



## IASB Analysis of Governor’s School Aid Recommendation

On Tuesday, January 10, Governor Kim Reynolds delivered the Condition of the State Address before a joint session of the Iowa General Assembly. She laid out her administration’s policy priorities for the upcoming legislative session.

The Governor is recommending a Supplemental State Aid state percent of growth rate of 2.5% for FY 2024 for per pupil funding except the Teacher Salary Supplement (TSS) where she recommends 3.0%. This will increase regular program funding per pupil by \$185 for each school district (state cost per pupil increases from \$7,413 to \$7,598). Under the Governor’s recommendation, state school aid will increase \$83.1 million compared to FY 2023. Additionally:

- The Governor’s recommendation maintains the additional AEA state aid decrease of \$15.0 million for FY 2024 and recommends not funding the AEA professional development supplement of \$2.1 million. The total reduction is approximately \$60,000 more than the reduction in FY 2023.
- The Governor’s recommendation extends the property tax relief provision (called the property tax replacement payment) through FY 2024. The extension of this provision increases the state aid amount by \$12.5 million by providing additional property tax relief for all districts. This total property tax relief provision under the Governor’s proposal would total \$111.9 million (\$196 per pupil) in FY 2024.
- Under the Governor’s proposal, the budget guarantee amount will total approximately \$7.9 million, impacting 88 districts. Budget guarantee is funded entirely with local property taxes.

The following table provides the estimated state aid impact and budget guarantee amounts at various SSA state percent of growth rates.

IASB: FY 2024 State Percent of Growth Rates and Estimated Dollars in Millions				
SSA - State Percent of Growth Rate	State Aid General Fund Increase		Budget Guarantee Amount	Number of Districts on Budget Guarantee
1.0%	\$ 9.1		\$ 25.2	168
1.5%	\$ 34.1		\$ 17.0	130
2.0%	\$ 58.7		\$ 11.2	105
<b>Gov's Rec.*</b>	<b>\$ 83.1</b>		<b>\$ 7.9</b>	<b>88</b>
2.5%	\$ 83.5		\$ 7.9	88
3.0%	\$ 108.9		\$ 5.5	72
3.5%	\$ 133.8		\$ 4.0	55
4.0%	\$ 159.2		\$ 2.9	42
4.5%	\$ 184.2		\$ 2.1	36
5.0%	\$ 209.7		\$ 1.5	29
<p><b>Governor's Recommendation highlighted in yellow includes:</b>  <b>*2.5% SSA for all per pupil amounts except Teacher Salary Supplement (TSS) which is at 3.0%</b>  <b>*AEA reduction of an additional \$15.0 million and reducing the AEA PD funds to \$0 for FY 2024</b></p> <p>All estimates are preliminary and assume:  Maintaining the additional \$15 million AEA reduction  Extending the Property Tax Replacement Payment Provision  Agreed upon assumptions between DM, DE, and LSA  Estimates as of 1/10/2023</p> <p>Sources:  IASB analysis and calculations  DoM assumptions  DE enrollments and weightings</p>				

**Transportation Aid recommendations:** Increases the standing appropriation for transportation equity aid from \$29.5 million to \$30.2 million in FY 2024, an increase of \$0.7 million. The increase is a result of increasing last year’s appropriation amount by the 2.5% state percent of growth rate (as required by current law).

**Community College Funding:** Additionally, the Governor recommends an increase of \$6.5 million for Community Colleges General Aid.

**Educational Saving Accounts (ESAs):** The Governor recommends an appropriation of \$106 million in FY 2024 to fund the initial year of ESAs. Additionally, the Governor recommends a three-year phase-in that allows all students to be eligible for the ESAs. Each student eligible for the ESA would receive that year’s state cost per pupil amount. Based on the Governor’s budget recommendation, that amount would be \$7,598 in FY 2024 and would increase each year by the SSA state percent of growth rate. Beginning in FY 2025, school districts will receive categorical funding for the teacher salary supplement (TSS), professional development supplement (PDS), teacher leader supplement (TLS), and early intervention supplement (EIS), for their resident students that receive an ESA.

**Other school aid issues to keep on the radar – not specifically addressed by the Governor:**

- Extension of the district cost per pupil equity legislation. In the past few legislative sessions, the legislature added a total of \$35 per pupil to the state cost per pupil and reduced the difference in the district cost per pupil amounts from \$175 to \$140.

**Sources:**

*Legislative Services Agency, Preliminary Analysis of the Governor’s Budget Recommendations*

*IASB Analysis and Calculations*

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