

SENATE/HOUSE FILE _____
BY (PROPOSED GOVERNOR BUDGET
BILL)

A BILL FOR

1 An Act relating to education funding by establishing a state
2 percent of growth and the categorical state percent of
3 growth for the budget year beginning July 1, 2020, modifying
4 provisions and references relating to the property tax
5 replacement payment, modifying appropriations for the
6 transportation equity program, area education agency
7 funding, and the instructional support program, making
8 appropriations, and including effective date provisions.
9 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 257.8, subsections 1 and 2, Code 2020,
2 are amended to read as follows:

3 1. *State percent of growth.* ~~The state percent of growth~~
4 ~~for the budget year beginning July 1, 2017, is one and eleven~~
5 ~~hundredths percent.~~ The state percent of growth for the
6 budget year beginning July 1, 2018, is one percent. The
7 state percent of growth for the budget year beginning July 1,
8 2019, is two and six hundredths percent. The state percent
9 of growth for the budget year beginning July 1, 2020, is two
10 and one-half percent. The state percent of growth for each
11 subsequent budget year shall be established by statute which
12 shall be enacted within thirty days of the transmission of the
13 governor's budget required by February 1 under section 8.21
14 during the regular legislative session beginning in the base
15 year.

16 2. *Categorical state percent of growth.* ~~The categorical~~
17 ~~state percent of growth for the budget year beginning July 1,~~
18 ~~2017, is one and eleven hundredths percent.~~ The categorical
19 state percent of growth for the budget year beginning July
20 1, 2018, is one percent. The categorical state percent of
21 growth for the budget year beginning July 1, 2019, is two and
22 six hundredths percent. The categorical state percent of
23 growth for the budget year beginning July 1, 2020, is two and
24 one-half percent. The categorical state percent of growth
25 for each budget year shall be established by statute which
26 shall be enacted within thirty days of the transmission of the
27 governor's budget required by February 1 under section 8.21
28 during the regular legislative session beginning in the base
29 year. The categorical state percent of growth may include
30 state percents of growth for the teacher salary supplement, the
31 professional development supplement, the early intervention
32 supplement, the teacher leadership supplement, and for budget
33 years beginning on or after July 1, 2020, transportation equity
34 aid payments under section 257.16C.

35 Sec. 2. Section 257.16B, subsections 1 and 2, Code 2020, are

1 amended to read as follows:

2 1. For each fiscal year beginning on or after July 1, ~~2017~~
3 2018, there is appropriated from the general fund of the state
4 to the department of education an amount necessary to make all
5 school district property tax replacement payments under this
6 section, as calculated in subsection 2.

7 2. ~~a.~~ For the budget year beginning July 1, ~~2017~~, the
8 department of management shall calculate for each school
9 district all of the following:

10 (1) ~~The regular program state cost per pupil for the budget~~
11 ~~year beginning July 1, 2012, multiplied by one hundred percent~~
12 ~~less the regular program foundation base per pupil percentage~~
13 ~~pursuant to section 257.1.~~

14 (2) ~~The regular program state cost per pupil for the budget~~
15 ~~year beginning July 1, 2017, multiplied by one hundred percent~~
16 ~~less the regular program foundation base per pupil percentage~~
17 ~~pursuant to section 257.1.~~

18 (3) ~~The amount of each school district's property tax~~
19 ~~replacement payment. Each school district's property tax~~
20 ~~replacement payment equals the school district's weighted~~
21 ~~enrollment for the budget year beginning July 1, 2017,~~
22 ~~multiplied by the remainder of the amount calculated for~~
23 ~~the school district under subparagraph (2) minus the amount~~
24 ~~calculated for the school district under subparagraph (1).~~

25 ~~b.~~ a. For the budget year beginning July 1, 2018, the
26 department of management shall calculate for each school
27 district all of the following:

28 (1) The regular program state cost per pupil for the budget
29 year beginning July 1, 2012, multiplied by one hundred percent
30 less the regular program foundation base per pupil percentage
31 pursuant to section 257.1.

32 (2) The regular program state cost per pupil for the budget
33 year beginning July 1, 2018, multiplied by one hundred percent
34 less the regular program foundation base per pupil percentage
35 pursuant to section 257.1.

1 (3) The amount of each school district's property tax
2 replacement payment. Each school district's property tax
3 replacement payment equals the school district's weighted
4 enrollment for the budget year beginning July 1, 2018,
5 multiplied by the remainder of the amount calculated for
6 the school district under subparagraph (2) minus the amount
7 calculated for the school district under subparagraph (1).

