

CHAPTER 135**SCHOOL AND AREA EDUCATION AGENCY FINANCING***H.F. 535*

AN ACT relating to the financing of education programs of school districts and area education agencies including the establishment of a school foundation formula, the provision of property tax levies, allocation of educational excellence program moneys, provision for payment of programs for certain at-risk children, making appropriations, and providing effective dates.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. NEW SECTION. 257.1 STATE SCHOOL FOUNDATION PROGRAM — STATE AID.

1. PROGRAM ESTABLISHED. A state school foundation program is established for the school year commencing July 1, 1991, and succeeding school years.

2. STATE SCHOOL FOUNDATION AID — FOUNDATION BASE. For a budget year, each school district in the state is entitled to receive foundation aid, in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined foundation base per pupil or the combined district cost per pupil, whichever is less. However, if the amount of foundation aid received by a school district under this chapter is less than three hundred dollars per pupil, the district is entitled to receive three hundred dollars per pupil unless the receipt of three hundred dollars per pupil plus the per pupil amount raised by the foundation property tax exceeds the combined district cost per pupil of the district for the budget year. In that case, the district is entitled to receive an amount per pupil equal to the difference between the per pupil amount raised by the foundation property tax for the budget year and the combined district cost per pupil for the budget year.

For the budget year commencing July 1, 1991, the regular program foundation base per pupil is eighty-three and five-tenths percent of the regular program state cost per pupil. For each succeeding budget year, the regular program foundation base shall increase twenty-five hundredths percent per year until the regular program foundation base reaches eighty-five percent of the regular program state cost per pupil. For the budget year commencing July 1, 1991, the special education support services foundation base is eighty-three and five-tenths percent of the special education support services state cost per pupil. It shall increase at the same rate as the regular program foundation base. The combined foundation base is the sum of the regular program foundation base and the special education support services foundation base.

3. COMPUTATIONS ROUNDED. In making computations and payments under this chapter, except in the case of computations relating to funding of special education support services, media services, and educational services provided through the area education agencies, the department of management shall round amounts to the nearest whole dollar.

Sec. 2. NEW SECTION. 257.2 DEFINITIONS.

As used in this chapter:

1. "Allowable growth" means the amount by which state cost per pupil and district cost per pupil will increase from one budget year to the next.

2. "Base year" means the school year ending during the calendar year in which a budget is certified.

3. "Budget adjustment" is an adjustment to the regular program budget of a school district for school districts in which the regular program budget for a year would be less than its regular program budget for the previous year.

4. "Budget year" means the school year beginning during the calendar year in which a budget is certified.

5. "Combined district cost per pupil" is an amount determined by adding together the regular program district cost per pupil for a year and the special education support services district cost per pupil for that year as calculated under section 257.10.

6. "Combined state cost per pupil" is a per pupil amount determined by adding together the regular program state cost per pupil for a year and the special education support services state cost per pupil for that year as calculated under section 257.9.

7. "Committee" means the school budget review committee.

8. "Expenditures" means the total amounts paid from the general fund of a school district.

9. "Miscellaneous income" means the receipts deposited to the general fund of the school district but not including any of the following:

a. Foundation aid.

b. Revenue obtained from the foundation property tax.

c. Revenue obtained from the additional property tax under section 257.4.

10. "Property tax adjustment" means state aid distributed to those school districts in which the property tax revenues generated under this chapter would be higher than the revenues generated under chapter 442, Code 1991.

11. "School district" means a school corporation organized under chapter 274.

12. "Special needs adjustment" means a state aid payment made by the school budget review committee to school districts who have demonstrated that they have special needs for additional moneys.

13. "State percent of growth" means a percent of economic growth determined under this chapter which is based upon an averaging of state and federal growth indicators, and which is used in determining the allowable growth.

Sec. 3. NEW SECTION. 257.3 FOUNDATION PROPERTY TAX.

1. AMOUNT OF TAX. Except as provided in subsection 2, a school district shall cause to be levied each year, for the school general fund, a foundation property tax equal to five dollars and forty cents per thousand dollars of assessed valuation on all taxable property in the district. The county auditor shall spread the foundation levy over all taxable property in the district.

2. AMOUNT FOR REORGANIZED AND DISSOLVED DISTRICTS. Reorganized school districts that met the requirements of section 442.2, subsection 1, Code 1989, prior to July 1, 1989, and had reduced property tax rates shall continue to have the reduced levies that they would have had under section 442.2, subsection 1, Code 1989, and those levies shall continue to increase twenty cents per year as provided in that subsection.

3. RAILWAY CORPORATIONS. For purposes of section 257.1, the "amount per pupil of foundation property tax" does not include the tax levied under subsection 1 or 2 on the property of a railway corporation, or on its trustee if the corporation has been declared bankrupt or is in bankruptcy proceedings.

Sec. 4. NEW SECTION. 257.4 ADDITIONAL PROPERTY TAX.

1. COMPUTATION OF TAX. A school district shall cause an additional property tax to be levied each year. The rate of the additional property tax levy in a school district shall be determined by the department of management and shall be calculated to raise the difference between the combined district cost for the budget year and the sum of the products of the regular program foundation base per pupil times the weighted enrollment in the district and the special education support services foundation base per pupil times the special education support services weighted enrollment in the district.

2. APPLICATION OF TAX. No later than May 1 of each year, the department of management shall notify the county auditor of each county the amount, in dollars and cents per thousand dollars of assessed value, of the additional property tax levy in each school district in the county. A county auditor shall spread the additional property tax levy for each school district in the county over all taxable property in the district.

Sec. 5. NEW SECTION. 257.5 CONTINUATION OF SUPPLEMENTAL AID.

For purposes of this section, a reorganized school district is one in which reorganization was approved in an election pursuant to sections 275.18 and 275.20 before July 1, 1989.

A reorganized school district receiving supplemental aid prior to July 1, 1991, under section 442.9A, shall continue to receive supplemental aid in the amount provided under that section for the five-year period specified in that section.

There is appropriated from the general fund of the state to the department of management for each fiscal year an amount sufficient to pay the supplemental aid to school districts under this section. Supplemental aid shall be paid in the manner provided in section 257.16.

For the purpose of the department of management's determination of the portion of a school district's budget that was property tax and the portion that was state aid under section 257.36, supplemental aid shall be considered property tax.

Sec. 6. NEW SECTION. 257.6 ENROLLMENT.

1. ACTUAL ENROLLMENT. Actual enrollment is determined on the third Friday of September in each year and includes all of the following:

a. Resident pupils who were enrolled in public schools within the district in grades kindergarten through twelve and including prekindergarten pupils enrolled in special education programs.

b. Full-time equivalent resident pupils of high school age for which the district pays tuition to attend an Iowa area school.

c. Shared-time and part-time pupils of school age enrolled in public schools within the district, irrespective of the districts in which the pupils reside, in the proportion that the time for which they are enrolled or receive instruction for the school year is to the time that full-time pupils carrying a normal course schedule, at the same grade level, in the same school district, for the same school year, are enrolled and receive instruction. Tuition charges to the parent or guardian of a shared-time or part-time nonresident pupil shall be reduced by the amount of any increased state aid received by the district by the counting of the pupil.

d. Eleventh and twelfth grade nonresident pupils who were residents of the district during the preceding school year and are enrolled in the district until the pupils graduate. Tuition for those pupils shall not be charged by the district in which the pupils are enrolled and the requirements of section 282.18 do not apply.

Pupils attending a university laboratory school are not counted in the actual enrollment of a school district, but the laboratory school shall report their enrollment directly to the department of education.

A school district shall certify its actual enrollment to the department of education by October 1 of each year, and the department shall promptly forward the information to the department of management. The department of management shall determine whether a district is entitled to an advance for increasing enrollment on the basis of its actual enrollment.

2. BASIC ENROLLMENT. Basic enrollment for a budget year is a district's actual enrollment for the base year. Basic enrollment for the base year is a district's actual enrollment for the year preceding the base year.

3. ADDITIONAL ENROLLMENT BECAUSE OF SPECIAL EDUCATION. A school district shall determine its additional enrollment because of special education, as defined in this section, on December 1 of each year and shall certify its additional enrollment because of special education to the department of education by December 15 of each year, and the department shall promptly forward the information to the department of management.

For the purposes of this chapter, "additional enrollment because of special education" is determined by multiplying the weighting of each category of child under section 281.9 times the number of children in each category totaled for all categories minus the total number of children in all categories.

4. BUDGET ENROLLMENT. Budget enrollment for the budget year shall be calculated for each school district by the department of management in the manner provided in this subsection. If the basic enrollment of a school district has declined from one year to the next during any of the five years prior to the base year, the district may be eligible for an enrollment adjustment based upon the percent of the enrollment decline and the number of years that have elapsed since the decline occurred. The budget enrollment for the budget year shall be

calculated by adding together the following percents of enrollment decline in the district's basic enrollment from one base year to the preceding base year for each of the five preceding base years, commencing with the percent of change between the basic enrollment for the budget year and the basic enrollment for the base year, adding the sum of the percents to one hundred and multiplying the total by the basic enrollment for the budget year:

<u>Percent of Decline</u>	<u>Years between the Base Year and the Year of Decline</u>				
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Less than 1	0	0	0	0	0
1.0 through 2.9	2	2	1	1	0
3.0 through 4.9	4	3	2	2	1
5.0 through 6.9	6	5	4	3	2
7.0 and over	8	7	5	4	3

However, if a district's actual enrollment for a budget year is greater than its budget enrollment, the district is eligible for an advance for increasing enrollment as provided in section 257.13.

5. **WEIGHTED ENROLLMENT.** Weighted enrollment is the budget enrollment plus the district's additional enrollment because of special education calculated on December 1 of the base year plus additional pupils added due to the application of the supplementary weighting.

Weighted enrollment for special education support services costs is equal to the weighted enrollment minus the additional pupils added due to the application of the supplementary weighting.

Sec. 7. NEW SECTION. 257.7 AUTHORIZED EXPENDITURES.

1. **BUDGETS.** School districts are subject to chapter 24. The authorized expenditures of a school district during a base year shall not exceed the lesser of the budget for that year certified under section 24.17 plus any allowable amendments permitted in this section, or the authorized budget, which is the sum of the district cost for that year, the actual miscellaneous income received for that year, and the actual unspent balance from the preceding year.

2. **BUDGET AMENDMENTS.** If actual miscellaneous income for a budget year exceeds the anticipated miscellaneous income in the certified budget for that year, or if an unspent balance has not been previously certified, a school district may amend its certified budget.

Sec. 8. NEW SECTION. 257.8 STATE PERCENT OF GROWTH — ALLOWABLE GROWTH.

1. **CALCULATION BY DEPARTMENT OF MANAGEMENT.** On or before September 15, 1990, the department of management shall compute a state percent of growth for the budget year beginning July 1, 1991, and a state percent of growth for the year next following the budget year.

On or before each September 15 thereafter, the department of management shall compute a state percent of growth for the budget year next following the budget year. The state percents of growth shall be forwarded to the director of the department of education.

2. **BUDGET YEAR CALCULATION.** For the budget year commencing July 1, 1991, the state percent of growth is an average of the following four percents of growth in paragraphs "a" and "b" except as otherwise provided in subsection 4:

a. The difference in the percents of change in receipts of state general fund revenues, computed or estimated by the state revenue estimating conference created in section 8.22A as follows:

(1) The percent of change between the revenues received during the second year preceding the base year and the revenues received during the year preceding the base year.

(2) The percent of change between the revenues received during the year preceding the base year and the revenues received during the base year.

For the purpose of this lettered paragraph, receipts of state general fund revenues do not include one-time nonrecurring receipts or receipts that are accounting transactions made to meet the requirements of 1986 Iowa Acts, chapter 1238, section 59.

b. The difference in the gross national product implicit price deflators, based to the extent possible on the latest available values for these deflators, published by the bureau of economic analysis, United States department of commerce, computed or estimated as a percent of change as follows:

(1) From the value for the year ending December 31 eighteen months before the beginning of the base year to the value for the year ending December 31 six months before the beginning of the base year.

(2) From the value for the year ending December 31 six months before the beginning of the base year to the value for the year ending December 31 in the base year.

3. **CALCULATION FOR YEAR FOLLOWING BUDGET YEAR.** For the year following the budget year, the state percent of growth is an average of the following four percents of growth in paragraphs "a" and "b", except as provided in subsection 4:

a. The difference in the percents of change in receipts of state general fund revenues computed or estimated by the state revenue estimating conference created in section 8.22A as follows:

(1) The percent of change between the revenues received during the year preceding the base year and the revenues received during the base year.

(2) The percent of change between the revenues received during the base year and the revenues received during the budget year.

For the purpose of this lettered paragraph, receipts of state general fund revenues do not include one-time nonrecurring receipts or receipts that are accounting transactions made to meet the requirements of 1986 Iowa Acts, chapter 1238, section 59.

b. The difference in the gross national product implicit price deflators, based to the extent possible on the latest available values for those deflators published by the bureau of economic analysis, United States department of commerce, computed or estimated as a percent of change as follows:

(1) From the value for the year ending December 31 six months before the beginning of the base year to the value for the year ending December 31 six months before the beginning of the budget year.

(2) From the value for the year ending December 31 six months before the beginning of the budget year to the value for the year ending December 31 during the budget year.

4. **EXCEPTION.** If the average of the percents computed or estimated under paragraph "b" of subsection 2 or 3 exceeds the average of the percents computed or estimated under paragraph "a" of the applicable subsection, the state percent of growth for that budget year shall be the average of the two percents of growth computed or estimated under paragraph "a" of the applicable subsection.

5. **NEGATIVE PERCENT.** If the state percent of growth computed for a budget year is negative, that percent shall not be used and the state percent of growth shall be zero.

6. **RECOMPUTATION.** On or before September 15 of the base year the department of management shall recompute the state percent of growth for the previous year using adjusted estimates and the actual figures available. The difference between the recomputed state percent of growth for the previous year and the original computation shall be added to or subtracted from the state percent of growth for the budget year next following the budget year, as applicable. However, on or before September 15, 1990, the department of management shall recompute the state percent of growth for the previous year in the manner provided in section 442.7, Code 1989.

With regard to values of gross national product implicit price deflators, the recomputation of the state percent of growth for the previous year shall be made only with respect to the value of the deflator for the year which occurred subsequent to the calculation of the state percent of growth for the previous year. If subsection 4 is used in the calculation of the state

percent of growth for the previous year, the calculation made in subsection 3, paragraph "b", shall not be used in the recomputation of the state percent of growth for the previous year.

7. **ALLOWABLE GROWTH CALCULATION.** The department of management shall calculate the regular program allowable growth for a budget year by multiplying the state percent of growth for the budget year by the regular program state cost per pupil for the base year and shall calculate the special education support services allowable growth for the budget year by multiplying the state percent of growth for the budget year by the special education support services state cost per pupil for the base year.

8. **COMBINED ALLOWABLE GROWTH.** The combined allowable growth per pupil for each school district is the sum of the regular program allowable growth per pupil and the special education support services allowable growth per pupil for the budget year, which may be modified as follows:

- a. By the school budget review committee under section 257.31.
- b. By the department of management under section 257.36.

Sec. 9. NEW SECTION. 257.9 STATE COST PER PUPIL.

1. **REGULAR PROGRAM STATE COST PER PUPIL FOR 1991-1992.** For the budget year beginning July 1, 1991, for the regular program state cost per pupil, the department of management shall add together the state total of the district costs of all school districts for the base year, as district cost is defined in section 442.9, Code 1989, plus the total of the amounts added to the district cost of school districts pursuant to section 442.21, Code 1989, plus the amount included in the districts' budgets in the state for the fiscal year beginning July 1, 1986, for the additional portion of the livestock tax credit pursuant to section 442.2, subsection 2, as it appeared in the 1987 Code and plus the difference between the following amounts:

- a. The general allocation of the school district as determined under section 405A.2, Code 1989.
- b. The foundation property tax rate multiplied by the total actual value of all personal property assessed for valuation in the school district as of January 1, 1973, excluding livestock.

The total calculated under this subsection shall be divided by the total of the budget enrollments of all school districts for the budget year beginning July 1, 1990, calculated under section 257.6, subsection 4, of this Act if section 257.6, subsection 4, of this Act had been in effect for that budget year. The regular program state cost per pupil for the budget year beginning July 1, 1991, is the amount calculated by the department of management under this subsection plus an allowable growth amount that is equal to the state percent of growth for the budget year multiplied by the amount calculated by the department of management under this subsection.

2. **REGULAR PROGRAM STATE COST PER PUPIL FOR 1992-1993 AND SUCCEEDING YEARS.** For the budget year beginning July 1, 1992, 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 allowable growth for the budget year.

3. **SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL FOR 1991-1992.** For the budget year beginning July 1, 1991, for the special education support services state cost per pupil, the department of management shall divide the total of the approved budgets of the area education agencies for special education support services for that year approved by the state board of education under section 273.3, subsection 12, by the total of the weighted enrollment for special education support services in the state for the budget year. The special education support services state cost per pupil for the budget year is the amount calculated by the department of management under this subsection.

4. **SPECIAL EDUCATION SUPPORT SERVICES STATE COST PER PUPIL FOR 1992-1993 AND SUCCEEDING YEARS.** For the budget year beginning July 1, 1992, and succeeding budget years, the special education support services state cost per pupil for the budget year is the special education support services state cost per pupil for the base year plus the special education support services allowable growth for the budget year.

5. **COMBINED STATE COST PER PUPIL.** The combined state cost per pupil is the sum of the regular program state cost per pupil and the special education support services state cost per pupil.

Sec. 10. NEW SECTION. 257.10 DISTRICT COST PER PUPIL – DISTRICT COST.

1. **REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1991-1992.** For the budget year beginning July 1, 1991, in order to determine the regular program district cost per pupil, the department of management shall divide the regular program district cost for the base year, as defined in section 442.9, Code 1989, plus the amount added to district cost pursuant to section 442.21, Code 1989, for each school district, by the budget enrollment of the school district for the budget year beginning July 1, 1990, calculated under section 257.6, subsection 4, of this Act as if section 257.6, subsection 4, of this Act had been in effect for that budget year. The regular program district cost per pupil for the budget year beginning July 1, 1991, is the amount calculated by the department of management under this subsection plus the allowable growth amount calculated for regular program state cost per pupil, except that if the regular program district cost per pupil for the budget year calculated under this subsection in any school district exceeds one hundred ten percent of the regular program state cost per pupil for the budget year, the department of management shall reduce the regular program district cost per pupil of that district to an amount equal to one hundred ten percent of the state cost per pupil, and if the regular program district cost per pupil for the budget year calculated under this subsection is less than the regular program state cost per pupil, the regular program district cost per pupil shall be increased to the regular program state cost per pupil.

