

# **Community College Funding Formula Bill Senate File 2405**

Last Action:  
**House Appropriations  
Subcommittee**  
March 27, 2024

Executive Summary Only

**An Act modifying provisions related to the distribution formula for general State financial aid to community colleges and including applicability provisions.**

**Fiscal Services Division  
Legislative Services Agency**

**NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available online at [www.legis.iowa.gov/publications/information/appropriationBillAnalysis](http://www.legis.iowa.gov/publications/information/appropriationBillAnalysis)

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**STUDIES AND INTENT**

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Requires the Department of Education to adopt administrative rules to administer the Program.

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**SIGNIFICANT CODE CHANGES**

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Modifies the community college general aid distribution formula under the Department of Education that allocates General Fund appropriations to the 15 community colleges. The proposed distribution formula adjustment includes a base funding allocation, a marginal cost adjustment, a three-year rolling average of full-time equivalent enrollment, a growth adjustment, and other allocations. The Presidents Council is required to establish the distribution formula for the succeeding budget year, on or before October 31 of each year, through the approval of at least 10 members of the Council. The Bill defines the Presidents Council as being comprised of the presidents of the 15 community colleges and the chancellors who serve as the chief executive officers of these institutions.

**Background:** Iowa Code section [260C.18C](#) specifies a detailed formula for calculating each community college's annual appropriation. Currently, the General Assembly appropriates a lump sum for general aid, and those funds are allocated to the various community colleges based on a formula established in statute. The formula consists of three subformulas. The annual inflation rate determines the subformula used. Each of the subformulas provides each community college with base funding equal to the previous year's allocation. If total funding is less than the previous year, each college's base funding is prorated. If the total appropriation is greater than the previous year, the subformulas allocate the new moneys in a series of steps until all of the funding is allocated. The amount of new moneys may not be sufficient to fund all of the steps in a particular subformula. A detailed breakdown of each subformula can be found [here](#).

**ENACTMENT DATE**

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This Bill applies to budget years beginning on or after July 1, 2025.

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