

APR 21 1978

HOUSE FILE 2437

SIFTING COMMITTEE

By COMMITTEE ON EDUCATION

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to elementary and secondary education pro-
 2 viding for the calculation of the state percent of
 3 growth and the weighted enrollment for the budget year
 4 in September in the base year, for modifying the adjusted
 5 enrollment for the school years beginning July 1, 1979
 6 and July 1, 1980, for inclusion of funds raised for tort
 7 liability insurance as miscellaneous income, for modifying
 8 the state cost per pupil in the 1979 school year for
 9 1978 budget year offsets, for modifying the reduction to
 10 area education agency XIII, for appropriating eight
 11 hundred thousand dollars to the school budget review
 12 committee and allowing the school budget review committee
 13 to modify allowable growth only for the 1978 school year
 14 and for an interim subcommittee to study educational
 15 funding modifications.

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

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HOUSE FILE 2437

H-6232

- 1 Amend House File 2437 as follows:
 2 1. Page 4, line 7, by striking the words "or from"
 3 and inserting in lieu thereof the words "and
 4 Miscellaneous income includes".

H-6232 FILED
APRIL 24, 1978

BY PATCHETT of Johnson

2437

1 Section 1. The purpose of this Act is to allow school
2 districts to meet the increasing financial pressures caused
3 by declining enrollment by providing an appropriation to the
4 school budget review committee for the 1978-1979 school year
5 and establishing a modified adjusted enrollment for the 1979-
6 1980 and 1980-1981 school years.

7 Sec. 2. Section four hundred forty-two point four (442.4),
8 subsections one (1) and two (2), Code 1977, are amended to
9 read as follows:

10 1. Basic enrollment for the budget year beginning July
11 1, 1979 and each subsequent budget year is determined by
12 adding the resident pupils who were enrolled on the second
13 Friday of January September in the base year in public
14 elementary and secondary schools of the district and in public
15 elementary and secondary schools in another district or state
16 for which tuition is paid by the district. ~~For the school~~
17 ~~year beginning July 1, 1975, pupils who were enrolled on the~~
18 ~~second Friday of January in the base year in special education~~
19 ~~programs conducted by a county or joint county school system~~
20 ~~are included in basic enrollment.~~ For the school year
21 beginning July 1, 1975, and each succeeding school year,
22 pupils enrolled in prekindergarten programs other than special
23 education programs are not included in basic enrollment.

24 Resident pupils of high school age for which the district
25 pays tuition to attend an Iowa area school are included in
26 basic enrollment on a full-time equivalent basis as of the
27 second Friday of January September in the base year for the
28 budget year beginning July 1, 1979 and each subsequent budget
29 year.

30 Shared-time and part-time pupils of school age, irrespective
31 of the districts in which the pupils reside, are included
32 in basic enrollment as of the second Friday of January
33 September in the base year for the budget year beginning July
34 1, 1979 and each subsequent budget year, in the proportion
35 that the time for which they are enrolled or receive

1 instruction for the school year is to the time that full-time
 2 pupils carrying a normal course schedule, at the same grade
 3 level, in the same school district, for the same school year,
 4 are enrolled and receive instruction. Tuition charges to
 5 the parent or guardian of a shared-time or part-time out-of-
 6 district pupil shall be reduced by the amount of any increased
 7 state aid occasioned by the counting of the pupil.

8 Pupils attending a university laboratory school are not
 9 counted in any district's basic enrollment, but the laboratory
 10 school shall report them directly to the department of public
 11 instruction.

12 A school district shall certify its basic enrollment to
 13 the state department of public instruction by January-25
 14 September twenty-fifth of each year, and the department shall
 15 promptly forward the information to the state comptroller.
 16 For purposes of determining whether a district is entitled
 17 to an advance for increasing enrollment, and for record-keeping
 18 purposes, a determination of enrollment shall be made on the
 19 second Friday of September in the budget year and the second
 20 Friday of January in the base year, in the same manner as
 21 the January September basic enrollment is determined.