2. **REGULAR PROGRAM DISTRICT COST PER PUPIL FOR 1992-1993 AND SUCCEEDING YEARS.**

a. For the budget year beginning July 1, 1992, and succeeding budget years, the regular program district cost per pupil for each school district for a budget year is the regular program district cost per pupil for the base year plus the regular program allowable growth for the budget year except as otherwise provided in this subsection.

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, 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.

3. **SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER PUPIL FOR 1991-1992.** For the budget year beginning July 1, 1991, for the special education support services district cost per pupil, the department of management shall divide the approved budget of each area education agency for special education support services for that year approved by the state board of education, under section 273.3, subsection 12, by the total of the weighted enrollment for special education support services in the area for that budget year.

The special education support services district cost per pupil for each school district in an area for the budget year is the amount calculated by the department of management under this subsection.

4. **SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST PER PUPIL FOR 1992-1993 AND SUCCEEDING YEARS.** For the budget year beginning July 1, 1992, and succeeding budget years, the special education support services district cost per pupil for the budget year is the special education support services district cost per pupil for the base year plus the special education support services allowable growth for the budget year.

5. **COMBINED DISTRICT COST PER PUPIL.** The combined district cost per pupil for a school district is the sum of the regular program district cost per pupil and the special education support services district cost per pupil. Combined district cost per pupil does not include additional allowable growth added for school districts that have a negative balance of funds raised for special education instruction programs, additional allowable growth granted by the school budget review committee for a single school year, or additional allowable growth added for programs for dropout prevention and for programs for gifted and talented children.

6. **REGULAR PROGRAM DISTRICT COST.** Regular program district cost for a school district for a budget year is equal to the regular program district cost per pupil for the budget year multiplied by the weighted enrollment for the budget year.

7. **SPECIAL EDUCATION SUPPORT SERVICES DISTRICT COST.** Special education support services district cost for a school district for a budget year is equal to the special education support services district cost per pupil for the budget year multiplied by the special education support services weighted enrollment for the district for the budget year. If the special education support services district cost for a school district for a budget year is less than the special education support services district cost for that district for the base year, the department of management shall adjust the special education support services district cost for that district for the budget year to equal the special education support services district cost for the base year.

8. **COMBINED DISTRICT COST.** Combined district cost is the sum of the regular program district cost and the special education support services district cost, plus the additional district cost allocated to the district to fund media services and educational services provided through the area education agency.

A school district may increase its district cost for the budget year to the extent that an excess tax levy is authorized by the school budget review committee.

Sec. 11. NEW SECTION. 257.11 SUPPLEMENTARY WEIGHTING PLAN.

In order to provide additional funds for school districts which send their resident pupils to another school district or to an area school for classes, which jointly employ and share the services of teachers under section 280.15, which use the services of a teacher employed by another school district, or which jointly employ and share the services of a school superintendent under section 280.15 or 273.7A, a supplementary weighting plan for determining enrollment is adopted as follows:

1. **REGULAR CURRICULUM.** Pupils in a regular curriculum attending all their classes in the district in which they reside, taught by teachers employed by that district, and having administrators employed by that district, are assigned a weighting of one.

2. **SHARED CLASSES OR TEACHERS.** If the school budget review committee certifies to the department of management that the shared classes or teachers would otherwise not be implemented without the assignment of additional weighting, pupils attending classes in another school district or an area school, attending classes taught by a teacher who is employed jointly under section 280.15, or attending classes taught by a teacher who is employed by another school district, are assigned a weighting of one plus an additional portion equal to one times the percent of the pupil's school day during which the pupil attends classes in another district or area school, attends classes taught by a teacher who is jointly employed under section 280.15, or attends classes taught by a teacher who is employed by another school district.

3. **WHOLE GRADE SHARING.** For the budget years beginning July 1, 1991, and July 1, 1992, in districts that have executed whole grade sharing agreements under sections 282.10 through 282.12, the school budget review committee shall assign an additional weighting equal to one plus an additional portion of one times the percent of the pupil's school day in which a pupil attends classes in another district or an area school, attends classes taught by a teacher who is employed jointly under section 280.15, or attends classes taught by a teacher who is employed by another district. The assignment of additional weighting to a school district shall continue for a period of five years. If the school district reorganizes during that five-year period, the assignment of the additional weighting shall be transferred to the reorganized district until

the expiration of the five-year period. If a school district was receiving additional weighting for whole grade sharing under section 442.39, subsection 2, Code 1989, the district shall continue to be assigned additional weighting for whole grade sharing by the school budget review committee under this subsection so that the district is assigned the additional weighting for whole grade sharing for a total period of five years.

4. PUPILS INELIGIBLE. A pupil eligible for the weighting plan provided in section 281.9 is not eligible for the weighting plan provided in this section.

5. SHARED SUPERINTENDENTS. For the budget years beginning July 1, 1991, and July 1, 1992, pupils enrolled in a school district in which the superintendent is employed jointly under section 280.15 or under section 273.7A, are assigned a weighting of one plus an additional portion of one for the superintendent who is jointly employed times the percent of the superintendent's time in which the superintendent is employed in the school district. However, the total additional weighting assigned under this subsection for a budget year for a school district shall not exceed seven and one-half and the total additional weighting added cumulatively to the enrollment of school districts sharing a superintendent shall not exceed twelve and one-half. The assignment of additional weighting to a school district shall continue for a period of five years. If the school district reorganizes during that five-year period, the assignment of the additional weighting shall be transferred to the reorganized district until the expiration of the five-year period.

If a district was receiving additional weighting for superintendent sharing or administrator sharing under section 442.39, subsection 4, Code 1989, the district shall continue to be assigned additional weighting for superintendent sharing or administrator sharing by the school budget review committee under this subsection so that the district is assigned the additional weighting for sharing for a total period of five years.

6. SHARED MATHEMATICS, SCIENCE, AND LANGUAGE COURSES. For the budget years beginning July 1, 1991, and July 1, 1992, a school district receiving additional funds under subsection 2 or 3 for its pupils at the ninth grade level and above that are enrolled in sequential mathematics courses at the advanced algebra level and above; chemistry, advanced chemistry, physics or advanced physics courses; or foreign language courses at the second year level and above shall have an additional weighting of one pupil added to its total.

7. CALCULATION OF WEIGHTS. The school budget review committee shall calculate the weights to be used under subsections 2 and 3 to the nearest one-hundredth of one and under subsection 5 to the next highest one-thousandth of one. To the extent possible, the moneys generated by the weighting shall be equivalent to the moneys generated by the one-tenth, five-tenths, and twenty-five thousandths weighting provided in section 442.39, Code 1989.

Sec. 12. NEW SECTION. 257.12 SUPPLEMENTARY WEIGHTING AND SCHOOL REORGANIZATION.

A reorganized school district in which additional pupils were added under section 442.39A, Code 1989, shall continue to have additional pupils added, subject to changes in weighting made under section 257.11, until the expiration of the five-year period provided in section 442.39A, Code 1989.

Sec. 13. NEW SECTION. 257.13 ADVANCE FOR INCREASING ENROLLMENT.

If a district's actual enrollment for the budget year, determined under section 257.6, is greater than its budget enrollment for the budget year, the district is granted an advance from the state of an amount equal to its regular program district cost per pupil for the budget year multiplied by the difference between the actual enrollment for the budget year and the budget enrollment for the budget year. The advance is miscellaneous income.

If a district receives an advance under this section for a budget year, the department of management shall determine the amount of the advance which would have been generated by local property tax revenues if the actual enrollment for the budget year had been used in determining district cost for that budget year, shall reduce the district's total state school aids otherwise available under this chapter for the next following budget year by the amount so

determined, and shall increase the district's additional property tax levy for the next following budget year by the amount necessary to compensate for the reduction in state aid, so that the local property tax for the next following year will be increased only by the amount which it would have been increased in the budget year if the enrollment calculated in this section could have been used to establish the levy.

There is appropriated each fiscal year from the general fund of the state to the department of education the amount required to pay advances authorized under this section, which shall be paid to school districts in the same manner as other state aids are paid under section 257.16.

Sec. 14. NEW SECTION. 257.14 BUDGET ADJUSTMENT.

For the budget years commencing July 1, 1991, and July 1, 1992, if the department of management determines that the regular program district cost of a school district for a budget year is less than the total of the regular program district cost plus any adjustment added under this section for the base year for that school district, the department of management shall provide a budget adjustment for that district for that budget year that is equal to the difference.

For the budget year beginning July 1, 1991, the department of management shall use the regular program district cost for that budget year of a school district calculated pursuant to chapter 442, Code 1989, plus the amount added to district cost pursuant to section 442.21, Code 1989, as the district's base year regular program district cost.

Sec. 15. NEW SECTION. 257.15 PROPERTY TAX ADJUSTMENT.

1. **PROPERTY TAX ADJUSTMENT FOR 1991-1992.** For the budget year beginning July 1, 1991, the department of management shall calculate for each district the difference between the sum of the revenues generated by the foundation property tax and the additional property tax in the district calculated under this chapter and the revenues that would have been generated by the foundation property tax and the additional property tax in that district for that budget year calculated under chapter 442, Code 1989, if chapter 442 were in effect, except that the revenues that would have been generated by the additional property tax levy under chapter 442 shall not include revenues generated for the school improvement program. If the property tax revenues for a district calculated under this chapter exceed the property tax revenues for that district calculated under chapter 442, Code 1989, the department of management shall reduce the revenues raised by the additional property tax levy in that district under this chapter by that difference and the department of education shall pay property tax adjustment aid to the district equal to that difference from moneys appropriated for property tax adjustment aid.

2. **PROPERTY TAX ADJUSTMENT AID FOR 1992-1993 AND SUCCEEDING YEARS.** For the budget year beginning July 1, 1992, and succeeding budget years, the department of education shall pay property tax adjustment aid to a school district equal to the amount paid to the district for the base year less an amount equal to the product of the percent by which the taxable valuation in the district increased, if the taxable valuation increased, from January 1 of the year prior to the base year to January 1 of the base year and the property tax adjustment aid. The department of management shall adjust the rate of the additional property tax accordingly and notify the department of education of the amount of aid to be paid to each district from moneys appropriated for property tax adjustment aid.

3. **PROPERTY TAX ADJUSTMENT AID APPROPRIATION.** There is appropriated from the general fund of the state to the department of education, for each fiscal year, an amount necessary to pay property tax adjustment aid to school districts under this section. Property tax adjustment aid shall be paid to school districts in the manner provided in section 257.16.

Sec. 16. NEW SECTION. 257.16 APPROPRIATIONS.

There is appropriated each year from the general fund of the state an amount necessary to pay the foundation aid.

All state aids paid under this chapter, unless otherwise stated, shall be paid in monthly installments beginning on September 15 of a budget year and ending on June 15 of the budget year and the installments shall be as nearly equal as possible as determined by the department

of management, taking into consideration the relative budget and cash position of the state resources. However, the state aid paid to school districts under section 257.13 shall be paid in monthly installments beginning on December 15 and ending on June 15 of a budget year.

All moneys received by a school district from the state under this chapter shall be deposited in the general fund of the school district, and may be used for any school general fund purpose.

Sec. 17. NEW SECTION. 257.17 AID REDUCTION FOR EARLY SCHOOL STARTS.

State aid payments made pursuant to section 257.16 for a fiscal year shall be reduced by one one-hundred-eightieth for each day of that fiscal year for which the school district begins school before the earliest starting date specified in section 279.10, subsection 1. However, this section does not apply to a school district that has received approval from the director of the department of education under section 279.10, subsection 4, to commence classes for regularly established elementary and secondary schools in advance of the starting date established in section 279.10, subsection 1.

Sec. 18. NEW SECTION. 257.18 INSTRUCTIONAL SUPPORT PROGRAM.

1. An instructional support program that provides additional funding for school districts is established. A board of directors that wishes to consider participating in the instructional support program shall hold a public hearing on the question of participation. The board shall set forth its proposal including the method that will be used to fund the program, in a resolution and shall publish the notice of the time and place of a public hearing on the resolution. Notice of the time and place of the public hearing shall be published in one or more newspapers not less than ten nor more than twenty days before the public hearing. For the purpose of establishing and giving assured circulation to the proceedings, only a newspaper which is a newspaper of general circulation issued at a regular frequency, distributed in the school district's area, and regularly delivered or mailed through the post office during the preceding two years may be used for the publication. In addition, the newspaper must have a list of subscribers who have paid, or promised to pay, at more than a nominal rate, for copies to be received during a stated period. At the hearing, the board shall announce a date certain, no later than thirty days after the date of the hearing, that it will take action to adopt a resolution to participate in the instructional support program for a period not exceeding five years or to direct the county commissioner of elections to call an election to submit the question of participation in the program for a period not exceeding ten years to the qualified electors of the school district at the next following regular school election in the base year or a special election held not later than December 1 of the base year. If the board calls an election on the question of participation, if a majority of those voting on the question favors participation in the program, the board shall adopt a resolution to participate and certify the results of the election to the department of management.

2. If the board does not provide for an election and adopts a resolution to participate in the instructional support program, the district shall participate in the instructional support program unless within twenty-eight days following the action of the board, the secretary of the board receives a petition containing the required number of signatures, asking that an election be called to approve or disapprove the action of the board in adopting the instructional support program. The petition must be signed by eligible electors equal in number to not less than one hundred or thirty percent of the number of voters at the last preceding regular school election, whichever is greater. The board shall either rescind its action or direct the county commissioner of elections to submit the question to the qualified electors of the school district at the next following regular school election or a special election held not later than December 1 of the base year. If a majority of those voting on the question at the election favors disapproval of the action of the board, the district shall not participate in the instructional support program. If a majority of those voting on the question favors approval of the action, the board shall certify the results of the election to the department of management and the district shall participate in the program.

At the expiration of the twenty-eight day period, if no petition is filed, the board shall certify its action to the department of management and the district shall participate in the program.

Sec. 19. NEW SECTION. 257.19 INSTRUCTIONAL SUPPORT FUNDING.

The additional funding for the instructional support program for a budget year is limited to an amount not exceeding ten percent of the total of regular program district cost for the budget year and moneys received under section 257.14 as a budget adjustment for the budget year. Moneys received by a district for the instructional support program are miscellaneous income and may be used for any general fund purpose.

Certification of a board's intent to participate for a budget year, the method of funding, and the amount to be raised shall be made to the department of management not later than March 15 of the base year. Funding for the instructional support program shall be obtained from instructional support state aid and from local funding using either an instructional support property tax or a combination of an instructional support property tax and an instructional support income surtax.

The board of directors shall determine whether the instructional support property tax or the combination of the instructional support property tax and instructional support income surtax shall be used for the local funding. Subject to the limitation specified in section 298.14, if the board elects to use the combination of the instructional support property tax and instructional support income surtax, for each budget year the board shall determine the percent of income surtax that will be imposed, expressed as full percentage points, not to exceed twenty percent.

Sec. 20. NEW SECTION. 257.20 INSTRUCTIONAL SUPPORT STATE AID APPROPRIATION.

In order to determine the amount of instructional support state aid and the amount of local funding for the instructional support program for a district, the department of management shall divide the total assessed valuation in the state by the total budget enrollment for the budget year in the state to determine a state assessed valuation per pupil and shall divide the assessed valuation in each district by the district's budget enrollment for the budget year to determine the district assessed valuation per pupil. The department of management shall multiply the ratio of the state's valuation per pupil to the district's valuation per pupil by twenty-five hundredths and subtract that result from one to determine the portion of the instructional support program budget that is local funding. The remaining portion of the budget shall be funded by instructional support state aid.

There is appropriated for each fiscal year from the general fund of the state to the department of education, an amount necessary to pay instructional support state aid as provided in this section. Instructional support state aid shall be paid at the same time and in the same manner as foundation aid is paid under section 257.16.

Sec. 21. NEW SECTION. 257.21 COMPUTATION OF INSTRUCTIONAL SUPPORT AMOUNT.

The department of management shall establish the amount of instructional support property tax to be levied and the amount of instructional support income surtax to be imposed by a district in accordance with the decision of the board under section 257.19 for each school year for which the instructional support program is authorized. The department of management shall determine these amounts based upon the most recent figures available for the district's valuation of taxable property, individual state income tax paid, and budget enrollment in the district, and shall certify to the district's county auditor the amount of instructional support property tax, and to the director of revenue and finance the amount of instructional support income surtax to be imposed if an instructional support income surtax is to be imposed.

The instructional support income surtax shall be imposed on the state individual income tax for the calendar year during which the school's budget year begins, or for a taxpayer's fiscal year ending during the second half of that calendar year and after the date the board adopts a resolution to participate in the program or the first half of the succeeding calendar

year, and shall be imposed on all individuals residing in the school district on the last day of the applicable tax year. As used in this section, "state individual income tax" means the tax computed under section 422.5, less the deductions allowed in sections 422.10 through 422.12.

Sec. 22. NEW SECTION. 257.22 STATUTES APPLICABLE.

The director of revenue and finance shall administer the instructional support income surtax imposed under this chapter, and sections 422.20, 422.22 to 422.31, 422.68, and 422.72 to 422.75 shall apply with respect to administration of the instructional support income surtax.

Sec. 23. NEW SECTION. 257.23 FORM AND TIME OF RETURN.

The instructional support income surtax shall be made a part of the Iowa individual income tax return subject to the conditions and restrictions set forth in section 422.21.

Sec. 24. NEW SECTION. 257.24 DEPOSIT OF INSTRUCTIONAL SUPPORT INCOME SURTAX.

The director of revenue and finance shall deposit all moneys received as instructional support income surtax to the credit of each district from which the moneys are received, in the school district income surtax fund which is established in section 298.14.

The director of revenue and finance shall deposit instructional support income surtax moneys received on or before November 1 of the year following the close of the school budget year for which the surtax is imposed to the credit of each district from which the moneys are received in the school district income surtax fund.

Instructional support income surtax moneys received or refunded after November 1 of the year following the close of the school budget year for which the surtax is imposed shall be deposited in or withdrawn from the general fund of the state and shall be considered part of the cost of administering the instructional support income surtax.

