



STATE OF IOWA
KIM REYNOLDS
GOVERNOR

May 19, 2025

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

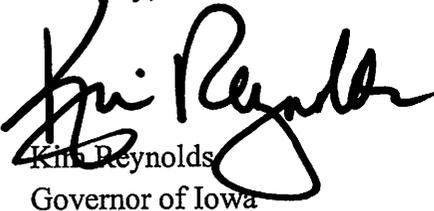
Dear Mr. Secretary,

I hereby transmit:

Senate File 167, an Act relating to school funding by establishing the state percent of growth and the categorical state percent of growth for the budget year beginning July 1, 2025, modifying provisions relating to the property tax replacement payments, modifying provisions relating to the regular program state cost per pupil and funding for shared operational functions, and including effective date provisions.

The above Senate File is hereby approved on this date.

Sincerely,


Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



Senate File 167

AN ACT

RELATING TO SCHOOL FUNDING BY ESTABLISHING THE STATE PERCENT OF GROWTH AND THE CATEGORICAL STATE PERCENT OF GROWTH FOR THE BUDGET YEAR BEGINNING JULY 1, 2025, MODIFYING PROVISIONS RELATING TO THE PROPERTY TAX REPLACEMENT PAYMENTS, MODIFYING PROVISIONS RELATING TO THE REGULAR PROGRAM STATE COST PER PUPIL AND FUNDING FOR SHARED OPERATIONAL FUNCTIONS, AND INCLUDING EFFECTIVE DATE PROVISIONS.

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

DIVISION I

STATE AND CATEGORICAL PERCENTS OF GROWTH AND PROPERTY TAX REPLACEMENT PAYMENTS

Section 1. Section 257.8, subsections 1 and 2, Code 2025, are amended to read as follows:

1. *State percent of growth.* ~~The state percent of growth for the budget year beginning July 1, 2022, is two and one-half percent.~~ The state percent of growth for the budget year beginning July 1, 2023, is three percent. The state percent of growth for the budget year beginning July 1, 2024, is two and one-half percent. The state percent of growth for the budget year beginning July 1, 2025, is two percent. The state percent of growth for each subsequent budget year shall be established

by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under section 8.21 during the regular legislative session beginning in the base year.

2. *Categorical state percent of growth.* ~~The categorical state percent of growth for the budget year beginning July 1, 2022, is two and one-half percent.~~ The categorical state percent of growth for the budget year beginning July 1, 2023, is three percent. The categorical state percent of growth for the budget year beginning July 1, 2024, is two and one-half percent. The categorical state percent of growth for the budget year beginning July 1, 2025, is two percent, except for calculating the appropriation to the transportation equity fund under section 257.16C. The categorical state percent of growth for purposes of calculating the appropriation to the transportation equity fund under section 257.16C for the budget year beginning July 1, 2025, is five percent. The categorical state percent of growth for each budget year shall be established by statute which shall be enacted within thirty days of the transmission of the governor's budget required by February 1 under section 8.21 during the regular legislative session beginning in the base year. The categorical state percent of growth may include state percents of growth for the teacher salary supplement, the professional development supplement, the early intervention supplement, the teacher leadership supplement, and for budget years beginning on or after July 1, 2020, transportation equity aid payments under section 257.16C.

Sec. 2. Section 257.16B, subsections 1 and 2, Code 2025, are amended to read as follows:

1. For each fiscal year beginning on or after July 1, ~~2022~~ 2023, there is appropriated from the general fund of the state to the department of education an amount necessary to make all school district property tax replacement payments under this section, as calculated in subsection 2.

2. *a.* ~~(1) For the budget year beginning July 1, 2022,~~ the amount of each school district's property tax replacement payment shall be the product of the school district's weighted

~~enrollment for the budget year multiplied by the per pupil property tax replacement amount for the budget year calculated under subparagraph (2).~~

~~(2) The per pupil property tax replacement amount for the budget year beginning July 1, 2022, is equal to the sum of one hundred fifty-three dollars plus the difference between the following:~~

~~(a) The regular program state cost per pupil for the budget year beginning July 1, 2022, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the budget year beginning July 1, 2022.~~

~~(b) The regular program state cost per pupil for the budget year beginning July 1, 2021, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the budget year beginning July 1, 2022.~~

~~b. a.~~ (1) For the budget year beginning July 1, 2023, the amount of each school district's property tax replacement payment shall be the product of the school district's weighted enrollment for the budget year multiplied by the per pupil property tax replacement amount for the budget year calculated under subparagraph (2).

(2) The per pupil property tax replacement amount for the budget year beginning July 1, 2023, is equal to the sum of one hundred fifty-three dollars plus the difference between the following:

(a) The regular program state cost per pupil for the budget year beginning July 1, 2023, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the budget year beginning July 1, 2023.