22 ~~However, for the school year beginning July 1, 1974, basic~~
 23 ~~enrollment is equal to the actual enrollment used for that~~
 24 ~~year prior to adjustment for decreasing enrollment.~~

25 2. An adjusted enrollment for each district shall be
 26 computed as follows:

27 ~~a. For the school year beginning July 1, 1975, if a~~
 28 ~~district has a decrease from the sum of the basic enrollment~~
 29 ~~in the base year plus adjustments for decreasing enrollment~~
 30 ~~made in the base year, to the basic enrollment in the budget~~
 31 ~~year, the state comptroller shall compute an amount to be~~
 32 ~~added to the basic enrollment for the budget year. The amount~~
 33 ~~to be added is equal to fifty percent of this decrease, to~~
 34 ~~the extent that the decrease does not exceed five percent~~
 35 ~~of the sum of the basic enrollment in the base year plus~~

1 adjustments-made-for-decreasing-enrollment-in-the-base-year,
2 and-twenty-five-percent-of-the-remaining-decrease---if-the
3 district-does-not-experience-this-decrease,-the-adjusted
4 enrollment-for-the-budget-year-is-equal-to-the-basic-enrollment
5 for-the-budget-year.

6 b a. For the school years subsequent to the school year
7 beginning July 1, 1975, and prior to the school year beginning
8 July 1, 1979, and for the school years subsequent to the
9 school year beginning July 1, 1980, if a district has a
10 decrease from the basic enrollment in the base year to the
11 basic enrollment in the budget year the state comptroller
12 shall compute an amount to be added to the basic enrollment
13 for the budget year. The amount to be added is equal to fifty
14 percent of the basic enrollment decrease to the extent that
15 it does not exceed five percent of the base year's basic
16 enrollment, and twenty-five percent of the remaining basic
17 enrollment decrease. If the school district does not
18 experience a decrease from the basic enrollment in the base
19 year to the basic enrollment in the budget year the adjusted
20 enrollment for the budget year is equal to the basic enrollment
21 for the budget year.

22 b. For the school years beginning July 1, 1979, and July
23 1, 1980, if a district has a decrease from the basic enrollment
24 in the base year to the basic enrollment in the budget year
25 the state comptroller shall compute an amount to be added
26 to the basic enrollment for the budget year. The amount to
27 be added is equal to one hundred percent of the basic
28 enrollment decrease to the extent that it does not exceed
29 three percent of the base year's basic enrollment, and fifty
30 percent of the remaining basic enrollment decrease. If the
31 school district's basic enrollment in the base year is equal
32 to or less than the basic enrollment for budget year the
33 adjusted enrollment shall equal the basic enrollment for the
34 budget year.

35 Sec. 3. Section four hundred forty-two point five (442.5),

1 subsection one (1), paragraph a, Code 1977, is amended to
2 read as follows:

3 a. "Miscellaneous income" means all receipts deposited
4 to the general fund of a school district which are not obtained
5 from state aid provided under section 442.1 or 442.11, or
6 from property tax authorized under section 442.2 or 442.9
7 or from property tax levied under the provisions of section
8 six hundred thirteen A point seven (613A.7) of the Code, to
9 fund the costs of tort liability insurance for the school
10 district.

11 Sec. 4. Section four hundred forty-two point seven (442.7),
12 subsections one (1), two (2), three (3), four (4), and five
13 (5), Code 1977, are amended to read as follows:

14 ~~1. For the school year beginning July 1, 1975, the state~~
15 ~~percent of growth is ten and seven tenths percent.~~

16 ~~Seven tenths of one percent of the state percent of growth~~
17 ~~is to compensate for the cost of improvements to the Iowa~~
18 ~~public employees' retirement system and also to fund a portion~~
19 ~~of the cost of driver education classes offered by the district~~
20 ~~and formerly funded partly by a state appropriation.~~

21 2 1. For school years subsequent to the school year
22 beginning July 1, ~~1975~~ 1978, a state percent of growth for
23 the budget year shall be computed by the state comptroller
24 prior to ~~February 15 of each~~ September fifteenth in the base
25 year and forwarded to the superintendent of public instruction.
26 The state percent of growth shall be an average of the
27 following four percentages of growth:

28 a. The difference in the state general fund revenues
29 received during the year, adjusted for changes in rates or
30 basis, computed or estimated as a percentage of change for
31 each of the following periods:

32 (1) From the year immediately preceding the base year to
33 the base year.

34 (2) From the base year to the budget year.

