

## Memo: School Funding Update

February 17, 2026

The House Appropriations Committee amended SF 2201 through a strike-after amendment, which will replace the bill if approved on the House Floor. Representatives could debate the changes to the Senate bill in the House as early as Thursday.

The amendment includes the following:

- Increases the state cost per pupil to 2.25% for both regular program and categorical funding. (The Senate's increase was 1.75%.)
- Continues the Property Tax Relief Payment (PTRP) for years beginning on and after July 1, 2026, which freezes the property tax portion of the additional levy's contribution to the state cost per pupil at \$153 per student. The State Aid payment will cover what would have otherwise been an increase to property tax payers for the 2.25% per pupil increase.
- Continues transportation equity, but, beginning July 1, 2026, limits the maximum transportation equity payment a school district receives to no more than \$1 million. (In FY 2026, Waterloo and Council Bluffs both received transportation equity payments above one million to buy them down to the state average per pupil transportation cost. This action reallocates funds from Waterloo and Council Bluffs to all other school districts receiving transportation equity payments.)
- Requires the Department of Management to add a district's budget adjustment (budget guarantee) to combined district cost and prohibits the budget guarantee amount from being funded with property taxes. The 2.25% increase places 191 school districts on the budget guarantee, costing the state an estimated \$35.8 million.
- Includes provisions contingent on an appropriation for education support personnel salary supplement for the year beginning July 1, 2026. Requires school districts to report education support personnel information to the DE as required and specifies that a school district's funding supplement shall be their budget enrollment proportional share of \$14 million. Defines "education support personnel" as regular and part-time employees of a school district who are not salaried.
- The House Amendment does not include a second enrollment count date or funding to close the district cost per pupil and state cost per pupil gap, both of which were included in the Senate's proposal.

See the [ISFIS New Authority Report](#) for impact on your district of the difference between the Senate's 1.75% with \$5 toward DCPP equity and the House's 2.25% without the \$5 toward DCPP. The Tool also shows the impact on categorical funds and media and education services.

Key messages to communicate to Representatives on Wednesday:

- Thank the House for working quickly on the Senate's proposal, since local budget deadlines are fast approaching. Also thank them for continuing the \$14 million in the education support personnel salary supplement.
- The 2.25% per pupil increase is still not enough. This will be the 6<sup>th</sup> consecutive year that the SSA rate increase lags inflation. The Revenue Estimating Conference set the FY 2027 state revenue growth estimate at 4.2%, so the State can afford more.
- Investing the \$35.7 million in additional SSA for students rather than paying for property tax relief related to the Budget Guarantee would better provide for students with special needs (lowering property taxes associated with special education deficits and English-Learner deficits and place fewer districts on budget guarantee).
- Please restore the \$5 per pupil from the Senate to close the gap between the district cost per pupil and state cost per pupil (that would close the gap to \$130 per student).
- Also remind them that every unfunded mandate being considered this year will further diminish the impact of an SSA increase, impacting districts' abilities to pay teacher salary minimums and retain staff and programs critical for students.
- Although fairness is often in the eyes of the beholder, the transportation equity payment funded all students in high cost districts equally, regardless of district size. Setting a maximum payment sets a precedent that will eventually impact larger rural districts. It would be better to increase the total amount of the transportation equity appropriation by \$2.6 million rather than to set a policy which underfunds students in Waterloo and Council Bluffs (and likely soon, Davis County, with a 4.5% enrollment decline and likely not much opportunity to shorten bus routes).

Find your Representatives here: <https://www.legis.iowa.gov/legislators/house>

The House switchboard operator number is 515.281-3221. You can ask if they are available, leave a message for them to call you back, or just leave a message using these talking points.