8 ~~c.~~ b. For ~~each~~ the budget year beginning ~~on or after~~ July
9 1, 2019, the department of management shall calculate for each
10 school district all of the following:

11 (1) The regular program state cost per pupil for the budget
12 year beginning July 1, 2012, multiplied by one hundred percent
13 less the regular program foundation base per pupil percentage
14 pursuant to section 257.1.

15 (2) The regular program state cost per pupil for the budget
16 year beginning July 1, 2019, multiplied by one hundred percent
17 less the regular program foundation base per pupil percentage
18 pursuant to section 257.1.

19 (3) The amount of each school district's property tax
20 replacement payment. Each school district's property tax
21 replacement payment equals the school district's weighted
22 enrollment for the budget year beginning July 1, 2019,
23 multiplied by the remainder of the amount calculated for
24 the school district under subparagraph (2) minus the amount
25 calculated for the school district under subparagraph (1).

26 c. For each budget year beginning on or after July 1, 2020,
27 the department of management shall calculate for each school
28 district all of the following:

29 (1) The regular program state cost per pupil for the budget
30 year beginning July 1, 2012, multiplied by one hundred percent
31 less the regular program foundation base per pupil percentage
32 pursuant to section 257.1.

33 (2) The regular program state cost per pupil for the budget
34 year beginning July 1, 2020, multiplied by one hundred percent
35 less the regular program foundation base per pupil percentage

1 pursuant to section 257.1.

2 (3) The amount of each school district's property tax
3 replacement payment. Each school district's property tax
4 replacement payment equals the school district's weighted
5 enrollment for the budget year multiplied by the remainder
6 of the amount calculated for the school district under
7 subparagraph (2) minus the amount calculated for the school
8 district under subparagraph (1).

9 Sec. 3. Section 257.16C, subsection 3, paragraph d, Code
10 2020, is amended to read as follows:

11 d. (1) For the fiscal year beginning July 1, 2019, there
12 is appropriated from the general fund of the state to the
13 department of management for deposit in the transportation
14 equity fund the sum of nineteen million dollars, or so much
15 thereof as is necessary, to be used for the purposes of this
16 section.

17 (2) For the fiscal year beginning July 1, 2020, there
18 is appropriated from the general fund of the state to the
19 department of management for deposit in the transportation
20 equity fund the sum of twenty-four million four hundred
21 seventy-five thousand dollars, or so much thereof as is
22 necessary, to be used for the purposes of this section.

23 ~~(2)~~ (3) For each fiscal year beginning on or after July
24 1, 2020 2021, there is appropriated from the general fund of
25 the state to the department of management for deposit in the
26 transportation equity fund the sum of the following, or so much
27 thereof as is necessary, to be used for the purposes of this
28 section:

29 (a) The amount appropriated to the transportation equity
30 fund under this paragraph for the immediately preceding fiscal
31 year.

32 (b) The product of the amount determined under subparagraph
33 division (a) multiplied by the categorical percent of growth
34 under section 257.8, subsection 2, for the budget year
35 beginning on the same date of the fiscal year for which the

1 appropriation is made.

2 Sec. 4. Section 257.16D, subsection 2, paragraph b, Code
3 2020, is amended to read as follows:

4 b. The moneys available in a fiscal year in the foundation
5 base supplement fund shall be distributed by the department
6 of management to each school district on a per pupil basis
7 calculated using each school district's weighted enrollment,
8 as defined in section 257.6, for that fiscal year. However,
9 the amount of a school district's foundation base supplement
10 payment for a budget year shall not exceed an amount equal to
11 the product of the school district's weighted enrollment for
12 the budget year multiplied by the amount for the budget year
13 calculated under section 257.16B, subsection 2, paragraph "b",
14 subparagraph (2), product of the regular program state cost per
15 pupil for the budget year multiplied by one hundred percent
16 less the regular program foundation base per pupil percentage
17 pursuant to section 257.1, minus the amount of the school
18 district's property tax replacement payment under section
19 257.16B for the budget year.

20 Sec. 5. Section 257.35, Code 2020, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 14A. Notwithstanding subsection 1, and in
23 addition to the reduction applicable pursuant to subsection
24 2, the state aid for area education agencies and the portion
25 of the combined district cost calculated for these agencies
26 for the fiscal year beginning July 1, 2020, and ending June
27 30, 2021, shall be reduced by the department of management by
28 fifteen million dollars. The reduction for each area education
29 agency shall be prorated based on the reduction that the agency
30 received in the fiscal year beginning July 1, 2003.