35 b. The difference in the Iowa consumer price index which

1 shall be computed by the state comptroller prior to January
2 1, 1976, and recomputed each month subsequent to January 1,
3 1976, based upon a comprehensive sampling of the costs of
4 goods and services within Iowa, and until an Iowa consumer
5 price index is available, the consumer price index published
6 by the bureau of labor statistics, United States department
7 of labor computed or estimated as a percentage of change for
8 the following periods:

9 (1) From ~~July-1~~ January first of the year prior to the
10 base year to July-1 January first of the budget base year.

11 (2) From ~~July-1~~ January first of the budget base year to
12 July-1 January first of the year-immediately-following-the
13 budget year.

14 3 2. If the state percent of growth so computed is
15 negative, that percentage shall not be used and the state
16 percent of growth shall be zero.

17 4 3. Each year prior to ~~February-15~~ September fifteenth
18 the state comptroller shall recompute the state percent of
19 growth for the previous year using adjusted estimates and
20 the actual figures available. The difference between the
21 recomputed state percent of growth for the base year and the
22 original computation shall be added to or subtracted from
23 the state percent of growth for the budget year, as applicable.

24 ~~5--The-state-comptroller-shall-compute-an-estimated-state~~
25 ~~percent-of-growth-for-the-budget-year-prior-to-September-15~~
26 ~~in-the-base-year-and-shall-forward-this-estimate-to-the~~
27 ~~superintendent-of-public-instruction-~~

28 Sec. 5. Section four hundred forty-two point seven (442.7),
29 subsection eight (8), Code 1977, is amended by striking the
30 subsection.

31 Sec. 6. Section four hundred forty-two point eight (442.8),
32 Code 1977, is amended to read as follows:

33 442.8 STATE COST PER PUPIL. As used in this chapter,
34 ~~"state-cost-per-pupil"~~ ~~for-the-school-year-beginning-July~~
35 ~~1-1974,--and-prior-school-years-means-state-cost-per-pupil~~

1 ~~in-enrollment-as-enrollment-was-determined-under-section-442-4~~
2 ~~prior-to-January-17-1975,-and "state cost per pupil" for the~~
3 school year beginning July 1, 1975, and subsequent school
4 years means state cost per pupil in weighted enrollment.
5 The state cost per pupil for the school year beginning July
6 1, 1972, is nine hundred three dollars. The state cost per
7 pupil for the school year beginning on July 1, 1973, and for
8 each succeeding school year is the base year's state cost
9 per pupil plus the allowable growth for the budget year.
10 If the state percent of growth is zero, the state cost per
11 pupil shall be the same as the base year's state cost per
12 pupil.

13 ~~For-the-school-year-beginning-July-17-1975,-the-allowable~~
14 ~~growth-added-to-the-state-cost-per-pupil-shall-be-the-basie~~
15 ~~allowable-growth-as-otherwise-computed--under-section-442-77~~
16 ~~increased-by-an-amount-equal-to-the-average-of-the-amounts~~
17 ~~of-allowable-growth-added-for-each-school-district-in-the~~
18 ~~state-for-special-education-support-services-provided-through~~
19 ~~the-area-education-agencies-under-sections-273-97,-subsection~~
20 ~~37,-and-442-77,-subsection-77,-paragraph-"e".~~ For each succeeding
21 school year subsequent to the school year beginning July 1,
22 1975, the allowable growth added to the state cost per pupil
23 as otherwise computed under section 442.7 shall be the basic
24 allowable growth increased by an amount equal to the average
25 of the amounts of allowable growth added for each school
26 district in the state for additional special education support
27 services needed for that year to serve newly identified
28 children who require the services, under sections 273.9,
29 subsection 3 and 442.7, subsection 7, paragraph "d". The
30 state comptroller shall compute the applicable amount of
31 allowable growth to be added to the state cost per pupil for
32 each school year.

33 Sec. 7. Section four hundred forty-two point nine (442.9),
34 Code 1977, as amended by Acts of the Sixty-seventh General
35 Assembly, 1977 extraordinary Session, chapter two (2), section

1 one (1), is amended to read as follows:

2 442.9 DISTRICT COST PER PUPIL--DISTRICT COST--ADDITIONAL
3 SCHOOL DISTRICT PROPERTY TAX LEVY.

