

FundEd: Iowa Report

A Detailed Look at Iowa's Funding Policies



Iowa



Funding Basics

Formula Type

Iowa has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students by applying multipliers to that amount to generate supplemental funding for those students.

The categories of students generating supplemental funding in Iowa are English-language learner, low-income students, students with disabilities, students concurrently enrolled in high school and community college, students in career and technical education programs, and students receiving instruction from or in a district not their own through a sharing arrangement. 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 FY2017, the per-student base amount was \$6,591.

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's district cost per pupil (DCPP) is usually equal to the SCPP. However, for historical reasons, in some districts, average students are funded at a higher level, up to 103% 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 as well. Districts are also limited in how much they can spend. They may not spend more than an authorized budget amount, which includes the 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 the 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, physical plant 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 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. If voters approve, districts may also fund capital projects through a combination of a property tax of up to \$1.34 per \$1,000 of assessed value and an income surtax.

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

District Characteristics

Grade Level

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

English-Language Learner

Iowa provides increased funding for English-language learners (ELLs). It does so by applying a multiplier of 1.22 to the base per-pupil amount for these students.

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, and students may only generate funding for a total of five years.

The multiplier has been expressed this way for consistency with other states. The funding is actually provided in an amount equal to 0.22 times 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 the district in order to generate additional funding for the purposes of supporting at-risk students.

A multiplier of 1.0048 is applied for an estimate of low-income students. The number of low-income students is estimated by multiplying the 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 the 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 only. This does not add to districts' total state education aid.

The state provides a flat amount (\$62 in FY2018) for each student in the district. This amount is intended to provide for 75% of the costs associated with gifted and talented education, and districts are required to provide the remaining 25% (\$20.67 in FY2017). This funding is increased annually by the same percentage as the per-pupil base amount, of which it is a part.

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 career and technical education courses.

In this same fashion, the state applies a multiplier of 1.48 to the base amount for students dually enrolled in high school and community college general (non-vocational) education courses.

Sparsity and/or Small Size

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

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

