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## FISCAL UPDATE Article

Fiscal Services Division

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Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

### END OF SESSION — LEGISLATION IMPACTING STATE SCHOOL AID

**Legislation.** The following legislation was enacted during the 2020 Legislative Session and impacts the State school budget aid and levy for FY 2021:

- [Senate File 2164](#) (School Transportation Equity Act). The Act increases the State cost per pupil (SCPP) amount calculated using the State supplemental aid (SSA) rate by an additional \$10. Districts that have a higher district cost per pupil will receive State aid replacement for funds that would have been generated through property taxes. Districts at the SCPP will receive additional spending authority. With the enactment of both [SF 2164](#) and [SF 2142](#) (Supplemental State Aid Act), the new SCPP for FY 2021 is \$7,048.

The Act also provides an additional appropriation to the standing appropriation from the General Fund to the Transportation Equity Fund. The standing appropriation for the Transportation Equity Fund grew at the same rate as a categorical under the categorical State percent of growth. With the passage of SF 2142, the categorical State percent of growth is 2.30%. The Act appropriates a total of \$26.7 million in FY 2021. While the appropriation does not impact the State school budget aid and levy directly, it will increase the spending authority of districts receiving moneys from the Transportation Equity Fund.

The Act was approved by the General Assembly on February 11, 2020, and signed by the Governor on February 25, 2020.

- [Senate File 2142](#) (Supplemental State Aid Act). The Act establishes a rate of 2.30% for SSA percent of growth and a rate of 2.30% categorical State percent of growth for FY 2021. The Act further establishes additional property tax replacement funding based on the per pupil increase that results from the establishment of the State percent of growth in FY 2021. The Act requires the additional levy portion of the FY 2021 State cost per pupil amount to be frozen at \$750 per pupil, regardless of the per pupil increase for FY 2021.

The Act was approved by the General Assembly on March 3, 2020, and signed by the Governor on March 12, 2020.

- [Senate File 2408](#) (Supplemental Appropriations Act). The Act limits the FY 2021 General Fund appropriation to the Department of Education for nonpublic school transportation to \$8.2 million. The Act requires the appropriation to be prorated if the claims exceed the appropriation. The Act further suspends the General Fund standing appropriation of \$14.8 million to the Instructional Support Program. The Act also reduces the FY 2021 State school aid funding to the Area Education Agencies (AEAs) by an additional \$15.0 million for a total reduction of \$22.5 million.

The Act was approved by the General Assembly on March 17, 2020, and signed by the Governor on March 17, 2020.

- [House File 2418](#) (School Budget Review Committee Act). The Act directs that the School Budget Review Committee (SBRC) may grant a modified supplemental amount (MSA) for at-risk, alternative school, and returning dropout and dropout prevention programs for school districts that submit a

request after January 15 but before March 1 of the budget year preceding the budget year during which the program will be offered.

The Act was approved by the General Assembly on June 13, 2020, and signed by the Governor on June 25, 2020.

- [Senate File 2310](#) (Iowa Online Learning Act). This Act allows for additional flexibility for use of professional development dollars for FY 2021. During the 2020-2021 school year, school districts may use any portion of the 36 required hours for professional development to provide instructional time in addition to the amount of required instructional time under Iowa Code section [279.10](#). In FY 2021, school districts are estimated to receive \$33.6 million in categorical State aid for professional development. At the end of FY 2019, school districts carried over a statewide total of \$26.7 million in professional development categorical fund balances for FY 2020.

Under the Act, until July 15, 2020, for the school year commencing July 1, 2020, a parent may apply to open-enroll a student in an online public school in another school district if the child, the child's caretaker, or another resident of the child's residence has a significant health condition that may increase the risk of COVID-19. Some districts may experience an increase or decrease in revenue due to an increase in COVID-19 related open enrollment filers; however, the extent is unknown.

The Act was approved by the General Assembly on June 13, 2020, and signed by the Governor on June 29, 2020.

- [House File 2643](#) (Omnibus Appropriations Act). This Act allows for an adjustment in State foundation aid in FY 2021 for school districts that received an assessed value reduction by a local board of review or property assessment appeal board in assessment year (AY) 2018, if the amount of the reduction exceeded \$47.0 million. School districts may apply to the Department of Management for an adjustment in State foundation aid if an assessment was reduced by a local board of review or property assessment appeal board. This is estimated to increase the FY 2021 State foundation aid by \$254,000, subject to district request.

The Act was approved by the General Assembly on June 14, 2020, and signed by the Governor on June 30, 2020.

Other legislation that may impact the State school budget aid and levy in future years includes the following:

- [House File 2629](#) (Future Ready Iowa Act). Division V of the Act amends provisions under the Senior Year Plus Program by eliminating references and provisions relating to full-time and part-time postsecondary enrollment. The Act is expected to increase State school aid from the General Fund by an estimated \$42,000 beginning in FY 2022. Any increase in postsecondary enrollment options (PSEO) enrollments may increase individual school districts' costs; however, due to the recent decline in PSEO courses, the fiscal impact is expected to be minimal.

The Act was approved by the General Assembly on June 12, 2020, and signed by the Governor on June 29, 2020.

LSA Staff Contact: Michael Guanci (515.725.1286) [michael.guanci@legis.iowa.gov](mailto:michael.guanci@legis.iowa.gov)