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

**A 2017 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 $6,664 (FY 2017-18 SCPP).



Up to $175 above SCPP funded with local property tax

**DCPP**

$85 PP state relief

FY 2018 State Cost Per Pupil is $6,664

**FY 2018:**

87.5% of State Cost ($6,664) X 87.5% = $5,831 funded with state aid and local uniform levy property tax

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

Additional Levy

$5.40 Uniform Levy is multiplied by net assessed taxable valuation

**Current reality:** In FY 2018, 162 districts (48.6%) are limited to the $6,664 as their District Cost per Pupil (DCPP). The other 171 districts (51.4%) have a DCPP ranging from $6,665 to $6,839, or $1 to $175 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 $175 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.

|  |  |
| --- | --- |
| **FY 2018 Count of Districts** | **Amount DCPP is Greater than SCPP** |
| 162 | $0 |
| 65 | $1 to $35 |
| 48 | $36 to $70 |
| 25 | $71 to $105 |
| 19 | $106 to $140 |
| 14 | $141 to $175 |
| Total = 333 |  |

**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 funding 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.

After nearly 40 years of the current formula, the question is, “Should ALL Iowa public school students generate the same amount of funding, on a per student basis, for their regular education costs?”

**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. [SF](https://www.legis.iowa.gov/legislation/BillBook?ga=86&ba=SF2104) 455 was approved in the 2017 session by the Senate, 49:0, was approved in the House Education Committee and is now in the House Appropriations Committee. This bill creates both a transportation and formula equality phase in, eliminating the $175 gap over ten years. This option allows the state to dedicate new funds annually in an affordable manner.
* 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.** RSAI encourages the House to approve SF 455 during the 2018 Session.

**See the RSAI legislative page** [**http://www.rsaia.org/legislative.html**](http://www.rsaia.org/legislative.html) **to determine fiscal impact of SF 455 on your district through two look-up tools:**

* [SF 455 Impact Look-up Tool Transportation Equity](http://nebula.wsimg.com/016771a592399e96fe87ac6d4f7d2cc6?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1)
* [SF 455 Impact Look-up Tool Formula Equality](http://nebula.wsimg.com/7bfa86a2d5b7fb558662e4563cd733f2?AccessKeyId=D081CCCCA2DCE3941176&disposition=0&alloworigin=1)