

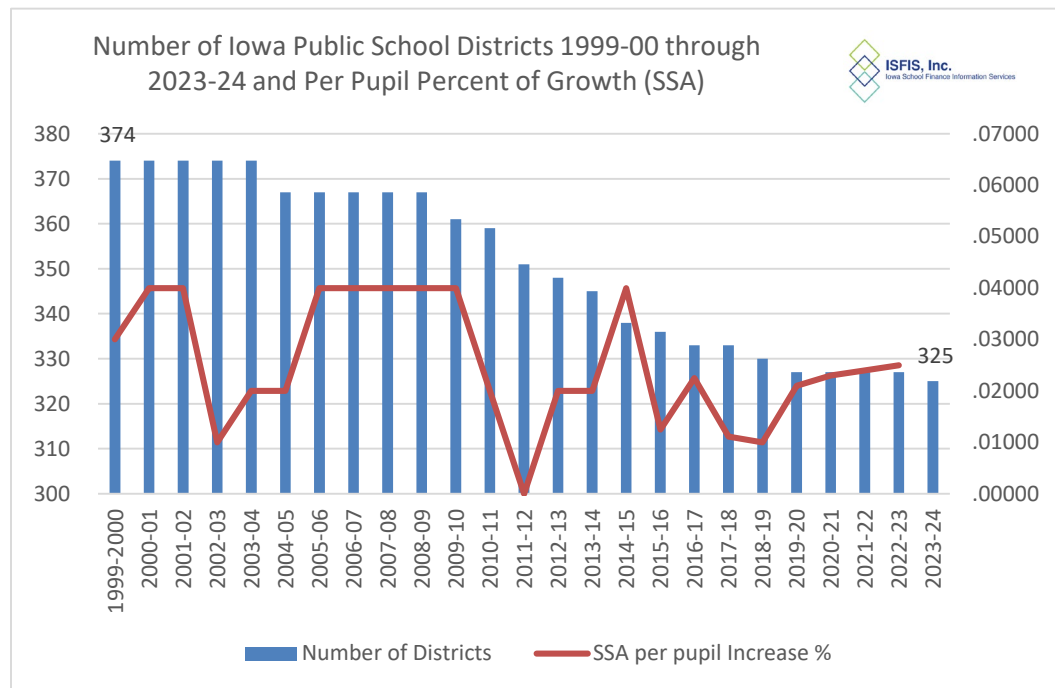


RSAI 2025 Legislative Priority: Whole Grade Sharing and Reorganization Incentives

Background: Whole Grade Sharing and Reorganization Incentives (WGS) are no longer available to school districts beginning July 1, 2024 (HF 566 enacted in the 2019 Session last extended for five years). Whole Grade sharing incentives provide an impetus for districts to deliver greater educational opportunities for students, either one-way, which 18 districts are using in the 2024-25 school year or with two-way agreements, in which 12 districts are engaged. Three districts that previously participated in whole-grade sharing were reorganized effective July 1, 2019, lowering the total number of school districts in Iowa to 327. Two more reorganizations began July 1, 2023, bringing the total to 325 districts currently. See the list of WGS partners on DE’s Website here:

<https://educate.iowa.gov/media/10364/download?inline>

Historically, these incentives have helped ease the financial burden of sharing. They sometimes, but not always, lead to reorganization. School districts have experienced significant reorganization in Iowa, which originally had over 4,600 school districts decades ago, now with just 325 since July 1, 2023. Continued low increases in the per pupil funding (SSA) contribute to financial pressures, leading to both sharing and reorganization necessity for rural schools to meet students' needs and accreditation demands.



Current Reality:

- **WGS** between districts may save on staff costs, typically increases transportation costs, but most importantly, provides additional opportunities for students. The impact of increased transportation costs has been lessened by the state’s reimbursement of transportation expenditures above the state average since enacted in SF 455 in the 2018 Session. The incentives help to get students to the programs they need to be successful. The reorganization incentives timeline encourages school boards to work together in a timely fashion to provide what’s best for students, but harmonious reorganization can take many years. Some districts have found long-term success in whole-grade

sharing that expanded opportunities but has not led to consolidation at the district level.

- Without the incentives after reorganization, since transportation costs and staff savings have already been incurred through WGS, additional efficiencies are not as significant. This hurdle can create a barrier to reorganization, absent the incentive, especially if property tax rates of the two potential reorganization partners are disparate. Three years of property tax incentives following reorganization helps ease that transitional impact on taxpayers.
- Maintained legislative commitment to transportation equity payments has lessened a major barrier to reorganization in years past, for rural districts with larger than average transportation costs.

Whole Grade and Reorganization Incentives/Efficiencies: Whole Grade Sharing and Reorganization incentives, set to expire at the end of the 2024-25 school year, should be extended. These incentives bring taxpayers and parents to the table in support of expanded opportunities for students, most often in districts without the economy of scale necessary to provide a broad and varied academic and interscholastic experience for students. These incentives should either be included as an ongoing option for school districts in perpetuity or extended to at least June 30, 2035.

Find out more:

DE's Whole Grade Sharing Handbook, July 2024, explains funding, enrollment operations, negotiated agreements and other critical procedures for districts to follow. It is posted on DE's website:

<https://educate.iowa.gov/media/6445/download?inline>