31 Sec. 6. INSTRUCTIONAL SUPPORT STATE AID — FY 2020-2021. In
32 lieu of the appropriation provided in section 257.20,
33 subsection 2, the appropriation for the fiscal year
34 beginning July 1, 2020, and ending June 30, 2021, for paying
35 instructional support state aid under section 257.20 for such

1 fiscal year is zero.

2 Sec. 7. EFFECTIVE DATE. This Act, being deemed of immediate
3 importance, takes effect upon enactment.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with
6 the explanation's substance by the members of the general assembly.

7 This bill relates to education funding by establishing the
8 state percent of growth and the categorical state percent of
9 growth for the budget year beginning July 1, 2020, modifying
10 provisions and references relating to the property tax
11 replacement payments, and modifying various appropriations for
12 certain education funding programs.

13 The bill establishes a state percent of growth of 2.5 percent
14 for the budget year beginning July 1, 2020. The state percent
15 of growth is used to calculate the amount of supplemental state
16 aid for a budget year as part of the state school foundation
17 program. The bill also establishes a categorical state percent
18 of growth of 2.5 percent for the budget year beginning July
19 1, 2020. The categorical state percent of growth is used to
20 calculate the amount of supplemental state aid for each of the
21 categorical funding supplements.

22 Code section 257.16B provides for school district property
23 tax replacement payments. Under current law, for each budget
24 year beginning on or after July 1, 2019, each school district's
25 property tax replacement payment amount is equal to the school
26 district's weighted enrollment for the budget year multiplied
27 by the difference of the following: (1) the regular program
28 state cost per pupil for the budget year beginning July 1,
29 2019, multiplied by 100 percent less the regular program
30 foundation base per pupil percentage; and (2) the regular
31 program state cost per pupil for the budget year beginning July
32 1, 2012, multiplied by 100 percent less the regular program
33 foundation base per pupil percentage. The regular program
34 foundation base per pupil percentage is 87.5 percent.

35 The bill modifies the property tax replacement payment

1 calculation for budget years beginning on or after July 1,
2 2020. For budget years beginning on or after July 1, 2020,
3 each school district's property tax replacement payment amount
4 is equal to the school district's weighted enrollment for the
5 applicable budget year multiplied by the difference of the
6 following: (1) the regular program state cost per pupil for
7 the budget year beginning July 1, 2020, multiplied by 100
8 percent less the regular program foundation base per pupil
9 percentage; and (2) the regular program state cost per pupil
10 for the budget year beginning July 1, 2012, multiplied by 100
11 percent less the regular program foundation base per pupil
12 percentage.

13 Code section 257.16C establishes a transportation equity
14 program to provide additional funding for school districts with
15 a transportation cost per pupil that exceeds the statewide
16 adjusted transportation cost per pupil, as determined by the
17 department of management. If the balance of the fund exceeds
18 the amount necessary to make all transportation equity aid
19 payments, moneys remaining in the fund are required to be used
20 for transportation base funding payments as calculated under
21 Code section 257.16C(4).

22 For each fiscal year beginning on or after July 1, 2020,
23 Code section 257.16C appropriates from the general fund of the
24 state to the transportation equity fund the sum of the amount
25 appropriated for the immediately preceding fiscal year plus
26 the product of the amount appropriated for the immediately
27 preceding fiscal year multiplied by the categorical percent
28 of growth for the corresponding school budget year. The
29 bill amends Code section 257.16C so that this appropriation
30 calculation begins with the fiscal year beginning July 1, 2021,
31 and appropriates \$24,475,000 to the transportation equity fund
32 for the fiscal year beginning July 1, 2020.

33 The bill amends Code section 257.35 to reduce the state aid
34 for area education agencies and the portion of the combined
35 district cost calculated for these agencies for the fiscal

1 year beginning July 1, 2020, and ending June 30, 2021, by an
2 additional \$15 million. The reduction for each area education
3 agency shall be prorated based on the reduction that the agency
4 received in the fiscal year beginning July 1, 2003.

5 The bill provides that in lieu of the appropriation provided
6 in Code section 257.20(2), the appropriation for the fiscal
7 year beginning July 1, 2020, and ending June 30, 2021, for
8 paying instructional support state aid for such fiscal year is
9 zero.

10 The bill takes effect upon enactment.