**RSAI Position Paper Student Equality - State and District Cost Per Pupil**

**A 2020 Legislative Priority**

**History:**  Before the Iowa school foundation formula was created, school districts depended almost entirely on local property taxes for funding. The level of support varied due to many factors, including community attitudes about the priority of education and local property tax capacity. The formula set a State Cost Per Pupil (SCPP) and brought all districts spending less up to that amount. A combination of some local property tax and some state foundation aid provided funding. Those districts which spent more than the newly defined SCPP were allowed to continue, funded by local property tax payers. Although the formula was created in the mid-1970s, the difference between the SCPP and a higher District Cost Per Pupil (DCPP) has remained. This graphic shows the property tax and state aid components of the SCPP and the DCPP above the $6,880 (FY 2019-20 SCPP).



$109 PP state relief

Up to $165 above SCPP funded with local property tax

**DCPP**

FY 2020 State Cost Per Pupil is $6,880

Foundation Level is 87.5% of the state cost per pupil. The State funds the difference between what the uniform levy generates and the foundation level.

Additional Levy

**FY 2018:**

87.5% of State Cost ($6,880) X 87.5% = $6,020 funded with state aid and local uniform levy property tax

$5.40 Uniform Levy is multiplied by net assessed taxable valuation

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| **FY 2020 Count of Districts** | **Amount DCPP is Greater than SCPP** |
| 179 | $0 |
| 30 | $1 to $14 |
| 29 | $16 to $35 |
| 31 | $36 to $58 |
| 31 | $59 to $100 |
| 27 | $102 to $165 |
| Total = 327 |  |

**Current reality:** In FY 2020, 179 districts (54.7%) are limited to the $6,880 as their District Cost per Pupil (DCPP). The other 148 districts (45.3%) have a DCPP ranging from $6,881 to $7,045, or $1 to $165 more. When the Legislature determines the increase in the SCPP, that dollar amount is added to the DCPP, so the gap continues at the same dollar amount. On a percentage basis, the $165 is much less today than it was in 1975. However, when school budgets are tight, every dollar matters. This table shows the count of districts based on the range of authority in the formula to exceed the SCPP.

**Inequity impacting students:** The amount of funding generated per pupil for regular education is not the same for all districts. Thus, a student, based solely on the historical practice of the district of residence, can generate more or less funding. Another critical question for policy makers relates to the multipliers or formula weightings for special student needs. Those multipliers, applied to the DCPP, generate different amounts of support for students, such as special education students, by application of the formula.

**Solutions:** Possible solutions to promote equality without lowering the per pupil amount available for any school district include:

* The legislature could grant all local districts spending authority for the difference and allow school boards to decide locally whether to fund it. This solution maintains the state’s funding commitment without increasing it and provides local property taxes to support community schools. However, not all districts have equal political capacity to assess local property taxes.
* Set the state cost per pupil at the highest amount but lower the foundation percentage threshold from 87.5% to an amount that balances the impact on the state and on property taxes.
	+ While both of these solutions depend on local funding, since many districts have sufficient cash on hand, there would be little cash reserve levy impact for several years in many districts.
* Phase in a long-term commitment to eliminate the inequality over time. HF 307, enacted in the 2019 Session, increased the state cost per pupil by $5 to further reduce the gap between state and district cost per pupil. This action required an increase in State school aid of $2.9 million which also provided a decrease to property taxes of $1.7 million. At this pace ($5 per pupil per year) it would take 33 more years to get to full equity. A combination of the two options above would also be possible – authority in the meantime, close the gap over the long haul.

**RSAI supports raising the state cost per pupil to the maximum district cost per pupil in the formula.** The Legislature should accelerate the commitment to close the $165 gap between the state and district cost per pupil within ten years.

Margaret Buckton, RSAI Professional Advocate margaret@iowaschoolfinance.com, (515) 251-5970