Sec. 25. NEW SECTION. 257.25 INSTRUCTIONAL SUPPORT INCOME SURTAX CERTIFICATION.

On or before October 20 each year, the director of revenue and finance shall make an accounting of the instructional support income surtax collected under this chapter applicable to tax returns for the last preceding calendar year, or for a taxpayers fiscal year ending during the second half of that calendar year and after the date the board adopts a resolution to participate in the program, or the first half of the succeeding calendar year, from taxpayers in each school district in the state which has approved the instructional support program, and shall certify to the department of management and the department of education the amount of total instructional support income surtax credited from the taxpayers of each school district.

Sec. 26. NEW SECTION. 257.26 INSTRUCTIONAL SUPPORT INCOME SURTAX DISTRIBUTION.

The director of revenue and finance shall draw warrants in payment of the amount of instructional support surtax in the manner provided in section 298.14.

Sec. 27. NEW SECTION. 257.27 CONTINUATION OF INSTRUCTIONAL SUPPORT PROGRAM.

At the expiration of the period for which the instructional support program was adopted, the program may be extended for a period of not exceeding five or ten years in the manner provided in section 257.18.

If the voters do not approve adoption of the instructional support program, the board shall wait at least one hundred twenty days following the election before taking action to adopt the program or resubmit the proposition.

Sec. 28. NEW SECTION. 257.28 ENRICHMENT LEVY.

If a school district has approved the use of the instructional support program for a budget year, the district shall not also collect moneys under the additional enrichment amount approved by the voters under chapter 442, for that budget year.

Sec. 29. NEW SECTION. 257.29 EDUCATIONAL IMPROVEMENT PROGRAM.

An educational improvement program is established to provide additional funding for school districts in which the district cost per pupil for a budget year is one hundred ten percent of the state cost per pupil for the budget year and which have approved the use of the instructional support program established in section 257.18. A board of directors that wishes to consider participating in the educational improvement program shall hold a hearing on the question of participation and the maximum percent of the district cost of the district that will be used. The hearing shall be held in the manner provided in section 257.18 for the instructional support program. Following the hearing, the board may direct the county commissioner of elections to submit the question to the qualified electors of the school district at the next following regular school election or a special election held not later than the following February 1. If a majority of those voting on the question favors participation in the program, the board shall adopt a resolution to participate and shall certify the results of the election to the department of management and the district shall participate in the program. If a majority of those voting on the question does not favor participation, the district shall not participate in the program.

The educational improvement program shall provide additional revenues each fiscal year equal to a specified percent of the district cost of the district, as determined by the board. Certification of a district's participation for a budget year, the method of funding, and the amount to be raised shall be made to the department of management not later than March 15 of the base year.

The educational improvement program shall be funded by either an educational improvement property tax or by a combination of an educational improvement property tax and an educational improvement income surtax. The method of raising the educational improvement moneys shall be determined by the board. Subject to the limitation in section 298.14, if the board uses a combination of an educational improvement property tax and an educational improvement income surtax, the board shall determine the percent of income surtax to be imposed, expressed as full percentage points, not to exceed twenty percent.

The department of management shall establish the amount of the educational improvement property tax to be levied or the amount of the combination of the educational improvement property tax to be levied and the amount of the school district income surtax to be imposed for each school year that the educational improvement amount is authorized. The educational improvement property tax and income surtax, if an income surtax is imposed, shall be levied and imposed, collected, and paid to the school district in the manner provided for the instructional support program in sections 257.21 through 275.26.* Moneys received by a school district under the educational improvement program are miscellaneous income.

Once approved at an election, the authority of the board to use the educational improvement program shall continue until the board votes to rescind the educational improvement program or the voters of the school district by majority vote order the discontinuance of the program. The board shall call an election to vote on the proposition whether to discontinue the program upon the receipt of a petition signed by not less than one hundred eligible electors or thirty percent of the number of electors voting at the last preceding school election, whichever is greater.

Sec. 30. NEW SECTION. 257.30 SCHOOL BUDGET REVIEW COMMITTEE.

A school budget review committee is established in the department of education and consists of the director of the department of education, the director of the department of management, and three members who are knowledgeable in the areas of Iowa school finance or public finance issues appointed by the governor to represent the public. At least one of the public members shall possess a master's or doctoral degree in which areas of school finance, economics, or statistics are an integral component, or shall have equivalent experience in an executive administrative or senior research position in the education or public administration field. The members appointed by the governor shall serve staggered three-year terms beginning and

*Section 257.26 probably intended

ending as provided in section 69.19 and are subject to senate confirmation as provided in section 2.32. The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts, as provided in section 257.31. It may call in school board members and employees as necessary for the hearings. Legislators shall be notified of hearings concerning school districts in their constituencies.

The committee shall adopt its own rules of procedure under chapter 17A. The director of the department of education shall serve as chairperson, and the director of the department of management shall serve as secretary. The committee members representing the public are entitled to receive their necessary expenses while engaged in their official duties. Members shall be paid a per diem at the rate specified in section 7E.6. Per diem and expense payments shall be made from appropriations to the department of education.

The department of education shall employ a staff member to assist the school budget review committee.

Sec. 31. NEW SECTION. 257.31 DUTIES OF THE COMMITTEE.

1. The school budget review committee may recommend the revision of any rules, regulations, directives, or forms relating to school district budgeting and accounting, confer with local school boards or their representatives and make recommendations relating to any budgeting or accounting matters, and direct the director of the department of education or the director of the department of management to make studies and investigations of school costs in any school district.

2. The committee shall report to each session of the general assembly, which report shall include any recommended changes in laws relating to school districts, and shall specify the number of hearings held annually, the reasons for the committee's recommendations, information about the amounts of property tax levied by school districts for a cash reserve, and other information the committee deems advisable.

3. The committee shall review the proposed budget and certified budget of each school district, and may make recommendations. The committee may make decisions affecting budgets to the extent provided in this chapter. The costs and computations referred to in this section relate to the budget year unless otherwise expressly stated.

4. Not later than January 1, 1992, the committee shall adopt recommendations relating to the implementation by school districts and area education agencies of procedures pertaining to the preparation of financial reports in conformity with generally accepted accounting principles and submit those recommendations to the state board of education. The state board shall consider the recommendations and adopt rules under section 256.7 specifying procedures and requiring the school districts and area education agencies to conform to generally accepted accounting principles commencing with the school year beginning July 1, 1996.

5. If a district has unusual circumstances, creating an unusual need for additional funds, including but not limited to the following circumstances, the committee may grant supplemental aid to the district from any funds appropriated to the department of education for the use of the school budget review committee for the purposes of this subsection, and such aid shall be miscellaneous income and shall not be included in district cost, or may establish a modified allowable growth for the district by increasing its allowable growth; or both:

- a. Any unusual increase or decrease in enrollment.
- b. Unusual natural disasters.
- c. Unusual initial staffing problems.
- d. The closing of a nonpublic school, wholly or in part.
- e. Substantial reduction in miscellaneous income due to circumstances beyond the control of the district.
- f. Unusual necessity for additional funds to permit continuance of a course or program which provides substantial benefit to pupils.
- g. Unusual need for a new course or program which will provide substantial benefit to pupils, if the district establishes the need and the amount of necessary increased cost.

h. Unusual need for additional funds for special education or compensatory education programs.

i. Year-round or substantially year-round attendance programs which apply toward graduation requirements, including but not limited to trimester or four-quarter programs. Enrollment in such programs shall be adjusted to reflect equivalency to normal school year attendance.

j. Unusual need to continue providing a program or other special assistance to non-English speaking pupils after the expiration of the three-year period specified in section 280.4.

k. Circumstances caused by unusual demographic characteristics.

l. Any unique problems of school districts.

6. The committee may grant transportation assistance aid to a school district from funds appropriated in this subsection for the purpose of providing additional funds for a budget year to school districts that have costs for mandatory school transportation based upon the cost per pupil transported that exceed one hundred ten percent of the state average cost of mandatory school transportation based upon the cost per pupil transported. School districts shall submit to the department of education the cost of providing mandatory school transportation in their transportation report filed by July 15 after each school year. The committee shall prioritize the requests of school districts ranking the districts by their mandatory transportation costs based upon the costs per pupil transported with consideration given to the geographic size of the district. Within the limits of the funds appropriated in this subsection, the committee shall pay transportation assistance to those districts ranked in the highest priority based upon the criteria listed in this subsection. The committee shall adopt rules under chapter 17A establishing a procedure for prioritizing requests. Transportation assistance payments are equal to the amount that each district's cost of mandatory transportation based upon the cost per pupil transported exceeds one hundred ten percent of the state average cost of transportation based upon the cost per pupil transported multiplied by the number of pupils transported. Payment for a school year shall be made by September 1 after each school year.

School districts shall also submit in their transportation report long-term plans to reduce their transportation costs. The long-term plans may include, but are not limited to, more efficient use of transportation resources, consolidation of transportation systems, or contracting with regional municipal or private transit systems. The school budget review committee shall review the long-range plans and make recommendations concerning reducing transportation costs to the school districts.

There is appropriated from the general fund of the state to the department of education for the use of the school budget review committee, for each fiscal year, the amount of three million five hundred thousand dollars, or as much thereof as may be necessary, to pay the transportation assistance to school districts ranked in the highest priority under this subsection.

7. The committee shall establish a modified allowable growth for a district by increasing its allowable growth when the district submits evidence that it requires additional funding for removal, management, or abatement of environmental hazards due to a state or federal requirement. Environmental hazards shall include but are not limited to the presence of asbestos, radon, or the presence of any other hazardous material dangerous to health and safety.

The district shall include a budget for the actual cost of the project that may include the costs of inspection, reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, developing of management plans, recordkeeping requirements, and encapsulation or removal of the hazardous material.

8. The committee may authorize a district to spend a reasonable and specified amount from its unexpended cash balance for either of the following purposes:

a. Furnishing, equipping, and contributing to the construction of a new building or structure for which the voters of the district have approved a bond issue as provided by law or the tax levy provided in section 298.2.

b. The costs associated with the demolition of an unused school building, or the conversion of an unused school building for community use, in a school district involved in a dissolution

or reorganization under chapter 275, if the costs are incurred within three years of the dissolution or reorganization.

Other expenditures, including but not limited to expenditures for salaries or recurring costs, are not authorized under this subsection. Expenditures authorized under this subsection shall not be included in allowable growth or district cost, and the portion of the unexpended cash balance which is authorized to be spent shall be regarded as if it were miscellaneous income. Any part of the amount not actually spent for the authorized purpose shall revert to its former status as part of the unexpended cash balance.

9. The committee may approve or modify the initial base year district cost of any district which changes accounting procedures.

10. When the committee makes a decision under subsections 3 through 9, it shall make all necessary changes in the district cost, budget, and tax levy. It shall give written notice of its decision, including all such changes, to the school board through the department of education.

11. A special needs adjustment program is established to be administered by the committee. A school district or area education agency is eligible to request additional funding for a budget year from moneys appropriated in this subsection if it submits evidence to the committee not later than December 15 of the base year that it has special needs that cannot be met through other funding sources available to it. A school district is eligible only if it meets the requirements specified in paragraphs "a" and "b". An area education agency is eligible only if it meets the requirements specified in paragraph "c".

a. A school district must meet the following requirements:

(1) If the request for additional funding relates to approved expenditures from the general operating fund, the district must have approved the instructional support program for the maximum amount.

(2) If the request for additional funding relates to expenditures from the schoolhouse fund, the district must have approved the use of the voter-approved physical plant and equipment levy for the maximum amount.

(3) If the request for additional funding relates to a need included in subsection 5, the district must have been denied additional funding under subsection 5 or received inadequate additional funding under subsection 5.

(4) Notwithstanding subparagraph 1, if the request for additional funding relates to expenditures for programs for gifted and talented children, the committee must have approved the maximum amount of additional allowable growth for programs for gifted and talented children.

(5) Notwithstanding subparagraph 1, if the request for additional funding relates to expenditures for programs for dropout prevention, the committee must have approved the maximum amount of additional allowable growth for programs for dropout prevention.

(6) If the expenditures of the school district for executive administration as a percent of the district's operating fund for the base year are equal to or less than one hundred ten percent of the average for the base year expenditures for executive administration of all school districts in the state as a percent of their operating funds.

b. A school district must meet at least one of the following criteria:

(1) The district is experiencing significant difficulty in meeting minimum state educational standards.

(2) The district is greater in area than one hundred fifty square miles.

(3) The district is experiencing extraordinary problems demonstrably linked to the demographic characteristics of that district.

(4) The average elementary or secondary pupil-teacher ratio of that district is greater than one hundred fifty percent of the state average pupil-teacher ratio.

c. An area education agency must meet the requirements that there are fewer than three and one-half public school pupils per square mile in the area education agency and the ratio of public school pupils to each professional staff member is substantially fewer than that ratio in other area education agencies. If the request for additional funding relates to a need included in section 257.32, the area education agency must have been denied additional funding under

section 257.32 or received inadequate additional funding under section 257.32. Approved payments to area education agencies shall be paid before payments are made to school districts.

d. There is appropriated from the general fund of the state to the department of education for the use of the committee for each fiscal year the sum of five million dollars, or so much thereof as may be necessary, to be used for distribution to area education agencies and school districts under this subsection. Not more than three hundred thousand dollars of the moneys appropriated in this paragraph shall be distributed to area education agencies.

If the moneys appropriated in this paragraph are reduced by the general assembly, the three hundred thousand dollar allocation for area education agencies shall be proportionally reduced.

12. All decisions by the committee under this chapter shall be made in accordance with reasonable and uniform policies which shall be consistent with this chapter. All such policies of general application shall be stated in rules adopted in accordance with chapter 17A. The committee shall take into account the intent of this chapter to equalize educational opportunity, to provide a good education for all the children of Iowa, to provide property tax relief, to decrease the percentage of school costs paid from property taxes, and to provide reasonable control of school costs. The committee shall also take into account the amount of funds available.

13. Failure by any school district to provide information or appear before the committee as requested for the accomplishment of review or hearing is justification for the committee to instruct the director of the department of management to withhold any state aid to that district until the committee's inquiries are satisfied completely.

14. The committee shall review the recommendations of the director of the department of education relating to the special education weighting plan, and shall establish a weighting plan for each school year pursuant to section 281.9, and report the plan to the director of the department of education.

15. The committee may recommend that two or more school districts jointly employ and share the services of any school personnel, or acquire and share the use of classrooms, laboratories, equipment, and facilities as specified in section 280.15.

16. As soon as possible following June 30 of the base year, the school budget review committee shall determine for each school district the balance of funds, whether positive or negative, raised for special education instruction programs under the special education weighting plan established in section 281.9. The committee shall certify the balance of funds for each school district to the director of the department of management.

In determining the balance of funds of a school district under this subsection, the committee shall subtract the amount of any reduction in state aid that occurred as a result of a reduction in allotments made by the governor under section 8.31.

a. If the amount certified for a school district to the director of the department of management under this subsection for the base year is positive, the director of the department of management shall subtract the amount of the positive balance from the amount of state aid remaining to be paid to the district during the budget year. If the positive amount exceeds the amount of state aid that remains to be paid to the district, the school district shall pay the excess on a quarterly basis prior to June 30 of the budget year to the director of the department of management from other funds received by the district. The director of the department of management shall determine the amount of the positive balance that came from local property tax revenues and shall increase the district's total state school aids available under this chapter for the next following budget year by the amount so determined and shall reduce the district's tax levy computed under section 257.4 for the next following budget year by the amount necessary to compensate for the increased state aid.

b. If the amount certified for a school district to the director of the department of management under this subsection for the base year is negative, the director of the department of management shall determine the amount of the deficit that would have been state aid and the amount that would have been property taxes for each eligible school district.

There is appropriated from the general fund of the state to the school budget review committee for each fiscal year an amount equal to the state aid portion of five percent of the receipts for special education instruction programs in all districts that has a positive balance determined under paragraph "a" for the base year, or the state aid portion of all of the positive balances determined under paragraph "a" for the base year, whichever is less, to be used for supplemental aid payments to school districts. Except as otherwise provided in this lettered paragraph, supplemental aid paid to a district is equal to the state aid portion of the district's negative balance. The school budget review committee shall direct the director of the department of management to make the payments to school districts under this lettered paragraph.

A school district is only eligible to receive supplemental aid payments during the budget year if the school district certifies to the school budget review committee that for the year following the budget year it will notify the school budget review committee to instruct the director of the department of management to increase the district's allowable growth and will fund the allowable growth increase either by using moneys from its unexpended cash balance to reduce the district's property tax levy or by using cash reserve moneys to equal the amount of the deficit that would have been property taxes and any part of the state aid portion of the deficit not received as supplemental aid under this subsection. The director of the department of management shall make the necessary adjustments to the school district's budget to provide the additional allowable growth and shall make the supplemental aid payments.

If the amount appropriated under this lettered paragraph is insufficient to make the supplemental aid payments under this subsection, the director of the department of management shall prorate the payments on the basis of the amount appropriated.

17. Annually the school budget review committee shall review the amount of property tax levied by each school district for the cash reserve authorized in section 298.10. If in the committee's judgment, the amount of a district's cash reserve levy is unreasonably high, the committee shall instruct the director of the department of management to reduce that district's tax levy computed under section 257.4 for the following budget year by the amount the cash reserve levy is deemed excessive. A reduction in a district's property tax levy for a budget year under this subsection does not affect the district's authorized budget.

18. The committee shall perform the duties assigned to it under chapter 286A and section 257.32.

Sec. 32. NEW SECTION. 257.32 AREA EDUCATION BUDGET REVIEW.

1. An area education agency budget review procedure is established for the school budget review committee created in section 257.30. The school budget review committee, in addition to its duties under section 257.31, shall meet and hold hearings each year to review unusual circumstances of area education agencies, either upon the committee's motion or upon the request of an area education agency. The committee may grant supplemental aid to the area education agency from funds appropriated to the department of education for area education agency budget review purposes, or an amount may be added to the area education agency special education support services allowable growth for districts in an area or an additional amount may be added to district cost for media services or educational services for all districts in an area for the budget year either on a temporary or permanent basis, or both.

Unusual circumstances shall include but are not limited to the following:

- a. An unusual increase or decrease in enrollment of children requiring special education or unusual need for additional moneys for special education support services.
- b. Unusual need for additional moneys for media services.
- c. Unusual need for additional moneys for educational services.
- d. Unusual costs for building repair, building maintenance, or removal of environmental hazards.
- e. Participation by the area education agency in telecommunications, electronic, and technological development with school districts, and related staff development programs.

