**RSAI 2021 Legislative Priority:   
State and District Cost Per Pupil**

**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) in the mid-1970s, and then brought all districts spending less than that amount up to the SCPP. 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 for five decades, funded by local property taxpayers. Although the formula was created in the mid-1970s, the difference between the SCPP and a higher District Cost Per Pupil (DCPP) has remained, although narrowed over the last several years by legislative action. This graphic shows the property tax and state aid components of the SCPP and the DCPP above the $7,048 (FY 2020-21 SCPP). Source: [SF 2142 Fiscal Note](https://www.legis.iowa.gov/docs/publications/FN/1133255.pdf)



**DCPP**

$131 PP state relief

Up to $155 above SCPP funded with local property tax

**FY 2020:** State   
Cost Per Pupil is $7,048

Additional Levy

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.

**FY 2020:**

87.5% of State Cost ($7,048) X 87.5% = $6,167 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 2021 Count of Districts** | **Amount DCPP is Greater than SCPP** |
| 197 | $0 |
| 27 | $1 to $15 |
| 27 | $16 to $33 |
| 27 | $34 to $55 |
| 27 | $56 to $100 |
| 22 | $102 to $155 |
| Total = 327 |  |

**Current Reality:** In FY 2021, 197 districts (60.2%) are limited to the $7,048 as their District Cost Per Pupil (DCPP). The other 130 districts (39.8%) have a DCPP ranging from $7,049 to $7,203, or $1 to $155 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 $155 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. Inequities are further compounded by the formula’s use of 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. Although not all districts have equal political capacity to assess local property taxes, the impact on taxpayers is now buffered by efforts to promote tax equity, such as the Property Tax Equity and Relief (PTER) fund which lowers the highest school property tax levies in the state and phases in property tax relief for all property taxpayers.
* 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. [SF 2142](https://www.legis.iowa.gov/legislation/BillBook?ga=88&ba=sf2142), enacted in the 2020 Session, increased the state cost per pupil by $10 to further reduce the gap between state and district cost per pupil. This action required an increase in State school aid of $5.3 million, while also providing a decrease to property taxes of $3.6 million. At this pace ($10 per pupil per year) it will take 16 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.

**Formula and Transportation Equity:** RSAI supports formula and transportation equity.The Legislature should continue the commitment to close the $155 gap between the state and district cost per pupil within ten years and continue transportation equity support, bringing down all districts to no more than the state average per pupil transportation cost, without requiring burdensome reporting requirements from school districts.