4 1. The state comptroller shall determine the additional
5 school district property tax levy for each school district,
6 which is in addition to the foundation property tax levy,
7 as follows:

8 a. As used in this chapter, "district cost per pupil"
9 ~~for the school year beginning July 1, 1974, and for prior~~
10 ~~school years means the district cost per pupil in enrollment,~~
11 ~~as enrollment was determined under section 442.4 prior to~~
12 ~~January 1, 1975, and "district cost per pupil"~~ for the school
13 year beginning July 1, 1975, and subsequent school years
14 means district cost per pupil in weighted enrollment. The
15 district cost per pupil for the budget year is equal to the
16 district cost per pupil for the base year plus the allowable
17 growth.

18 b. The district cost for the budget year is equal to the
19 district cost per pupil for the budget year multiplied by
20 the weighted enrollment, plus the additional district cost
21 allocated to the district under section 442.27 to fund media
22 services and other services provided through the area education
23 agency. A school district may not increase its district cost
24 for the budget year except to the extent that an excess tax
25 levy is authorized by the school budget review committee as
26 provided in section 442.13, ~~subsection 7.~~

27 c. The amount to be raised by the additional school
28 district property tax levy is equal to the district cost for
29 the budget year, less the product of the state or district
30 foundation base and the weighted enrollment.

31 2. No later than May 1 first of each year, the state
32 comptroller shall notify the county auditor of each county
33 the amount, in dollars and cents per thousand dollars of
34 assessed value, of the additional property tax levy in each
35 school district in the county. Each county auditor shall

1 spread the additional property tax levy for each school
2 district over all taxable property in the district.

3 Sec. 8. Section four hundred forty-two point twenty-eight
4 (442.28), unnumbered paragraph one (1), Code 1977, is amended
5 to read as follows:

6 If a district's weighted enrollment on the second Friday
7 of September in the budget year, determined in the same manner
8 as the January September weighted enrollment is determined
9 under section 442.4, is higher than its weighted enrollment
10 on the second Friday of January September in the base year,
11 the district is entitled to an advance from the state of an
12 amount equal to its district cost per pupil less the amount
13 per pupil for special education support services, media
14 services and other services computed as a part of district
15 cost under the provisions of section 442.7 and section 442.27
16 for the budget year multiplied by its increase in weighted
17 enrollment. The advance shall be miscellaneous income.

18 Sec. 9. For the school year beginning July 1, 1979, the
19 state cost per pupil shall be increased to an amount which
20 would otherwise have resulted for the school year beginning
21 July 1, 1979, if the surplus balances for area education
22 agency support services and for area education inherited funds
23 had not been offset against the total support budgets for
24 the school year beginning July 1, 1978. This adjustment is
25 to compensate for the reductions made to state cost based
26 upon the temporary offset of support budgets by certain area
27 education agency fund balances.

28 Sec. 10. Notwithstanding the provisions of House File
29 463, as enacted by the Sixty-seventh General Assembly, 1978
30 Session, as it pertains to the amount of the reduction to
31 the support service costs to be allocated among the school
32 districts, the amount of the special education support services
33 cost to be reduced for area education agency XIII is equal
34 to ninety-nine thousand eight hundred ninety-nine dollars
35 rather than a reduction of one hundred twenty-one thousand

1 one hundred twenty dollars.

2 Sec. 11. To meet the special problems that result from
3 budget reductions due to declining enrollments prior to the
4 modifications in the adjustments for declining enrollments
5 to take effect commencing with the school year beginning July
6 1, 1979, there is appropriated from the general fund of the
7 state for the fiscal year beginning July 1, 1978 and ending
8 June 30, 1979, to the school budget review committee the sum
9 of eight hundred thousand (800,000) dollars, or so much thereof
10 as necessary to be used to minimize the impact of the factor
11 listed in paragraph two (2) of this section, of the Code.
12 The school budget review committee may also establish a
13 modified allowable growth for the school district by increasing
14 the allowable growth for the school district to provide
15 additional funds to assist the school district with hardships
16 which result from the impact on the school district's budget
17 resulting from declining enrollment.

18 To assess whether a district has hardships resulting from
19 reduced funds because of declining enrollment, the school
20 budget review committee shall consider whether the school
21 district will be forced to terminate an existing educational
22 program because of insufficient funds and thus diminish the
23 overall quality of the school program for the budget year
24 from that provided in the base year.