2. When the school budget review committee makes a decision under subsection 1, it shall provide written notice of its decision, including all changes, to the board of directors of the area education agency, and to the department of management and the department of education.

3. All decisions by the school budget review committee under this section shall be made in accordance with reasonable and uniform policies which shall be consistent with this chapter.

4. Failure by an area education agency to provide information or appear before the school budget review committee as requested for the accomplishment of review or hearing constitutes justification for the committee to instruct the department of revenue and finance to withhold payments for the area education agency until the committee's inquiries are satisfied completely.

Sec. 33. NEW SECTION. 257.33 PRIOR ENRICHMENT APPROVAL.

If the electors of a school district approved the use of the additional enrichment amount prior to July 1, 1991, under chapter 442, or section 279.43, the approval for use of the enrichment amount shall continue in effect until the expiration of the period for which it was approved and districts may use the additional enrichment amount during that period. However, section 257.28 applies to the use of the additional enrichment amount.

Sec. 34. NEW SECTION. 257.34 CASH RESERVE INFORMATION.

If a school district receives less state school foundation aid under section 257.1 than is due under that section for a base year and the school district uses funds from its cash reserve during the base year to make up for the amount of state aid not paid, the board of directors of the school district shall include in its general fund budget document information about the amount of the cash reserve used to replace state school foundation aid not paid.

Sec. 35. NEW SECTION. 257.35 AREA EDUCATION AGENCY PAYMENTS.

The department of management shall deduct the amounts calculated for special education support services, media services, and educational services for each school district from the state aid due to the district pursuant to this chapter and shall pay the amounts to the respective area education agencies on a monthly basis from September 15 through June 15 during each school year. The department of management shall notify each school district of the amount of state aid deducted for these purposes and the balance of state aid shall be paid to the district. If a district does not qualify for state aid under this chapter in an amount sufficient to cover its amount due to the area education agency as calculated by the department of management, the school district shall pay the deficiency to the area education agency from other moneys received by the district, on a quarterly basis during each school year.

Sec. 36. NEW SECTION. 257.36 SPECIAL EDUCATION SUPPORT SERVICES BALANCES.

Notwithstanding chapters 273 and 281 and sections of this chapter relating to the moneys available to area education agencies for special education support services, for each school year, the department of education may direct the department of management to deduct amounts from the portions of school district budgets that fund special education support services in an area education agency. The total amount deducted in an area shall be based upon excess special education support services unreserved and undesignated fund balances in that area education agency for a school year as determined by the department of education. The department of management shall determine the amount deducted from each school district in an area education agency on a proportional basis. The department of management shall determine from the amounts deducted from the portions of school district budgets that fund area education agency special education support services the amount that would have been local property taxes and the amount that would have been state aid and for the next following budget year shall increase the district's total state school aid available under this chapter for area education agency special education support services and reduce the district's property tax levy for area education agency special education support services by the amount necessary for the property tax portion of the deductions made under this section during the budget year.

The amount deducted from a school district's budget shall not affect the calculation of the state cost per pupil or its district cost per pupil in that school year or a subsequent year.

***Sec. 37. NEW SECTION. 257.37 FUNDING MEDIA AND EDUCATIONAL SERVICES.**

Media services and educational services provided through the area education agencies shall be funded, to the extent provided, by an addition to the district cost of each school district, determined as follows:

1. *The total amount funded in each area for media services in the budget year is equal to nine-tenths of one percent of the state cost per pupil for the budget year multiplied by the enrollment served in the area for the budget year. Thirty percent of the budget of an area for media services shall be expended for media resource material which shall only be used for the purchase or replacement of material required in section 273.6, subsection 1, paragraphs "a", "b", and "c". Funds shall be paid to area education agencies as provided in section 257.35. The costs shall be allocated to school districts in the area based upon the proportion of the enrollment served that resides in the district.*

2. *The total amount funded in each area for educational services in the budget year is equal to one percent of the state cost per pupil for the budget year multiplied by the enrollment served in the area for the budget year. Funds shall be paid to area education agencies as provided in section 257.35. The costs shall be allocated to school districts in the area based upon the proportion of the enrollment served that resides in the district.*

3. *"Enrollment served" means the basic enrollment plus the number of nonpublic school pupils served with media services or educational services, as applicable, except that if a nonpublic school pupil receives services through an area other than the area of the pupil's residence, the pupil shall be deemed to be served by the area of the pupil's residence, which shall by contractual arrangement reimburse the area through which the pupil actually receives services. Each school district shall include in the third Friday in September enrollment report the number of nonpublic school pupils within each school district for media and educational services served by the area.*

4. *If an area education agency does not serve nonpublic school pupils in a manner comparable to services provided public school pupils for media and educational services, as determined by the state board of education, the state board shall instruct the department of management to reduce the funds for media services and educational services one time by an amount to compensate for such reduced services. The media services budget shall be reduced by an amount equal to the product of the cost per pupil in basic enrollment for the budget year for media services times the difference between the enrollment served and the basic enrollment recorded for the area. The educational services budget shall be reduced by an amount equal to the product of the cost per pupil in basic enrollment for the budget year for educational services times the difference between the enrollment served and the basic enrollment recorded for the area.*

This subsection applies only to media and educational services which cannot be diverted for religious purposes.

*Notwithstanding this subsection, an area education agency shall distribute to nonpublic schools media materials purchased wholly or partially with federal funds in a manner comparable to the distribution of such media materials to public schools as determined by the director of the department of education.**

Sec. 38. NEW SECTION. 257.38 PROGRAMS FOR RETURNING DROPOUTS AND DROPOUT PREVENTION.

Boards of school districts, individually or jointly with boards of other school districts, requesting to use additional allowable growth for programs for returning dropouts and dropout prevention, shall annually submit comprehensive program plans for the programs and budget costs, including requests for additional allowable growth for funding the programs, to the department of education as provided in this chapter. The program plans shall include:

1. Program goals, objectives, and activities to meet the needs of children who may drop out of school.
2. Student identification criteria and procedures.

*Item veto; see message at end of the Act

3. Staff in-service education design.
4. Staff utilization plans.
5. Evaluation criteria and procedures and performance measures.
6. Program budget.
7. Qualifications required of personnel administering the program.
8. A provision for dropout prevention and integration of dropouts into the educational program of the district.
9. A provision for identifying dropouts.
10. A program for returning dropouts.
11. Other factors the department requires.

Program plans shall identify the parts of the plan that will be implemented first upon approval of the application. If a district is requesting to use additional allowable growth to finance the program, it shall not identify more than five percent of its budget enrollment for the budget year as returning dropouts and potential dropouts.

Sec. 39. NEW SECTION. 257.39 DEFINITIONS.

As used in this chapter:

1. "Returning dropouts" are resident pupils who have been enrolled in a public or nonpublic school in any of grades seven through twelve who withdrew from school for a reason other than transfer to another school or school district and who subsequently enrolled in a public school in the district.
2. "Potential dropouts" are resident pupils who are enrolled in a public or nonpublic school who demonstrate poor school adjustment as indicated by two or more of the following:
 - a. High rate of absenteeism, truancy, or frequent tardiness.
 - b. Limited or no extracurricular participation or lack of identification with school, including but not limited to, expressed feelings of not belonging.
 - c. Poor grades, including but not limited to, failing in one or more school subjects or grade levels.
 - d. Low achievement scores in reading or mathematics which reflect achievement at two years or more below grade level.
 - e. Children in grades kindergarten through three who meet the definition of at-risk children adopted by the department of education.

Sec. 40. NEW SECTION. 257.40 PLANS FOR RETURNING DROPOUTS AND DROPOUT PREVENTION.

The board of directors of a school district requesting to use additional allowable growth for programs for returning dropouts and dropout prevention shall submit applications for approval for the programs to the department not later than November 1 preceding the budget year during which the program will be offered. The department shall review the program plans and shall prior to January 15 either grant approval for the program or return the request for approval with comments of the department included. An unapproved request for a program may be resubmitted with modifications to the department not later than February 1. Not later than February 15, the department shall notify the department of management and the school budget review committee of the names of the school districts for which programs using additional allowable growth for funding have been approved and the approved budget of each program listed separately for each school district having an approved program.

Sec. 41. NEW SECTION. 257.41 FUNDING FOR PROGRAMS FOR RETURNING DROPOUTS AND DROPOUT PREVENTION.

The budget of an approved program for returning dropouts and dropout prevention for a school district, after subtracting funds received from other sources for that purpose, shall be funded annually on a basis of one-fourth or more from the district cost of the school district and up to three-fourths by an increase in allowable growth as defined in section 257.8. Annually, the department of management shall establish a modified allowable growth for each such district equal to the difference between the approved budget for the program for returning

dropouts and dropout prevention for that district and the sum of the amount funded from the district cost of the school district plus funds received from other sources.

Sec. 42. NEW SECTION. 257.42 GIFTED AND TALENTED CHILDREN.

Boards of school districts, individually or jointly with the boards of other school districts, requesting to use additional allowable growth for gifted and talented children programs, may annually submit program plans for gifted and talented children programs and budget costs, including requests for additional allowable growth for funding the programs, to the department of education and to the applicable gifted and talented children advisory council, if an advisory council has been established, as provided in this chapter.

The parent or guardian of a pupil may request that a gifted and talented children program be established for pupils who qualify as gifted and talented children under section 257.44, including demonstrated achievement or potential ability in a single subject area.

The department shall employ a consultant for gifted and talented children programs.

The department of education shall adopt rules under chapter 17A relating to the administration of sections 257.42 through 257.49. The rules shall prescribe the format of program plans submitted under section 257.43 and shall require that programs fulfill specified objectives. The department shall encourage and assist school districts to provide programs for gifted and talented children whether or not additional allowable growth is requested under this chapter.

Sec. 43. NEW SECTION. 257.43 PROGRAM PLANS.

The program plans submitted by school districts shall include all of the following:

1. Program goals, objectives, and activities to meet the needs of gifted and talented children.
2. Student identification criteria and procedures.
3. Staff in-service education design.
4. Staff utilization plans.
5. Evaluation criteria and procedures and performance measures.
6. Program budget.
7. Qualifications required of personnel administering the program.
8. Other factors the department requires.

Sec. 44. NEW SECTION. 257.44 GIFTED AND TALENTED CHILDREN DEFINED.

"Gifted and talented children" are those identified as possessing outstanding abilities who are capable of high performance. Gifted and talented children are children who require appropriate instruction and educational services commensurate with their abilities and needs beyond those provided by the regular school program.

Gifted and talented children include those children with demonstrated achievement or potential ability, or both, in any of the following areas or in combination:

1. General intellectual ability.
2. Creative thinking.
3. Leadership ability.
4. Visual and performing arts ability.
5. Specific ability aptitude.

Sec. 45. NEW SECTION. 257.45 SUBMISSION OF PROGRAM PLANS.

The board of directors of a school district requesting to use additional allowable growth for gifted and talented children programs shall submit applications for approval for the programs to the department not later than November 1 preceding the fiscal year during which the program will be offered. The board shall also submit a copy of the program plans to the gifted and talented children advisory council, if an advisory council has been established. The department shall review the program plans and shall prior to January 15 either grant approval for the program or return the request for approval with comments of the department included. Any unapproved request for a program may be resubmitted with modifications to the department not later than February 1. Not later than February 15 the department shall notify the department of management and the school budget review committee of the names of the school

districts for which gifted and talented children programs using additional allowable growth for funding have been approved and the approved budget of each program listed separately for each school district having an approved program.

Sec. 46. NEW SECTION. 257.46 FUNDING.

The budget of an approved gifted and talented children program for a school district, after subtracting funds received from other sources for that purpose, shall be funded annually on a basis of one-fourth or more from the district cost of the school district and up to three-fourths by an increase in allowable growth as defined in section 257.8. The approved budget for a gifted and talented children program shall not exceed an amount equal to one and two-tenths percent of the district cost per pupil of the district multiplied by the budget enrollment of the district. Annually, the department of management shall establish a modified allowable growth for each such district equal to the difference between the approved budget for the gifted and talented children program for that district and the sum of the amount funded from the district cost of the school district plus funds received from other sources.

Sec. 47. NEW SECTION. 257.47 COOPERATION BY AREA EDUCATION AGENCIES.

The area education agencies in which the school districts having approved gifted and talented children programs are located shall cooperate with the school district in the identification and placement of gifted and talented children and may assist school districts in the establishment of such programs.

Sec. 48. NEW SECTION. 257.48 ADVISORY COUNCIL.

At the written request of one or more boards of school districts, in an area education agency, the area education agency board shall establish one or more gifted and talented children advisory councils and shall appoint members for four-year staggered terms. The terms of office of advisory council members shall commence on July 1 of each year. An advisory council shall consist of seven members including teachers, parents, school administrators, and other persons interested in education in the area. Except as otherwise provided in this section, members shall be eligible electors residing in the merged area. Members shall serve without compensation but shall be reimbursed for actual and necessary expenses and mileage incurred in the performance of their duties from funds available to the area education agency.

If an area education agency has a weighted enrollment of more than thirty-five thousand, the board may appoint additional advisory councils for each thirty-five thousand weighted enrollment or fraction of thirty-five thousand. If more than one advisory council is appointed by the board, the board shall divide the merged area along school district boundary lines for jurisdiction of the advisory councils, and membership of these advisory councils shall be appointed from the designated portion of the merged area.

Sec. 49. NEW SECTION. 257.49 DUTIES OF ADVISORY COUNCIL.

The gifted and talented children advisory council shall:

1. Elect a chairperson and vice chairperson from the membership of the advisory council.
2. Meet as often as deemed necessary by the advisory council.
3. Advise and assist a local board of directors in the establishment of gifted and talented children programs, when requested by the local board.
4. Review program plans and proposed budgets for a gifted and talented children program, in consultation with a gifted and talented children consultant employed by the area education agency, when requested by a local board.
5. When requested by a local board, evaluate the results of a gifted and talented children program and file a written report together with recommendations for improvement or change with the board of directors of the applicable school district, the area education agency and the department of education. The evaluation shall be conducted by three or more members of the advisory council.

Sec. 50. SPECIAL EDUCATION WEIGHTS. For the budget year beginning July 1, 1991, in making recommendations to the school budget review committee under section 281.9, subsection 4, the director of the department of education shall consider the changes in the value of the state cost per pupil determined under section 257.9 from the value of the state cost per pupil for the base year determined under section 442.8, Code 1989, and changes in the value of the district cost per pupil for school districts determined under section 257.10 from the value of the district cost per pupil for school districts determined under section 442.9, Code 1989. Notwithstanding section 281.9, subsection 4, for the budget year commencing July 1, 1991, the increase or decrease in the weighting assigned to each category of children requiring special education is not limited to two-tenths of the weighting assigned to pupils in a regular curriculum.

Sec. 51. Section 96.31, Code 1989, is amended to read as follows:

96.31 TAX FOR BENEFITS.

Political subdivisions may levy a tax outside their general fund levy limits to pay the cost of unemployment benefits. For school districts the cost of unemployment benefits shall be included in the district management levy pursuant to section 298.4.

Sec. 52. Section 111E.4, Code 1989, is amended to read as follows:

111E.4 PAYMENT IN LIEU OF PROPERTY TAXES.

As a part of the budget proposal submitted to the general assembly under section 455A.4, subsection 1, paragraph "c", the director of the department of natural resources shall submit a budget request to pay the property taxes for the next fiscal year on open space property acquired by the department which would otherwise be subject to the levy of property taxes. The assessed value of open space property acquired by the department shall be that determined under section 427.1, subsection 31, and the director may protest the assessed value in the manner provided by law for any property owner to protest an assessment. For the purposes of chapter 442 257, the assessed value of the open space property acquired by the department shall be included in the valuation base of the school district and the payments made pursuant to this section shall be considered as property tax revenues and not as miscellaneous income. The county treasurer shall certify taxes due to the department. The taxes shall be paid annually from the departmental fund or account from which the open space property acquisition was funded. If the departmental fund or account has no moneys or no longer exists, the taxes shall be paid from funds as otherwise provided by the general assembly. If the total amount of taxes due certified to the department exceeds the amount appropriated, the taxes due shall be reduced proportionately so that the total amount equals the amount appropriated. This section applies to open space property acquired by the department on or after January 1, 1987.

Sec. 53. Section 256.21, unnumbered paragraphs 1, 4, and 7, Code 1989, are amended to read as follows:

If the general assembly appropriates money for grants to provide sabbaticals for teachers, a sabbatical program shall be established as provided in this section. ~~For the school years commencing July 1, 1988, July 1, 1989, and July 1, 1990, any~~ A teacher with at least seven years of teaching experience in this state may submit an application for a sabbatical to the department of education not later than November 1 of the preceding school year.

A sabbatical grant to a teacher shall be equal to the costs to the school district of the teacher's regular compensation as defined in section 294A.2 plus the cost to the district of the fringe benefits of the teacher. The grant shall be paid to the school district, and the district shall continue to pay the teacher's regular compensation as well as the cost to the district of the substitute teacher. Teachers and boards of school districts are encouraged to seek funding from other sources to pay the costs of sabbaticals for teachers. Grant moneys are miscellaneous income for purposes of chapter 442 257.

Notwithstanding section 8.33, if moneys are appropriated by the general assembly for the sabbatical program for ~~either the~~ a fiscal year beginning July 1, 1988 or July 1, 1989, the moneys

shall not revert at the end of that fiscal year but shall carry over and may be expended during the next fiscal year.

Sec. 54. Section 256A.3, subsection 5, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Program grants funded under this subsection may integrate children not meeting at-risk criteria into the program and shall establish a fee for participation in the program in the manner provided in section 279.49, but grant funds shall not be used to pay the costs for those children.

Sec. 55. Section 256A.3, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 9. Subject to a decision by the council to initiate the programs, develop criteria for and award grants under section 279.51, subsection 2.

NEW SUBSECTION. 10. Encourage the establishment of programs that will enhance the skills of parents in parenting and in providing for the learning and development of their children.

