



KIM REYNOLDS  
GOVERNOR

**OFFICE OF THE GOVERNOR**

ADAM GREGG  
LT GOVERNOR

March 8, 2018

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol Building  
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 455, an Act relating to school district funding by modifying and establishing provisions relating to state school foundation program and school district transportation costs, making appropriations, and including effective date provisions.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in cursive script that reads "Kim Reynolds".

Kim Reynolds  
Governor

cc: Secretary of the Senate  
Clerk of the House



Senate File 455

AN ACT

RELATING TO SCHOOL DISTRICT FUNDING BY MODIFYING AND ESTABLISHING PROVISIONS RELATING TO STATE SCHOOL FOUNDATION PROGRAM AND SCHOOL DISTRICT TRANSPORTATION COSTS, MAKING APPROPRIATIONS, AND INCLUDING EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

STATE AND DISTRICT COSTS PER PUPIL

Section 1. Section 257.2, subsection 12, Code 2018, is amended to read as follows:

12. *"Supplemental state aid"* means the amount by which state cost per pupil and district cost per pupil will increase from one budget year to the next as the result of the state percent of growth.

Sec. 2. Section 257.8, subsection 5, Code 2018, is amended to read as follows:

5. *Alternate supplemental state aid — definitions.*

a. For budget years beginning July 1, 2000, and subsequent budget years, references to the terms *"supplemental state aid"*, *"regular program state cost per pupil"*, and *"regular program district cost per pupil"* shall mean those terms as calculated for those school districts that calculated regular program supplemental state aid for the school budget year beginning July 1, 1999, with the additional thirty-eight dollars specified in section 257.8, subsection 4, Code 2013.

b. For the budget year beginning July 1, 2018, and

subsequent budget years, references to "supplemental state aid" and "regular program state cost per pupil" shall mean those terms as calculated including the additional amount for the budget year beginning July 1, 2018, under section 257.9, subsection 2, paragraph "b", and references to "regular program district cost per pupil" shall mean that term as calculated including any adjustments made under section 257.10, subsection 2.

Sec. 3. Section 257.9, subsection 2, Code 2018, is amended to read as follows:

2. *Regular program state cost per pupil for 1992-1993 and succeeding years.*

a. For the budget year beginning July 1, 1992, and succeeding budget years beginning before July 1, 2018, the regular program state cost per pupil for a budget year is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year.

b. For the budget year beginning July 1, 2018, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year, plus five dollars.

c. For the budget year beginning July 1, 2019, and succeeding budget years, the regular program state cost per pupil for a budget year is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year.

Sec. 4. Section 257.10, subsection 2, paragraph b, Code 2018, is amended to read as follows:

b. If the regular program district cost per pupil of a school district for the budget year under paragraph "a" exceeds one hundred five percent of the regular program state cost per pupil for the budget year and the state percent of growth for the budget year is greater than two percent, the regular program district cost per pupil for the budget year for that district shall be reduced to one hundred five percent of the regular program state cost per pupil for the budget year. However, under such conditions, if the difference between the regular program district cost per pupil for the budget year and the regular program state cost per pupil for the budget year

is greater than an amount equal to two percent multiplied by the regular program state cost per pupil for the base year, the regular program district cost per pupil for the budget year shall be reduced by the amount equal to two percent multiplied by the regular program state cost per pupil for the base year.

Sec. 5. Section 257.10, subsection 2, Code 2018, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* For the budget year beginning July 1, 2018, and succeeding budget years, if the regular program district cost per pupil for the budget year calculated under this subsection in any school district is less than the regular program state cost per pupil for the budget year, the department of management shall increase the regular program district cost per pupil of that district to an amount equal to the regular program state cost per pupil for the budget year.

Sec. 6. **EFFECTIVE UPON ENACTMENT.** This division of this Act, being deemed of immediate importance, takes effect upon enactment.

## DIVISION II

### SCHOOL DISTRICT TRANSPORTATION COSTS

Sec. 7. NEW SECTION. **257.16C Transportation equity program — fund.**

1. A transportation equity program is established to provide prioritized additional funding for school districts with a transportation cost per pupil that exceeds the statewide adjusted transportation cost per pupil for the same budget year.

2. *a.* For the budget year beginning July 1, 2018, and each succeeding budget year, the department of management shall annually determine a statewide adjusted transportation cost per pupil that is not lower than the statewide average transportation cost per pupil. The statewide adjusted transportation cost per pupil shall be annually determined, by taking into account amounts appropriated to the transportation equity fund under subsection 3, for the purpose of providing transportation equity aid for those school districts with the highest transportation cost per pupil differential.