25 Sec. 12. The legislative council is directed to establish
26 a joint subcommittee of the House and Senate committees on
27 education composed of members of both parties to study the
28 information received from the department of public instruction
29 federally financed state equalization of educational
30 opportunity study which is scheduled for completion in
31 September of 1978. The Sixty-seventh General Assembly
32 recognizes the needs of pupils for equal educational
33 opportunity can be improved over the existing school finance
34 formula. The weighting system to provide the funds necessary
35 to assist in the education of children requiring special

1 education has greatly assisted Iowa's educational program
2 to meet the needs of these pupils, placing Iowa's program
3 as one of the best in the nation for children requiring special
4 education. It is recognized that a funding system designed
5 to meet the educational and financial needs of children may
6 require a substantial rewriting of the current school finance
7 system. The subcommittee shall prepare a final report and
8 submit necessary bill drafts to implement the recommendations
9 of the subcommittee to the Sixty-eighth General Assembly.

10 Sec. 13. This Act, being deemed of immediate importance,
11 shall take effect and be in force from and after its publica-
12 tion in The Sun & The Hawkeye Record-Herald, a newspaper
13 published in Mount Vernon, Iowa, and in the Adams County Free
14 Press, a newspaper published in Corning, Iowa.

15 EXPLANATION

16 This bill increases the adjustments for school district
17 enrollment losses for the 1979 and 1980 school years. This
18 bill provides that the state percent of growth and the basic
19 enrollment for the budget year shall be calculated in September
20 in the base year. This bill provides an adjustment to the
21 state cost per pupil for the school year beginning July 1,
22 1979 for support service budget reductions made for the school
23 year beginning July 1, 1978. This bill modifies the reduction
24 to area education agency XIII for support service reductions.
25 This bill appropriates \$800,000 to the school budget review
26 committee to meet the problems of school districts facing
27 budget constraints to declining enrollments and allows the
28 committee the authority to modify allowable growth to preserve
29 school programs from curtailment. This bill establishes a
30 joint subcommittee to review the information from the
31 department of public instruction equalization of educational
32 opportunity study to be completed in September of 1978.

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LSB 4216H

tb/cj/23

FISCAL NOTE
HOUSE FILE 2437

Requested by Representative Patchett
April 20, 1978

In compliance with a written request there is submitted a Fiscal Note for H.F. 2437, pursuant to Joint Rule 16:

H.F. 2437, An Act relating to elementary and secondary education providing for the calculation of the state percent of growth and the weighted enrollment for the budget year in September in the base year, for modifying the adjusted enrollment for the school years beginning July 1, 1979 and July 1, 1980, for inclusion of funds raised for tort liability insurance as miscellaneous income, for modifying the state cost per pupil in the 1979 school year for 1978 budget year offsets, for modifying the reduction to area education agency XIII, for appropriating eight hundred thousand dollars to the school budget review committee and allowing the school budget review committee to modify allowable growth only for the 1978 school year and for an interim subcommittee to study educational funding modifications.

This proposal makes an appropriation of \$800,000 for 1978-79 to the School Budget Review Committee to meet the special problems that result from budget reductions due to declining enrollments prior to the modifications in the adjustments for declining enrollments to take effect commencing with the school year beginning July 1, 1979.

Assumptions used are: 1) September 1978 enrollment, 2) a 3% enrollment decline, and 3) an increase of assessed valuation of 7% for 1979-80 and 5% for 1980-81.

| | <u>79/80</u> | | <u>80/81</u> | |
|----------------------------|------------------|---------------------|------------------|---------------------|
| | <u>State Aid</u> | <u>Property Tax</u> | <u>State Aid</u> | <u>Property Tax</u> |
| 100% of 1st 3% enrol. | | | | |
| Loss - 50% over 3% Loss | \$ 8.5 | \$ 3.8 | \$ 9.3 | \$ 4.0 |
| Sept. Prior Year Enrol. | <u>2.5</u> | <u>.9</u> | <u>2.6</u> | <u>1.0</u> |
| Total | <u>\$11.0</u> | <u>\$ 4.7</u> | <u>\$11.9</u> | <u>\$ 5.0</u> |
| Total State Aid & Prop.Tax | <u>\$15.7</u> | | <u>\$16.9</u> | |

Source: Comptroller's Office
Department of Public Instruction

FILED
MAY 1, 1978

GERRY D. RANKIN
Legislative Fiscal Bureau