Sec. 56. Section 265.6, Code 1989, is amended to read as follows:

265.6 STATE AID APPLICABLE.

If the state board of regents has established a laboratory school, it shall receive state aid pursuant to chapters 257 and 281 ~~and 442~~ for each pupil enrolled in the laboratory school in the same amount as the public school district in which the pupil resides would receive aid for that pupil and shall transmit the amount received to the institution of higher education at which the laboratory school has been established. If the board of a school district terminates a contract with the state board of regents for attendance of pupils in a laboratory school, the school district shall inform the ~~state comptroller~~ department of management of the number of these pupils who are enrolled in the district on the ~~second~~ third Friday of the following September. The ~~state comptroller~~ department of management shall pay to the school district, from funds appropriated in section ~~442.26~~ 257.16, an amount equal to the amount of state aid paid for each pupil in that school district for that school year in payments made as provided in section ~~442.26~~ 257.16. However, payments shall not be made for pupils for which an advance is received by the district under section ~~442.28~~ 257.13.

Sec. 57. Section 273.2, unnumbered paragraph 5, Code 1989, is amended to read as follows:

The area education agency board may provide for the following programs and services to local school districts, and at the request of local school districts to providers of child development services who have received grants under chapter 256A from the child development coordinating council, within the limits of funds available:

Sec. 58. Section 273.3, subsections 2 and 12, Code 1989, is amended to read as follows:

2. Be authorized to receive and expend money for providing programs and services as provided in sections 273.1 to 273.9, and chapters 257 and 281 and 442. All costs incurred in providing the programs and services, including administrative costs, shall be paid from funds received pursuant to sections 273.1 to 273.9 and chapters 257 and 281 and 442.

12. Prepare an annual budget estimating income and expenditures for programs and services as provided in sections 273.1 to 273.9 and chapter 281 within the limits of funds provided under section 281.9 and chapter ~~442~~ 257. The board shall give notice of a public hearing on the proposed budget by publication in an official county newspaper in each county in the territory of the area education agency in which the principal place of business of a school district that is a part of the area education agency is located. The notice shall specify the date, which shall be not later than ~~November 10~~ February 1 of each year, the time, and the location of the public hearing. The proposed budget as approved by the board shall then be submitted to the state board of education, on forms provided by the department, no later than ~~December 1~~ February 15 preceding the next fiscal year for approval. The state board shall review the proposed budget of each area education agency and shall ~~prior to January 1~~ before March 1, either grant approval or return the budget without approval with comments of the state board included. ~~Any~~ An unapproved budget shall be resubmitted to the state board for final approval.

Sec. 59. Section 273.5, subsection 6, Code 1989, is amended to read as follows:

6. Submit to the department of education special education instructional and support program plans and applications, subject to criteria listed in chapter 281 and this chapter, for approval by ~~November 1~~ February 15 of each year for the school year commencing the following July 1.

Sec. 60. Section 273.9, Code 1989, is amended to read as follows:

273.9 FUNDING.

1. ~~For the school year beginning July 1, 1975, and each succeeding school year, school~~ School districts shall pay for the programs and services provided through the area education agency and shall include expenditures for the programs and services in their budgets, in accordance with the provisions of this section.

2. School districts shall pay the costs of special education instructional programs with the moneys available to the districts for each child requiring special education, by application of the special education weighting plan in section 281.9. Special education instructional programs shall be provided at the local level if practicable, or otherwise by contractual arrangements with the area education agency board as provided in section 273.3, subsection 5, but in each case the total money available through section 281.9 and chapter ~~442~~ 257 because of weighted enrollment for each child requiring special education instruction shall be made available to the district or agency which provides the special education instructional program to the child, subject to adjustments for transportation or other costs which may be paid by the school district in which the child is enrolled. Each district shall co-operate with its area education agency to provide an appropriate special education instructional program for each child who requires special education instruction, as identified and counted within the certification by the area director of special education or as identified by the area director of special education subsequent to the certification, and shall not provide a special education instructional program to a child who has not been so identified and counted within the certification or identified subsequent to the certification.

3. The costs of special education support services provided through the area education agency shall be funded by ~~an increase in the allowable growth of each school district, determined as provided in section 442.7~~ chapter 257. Special education support services shall not be funded until the program plans submitted by the special education directors of each area education agency as required by section 273.5 are modified as necessary and approved by the director of the department of education according to the criteria and limitations of ~~chapter chapters 257 and 281 and section 442.7~~.

4. The costs of media services provided through the area education agency shall be funded as provided in section ~~442.27~~ 257.37. Media services shall not be funded until the program plans submitted by the administrators of each area education agency as required by section 273.4 are modified as necessary and approved by the director of the department of education according to the criteria and limitations of ~~section sections 257.37 and 273.6 and of section 442.27~~.

5. The costs of educational services provided through the area education agency shall be funded within the limitations in section ~~442.27~~ 257.37.

The state board of education shall adopt rules under chapter 17A relating to the approval of program plans under this section.

Sec. 61. Section 273.12, Code 1989, is amended to read as follows:

273.12 FUNDS — USE RESTRICTED.

Funds generated for educational services under the provisions of section ~~442.27~~ 257.37 and subject to approval under the provisions of section 273.9, subsection 5, shall not be expended by an area education agency for the purpose of assisting either a public employer or employee organization in collective bargaining negotiations under chapter 20 if the public employer is a school district, or the employee organization consists of employees of a school district, located within the boundaries of the area education agency.

Sec. 62. Section 273.13, Code 1989, is amended to read as follows:

273.13 ADMINISTRATIVE EXPENDITURES.

During the budget year beginning July 1, 1989, and the three succeeding budget years, the board of directors of an area education agency in which the administrative expenditures as a percent of the area education agency's operating fund for a base year exceed five percent shall reduce its administrative expenditures to five percent of the area education agency's operating fund. During each of the four years, the board of directors shall reduce administrative expenditures by twenty-five percent of the reduction in administrative expenditure required by this section. Thereafter, the administrative expenditures shall not exceed five percent of the operating fund. Annually, the board of directors shall certify to the department of education the amounts of the area education agency's expenditures and its operating fund. For the purposes of this section, "base year" and "budget year" mean the same as defined in section 442.6, Code 1989, and section 257.2, and "administrative expenditures" means expenditures for executive administration.

Sec. 63. Section 274.37, unnumbered paragraph 2, Code 1989, is amended to read as follows:

The boards in the respective districts, the boundaries of which have been changed under this section, complete in all respects, except for the passage of time prior to the effective date of the change, and when ~~all the~~ right of appeal of the change has expired, may enter into joint contracts for the construction of buildings for the benefit of the corporations whose boundaries have been changed, using funds accumulated under ~~section 278.1, subsection 7~~ the physical plant and equipment levy in section 298.2. The district in which the building is to be located may use any funds authorized in accordance with chapter 75. ~~Nothing in this section shall be construed to~~ This section does not permit the changed districts to expend any funds jointly which they are not entitled to expend acting individually.

Sec. 64. Section 275.12, subsection 5, Code 1989, is amended to read as follows:

5. The petition may also include a provision that the ~~schoolhouse tax voter-approved physical plant and equipment levy provided in section 278.1, subsection 7~~ 298.2, will be voted upon at the election conducted under section 275.18.

Sec. 65. Section 275.14, Code 1989, is amended to read as follows:

275.14 OBJECTION — TIME OF FILING — NOTICE.

Within ten days after the petition is filed, the area education agency administrator shall fix a final date for filing objections to the petition which shall be not more than sixty days after the petition is filed and shall fix the date for a hearing on the objections to the petition. Objections shall be filed in the office of the administrator who shall give notice at least ten days prior to the final day for filing objections, by one publication in a newspaper published within the territory described in the petition, or if none is published ~~therein in the territory~~, in a newspaper published in the county where the petition is filed, and of general circulation in the territory described. The notice shall also list the date, time, and location for the hearing on the petition as provided in section 275.15. The cost of publication shall be assessed to each district whose territory is involved in the ratio that the number of pupils in basic enrollment ~~for the budget year~~, as defined in section ~~442.4~~ 257.6 in each district bears to the total number of pupils in basic enrollment ~~for the budget year~~ in the total area involved. Objections shall be in writing in the form of an affidavit and may be made by any person residing or owning land within the territory described in the petition, or who would be injuriously affected by the change petitioned for and shall be on file not later than twelve o'clock noon of the final day fixed for filing objections.

Objection forms shall be prescribed by the department of education and may be obtained from the area education agency administrator. Objection forms that request that property be removed from a proposed district shall include the correct legal description of the property to be removed.

Sec. 66. Section 275.20, Code 1989, is amended to read as follows:
275.20 SEPARATE VOTE IN EXISTING DISTRICTS.

The voters shall vote separately in each existing school district affected and voters residing in the entire existing district are eligible to vote ~~both~~ upon the proposition to create a new school corporation and the proposition to levy the ~~schoolhouse tax under section 278.1, subsection 7~~ voter-approved physical plant and equipment levy under section 298.2, if the petition included a provision for a vote to ~~authorize the levy the schoolhouse tax~~. If a proposition receives a majority of the votes cast in each of at least seventy-five percent of the districts, and also a majority of the total number of votes cast in all of the districts, the proposition is carried.

Sec. 67. Section 275.31, unnumbered paragraph 1, Code 1989, is amended to read as follows:

If necessary to equalize the division and distribution, the board or boards may provide for the levy of additional taxes, which shall be sufficient to satisfy the mandatory levy required in section 76.2 or other liabilities of the districts, upon the property of a corporation or part of a corporation and for the distribution of the tax revenues so as to effect equalization. When the board or boards are considering the equalization levy, the division and distribution shall not impair the security for outstanding obligations of each affected corporation. Any owner of bonds of an affected corporation may bring suit in equity for adjustment of the division and distribution in compliance with this section. If the property tax levy for the amount estimated and certified to apply on principal and interest on lawful bonded indebtedness for a newly formed community school district is greater than the property tax levy for the amount estimated and certified to apply on principal and interest in the year preceding the reorganization or dissolution for a school district that is a party to the reorganization or dissolution, ~~and that had a certified enrollment of less than six hundred for the year prior to the reorganization or dissolution, and that approved the reorganization or dissolution prior to July 1, 1989~~, the board of the newly formed district shall inform the department of management. The department of management shall pay debt service aid to the newly formed district in an amount that ~~will reduce~~ reduces the rate of the property tax levy for lawful bonded indebtedness in the portion of the newly formed district where the new rate is higher, to the rate that was levied in that portion of the district during the year preceding the reorganization or dissolution.

Sec. 68. Section 275.33, subsection 2, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The collective bargaining agreement of the district with the largest basic enrollment for the year prior to the reorganization, as defined in section ~~442.4~~ 257.6, in the new district shall serve as the base agreement and the employees of the other districts involved in the formation of the new district shall automatically be accreted to the bargaining unit of that collective bargaining agreement for purposes of negotiating the contracts for the following years without further action by the public employment relations board. If only one collective bargaining agreement is in effect among the districts which are party to the reorganization, then that agreement shall serve as the base agreement, and the employees of the other districts involved in the formation of the new district shall automatically be accreted to the bargaining unit of that collective bargaining agreement for purposes of negotiating the contracts for the following years without further action by the public employment relations board. The board of the newly formed district, using the base agreement as its existing contract, shall bargain with the combined employees of the existing districts for the school year beginning with the effective date of the reorganization. The bargaining shall be completed by March 15 prior to the school year in which the reorganization becomes effective or within one hundred eighty days after the organization of the new board, whichever is later. If a bargaining agreement was already concluded by the board and employees of the existing district with the contract serving as the base agreement for the school year beginning with the effective date of the reorganization, that agreement shall be void. However, if the base agreement contains multiyear provisions affecting school years subsequent to the effective date of the reorganization, the base agreement shall remain in effect as specified in the agreement.

Sec. 69. Section 275.55, unnumbered paragraph 4, Code 1989, is amended to read as follows:

The attachment is effective July 1 following its approval. If the dissolution proposal is for the dissolution of a school district with a certified enrollment of fewer than six hundred, the territory located in the school district that dissolved is eligible, if approved by the director of the department of education, for a reduction in the ~~uniform~~ foundation property tax levy under section ~~442.2~~ 257.3, subsection 1. If the director approves a reduction in the ~~uniform~~ foundation property tax levy as provided in this section, the director shall notify the director of the department of management of the reduction.

Sec. 70. Section 277.2, Code 1989, is amended to read as follows:

277.2 SPECIAL ELECTION.

The board of directors in ~~any~~ a school corporation may call a special election at which ~~election~~ the voters shall have the powers exercised at the regular election with reference to the sale of school property and the application to be made of the proceeds, the authorization of seven members on the board of directors, the authorization to establish or change the boundaries of director districts, and the authorization of a ~~schoolhouse tax~~ voter-approved physical plant and equipment levy or indebtedness, as provided by law.

Sec. 71. Section 278.1, subsection 7, Code 1989, is amended by striking the subsection.

Sec. 72. Section 278.1, unnumbered paragraph 4, Code 1989, is amended by striking the unnumbered paragraph.

Sec. 73. Section 279.26, Code 1989, is amended to read as follows:

279.26 LEASE ARRANGEMENTS.

The board of directors of a local school district for which a ~~schoolhouse tax~~ voter-approved physical plant and equipment levy has been voted pursuant to section ~~278.1, subsection 7~~ 298.2, may enter into a rental or lease arrangement, consistent with the purposes for which the ~~schoolhouse tax~~ voter-approved physical plant and equipment levy has been voted, for a period not exceeding ten years and not exceeding the period for which the ~~schoolhouse tax~~ voter-approved physical plant and equipment levy has been authorized by the voters.

Sec. 74. Section 279.45, Code 1989, is amended to read as follows:

279.45 ADMINISTRATIVE EXPENDITURES.

For the budget year beginning July 1, 1989, and each of the following three budget years, the board of directors of a school district in which the administrative expenditures as a percent of the school district's operating fund for a base year exceed five percent, shall reduce its administrative expenditures so that they are one-half percent less as a percent of the school district's operating fund than they were for the base year. However, a school district is not required to reduce its administrative expenditures below five percent of its operating fund. Thereafter, a school district shall not increase the percent of its administrative expenditures compared to its operating fund. Annually, the board of directors shall certify to the department of education the amounts of the school district's administrative expenditures and its operating fund. For the purposes of this section, "base year" and "budget year" mean the same as defined in section 442.6, Code 1989, and section 257.2, and "administrative expenditures" means expenditures for executive administration.

Sec. 75. Section 279.46, Code 1989, is amended to read as follows:

279.46 RETIREMENT INCENTIVES — TAX.

The board of directors of a school district may adopt a program for payment of a monetary bonus, continuation of health or medical insurance coverage, or other incentives for encouraging its employees to retire before the normal retirement date as defined in chapter 97B. The program is available only to employees between fifty-nine and sixty-five years of age who notify the board of directors prior to March 1 of the fiscal year that they intend to retire not later than the next following June 30. An employee retiring under this section shall apply for a retirement allowance under chapter 97B or chapter 294. If the total estimated accumulated

cost to a school district of the bonus or other incentives for employees who retire under this section does not exceed the estimated savings in salaries and benefits for employees who replace the employees who retire under the program, the board may ~~certify for~~ include in the district management levy a tax on all taxable property in the school district an amount to pay the costs of the program provided in this section. The levy certified under this section is in addition to any other levy authorized for that school district by law and is not subject to budget limitations otherwise provided by law. A board may amend its certified budget during a fiscal year to provide for payments required under this section. Moneys received from the levy imposed under this section are miscellaneous income for purposes of chapter 442.

Sec. 76. NEW SECTION. 279.51 PROGRAMS FOR AT-RISK CHILDREN.

1. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 1990, the sum of eight million seven hundred thousand dollars. For the fiscal year beginning July 1, 1991, and each succeeding fiscal year, there is appropriated the sum of eleven million two hundred thousand dollars plus an additional amount equal to the state percent of growth as calculated in section 257.8 multiplied by the amount appropriated the previous fiscal year.

The moneys shall be allocated as follows:

a. Two hundred seventy-five thousand dollars of the funds appropriated shall be allocated to the area education agencies to assist school districts in developing program plans and budgets under this section and to assist school districts in meeting other responsibilities in early childhood education.

b. For the fiscal year beginning July 1, 1990, four million six hundred twenty-five thousand dollars, and for each fiscal year thereafter, six million one hundred twenty-five thousand dollars of the funds appropriated shall be allocated to the child development coordinating council established in chapter 256A for the purposes set out in subsection 2 of this section and section 256A.3.

c. For each of the fiscal years during the fiscal period beginning July 1, 1990, and ending June 30, 1994, eight hundred thousand dollars of the funds appropriated shall be allocated for the school-based youth services education program established in subsection 3. Subject to the approval of the state board of education, the allocation made in this paragraph may be renewed for additional four-year periods of time.

d. For the fiscal year beginning July 1, 1990, three million dollars, and for each fiscal year thereafter, four million dollars of the funds appropriated shall be allocated as grants to school districts that have elementary schools that demonstrate the greatest need for programs for at-risk students with preference given to innovative programs for the early elementary school years.

e. Additional funds available under this subsection as a result of additional growth provided to the appropriation in subsection 1 shall be distributed equally between paragraphs "b" and "d".

f. Not later than January 15, 1991, the department of education shall submit a report to the general assembly listing the moneys allocated under each of the paragraphs of this section and anticipated funding needed for the remainder of the fiscal year for each of those paragraphs. If the moneys appropriated under this section are insufficient to fund the grants under paragraphs "b" and "d", the department of education shall certify that information in the report and it is the intent of the general assembly that moneys shall be appropriated for the fiscal year beginning July 1, 1990, to supplement the appropriation in this section in an amount sufficient to fund grants under paragraphs "b" and "d", but not greater than two million five hundred thousand dollars.

2. Funds allocated under subsection 1, paragraph "b", shall be used by the child development coordinating council for the following:

a. To continue funding for programs previously funded by grants awarded under section 256A.3 and to provide additional grants under section 256A.3. The council shall seek to provide grants on the basis of the location within the state of children meeting at-risk definitions.

b. At the discretion of the child development coordinating council, award grants for the following:

(1) To school districts to establish programs for three-year, four-year, and five-year old at-risk children which is a combination of preschool and full-day kindergarten.

(2) To provide grants to provide educational support services to parents of at-risk children age birth through three years.

3. A school-based youth services education program is established. The department of education, in consultation with the department of human services, the department of employment services, the Iowa department of public health, and the division of job training and entrepreneurship assistance of the department of economic development, shall develop a four-year demonstration grant program that commences in the fiscal year beginning July 1, 1990. The department shall provide grants to individual middle schools or high schools to establish school-based youth services programs based upon program plans filed by the board of directors of the school district. Priority shall be given to schools with student populations characterized by high rates of a number of the following: school dropout and absenteeism; teenage pregnancy; juvenile court involvement; unemployment; teenage suicide; and teenage mental health, substance abuse, and other health problems. The department shall evaluate proposed programs based upon the department's analysis of effectiveness in reducing these rates within the schools.