(b) The regular program state cost per pupil for the budget year beginning July 1, 2021, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the budget year beginning July 1, 2023.

~~c. b.~~ (1) For ~~each the~~ budget year beginning ~~on or after~~ July 1, 2024, the amount of each school district's property

tax replacement payment shall be the product of the school district's weighted enrollment for the budget year multiplied by the per pupil property tax replacement amount for the budget year calculated under subparagraph (2).

(2) The per pupil property tax replacement amount for ~~the budget years~~ year beginning ~~on or after~~ July 1, 2024, is equal to the sum of one hundred fifty-three dollars plus the difference between the following:

(a) The regular program state cost per pupil for the budget year beginning July 1, 2024, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the ~~applicable~~ budget year ~~under this paragraph~~ beginning July 1, 2024.

(b) The regular program state cost per pupil for the budget year beginning July 1, 2021, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the ~~applicable~~ budget year ~~under this paragraph~~ beginning July 1, 2024.

c. (1) For each budget year beginning on or after July 1, 2025, the amount of each school district's property tax replacement payment shall be the product of the school district's weighted enrollment for the budget year multiplied by the per pupil property tax replacement amount for the budget year calculated under subparagraph (2).

(2) The per pupil property tax replacement amount for budget years beginning on or after July 1, 2025, is equal to the sum of one hundred fifty-three dollars plus the difference between the following:

(a) The regular program state cost per pupil for the budget year beginning July 1, 2025, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the applicable budget year under this paragraph.

(b) The regular program state cost per pupil for the budget year beginning July 1, 2021, multiplied by one hundred percent less the regular program foundation base per pupil percentage pursuant to section 257.1 for the applicable budget year under this paragraph.

Sec. 3. CODE SECTION 257.8 — IMPLEMENTATION. The

requirements of section 257.8, subsections 1 and 2, regarding the enactment of bills establishing the state percent of growth and the categorical state percent of growth within thirty days of the transmission of the governor's budget required by February 1 under section 8.21 during the regular legislative session beginning in the base year, do not apply to this division of this Act.

Sec. 4. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

STATE COST PER PUPIL

Sec. 5. Section 257.9, subsection 2, Code 2025, is amended to read as follows:

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

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

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

c. For the budget year beginning July 1, 2019, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year, plus five dollars.

d. For the budget year beginning July 1, 2020, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year, plus ten dollars.

e. For the budget year beginning July 1, 2021, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year, plus ten dollars.

f. For the budget year beginning July 1, 2022, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program

supplemental state aid for the budget year, plus five dollars.

g. For the budget ~~year~~ years beginning July 1, 2023, and ~~succeeding budget years~~ July 1, 2024, the regular program state cost per pupil for a budget year is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year.

h. For the budget year beginning July 1, 2025, the regular program state cost per pupil is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year, plus five dollars.

i. For the budget year beginning July 1, 2026, and succeeding budget years, the regular program state cost per pupil for a budget year is the regular program state cost per pupil for the base year plus the regular program supplemental state aid for the budget year.

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

DIVISION III

SUPPLEMENTARY WEIGHTING FOR SHARED OPERATIONAL FUNCTIONS

Sec. 7. Section 257.11, subsection 5, paragraph d, Code 2025, is amended to read as follows:

d. Supplementary weighting pursuant to this subsection shall be available to a school district during the period commencing with the budget year beginning July 1, 2014, through the budget year beginning July 1, 2034. ~~The~~ For budget years beginning prior to July 1, 2025, the maximum amount of additional weighting for which a school district shall be eligible in a budget year is twenty-one additional pupils; and for budget years beginning on or after July 1, 2025, the maximum amount of additional weighting for which a school district shall be eligible in a budget year is twenty-five pupils; provided, however, that for budget years beginning on or after July 1, 2024, the supplementary weighting assigned for a shared operational function in the area of a college and career transition counselor or coordinator shall not count toward this maximum amount. Criteria for determining the qualification of operational functions for supplementary weighting shall be determined by the department by rule, through consideration of increased student opportunities.

Sec. 8. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

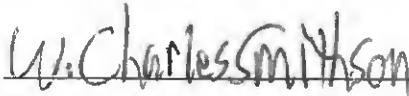


AMY SINCLAIR
President of the Senate



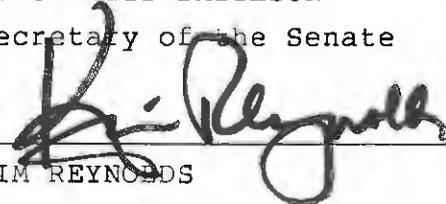
PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 167, Ninety-first General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate

Approved May 19th, 2025



KIM REYNOLDS
Governor