*b.* Each school district that satisfies the criteria of subsection 1 shall receive transportation equity aid in an

amount equal to the school district's actual enrollment for the school year, excluding the shared-time enrollment for the school year, multiplied by the school district's transportation cost per pupil differential for the budget year.

*c.* For purposes of this section:

(1) "*Statewide average transportation cost per pupil*" means the total transportation cost for all school districts in the state used to calculate each school district's transportation cost per pupil under paragraph "*d*" divided by the total enrollment for all school districts used to calculate each school district's transportation cost per pupil under paragraph "*d*".

(2) "*Transportation cost per pupil differential*" means an amount equal to a school district's transportation cost per pupil minus the statewide adjusted transportation cost per pupil for the same budget year.

*d.* A school district's transportation cost per pupil shall be determined by dividing the school district's actual transportation cost for all children transported in all school buses for a school year pursuant to section 285.1, subsection 12, less the amount received for transporting nonpublic school pupils under section 285.1, by the district's actual enrollment for the school year, excluding the shared-time enrollment for the school year as defined in section 257.6.

3. *a.* A transportation equity fund is created as a separate and distinct fund in the state treasury under the control of the department of management. Moneys in the fund include revenues credited to the fund, appropriations made to the fund, and other moneys deposited in the fund. For each fiscal year beginning on or after July 1, 2018, there is appropriated all moneys in the fund to the department of management for purposes of making transportation equity aid payments under this section.

*b.* If the balance of the fund exceeds the amount necessary to make all transportation equity aid payments under subsection 2, moneys remaining in the fund shall be used for transportation base funding payments under subsection 4.

*c.* If the balance of the fund exceeds the amount necessary to make all transportation equity aid payments and all

transportation base funding payments, moneys remaining in the fund at the end of a fiscal year, notwithstanding section 8.33, shall remain in the fund and shall be available for expenditure for the purposes of this section in subsequent fiscal years.

4. For budget years beginning on or after July 1, 2018, if funding is available as provided in subsection 3, paragraph "b", each school district in the state shall receive a transportation base funding payment in an amount equal to the school district's enrollment used under subsection 2, paragraph "d", multiplied by the lesser of the statewide average transportation cost per pupil or the school district's transportation cost per pupil for the budget year. If an amount appropriated for a budget year is insufficient to pay all transportation base funding payments, the department of management shall prorate such payment amounts.

5. *a.* The sum of the transportation equity aid payment and the transportation base funding payment paid to a school district for a budget year shall not exceed the school district's actual transportation cost used to calculate the school district's transportation cost per pupil under subsection 2, paragraph "d", for the budget year.

*b.* Transportation equity aid payments and transportation base funding payments shall be paid at the same time and in the same manner as foundation aid is paid under section 257.16, and may be included in the monthly payment of state aid under section 257.16, subsection 2.

6. Transportation equity aid payments and transportation base funding payments received under this section are miscellaneous income and shall be deposited in the general fund of the school district. However, the transportation equity aid amount and the transportation base funding amount shall not be included in district cost. Transportation equity aid under this section shall not affect the receipt or amount of a budget adjustment received under section 257.14 or transportation assistance aid under section 257.31, subsection 17.

Sec. 8. TRANSPORTATION EQUITY FUND — APPROPRIATION. There is appropriated from the general fund of the state to the department of management for the fiscal year beginning July 1, 2018, and ending June 30, 2019, the following amount, or

so much thereof as is necessary, to be used for the purposes designated:

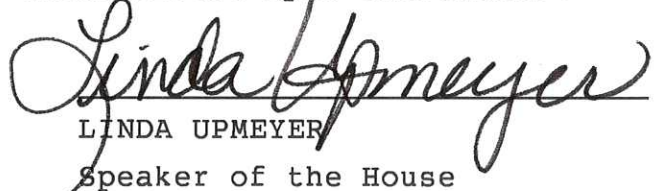
For deposit in the transportation equity fund created pursuant to section 257.16C, subsection 3:

..... \$ 11,200,000

Sec. 9. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.




JACK WHITVER  
President of the Senate




LINDA UPMEYER  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 455, Eighty-seventh General Assembly.

  
W. CHARLES SMITHSON  
Secretary of the Senate

Approved March 8<sup>th</sup>, 2018

  
KIM REYNOLDS  
Governor