Additional objectives of the programs shall be: to increase the ability of existing agencies within the community to address the multiple problems of teenagers and to coordinate their activities, to provide an accessible and attractive center for teenagers in or near school that they are most likely to use, and to facilitate joint planning to make the most economic and innovative use of community resources. Programs shall at a minimum provide job training and employment services, mental health and family counseling services, and primary health care services that include but are not limited to physical examinations, immunizations, hearing and vision screening, and preventive and primary health care services, in the context of the educational needs of the students. Programs shall not include abortion counseling or the dispensing of contraceptives. The department shall give additional consideration to program proposals that provide access to the center after school, in the evening and on weekends, and during the summer; that provide a twenty-four hour telephone hotline or similar service; and that provide access to day care or on-site day care.

The plan shall include the appointment by the board of a local advisory board for each proposed program, which at a minimum shall include a representative of the private industry council serving the area, parents of children enrolled in the school, a teacher recommended by the local teachers association, a representative from the health and mental health community in the area, teenagers enrolled in the school and recommended by the school student government, a representative from the nonprofit provider community, and a representative from the juvenile court system serving the area. Management of the program shall be by the school or by a nonprofit youth service organization. As used in this subsection, "youth service" means recreational services, employment services, civic services, or juvenile treatment services.

Program proposals shall include a written commitment from the school principal and the board of directors that the school will work to coordinate and integrate existing school services and activities with the center and shall include letters of support for the proposal from the local teachers association; parent-teacher organizations; community organizations; nonprofit agencies providing social services, health, or employment services in the area; and the area private industry council.

Grants for the program shall not be used to construct a new facility, but up to ten percent of the grant may be used to renovate an existing structure. In addition, up to ten percent of the grant funds may be used to provide each of the following service categories: day care, transportation, and recreation.

Program proposals shall include a contribution of at least twenty percent of the total costs of the program, which can include "in-kind" services. Partnerships between the public and

private sectors to provide employment and training opportunities for youth served by the program are particularly encouraged. The budget for a proposed program shall not exceed two hundred thousand dollars per year.

4. The department shall seek assistance from the first in the nation in education foundation established in chapter 257A and other foundations and public and private agencies in the evaluation of the programs funded under this section, and in the provision of support to school districts in developing and implementing the programs funded under this section.

5. The state board of education shall adopt rules under chapter 17A for the administration of this section.

Sec. 77. NEW SECTION. 279.52 OPTIONAL FUNDING OF ASBESTOS PROJECTS.

The board of directors may pay the actual cost of an asbestos project from any funds in the general fund of the district, funds received from the physical plant and equipment levy, funds received from the additional enrichment amount for an asbestos project in section 279.53, or moneys obtained through a federal asbestos loan program, to be repaid from any of the funds specified in this subsection over a three-year period.

For the purpose of this section, "cost of an asbestos project" includes the costs of inspection and reinspection, sampling, analysis, assessment, response actions, operations and maintenance, training, periodic surveillance, developing of management plans and recordkeeping requirements relating to the presence of asbestos in school buildings of the district and its removal or encapsulation.

Sec. 78. NEW SECTION. 279.53 ADDITIONAL ENRICHMENT AMOUNT FOR ASBESTOS PROJECTS.

1. A school board may raise an additional enrichment amount for purposes of funding an asbestos project under section 279.52 as provided in this section.

2. The board shall determine the additional enrichment amount needed for an asbestos project, within the limits of this section, and shall direct the county commissioner of elections to submit the question of whether to raise that amount under this section and section 279.54 for a period not exceeding five years, to the qualified electors of the school district at a regular school election held during September of the base year or at a special election held not later than February 15 of the base year or February 15, 1995, whichever is earlier. Only one election on the question shall be held during a twelve-month period. If a majority of those voting on the question favors raising the additional enrichment amount for an asbestos project, the board may include the approved amount in its certified budget.

3. The additional enrichment amount needed for an asbestos project shall be raised within the limits provided in this section by an enrichment property tax or by a combination of an enrichment property tax and a school district income surtax. The method of raising the additional enrichment amount shall be determined by the board. Subject to the limitation in section 298.14, if the board uses a combination of an enrichment property tax and a school district income surtax, for each fiscal year the board shall determine the percent of income surtax to be expressed as full percentage points, not to exceed twenty percent.

Sec. 79. NEW SECTION. 279.54 SCHOOL DISTRICT INCOME SURTAX.

If a majority of those voting in an election approves raising the additional enrichment amount for an asbestos project under section 279.53 and this section, not later than March 15 of the previous school year the board shall certify to the department of management that the required procedures have been carried out, the method of funding the amount to be raised, and the department of management shall establish the amount of additional enrichment property tax to be levied or the amount of the combination of the enrichment property tax and the amount of enrichment income surtax to be imposed for each school year for which the additional enrichment amount for an asbestos project is authorized. The enrichment property tax and income surtax, if an income surtax is imposed, shall be levied and imposed, collected, and paid to the school district in the manner provided for the instructional support program in sections 257.21 through 257.26.

Moneys received are miscellaneous income for purposes of chapter 257.

Sec. 80. Section 280.4, subsection 4, Code 1989, is amended to read as follows:

4. In order to provide funds for the excess costs of instruction of non-English-speaking students above the costs of instruction of pupils in a regular curriculum, students identified as non-English-speaking are assigned an additional weighting of two-tenths and that weighting shall be included in the weighted enrollment of the school district of residence for a period not exceeding three years. However, the school budget review committee may grant supplemental aid or modified allowable growth, to a school district to continue funding a program for students after the expiration of the three-year period. The school budget review committee shall calculate the additional amount for the weighting to the nearest one-hundredth of one so that, to the extent possible, the moneys generated by the weighting will be equivalent to the moneys generated by the two-tenths weighting provided prior to July 1, 1991.

Sec. 81. Section 280.13A, unnumbered paragraph 3, Code 1989, is amended to read as follows:

It is not necessary that school districts that are parties to an agreement under this section must be engaged in sharing academic programming and receiving supplementary weighting under section ~~442.39~~ 257.11.

Sec. 82. Section 281.2, subsection 4, Code 1989, is amended to read as follows:

4. ~~Any funds~~ Moneys received by the school district of the child's residence for the child's education, derived from ~~funds~~ moneys received through chapter ~~442~~ 257, this chapter, and section 273.9 shall be paid by the school district of the child's residence to the appropriate education agency, private agency, or other school district providing special education for the child pursuant to contractual arrangements as provided in section 273.3, subsections 5 and 7.

Sec. 83. Section 281.8, unnumbered paragraph 1, Code 1989, is amended to read as follows:

It ~~shall not be~~ is not incumbent upon the school districts to keep a child requiring special education in regular instruction when the child cannot sufficiently profit from the work of the regular classroom, nor to keep ~~such~~ a child requiring special education in the special class or instruction for children requiring special education when it is determined by the director of special education of an area education agency that the child can no longer benefit from the instruction or needs more specialized instruction available in special schools. However, the school district shall count the child requiring special education in the enrollment as provided in sections 257.6, 273.9, and 281.9 and ~~442.4~~ and shall ~~insure~~ ensure that appropriate educational provisions are made for the child requiring special education within the limits of ~~funds moneys~~ available under the ~~provisions~~ of this chapter and chapters ~~257 and 273 and 442~~.

Sec. 84. Section 281.9, subsections 2, 4, and 9, Code 1989, are amended to read as follows:

2. The weighting for each category of child multiplied by the number of children in each category in the enrollment of a school district, as identified and certified by the director of special education for the area, determines the weighted enrollment to be used in that district for purposes of computations required under the state school foundation plan in chapter ~~442~~ 257.

4. On December 1, 1987, and no later than December 1 every two years thereafter, for the school year commencing the following July 1, the director of the department of education shall report to the school budget review committee the average costs of providing instruction for children requiring special education in the categories of the weighting plan established under this section, and the director of the department of education shall make recommendations to the school budget review committee for needed alterations to make the weighting plan suitable for subsequent school years. The school budget review committee shall establish the weighting plan for each school year after the school year commencing July 1, 1987, and shall report the plan to the director of the department of education. Commencing December 1, 1990, the school budget review committee may establish weights to the nearest hundredth. The school budget review committee shall not alter the weighting assigned to pupils in a regular curriculum, but it may increase or decrease the weighting assigned to each category of children requiring special education by not more than two-tenths of the weighting assigned to pupils in a regular

curriculum. The state board of education shall adopt rules under chapter 17A, to implement the weighting plan for each year and to assist in identification and proper indexing of each child in the state who requires special education.

9. ~~Commencing with the school year beginning July 1, 1975, funds~~ Funds generated for special education instructional programs under this chapter and chapter 442 257 shall not be expended for modifications of school buildings to make them accessible to children requiring special education. ~~Unenumerated funds generated for special education instructional programs for the school years beginning July 1, 1975 and July 1, 1976, shall not be expended for such purpose unless approved by the department of public instruction based upon applications received by the department prior to January 1, 1978 and approved prior to April 1, 1978.~~

Sec. 85. Section 282.3, subsection 1, Code 1989, is amended to read as follows:

1. The board may exclude from school children under the age of six years when in its judgment such children are not sufficiently mature to be benefited by regular instruction, or any incorrigible child or any child who in its judgment is so abnormal that regular instruction would be of no substantial benefit, or any child whose presence in school may be injurious to the health or morals of other pupils or to the welfare of such school. However, the board shall provide special education programs and services under the provisions of chapters 257, 273, and 281, and 442 for all children requiring special education.

Sec. 86. Section 282.7, subsection 3, Code 1989, is amended to read as follows:

3. Notwithstanding ~~section sections 28E.9 and 282.8 and section 28E.9,~~ a school district may negotiate an agreement under subsection 1 for attendance of its pupils in a school district located in a contiguous state subject to a reciprocal agreement by the two state boards in the manner provided in this subsection. Prior to negotiating an agreement with the school district in the contiguous state, the board of directors shall file a written request with the state board of education for a determination whether the school district in the contiguous state meets requirements substantially similar to those required for accredited or approved school districts in this state and the school district receives or has available services equivalent to those that would be provided in this state by an area education agency. The school district shall also obtain approval by the department of education of the sharing proposal, before the agreement becomes effective. Six months ~~prior to~~ before making the request for approval, the district shall request a feasibility study from the department of education. If the state board of this state and the corresponding state board in the contiguous state agree that the school districts of their respective states meet substantially similar requirements and have substantially similar services available to the school district, and if the Iowa department of education approves the proposed contract, the two state boards may sign a reciprocal agreement for attendance of their pupils in the school district of the other state, subject to the agreement signed between the boards of directors of the two districts. A school district that negotiates an agreement with a school district in a contiguous state under this subsection is not eligible for supplementary weighting under ~~section 442.39~~ 257.11 as a result of that agreement.

Sec. 87. Section 282.24, subsection 1, unnumbered paragraph 1, Code 1989, is amended to read as follows:

~~There is established a~~ The maximum tuition fee that may be charged for elementary and high school students residing within another school district or corporation except students attending school in another district under section 282.7, subsection 1, or subsections 1 and 3, ~~That fee is the district cost per pupil of the receiving district as computed in section 442.9, subsection 1, paragraph "a"~~ 257.10.

Sec. 88. Section 282.28, unnumbered paragraph 2, Code 1989, is amended to read as follows:

The area education agency shall submit a claim to the department of education by August 1 following the school year for the actual costs of the special education programs and services provided at the training school and juvenile home. The department shall review and approve or modify the claims by September 1 and shall notify the department of revenue and finance

of the approved claim amount. The total amount of the approved claim shall be paid by the department of revenue and finance to the area education agency by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state foundation aid paid under section ~~442.26~~ 257.16 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claim that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to the total budget enrollment in the state for that budget year. The department of revenue and finance shall transfer the total amount of the approved claim from the moneys appropriated under section ~~442.26~~ 257.16 for payment to the area education agency.

Sec. 89. Section 282.31, subsection 1, paragraph a, Code 1989, is amended to read as follows:

a. A child who lives in a facility pursuant to section 282.30, subsection 1, paragraph "a", and who is not enrolled in the educational program of the district of residence of the child, shall receive appropriate educational services. The area education agency shall submit a proposed program and budget to the department of education by January 1 for the next succeeding school year. The department of education shall review and approve or modify the program and proposed budget and shall notify the area education agency by February 1. The area education agency shall submit a claim to the department of education by August 1 following the school year for the actual cost of the program. The department shall review and approve or modify all expenditures incurred in compliance with the guidelines pursuant to section 256.7, subsection 12, and shall notify the department of revenue and finance of the approved claim amount by September 1. The total amount of the approved claim shall be paid by the department of revenue and finance to the area education agency by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state ~~school~~ foundation aid paid under section ~~442.26~~ 257.16 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claims that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to the total budget enrollment in the state for that budget year. The department of revenue and finance shall transfer the total amount of the approved claims from the moneys appropriated under section ~~442.26~~ 257.16 for payment to the area education agencies.

Sec. 90. Section 282.31, subsection 3, Code 1989, is amended to read as follows:

3. The actual special education instructional costs, including transportation, for a child who requires special education shall be paid by the department of revenue and finance to the school district in which the facility or home is located, only when a district of residence cannot be determined, and the child was not included in the weighted enrollment of any district pursuant to section 281.9, and the payment pursuant to subsection 2, paragraph "a", was not made by any district. The district shall submit a proposed program and budget to the department of education by January 1 for the next succeeding school year. The department of education shall review and approve or modify the program and proposed budget and shall notify the district by February 1. The district shall submit a claim by August 1 following the school year for the actual cost of the program. The department shall review and approve or modify the claim and shall notify the department of revenue and finance of the approved claim amount by September 1. The total amount of the approved claim shall be paid by the department of revenue and finance to the school district by October 1. The total amount paid by the department of revenue and finance shall be deducted monthly from the state foundation aid paid under section ~~442.26~~ 257.16 during the remainder of that fiscal year to all school districts in the state. The portion of the total amount of the approved claims that shall be deducted from the state aid of a school district shall be the same as the ratio that the budget enrollment for the budget year of the school district bears to the total budget enrollment in the state for the

budget year. The department of revenue and finance shall transfer the total amount of the approved claims from moneys appropriated under section ~~442.26~~ 257.16 for payment to the school district.

Sec. 91. Section 283A.9, Code 1989, is amended to read as follows:

283A.9 BUILDING FOR SCHOOL LUNCH FACILITY.

School districts are ~~authorized to~~ may purchase, erect, or otherwise acquire a building for use as a school lunch facility, and ~~to equip such a building for such that use, and pay for same the acquisition or equipping from unencumbered funds on hand in the schoolhouse fund derived from taxes voted under authority of section 278.1, subsection 7, or 275.32, subject to the terms of this section, or may pay for same the facility or equipment from the proceeds of the sale of school property sold under section 297.22, or from surplus remaining in the schoolhouse fund after retirement of a bond issue, or from a tax voted for said purposes.~~

Sec. 92. Section 285.2, unnumbered paragraph 3, Code 1989, is amended to read as follows:

The costs of providing transportation to nonpublic school pupils as provided in section 285.1 shall not be included in the computation of district cost under chapter ~~442~~ 257, but shall be shown in the budget as an expense from miscellaneous income. Any transportation reimbursements received by a local school district for transporting nonpublic school pupils shall not affect district cost limitations of chapter ~~442~~ 257. The reimbursements provided in this section are miscellaneous income as defined in section ~~442.5~~ 257.2.

Sec. 93. Section 286A.2, subsections 3, 4, and 5, Code 1989, are amended to read as follows:

3. "Base year" means base year as defined in section ~~442.6~~ 257.2.
4. "Budget year" means budget year as defined in section ~~442.6~~ 257.2.
5. "State percent of growth" is the state percent of growth calculated under section ~~442.7~~ 257.8.

Sec. 94. Section 286A.14, subsection 1, unnumbered paragraph 1, Code 1989, is amended to read as follows:

1. An area school budget review procedure is established for the school budget review committee created in section ~~442.12~~ 257.30. The school budget review committee, in addition to its duties under chapter ~~442~~ 257, shall meet and hold hearings each year under this chapter to review unusual circumstances of area schools, either upon the committee's motion or upon the request of an area school. The committee may grant supplemental aid to the area school from funds appropriated to the department of education for area school budget review purposes, or an amount may be added to the area school allowable growth for all cost centers and area school allowable growth for noninstructional functions for the budget year either on a temporary or permanent basis, or the committee may allow both.

Sec. 95. Section 291.13, Code 1989, is amended to read as follows:

291.13 GENERAL AND SCHOOLHOUSE FUNDS.

The money collected by a ~~tax authorized by the electors~~ the regular and voter-approved physical plant and equipment levies or the proceeds of the sale of bonds authorized by law or the proceeds of a tax estimated and certified by the board for the purpose of paying interest and principal on lawful bonded indebtedness ~~or for the purchase of sites as authorized by law,~~ shall be ~~called deposited~~ deposited in the schoolhouse fund and, except when authorized by the electors, may be used only for the purpose for which originally authorized or certified. The money collected by the district management levy shall be deposited in a subfund of the general fund of the school district. All other moneys received for any other purpose shall be ~~called deposited~~ deposited in the general fund of the school district. The treasurer shall keep a separate account ~~with~~ for each fund, paying no and shall not pay an order that fails to state the fund upon which it is drawn and the specific use to which it is to be applied.

Sec. 96. Section 294A.2, subsections 1 and 2, Code 1989, are amended to read as follows:

1. "Certified enrollment in a school district" for the school years beginning July 1, 1987, July 1, 1988, and July 1, 1989, means that district's basic enrollment for the budget year beginning July 1, 1987 as defined in section 442.4, Code 1989. For each school year thereafter, certified enrollment in a school district means that district's basic enrollment for the budget year as defined in section 442.4, Code 1989, or section 257.2.

2. "Enrollment served" for the fiscal years beginning July 1, 1987, July 1, 1988, and July 1, 1989, means that area education agency's enrollment served for the budget year beginning July 1, 1987. For each school year thereafter, enrollment served means that area education agency's enrollment served for the budget year. Enrollment served shall be determined under section 442.27, subsection 12 257.27.

