



S-5045 – School Finance, Whole Grade Sharing (LSB 5569S5045)
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Fiscal Note Version – House Amendment to **SF 2056**

Description

House amendment **S-5045** to **SF 2056** extends the whole grade sharing supplementary weighting and reorganization incentives an additional five years.

Background

Currently, school districts that participate in whole grade sharing and jointly adopt a resolution to study reorganization are eligible to receive supplementary weighting of up to 0.1 per student for three years. Additionally, if the school district reorganizes, it may be eligible to receive the supplementary weighting for a total of six years. In addition to supplementary weighting, school districts that reorganize may be eligible for a uniform levy rate reduction for three years. This provision extends these reorganizations provisions authorized on or before July 1, 2014, to July 1, 2019.

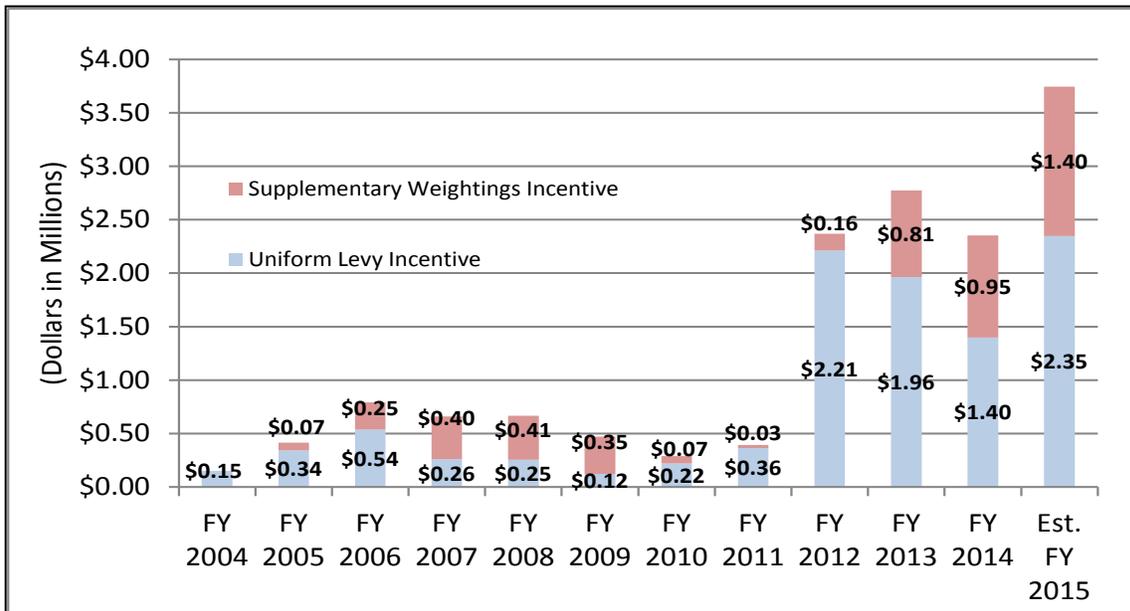
The following table provides historical information on supplementary weighting for whole grade sharing. The amount of weighting has varied through the years displayed. The estimate for FY 2015 indicates that 12 districts will receive supplementary weighting with a funding total of \$2.0 million, including \$1.8 million in State aid generated through the school aid formula.

Whole Grade Sharing Supplementary Weighting and Funding Levels

	Supplementary Weighting Total	Total Funding	State Aid Portion	Property Tax Portion	Number of Districts with Weighting
Est. FY 2015	324.10	\$ 2,063,221	\$ 1,820,146	\$ 243,075	12
FY 2014	289.30	1,778,194	1,553,830	224,363	10
FY 2013	188.50	1,137,765	989,814	147,952	10
FY 2012	164.30	975,030	845,816	129,214	13
FY 2011	166.83	990,986	858,840	132,146	20
FY 2010	277.90	1,618,340	1,402,561	215,778	33
FY 2009	234.00	1,309,396	1,135,602	173,794	30
FY 2008	N.A.	N.A.	N.A.	N.A.	N.A.
FY 2007	112.95	584,839	506,807	78,033	13
FY 2006	124.10	553,594	479,828	73,766	15
FY 2005	93.30	448,126	387,008	61,118	11
FY 2004	91.00	428,766	370,097	58,669	11
FY 2003	108.20	499,463	431,395	68,068	13

Reorganization incentives have generated additional State aid for qualifying reorganized districts. The following chart provides the State aid cost for uniform levy incentives and the supplementary weighting incentives. Since FY 2004, the amounts have fluctuated from a low of \$150,000 to just over \$3.7 million (slated for FY 2015). School districts that reorganize by July 1, 2014, will be eligible to receive these incentives for three years under current law.

Total State Aid Amounts for Reorganization Incentives



Assumptions

Assumptions include:

- Based on Department of Education analysis, beginning in FY 2016, there may be 2,800 students in districts eligible to receive supplementary weighting for whole grade sharing, yielding an additional weighting of 280.0 per year.
- The districts eligible to receive the weighting for FY 2016 will make progress to reorganizing and will receive the weighting for the second and third years.
- Estimates are based on a State and district cost per pupil of \$6,366 for each fiscal year. Any State percent of growth above 0.0% for FY 2016 through FY 2018 will increase the overall impact. The State aid portion is based on the 87.5% foundation level and \$46 per pupil for property tax replacement payments.
- The amount of State aid for reorganizations is unknown and will be predicated on the number of districts that approve reorganization prior to July 1, 2019. Based on historic data, that amount may be up to \$4.0 million for a single fiscal year.

Fiscal Impact

The estimated fiscal impact is currently unknown and will be based on the enrollment size of the districts that are eligible to receive the supplementary weighting for whole grade sharing and the number of districts that reorganize or dissolve that would be eligible for the reorganization incentives. Any fiscal impact resulting from this Bill will not occur until FY 2016 at the earliest and will be in addition to the reorganization incentives currently in place for districts that reorganize or dissolve on or before July 1, 2014.

However, based on the assumptions noted and historic weighting levels, beginning in FY 2016, \$1.8 million will be generated through the school aid formula for whole grade sharing supplementary weighting. This includes an increase in State General Fund expenditures for school aid totaling \$1.6 million and approximately \$200,000 in local property taxes for the impacted school districts. This estimate represents an annual minimum impact for each fiscal year.

Sources

Iowa Department of Education, Supplementary Weighting file, and analysis and calculations
Iowa Department of Management, School Aid file
LSA analysis and calculations

/s/ Holly M. Lyons

March 10, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
