historical reasons, in some districts, average students are funded at a higher level, up to 102% of the state cost per pupil.

Local Revenue

Expected Local Share

Iowa expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students within that district.

Each district is expected to contribute $5.40 for every $1,000 of assessed local property wealth. Additionally, once the state provides funding for up to 87.5% of the cost per pupil, the remaining 12.5% must be covered out of local property taxes. Beginning in FY2023, the state will provide up to 88.4% of the cost per pupil. Districts are also limited in how much they can spend. They may not spend more than an authorized budget amount, which includes a district's regular program district cost as well as various supplemental amounts, budget adjustments, and revenues from sources outside the funding formula.

Because the funding formula amount that is subject to this state-local share arrangement is based on the number of full-time-equivalent students in a district, districts with declining enrollment see reductions in available resources. To provide time for such districts to adjust their spending, they may request a guaranteed regular program district cost of up to 101% of the prior year's regular program district cost. This is called a budget adjustment amount.

Property Tax Floors and Ceilings

Iowa sets a floor for local property tax rates. School districts are required to impose at least $5.40 for every $1,000 of assessed local property wealth. Iowa sets no limit on how much school districts may raise, but it does limit how much school districts may spend.

The state funding formula sets a maximum authorized budget that is the sum of the district's formula amount and funding generated by supplemental taxes and revenue from sources outside of the funding formula. Districts may not levy taxes to fund spending in excess of this budget amount. However, school boards may still levy taxes to increase their cash reserves, which are not included in the maximum authorized budget. Though these levies are not limited, they are reviewed annually by the School Budget Review Committee, a state entity that may require a district to reduce its levy.

School districts in Iowa may impose supplemental levies for a number of purposes, including instructional support, education improvement, facilities and equipment (limited to $0.33 for every $1,000 of assessed local property wealth without voter approval and $1.34 for every $1,000 of assessed local property wealth with voter approval), playground and recreational spaces (limited to $0.135 for every $1,000 of assessed local property wealth), certain liability costs, school district reorganization, and disaster recovery (limited at $0.27 for every $1,000 of assessed local property wealth). These costs are included in the maximum authorized budget. Debt service levies are limited to $4.05 for every $1,000 of assessed local property wealth, with voter approval.

Other Local Taxes for Education

School districts in Iowa may receive local revenue from property taxes and from income surtaxes.

School districts may choose to fund educational improvement programs and instructional support programs through a combination of property tax and income surtax. With voter approval, districts may also fund capital projects through a combination of a property tax of up to $1.64 per $1,000 of assessed value and an income surtax.

Districts also receive some revenue from tuition and transportation payments, school fees, and donations.

Student Characteristics

Grade Level

Iowa does not differentiate funding based on students' grade levels.

English-Language Learner

Iowa provides increased funding for English-language learners. It does so by applying a multiplier to the base per-pupil amount for these students.

The amount of funding provided for each student depends on the student's level of English proficiency. For students who are classified as "intensive," the state applies a multiplier of 1.26 to the base amount, and for students with "intermediate proficiency," the multiplier applied is 1.21. All students identified by their districts as being limited in English proficiency are eligible to receive this supplemental funding for up to five consecutive or nonconsecutive years. Because this eligibility relates to the student rather than to the district, the increased funding transfers with eligible students from district to district if they move.

The multiplier has been expressed this way for consistency with other states. The funding is provided in an amount equal to 0.26 for students classified as "intensive" and 0.22 times for students with "intermediate proficiency" the per-pupil base amount, distributed in addition to the student's own base funding.

Poverty

Iowa provides increased funding for students from low-income households. It does so by applying a multiplier of 1.0048 to the base per-pupil amount for certain low-income students. The state also applies a multiplier of 1.00156 to the base amount for all students enrolled in a district in order to generate additional funding for the purposes of supporting "at-risk" students.

A multiplier of 1.0048 is applied to an estimate of the number of low-income students in the district. This is estimated by multiplying the district's total enrollment by the percentage of students in grades 1-6 who are eligible for free or reduced-priced lunch under the National School Lunch Program. A separate multiplier of 1.00156 is applied for all students enrolled in the district.

The supplemental funding generated through the application of both multipliers is not specifically intended as funding for students in poverty; instead, it is intended to serve "at-risk" pupils and secondary pupils receiving alternative education. The number of low-income students in elementary grades serves as a proxy for the number of "at-risk" students in a district.

Special Education

Iowa funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to three different categories based on their disabilities and the settings in which they receive special education services.

The state funding formula applies different multipliers to the per-student base amount for students in these categories. The base amount is multiplied by 1.72, 2.21, or 3.74, as appropriate to the needs outlined in the student's individual special education program. The multipliers have been expressed this way for consistency with other states. The funding is actually provided in an amount equal to 0.72, 1.21, or 2.74 times the per-pupil base amount, distributed in addition to the student's own base amount funding. The School Budget Review Committee meets biannually to modify the special education weighting plan and has the authority to adjust the multipliers used.

In addition to the funding districts receive for special education programs, an amount is added to the budgets of all districts to send to their area education agencies for their provision of special education support services, along with the funding given to these agencies for media and educational support services.

Gifted

Iowa provides increased funding for gifted and talented students. It does so by designating a portion of the per-pupil base amount for gifted education programs.

The state provides a flat amount ($67 in FY2022) for each student in the district. This amount is intended to provide for 75% of the costs associated with gifted and talented education; districts are required to provide the remaining 25% ($22.33 in FY2022). This funding is increased annually by the same percentage as the per-pupil base amount, of which it is a part. Funding for gifted education programs does not increase the districts' total state education aid.

Career and Technical Education

Iowa provides increased funding for career and technical education (CTE) programs. It does so by applying a multiplier of 1.7 to the base per-pupil amount for full-time-equivalent high school students concurrently enrolled in high school and community college vocational courses.

This funding is actually provided in an amount equal to 0.7 times the per-pupil base amount, distributed in addition to the student's own base amount funding, which is first adjusted for the student's other special characteristics. The funding is also prorated for the amount of time the student spends in such CTE courses.

In this same fashion, the state applies a multiplier of 1.50 to the base amount for students concurrently enrolled in high school and community college general (non-vocational) education courses.

District Characteristics

Concentrated Poverty

Iowa does not provide increased funding for districts based on the concentrations of students from low-income households that they serve. However, Iowa does provide funding for individual students from low-income households. For more information, see "Poverty."

Sparsity and/or Small Size

Iowa does not provide increased funding for sparse districts or for small schools or districts.

Charter Funding

Funding for charter schools in Iowa is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based formula that considers the characteristics of students they educate. Charter schools in Iowa receive the base cost per pupil plus a teacher leadership supplement for every student enrolled. Charter schools also receive additional funding for English-language learners and for students concurrently enrolled in high school and community college.

In addition, school districts must pay to a charter school the actual costs incurred in providing special education services that are attributable to charter students who reside in their district.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

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