Sec. 97. Section 294A.9, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Phase II is established to improve the salaries of teachers. For each fiscal year through the fiscal year beginning July 1, 1990, the department of education shall allocate to each school district for the purpose of implementing phase II an a per pupil amount equal to seventy-five dollars and ninety-three cents multiplied by the district's certified enrollment and to each area education agency for the purpose of implementing phase II an a per pupil amount equal to three dollars and fifty-five cents multiplied by the enrollment served in the area education agency, if the general assembly has appropriated sufficient moneys to the fund so that pursuant to section 294A.3, thirty-eight million five hundred thousand dollars will be allocated by the department to school districts and area education agencies for phase II. If, because of the amount of the appropriation made by the general assembly to the fund, less than thirty-eight million five hundred thousand dollars is allocated for phase II, the department of education shall adjust the amount for each student in certified enrollment and each student in enrollment served based upon the amount allocated for phase II. Notwithstanding the per pupil amount of the payments specified in this section, for the fiscal year beginning July 1, 1991, and each succeeding fiscal year, the per pupil amounts upon which the phase II moneys are based shall be increased by an amount equal to the product of the state percent of growth calculated under section 257.8 and the per pupil amount for the previous fiscal year.

Sec. 98. Section 294A.14, Code 1989, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. Notwithstanding the amount per pupil of the payments specified in this section, for the fiscal year beginning July 1, 1991, and each succeeding fiscal year, if a school district's or area education agency's approved phase III plan for a fiscal year contains a component that includes a performance-based pay plan, the per pupil amount upon which the phase III moneys are based shall be increased by an amount equal to the product of the state percent of growth calculated under section 257.8 and the per pupil amount for the previous fiscal year.

*Sec. 99. Section 294A.14, unnumbered paragraph 4, Code 1989, is amended to read as follows:

*For the purpose of this section, a performance-based pay plan shall provide for salary increases for teachers who demonstrate superior performance in completing assigned duties take action to achieve superior performance through participation in additional course work, in-service programs, comprehensive school transformation programs, activities for students, comprehensive goal-oriented compensation mechanisms, or innovative education programs. The plan shall include the method used to determine superior performance of a teacher. For school districts, the plan may include assessments of specific teaching behavior, assessments of student performance, assessments of other characteristics associated with effective teaching, or a combination of these criteria.**

Sec. 100. Section 294A.22, Code 1989, is amended to read as follows:

294A.22 PAYMENTS.

Payments for each phase of the educational excellence program shall be made by the department of revenue and finance on a quarterly basis, and the payments shall be separate from

*Item veto; see message at end of the Act

state aid payments made pursuant to sections ~~442.25~~ 257.16 and ~~442.26~~ 257.35. For the school year beginning July 1, 1987, the first quarterly payment shall be made not later than October 15, 1987 taking into consideration the relative budget and cash position of the state resources. The payments to a school district or area education agency may be combined and a separate accounting of the amount paid for each program shall be included.

Any payments made to school districts or area education agencies under this chapter are miscellaneous income for purposes of chapter ~~442~~ 257.

Sec. 101. Section 294A.25, subsection 1, Code 1989, is amended to read as follows:

1. For each fiscal year commencing with the fiscal year beginning July 1, ~~1987~~ 1990, there is appropriated from the general fund of the state to the department of education the amount of ninety-two million one hundred thousand eighty-five (92,100,085) dollars to be used to improve teacher salaries. For each fiscal year thereafter, there is appropriated an amount equal to the amount appropriated for the fiscal year beginning July 1, 1990, plus an amount sufficient to pay the costs of the additional funding provided for school districts and area education agencies under sections 294A.9 and 294A.14. The moneys shall be distributed as provided in this section.

Sec. 102. Section 294A.25, subsection 5, Code 1989, is amended to read as follows:

5. For each the fiscal year beginning July 1, 1990, and succeeding fiscal years, the remainder of moneys appropriated in subsection 1 to the department of education shall be deposited in the educational excellence fund to be allocated in an amount to meet the minimum salary requirements of this chapter for phase I, in an amount of ~~thirty-eight million five hundred thousand dollars to meet the requirements~~ for phase II, and the remainder of the appropriation for phase III.

Sec. 103. Section 296.7, Code 1989, is amended to read as follows:

296.7 INDEBTEDNESS FOR INSURANCE AUTHORIZED — TAX LEVY.

A school district or merged area school corporation is ~~authorized to~~ may contract indebtedness and to issue general obligation bonds or enter into insurance agreements obligating the school district or corporation to make payments beyond its current budget year to procure or provide for a policy of insurance, a self-insurance program, or establish and maintain a local government risk pool to protect the school district or corporation from tort liability, loss of property, environmental hazards, or any other risk associated with the operation of the school district or corporation. Taxes for the payment of the principal, premium, or interest on ~~such a bond~~ the bonds, the payment of ~~such an~~ the premium on the insurance policy, the payment of the costs of ~~such a~~ self-insurance program, the payment of the costs of ~~such a~~ local government risk pool, and the payment of any amounts payable under any ~~such an~~ insurance agreement authorized in this section may be levied in excess of any tax limitation imposed by statute. However, for a school district, a tax levied under this section shall be included in the district management levy under section 298.4. Such a self-insurance program or local government risk pool is not insurance and is not subject to regulation under chapters 505 through 523C. However, those self-insurance plans regulated pursuant to section 509A.14 shall remain subject to the requirements of section 509A.14 and rules adopted pursuant to that section.

If the board by resolution restricts the use of money in a fund as a reserve for uninsured liability or a self-insurance program, the use shall be restricted and unavailable for any other purpose until the board removes the restriction. The removal is not effective until all obligations of the restricted fund have been satisfied, or the next fiscal year, whichever occurs later.

Sec. 104. NEW SECTION. 297.35 CONTINUATION OF LOAN AGREEMENT.

A loan agreement between a school district and a bank, investment banker, trust company, insurance company, or insurance group that was made under section 297.36, Code 1989, prior to July 1, 1991, in order to make immediately available proceeds of the schoolhouse tax approved by the voters prior to July 1, 1991, and the levy of taxes to pay principal and interest thereafter shall continue in effect for the duration of the loan agreement.

Sec. 105. Section 297.36, Code 1989, is amended to read as follows:

297.36 LOAN AGREEMENTS.

In order to make immediately available proceeds of the ~~schoolhouse tax~~ voter-approved physical plant and equipment levy which has been approved by the voters as provided in section 278.1, ~~subsection 7 298.2~~, the board of directors may, with or without notice, borrow money and enter into loan agreements in anticipation of the collection of the tax with a bank, investment banker, trust company, insurance company, or insurance group.

By resolution, the board shall provide for an annual levy which is within the limits of the ~~tax approved by the voters~~ voter-approved physical plant and equipment levy to pay for the amount of the principal and interest due each year until maturity. The board shall file a certified copy of the resolution with the auditor of each county in which the district is located. The filing of the resolution with the auditor ~~shall make~~ makes it the duty of the auditor to annually levy the amount certified for collection until funds are realized to repay the loan and interest on the loan in full.

The loan must mature within the period of time authorized by the voters and shall bear interest at a rate which does not exceed the limits ~~provided~~ under chapter 74A. A loan agreement entered into pursuant to this section shall be in a form as the board of directors shall by resolution provide and the loan shall be payable as to both principal and interest from the proceeds of the annual levy of the ~~voted tax pursuant to section 278.1, subsection 7~~ voter-approved physical plant and equipment levy, or so much thereof as will be sufficient to pay the loan and interest on the loan.

The proceeds of a loan must be deposited in a fund which is separate from other district funds. Warrants paid from this fund must be for purposes authorized ~~by the voters as provided in section 278.1, subsection 7~~ for the voter-approved physical plant and equipment levy.

This section does not limit the authority of the board of directors to levy the full amount of the ~~voted tax~~ voter-approved physical plant and equipment levy, but if and to whatever extent the tax is levied in any year in excess of the amount of principal and interest falling due in that year under a loan agreement, the first available proceeds, to an amount sufficient to meet maturing installments of principal and interest under the loan agreement, shall be paid into the sinking fund for the loan before the taxes are otherwise made available to the school corporation for other school purposes, and the amount required to be annually set aside to pay principal of and interest on the money borrowed under the loan agreement ~~shall constitute~~ constitutes a first charge upon the proceeds of the ~~special voted tax~~ voter-approved physical plant and equipment levy, which tax shall be pledged to pay the loan and the interest on the loan.

This section is supplemental and in addition to existing statutory authority to finance the purposes specified in section 278.1, ~~subsection 7 298.2~~ for the physical plant and equipment levy, and for the borrowing of money and execution of loan agreements in connection with that section ~~and subsection~~, and is not subject to any other law. The fact that a school corporation may have previously borrowed money and entered into loan agreements under authority of this section does not prevent the school corporation from borrowing additional money and entering into further loan agreements if the aggregate of the amount payable under all of the loan agreements does not exceed the proceeds of the ~~voted tax~~ voter-approved physical plant and equipment levy.

Sec. 106. Section 298.1, Code 1989, is amended to read as follows:

298.1 SCHOOL TAXES.

The board of each school district shall estimate the amount of the proposed expenditures and proposed receipts for the general school purposes at a time and in a manner to effectuate the provisions of chapter 442 ~~257~~ and sections 281.9 and 281.11. Compliance with chapter 24 shall be observed.

Sec. 107. NEW SECTION. 298.2 IMPOSITION OF PHYSICAL PLANT AND EQUIPMENT LEVY.

1. A physical plant and equipment levy of not exceeding one dollar per thousand dollars of assessed valuation in the district is established except as otherwise provided in this subsection. The physical plant and equipment levy consists of the regular physical plant and equipment levy of not exceeding thirty-three cents per thousand dollars of assessed valuation in the district and a voter-approved physical plant and equipment levy of not exceeding sixty-seven cents per thousand dollars of assessed valuation in the district. However, the voter-approved physical plant and equipment levy may consist of a combination of a physical plant and equipment property tax levy and a physical plant and equipment income surtax as provided in subsection 3 with the maximum amount levied and imposed limited to an amount that could be raised by a sixty-seven cent property tax levy. The levy limitations of this subsection are subject to subsection 5.

2. The board of directors of a school district may certify for levy by March 15 of a school year a tax on all taxable property in the school district for the regular physical plant and equipment levy.

3. The board may, and upon the written request of not less than one hundred eligible electors or thirty percent of the number of eligible electors voting at the last regular school election, whichever is greater, shall, direct the county commissioner of elections to provide for submitting the proposition of levying the voter-approved physical plant and equipment levy for a period of time authorized by the voters in the notice of election, not to exceed ten years, in the notice of the regular school election. The proposition is adopted if a majority of those voting on the proposition at the election approves it. The voter-approved physical plant and equipment levy shall be funded either by a physical plant and equipment property tax or by a combination of a physical plant and equipment property tax and a physical plant and equipment income surtax, as determined by the board. However, if the board intends to enter into a rental or lease arrangement under section 279.26, or intends to enter into a loan agreement under section 297.36, only a property tax shall be levied for those purposes. Subject to the limitations of section 298.14, if the board uses a combination of a physical plant and equipment property tax and a physical plant and equipment surtax, for each fiscal year the board shall determine the percent of income surtax to be imposed expressed as full percentage points, not to exceed twenty percent.

If a combination of a property tax and income surtax is used, by March 15 of the previous school year, the board shall certify the percent of the income surtax to be imposed and the amount to be raised to the department of management and the department of management shall establish the rate of the property tax and income surtax for the school year. The physical plant and equipment property tax and income surtax shall be levied or imposed, collected, and paid to the school district in the manner provided for the instructional support program in sections 257.21 through 257.26.

4. The proposition to levy the voter-approved physical plant and equipment levy is not affected by a change in the boundaries of the school district, except as otherwise provided in this section. If each school district involved in a school reorganization under chapter 275 has adopted the voter-approved physical plant and equipment levy and if the voters have not voted upon the proposition to levy the voter-approved physical plant and equipment levy in the reorganized district, the existing voter-approved physical plant and equipment levy is in effect for the reorganized district for the least amount and the shortest time for which it is in effect in any of the districts.

Authorized levies for the period of time approved are not affected as a result of a failure of a proposition proposed to expand the purposes for which the funds may be expended.

5. If the board of directors of a school district in which the voters have authorized the schoolhouse tax prior to July 1, 1991, has entered into a rental or lease arrangement under section 279.26, Code 1989, or has entered into a loan agreement under section 297.36, Code 1989, the

levy shall continue for the period authorized and the maximum levy that can be authorized under the voter-approved physical plant and equipment levy is reduced by the rate of the schoolhouse tax.

Sec. 108. NEW SECTION. 298.3 REVENUES FROM THE LEVIES.

The revenue from the regular and voter-approved physical plant and equipment levies shall be placed in the schoolhouse fund and expended only for the following purposes:

1. The purchase and improvement of grounds. For the purpose of this subsection:
 - a. "Purchase of grounds" includes the legal costs relating to the property acquisition, costs of surveys of the property, costs of relocation assistance under state and federal law, and other costs incidental to the property acquisition.
 - b. "Improvement of grounds" includes grading, landscaping, paving, seeding, and planting of shrubs and trees; constructing sidewalks, roadways, retaining walls, sewers and storm drains, and installing hydrants; surfacing and soil treatment of athletic fields and tennis courts; furnishing and installing flagpoles, gateways, fences, and underground storage tanks which are not parts of building service systems; demolition work; and special assessments against the school district for public improvements, as defined in section 384.37.
 2. The construction of schoolhouses or buildings and opening roads to schoolhouses or buildings.
 3. The purchase of buildings and the purchase of a single unit of equipment exceeding five thousand dollars in value.
 4. The payment of debts contracted for the erection or construction of schoolhouses or buildings, not including interest on bonds.
 5. Procuring or acquisition of libraries.
 6. Repairing, remodeling, reconstructing, improving, or expanding the schoolhouses or buildings and additions to existing schoolhouses.

For the purpose of this subsection, "repairing" means restoring an existing structure or thing to its original condition, as near as may be, after decay, waste, injury, or partial destruction, but does not include maintenance; and "reconstructing" means rebuilding or restoring as an entity a thing which was lost or destroyed.
 7. Expenditures for energy conservation.
 8. The rental of facilities under chapter 28E.
 9. Purchase of transportation equipment for transporting students.
 10. Lease-purchase option agreements for school buildings.
 11. Equipment purchases for recreational purposes.
- Interest earned on money in the schoolhouse fund may be expended for a purpose listed in this section.

Sec. 109. NEW SECTION. 298.4 DISTRICT MANAGEMENT LEVY.

The board of directors of a school district may certify for levy by March 15 of a school year, a tax on all taxable property in the school for a district management levy. The revenue from the tax levied in this section shall be placed in the district management subfund of the general fund of the school district. The district management levy shall be expended only for the following purposes:

1. To pay the cost of unemployment benefits as provided in section 96.31.
2. To pay the costs of liability insurance and the costs of a judgment or settlement relating to liability together with interest accruing on the judgment or settlement to the expected date of payment.
3. To pay the costs of insurance agreements under section 296.7.
4. To pay the costs of a judgment under section 298.16.
5. To pay the cost of early retirement benefits to employees under section 279.46.

Sec. 110. Section 298.9, Code 1989, is amended to read as follows:

298.9 SPECIAL LEVIES.

If a schoolhouse tax the voter-approved physical plant and equipment levy, consisting solely

of a physical plant and equipment property tax levy, is voted at a special election and certified to said the board after the regular levy is made, it the board shall at its next regular meeting levy such the tax and cause the same it to be forthwith entered upon the tax list to be collected as other school taxes. If the certification is so filed prior to April 1, said the annual levy shall begin with the tax levy of the year of filing. If the certification is filed after April 1 in any a year, such the levy shall begin with the levy of the fiscal year succeeding the year of the filing of such the certification.

Sec. 111. Section 298.10, Code 1989, is amended to read as follows:

298.10 LEVY FOR CASH RESERVE.

The board of directors of a school district may certify for levy by March 15 of a school year, a tax on all taxable property in the school district in order to raise an amount for a necessary cash reserve for a school district's general fund. The amount raised for a necessary cash reserve does not increase a school district's authorized expenditures as defined in section 442.5, subsection 2 257.7.

Sec. 112. NEW SECTION. 298.14 SCHOOL DISTRICT INCOME SURTAXES.

For each fiscal year, the cumulative total of the percents of surtax approved by the board of directors of a school district and collected by the department of revenue and finance under sections 257.21, 257.29, 279.54, and 298.2, and the enrichment surtax under section 442.15, Code 1989, shall not exceed twenty percent.

A school district income surtax fund is created in the office of treasurer of state. Income surtaxes collected by the department of revenue and finance under sections 257.21, 257.29, 279.54, and 298.2 and section 442.15, Code 1989, shall be deposited in the school district income surtax fund to the credit of each school district. A separate accounting of each surtax, by school district, shall be maintained.

The director of revenue and finance shall draw warrants in payment of the surtaxes collected in each school district. Warrants shall be payable in two installments to be paid on approximately the first day of December and the first day of February following collection of the taxes and shall be delivered to the respective school districts.

Sec. 113. Section 298.16, Code 1989, is amended to read as follows:

298.16 JUDGMENT TAX.

If the proper fund is not sufficient, then, unless its board has provided by the issuance of bonds for raising the amount necessary to pay such a judgment, the voters thereof shall at their regular election vote a sufficient tax for the purpose cost of the judgment shall be included in the district management levy.

Sec. 114. Section 301.30, unnumbered paragraph 3, Code 1989, is amended to read as follows:

The costs of providing textbook services to nonpublic school pupils as provided in section 301.1 shall not be included in the computation of district cost under chapter 442 257, but shall be shown in the budget as an expense from miscellaneous income. Any textbook reimbursements received by a local school district for serving nonpublic school pupils shall not affect district cost limitations of chapter 442 257. The reimbursements provided in this section are miscellaneous income as defined in section 442.5 257.2.

Sec. 115. Section 331.512, subsection 12, Code 1989, is amended to read as follows:

12. Carry out duties relating to levy of school taxes as provided in chapter 442 257.

Sec. 116. Section 422.9, subsection 6, unnumbered paragraph 3, Code 1989, is amended to read as follows:

The provisions of this This subsection shall does not affect the amount of the taxpayer's checkoff to the Iowa election campaign fund under section 56.18, the checkoff for the fish and game protection fund in section 107.16, the credits from tax provided in sections 422.10, 422.11A, and through 422.12 and the allocation of these credits between spouses if the taxpayers filed separate returns or separately on combined returns, or the amount of the taxpayer's school

district income surtax liability under sections 257.21, 257.29, 279.54, and 298.2, and section 442.15, Code 1989, as these items were properly computed or claimed on taxpayers' returns.

