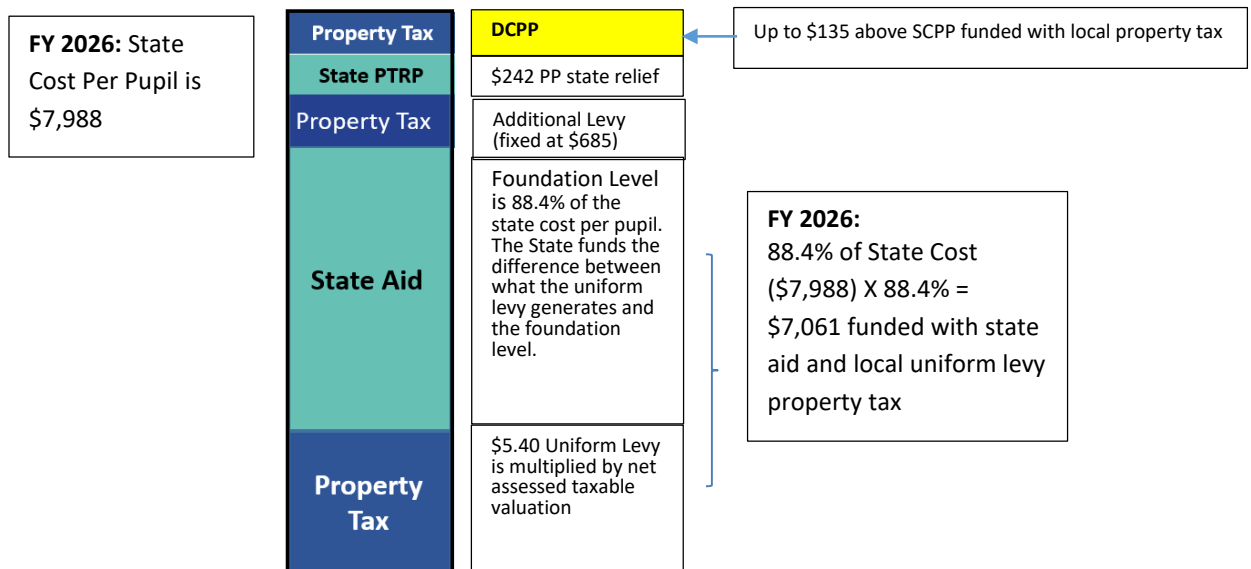


UEN 2026 Legislative Priority: Formula Equity

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, created in the 1970s, set a State Cost Per Pupil (SCPP) and then brought all districts spending less than that amount up to the SCPP. A combination of local property tax and state foundation aid provided funding. Those districts that spent more than the newly defined SCPP were allowed to continue for five decades, funded by local property taxpayers. A difference between the SCPP and a higher District Cost Per Pupil (DCPP) persists today, although it has narrowed over time through legislative action. This graphic shows the property tax and state aid components of the SCPP and the DCPP above the \$7,988 (FY 2025-26 SCPP). In the 2025 Session, the Legislature closed the formula inequity gap by an additional \$5 per pupil in [SF 167](#), at a cost of \$1.5 million. The DCPP and SCPP gap is currently \$135 per pupil.



Current Reality: In FY 2026, 230 districts (71%) are limited to the SCPP as their District Cost Per Pupil (DCPP). The other 95 districts (29%) have a DCPP ranging from \$7,989 to \$8,123, or \$1 to \$135 more per student. This table shows the number of districts by the range of authority in the formula allowed to exceed the SCPP. When the Legislature determines the percentage increase in the SCPP, that is calculated as a dollar amount, which is then added to every district's DCPP, continuing the \$135 gap. On a percentage basis, the \$135 is much less today than it was in 1975. However, when school budgets are tight, every dollar matters.

FY 2026 Count of Districts	Amount DCPP is Greater than SCPP
230	\$0
25	\$1 to \$17
24	\$18 to \$39
23	\$41 to \$72
23	\$78 to \$135
Total = 325	

Inequity impacting students: The amount of funding generated per pupil for regular education is not the same for all districts. A district, based solely on its historical practice prior to 1973, can generate more or less funding for each student. Inequities are further compounded by the formula's use of multipliers or formula weightings for special student needs. Those multipliers, applied to the DCPP, generate different amounts of support for students, special education or English learners, for example, by application of the formula.

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. Although not all districts have equal political capacity to assess local property taxes, the impact on taxpayers is now buffered by efforts to promote tax equity, such as the Property Tax Equity and Relief (PTER) fund and the dedication of ongoing sales tax growth through the SAVE fund, which have lowered school property tax rates statewide. Legislators could appropriate funds from the Taxpayer Relief Fund, with an estimated balance over \$3.6 billion in FY 2026, to offset what would otherwise be property taxes to implement equity immediately.
- Set the state cost per pupil at the highest amount but lower the foundation percentage threshold from 88.4% to an amount that balances the impact on the state and on property taxes.
 - While both solutions depend on local funding, many districts have sufficient cash on hand, so there would be little impact on cash reserve levies for several years.
- Phase in a long-term commitment to eliminate the inequality over time. [SF 167](#) closed the formula inequity gap by an additional \$5 per pupil. At this pace (\$5 per pupil per year), it will take 27 more years to obtain full equity. A commitment to close the gap by an average of \$13.5 per pupil would get to equity in 10 years.
- A combination of the two options above would also be possible – authority in the meantime while closing the gap over the long haul.

Formula Equity: Investments in formula equity should continue, closing the \$135 state and district per pupil gap within ten years. Inequities in the formula, based on no longer relevant historical spending patterns over 40 years ago, must be corrected to support resources for all Iowa students.