Sec. 117. Section 442.2, subsection 1, unnumbered paragraph 3, Code 1989, is amended to read as follows:

For purposes of this section, a reorganized school district is one which absorbed at least thirty percent of the enrollment of the school district affected by a reorganization or dissolved during a dissolution and in which reorganization or dissolution was approved in an election pursuant to sections 275.18 and 275.20 or section 275.55 prior to July 1, 1989, and the reorganization or dissolution takes effect on or after July 1, 1988.

Sec. 118. Section 442.2, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The reduced property tax rates of those reorganized districts that met the requirements of this section prior to July 1, 1989, shall continue to increase as provided in this section until they reach five dollars and forty cents.

Sec. 119. Section 442.9A, unnumbered paragraph 4, Code 1989, is amended to read as follows:

For purposes of this section, a reorganized school district is one in which reorganization was approved in an election pursuant to sections 275.18 and 275.20 prior to July 1, 1989, and will take effect on or after July 1, 1986.

Sec. 120. Section 442.13,* Code 1989, is amended by striking the section and inserting in lieu thereof the following:

442.13* SCHOOL BUDGET REVIEW COMMITTEE.

A school budget review committee is established in the department of education and consists of the director of the department of education, the director of the department of management, and three members who are knowledgeable in the areas of Iowa school finance or public finance issues appointed by the governor to represent the public. At least one of the public members shall possess a master's or doctoral degree in which areas of school finance, economics, or statistics are an integral component, or shall have equivalent experience in an executive administrative or senior research position in the education or public administration field. The members appointed by the governor shall serve staggered three-year terms beginning and ending as provided in section 69.19 and are subject to senate confirmation as provided in section 2.32. The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts, as provided in section 257.31. It may call in school board members and employees as necessary for the hearings. Legislators shall be notified of hearings concerning school districts in their constituencies.

The committee shall adopt its own rules of procedure under chapter 17A. The director of the department of education shall serve as chairperson, and the director of the department of management shall serve as secretary. The committee members representing the public are entitled to receive their necessary expenses while engaged in their official duties. Members shall be paid a per diem at the rate specified in section 7E.6. Per diem and expense payments shall be made from appropriations to the department of education.

The department of education shall employ a staff member to assist the school budget review committee.

Sec. 121. Section 442.39, unnumbered paragraph 1, and subsections 2 and 4, Code 1989, are amended to read as follows:

In order to provide additional funds for school districts which send their resident pupils to another school district or to an area school for classes, which jointly employ and share the services of teachers under section 280.15, ~~or~~ which use the services of a teacher employed by another school district, or which jointly employ and share the services of school administrators superintendents under section 280.15 or 273.7A, a supplementary weighting plan for determining enrollment is adopted as follows:

2. Pupils attending classes in another school district or an area school, attending classes

*Section 442.12 probably intended

taught by a teacher who is employed jointly under section 280.15, or attending classes taught by a teacher who is employed by another school district, are assigned a weighting of one plus five-tenths, times the percent of the pupil's school day during which the pupil attends classes in another district or area school, attends classes taught by a teacher who is jointly employed under section 280.15, or attends classes taught by a teacher who is employed by another school district if the school budget review committee certifies to the department of management that the shared classes or teachers would otherwise not be implemented without the assignment of additional weighting. However, in lieu of the additional weighting of five-tenths, the school budget review committee shall assign an additional weighting of one-tenth times the percent of the pupil's school day in which a pupil attends classes in another district or an area school, attends classes taught by a teacher who is employed jointly under section 280.15, or attends classes taught by a teacher who is employed by another district, in districts that have a substantial number of students in any of grades seven through twelve sharing more than one class or teacher under a whole grade sharing agreement. The additional weighting of one-tenth may shall be assigned by the school budget review committee to a district for a maximum of five years, ~~and thereafter, the additional weighting shall not be assigned to the same district under this section, but may be assigned under section 442.39A. If the school district reorganizes during that five-year period, the assignment of the additional weighting shall be transferred to the reorganized district until the expiration of the five-year period.~~

4. Pupils enrolled in a school district in which has approved a contract on or after October 1, 1989, for which one or more administrators are the superintendent is employed jointly under section 280.15; or in which one or more administrators are employed under section 273.7A, are assigned a weighting of one plus ~~five-hundredths~~ twenty-five thousandths for each ~~administrator superintendent~~ administrator superintendent who is jointly employed times the percent of the ~~administrator's superintendent's~~ administrator's superintendent time in which the ~~administrator superintendent~~ administrator superintendent is employed in the school district. However, the total additional weighting assigned under this subsection for a budget year for a school district is ~~fifteen~~ seven and one-half and the total additional weighting that may be added cumulatively to the enrollment of school districts sharing an ~~administrator a superintendent~~ administrator a superintendent is ~~twenty-five~~ twelve and one-half.

For the purposes of this section, "administrators" includes the following:

- a. Executive administrators, which includes the superintendent and such assistants as deputy, associate, and assistant superintendents who perform activities in the general direction and management of the affairs of the local school districts.
- b. School administrators, which includes assistant principals, and other assistants in general supervision of the operations of the school. School administrators does not include principals.
- c. Business administrators, which includes personnel associated with activities concerned with purchasing, paying for, transporting, exchanging, and maintaining goods and services for the school district.

Effective July 1, 1988, the additional weighting assigned under this subsection ~~may shall~~ be assigned to a district for a maximum of five years ~~and, thereafter, the additional weighting shall not be assigned to the same district under this section, but may be assigned under section 442.39A.~~ Additional weighting assigned under this subsection for contracts approved by a board of directors between July 1, 1988, and September 30, 1989, shall be continued under this subsection for a maximum of five years.

If the school district reorganizes during the five-year period for which weighting is assigned, the assignment of the additional weighting shall be transferred to the reorganized district until the expiration of the five-year period.

Sec. 122. Section 442.39A, Code 1989, is amended to read as follows:

442.39A SUPPLEMENTARY WEIGHTING AND SCHOOL REORGANIZATION.

For the school year beginning July 1, 1986 and succeeding school years, in In determining weighted enrollment under section 442.4, a if the board of directors of a school district has approved a contract for sharing under section 442.39, subsection 2 or 4, and the school district has approved a reorganization prior to July 1, 1989, the reorganized school district shall include,

for a period of five years following the effective date of the reorganization, additional pupils added by the application of the supplementary weighting plan, as ~~determined under section 442.39~~, equal to the pupils added by the application of the supplementary weighting plan in the year preceding the reorganization. However, the weighting shall be reduced by the supplementary weighting added for a pupil whose residency is not within the reorganized district. For purposes of this section, a reorganized district is one in which the reorganization was approved in an election pursuant to sections 275.18 and 275.20 and takes effect on or after July 1, 1986.

Sec. 123. Section 613A.7, Code 1989, is amended to read as follows:
613A.7 INSURANCE.

The governing body of ~~any~~ a municipality may purchase a policy of liability insurance insuring against all or any part of liability which might be incurred by ~~such~~ the municipality or its officers, employees, and agents under ~~the provisions of~~ section 613A.2 and section 613A.8 and may similarly purchase insurance covering torts specified in section 613A.4. The governing body of ~~any~~ a municipality may adopt a self-insurance program, including but not limited to the investigation and defense of claims, the establishment of a reserve fund for claims, the payment of claims, and the administration and management of the self-insurance program, to cover all or any part of the liability. The governing body of ~~any~~ a municipality may join and pay funds into a local government risk pool to protect itself against any or all liability. The governing body of ~~any~~ a municipality may enter into insurance agreements obligating the municipality to make payments beyond its current budget year to provide or procure such policies of insurance, self-insurance program, or local government risk pool. The premium costs of ~~such~~ the insurance, the costs of ~~such~~ a self-insurance program, the costs of a local government risk pool, and the amounts payable under any such insurance agreements may be paid out of the general fund or any available funds or may be levied in excess of any tax limitation imposed by statute. However, for school districts, the costs shall be included in the district management levy as provided in section 296.7. Any independent or autonomous board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly enter into insurance agreements, procure liability insurance, adopt a self-insurance program, or join a local government risk pool within the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity as to those exceptions listed in section 613A.4 to the extent stated in ~~such~~ the policy but shall have no further effect on the liability of the municipality beyond the scope of this chapter, but if a municipality adopts a self-insurance program or joins and pays funds into a local government risk pool such action does not constitute a waiver of the defense of governmental immunity as to the exceptions listed in section 613A.4. The existence of any insurance which covers in whole or in part any judgment or award which may be rendered in favor of the plaintiff, or lack of any such insurance, shall not be material in the trial of any action brought against the governing body of ~~any~~ a municipality, or its officers, employees, or agents and any reference to such insurance, or ~~lack of same insurance, shall be~~ is grounds for a mistrial. A self-insurance program or local government risk pool is not insurance and is not subject to regulation under chapters 505 through 523C.

Sec. 124. Section 613A.10, Code 1989, is amended to read as follows:
613A.10 TAX TO PAY JUDGMENT OR SETTLEMENT.

When a final judgment is entered against or a settlement is made by a municipality for a claim within the scope of section 613A.2 or 613A.8, payment shall be made and the same remedies ~~shall~~ apply in the case of nonpayment as in the case of other judgments against the municipality. If ~~said~~ a judgment or settlement is unpaid at the time of the adoption of the annual budget, ~~it~~ the municipality shall budget an amount sufficient to pay the judgment or settlement together with interest accruing ~~thereon on it~~ to the expected date of payment. ~~Such~~ A tax may be levied in excess of any limitation imposed by statute. However, for school districts the costs of a judgment or settlement under this section shall be included in the district management levy pursuant to section 298.4.

Sec. 125. If the electors of a school district have approved, prior to March 15, 1991, the schoolhouse tax levy to provide for the lease-purchase of school buildings or other authorized school district tax levy, the tax levy so approved shall continue in effect until the expiration of the period for which it was approved.

Sec. 126. Notwithstanding the effective date of 1989 Iowa Acts, Senate File 38, section 6, that section which amends section 294A.16, unnumbered paragraph 4, Code 1989, takes effect upon the enactment of this Act and applies to moneys received by a school district or area education agency for an approved phase III plan for the school year beginning July 1, 1988.

Sec. 127. Notwithstanding the election requirements of section 442.14, subsection 2, if the board of directors of a school district held an election prior to February 15, 1989, for approval to raise an additional enrichment amount for the school year beginning July 1, 1990, and the proposition failed, the board may resubmit the proposition at an election held not later than July 1, 1989.

Sec. 128. INCOME WEALTH DATA. The department of revenue and finance is directed to collect data on the income wealth and other nonproperty wealth of Iowa taxpayers by school district. The information shall include income wealth per student by school district and shall compile the information on a statewide basis. The department of revenue and finance shall report the results of its data collection to the general assembly meeting in 1991.

Sec. 129. The legislative council shall establish an interim study committee to review the property taxes paid in this state and to recommend a proposal that will reduce property taxes commencing July 1, 1991, by approximately thirty million dollars on a statewide basis. The study committee shall present its recommendations to the legislative council not later than December 1, 1989.

Sec. 130. The department of education is directed to conduct a survey of school districts to determine the academic, cocurricular, and extracurricular fees charged to students as a requirement for enrollment in the schools, or participation in an activity, of the school district. Both districtwide and building fees shall be included in the survey. The survey shall include the procedures used by the district for payment of fees for low-income pupils. The survey shall provide information listing the total of fees collected and of fees waived. The department of education shall report the results of the survey to the chairpersons and members of the house and senate committees on education by January 15, 1990.

Sec. 131. The department of education is directed to compile information to determine the age and condition of buildings and transportation equipment in use in the school corporation. The department shall report the results of its survey to the chairpersons and members of the house and senate committees on education by January 15, 1991.

Sec. 132. The insurance division of the department of commerce is directed to conduct a study of the health care and other risk pools that school districts are using and analyze them for their actuarial soundness and for the potential liability of the school district. The study shall include a listing of the names and addresses of persons providing self-insurance plans to school districts and an analysis of their operations.

Sec. 133. Notwithstanding section 442.12, Code 1989, the terms of office of members of the school budget review committee, appointed prior to May 1, 1990, pursuant to section 442.12, shall expire April 30, 1990.

Sec. 134. Chapter 260A, Code 1989, is repealed effective July 1, 1991.

Sec. 135. Chapter 257, Code 2001, is repealed effective July 1, 2001.

Sec. 136. Sections 279.43, 294A.11, 294A.24, 297.5, and 298.17, Code 1989, are repealed effective July 1, 1991.

Sec. 137. Sections 117 through 119, 121, 122, 126, 127, and 129 through 133 of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 138. Sections 57 and 128 of this Act take effect July 1, 1989.

Sec. 139. Sections 120 and 133 of this Act take effect May 1, 1990.

Sec. 140. Sections 54, 55, and 76 of this Act take effect July 1, 1990.

Sec. 141. Sections 1 through 51, 58 through 62, 64, 66, 70, 73 through 75, 77 through 80, 84, 93, 94, 96, 98, 99, 103, 105 through 115, and 123 through 125 of this Act take effect July 1, 1990, for the purpose of computations required for payment of state aid to and levying of property taxes by school districts for the budget year beginning July 1, 1991.

Sec. 142. Sections 52, 53, 56, 63, 65, 67 through 69, 71, 72, 81 through 83, 85 through 92, 95, 97, 100 through 102, 104, and 116 of this Act take effect July 1, 1991.

Approved May 5, 1989, except the items which I hereby disapprove and which are designated as section 37 and section 99. My reasons for vetoing these items are delineated in the item veto message pertaining to this Act to the Speaker of the House, this same date a copy of which is attached hereto.

TERRY E. BRANSTAD, Governor

Dear Mr. Speaker:

I hereby transmit House File 535, an Act relating to the financing of education programs of school districts and area education agencies including the establishment of a school foundation formula, the provision of property tax levies, allocation of educational excellence program moneys, provision for payment of programs for certain at-risk children, making appropriations, and providing effective dates.

House File 535 represents a historic step forward in Iowa's commitment to excellence in education. I commend the members of the General Assembly for the outstanding work embodied in this bill to give Iowans a school aid formula for the next decade and the next century that we can all be proud of.

This bill meets the school aid objectives that I set out in the beginning of the session.

- It's focus is on quality education for our children.
- It provides us with a student driven formula for the future.
- It maintains and increases the state's commitment to property tax replacement.
- It simplifies the formula and provides local school boards with some needed flexibility.
- It meets the future needs of schools in our state, and
- It treats all school districts with equity and fairness.

Just two days ago the U. S. Secretary of Education issued the report card for the nation's K-12 education system. His report card reaffirmed the fact that Iowa's education system is number one in the country. Not only do our children score number one in the country on tests of educational achievement, but our drop-out rate is also among the lowest in the country.

Despite that excellent record, we cannot afford to stand still. We must reduce our drop-out rate even further: we can't afford to let any of our children drop through the cracks of society. And this bill recognizes that fact by taking important steps to address the needs of at-risk children, particularly at an early age.

We also must make certain that our children are prepared to compete with children from all across the world for the jobs of the 21st century. To do that, we must increase our commitment to quality education. And this bill does that as well; in Fiscal Year 1991, for the first time, the state's support for K-12 education will exceed \$1 billion. It makes it clear to the nation and the world that Iowa will continue to be a national and a world leader in educating our children.

I want to salute Dr. William Lepley and his staff of the Department of Education, the staff of the Department of Management, the Legislative Service Bureau and the Fiscal Bureau, and the staffs of the major educational organizations in Iowa for putting in hundreds of hours to help make this bill a reality. Without their help, we in policy-making positions would not have been able to accomplish this.

House File 535 is, therefore, approved on this date with the following exceptions, which I hereby disapprove.

I am unable to approve the item designated as Section 37 of House File 535. This section of the bill would change the way our Area Education Agencies are funded so that they would receive an additional \$4.2 million of property taxes. This is done by changing the weightings for educational and media services by AEAs. I understand that arguments can be made to provide additional money for these services. However, I believe it is premature and unwise at this time for the General Assembly to provide additional property tax dollars for this

purpose. The Department of Education is conducting a major restructuring study of the AEAs that has been mandated by the General Assembly.

That report is due on January 1. The Department of Education is reviewing the entire organizational structure and finances of the AEAs. We should not be providing substantial additional property tax funds to the AEAs prior to the time that report is completed. Instead, I am willing to consider recommendations for adjustments to AEA funding once the report is completed so that we can ensure that the dollars we are providing for these services are directed to where they are most needed.

I am unable to approve the item designated as Section 99 of House File 535. Currently, Phase III of our educational excellence program provides additional funds for teachers who do additional work or participate in performance-based pay systems. I am a strong supporter of this program and have protected it with my veto.

This legislation appropriately provides allowable growth to Phase III funds that are used for performance-based pay. I recommended that change so that teachers who are demonstrating superior performance would be able to achieve significant salary growth.

However, Section 99 could destroy our performance-based pay system by creating enormous loopholes in the definition of performance-based pay. Specifically, the current definition requires that teachers demonstrate superior performance in completing assigned duties. However, the amended version would effectively define performance-based pay as supplemental pay — that is, any additional work the teacher does would be considered performance-based pay.

I believe it is wiser for us to stay with the original definitions of performance-based pay. The Phase III monitoring committee has not recommended any change in the definition of performance-based pay and has indicated to me a need to provide additional incentives for school districts to adopt performance-based pay systems. Providing allowable growth should do so, but changing definitions would only cause confusion in local school districts.

Already at least 100 districts have implemented performance-based pay under the current definitions. At least 80 percent of the districts are moving in that direction. We should not pull the rug out from under these efforts.

I am willing to work with educational groups in refining the definition of performance-based pay, within appropriate parameters. However, I do not think it is wise at this point to reverse the state's policy on this important issue and discourage school districts in the adoption of real performance-based pay systems.

All other sections of House File 535 are approved as written by the General Assembly. In short, House File 535 represents an historic step forward for education in Iowa and I commend the General Assembly for its excellent work and look forward to its implementation.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 535 are hereby approved as of this date.

Sincerely,
TERRY E. BRANSTAD, *Governor*